

WHAT THE PROPOSED B.C. BUDGET MEANS FOR YOUR TAXES

A briefing on the tax implications of the 2017-2018 British Columbia budget

February 27, 2017 – The 2017-2018 British Columbia budget was tabled on February 21, 2017 and while the spotlight is on the reduced Medical Services Plan Premiums for families, there are other proposed tax law changes that the West Coast should be aware of.

An H&R Block tax expert is available to speak about the proposed changes, including:

- **Say goodbye to the Education amount** – Just like the federal government, B.C. plans to eliminate the Education amount but will give taxpayers some extra time to say goodbye. While the federal amount will be eliminated for 2017, the provincial amount won't be eliminated until January, 2018. There will be no changes to the Tuition amount.
- **Rewarding volunteers** – Starting in the 2017 taxation year, there will be a new provincial amount of \$3,000 for volunteer firefighters and search and rescue volunteers. Volunteers who qualify for the federal amount, will also qualify for the provincial amount.
- **Personal tax rates unchanged** – While there were no changes announced to the provincial tax rates, income levels have all been increase by 1.8 per cent.
- **Corporate tax rates lowered** – Starting April 1, 2017 the small business corporate tax rate will be cut from 2.5 per cent to 2 per cent. The general corporate tax rate will remain unchanged at 11 per cent.
- **No PST for electricity** – Starting on October 1, 2017 the Provincial Sales Tax (PST) rate on electricity will be reduced from 7 per cent to 3.5 per cent for businesses and will be completely eliminated on April 1, 2019.
- **Reduced Medical Services Plan premiums** – Beginning in January, 2018 the Medical Services Plan (MSP) rate will be cut in half for families with net income up to \$120,000. Families who were not eligible for a reduced rate under the MSP Assistance Program last year, will now have savings of up to \$75.00 per month (\$900 per year). Single taxpayers who were not eligible will have savings of \$37.50 per month (\$450 per year). There will also be changes to the income thresholds, which determine eligibility, starting in 2018.

While the proposed changes will only take effect if the Liberals hold power after the next election on May 9, 2017, taxpayers in B.C. should be aware of what that would mean for their tax returns.

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