

2024 Ontario Budget Highlights

On Tuesday, March 26, 2024, Peter Bethlenfalvy, Ontario's Finance Minister, presented the province's 2024 budget. Entitled "Building a Better Ontario," the budget proposes investments in the workforce and essential public services, with a focus on not increasing taxes or fees. The province is continuing to deliver on its "Plan to Build" by investing in infrastructure to get more homes built faster and help keep costs down for families and businesses.

Personal tax measures

Personal income tax rates

The budget does not change Ontario's personal income tax rates. The top marginal personal income tax rate for Ontario is 13.16 percent for 2024. The current top combined federal and Ontario marginal rates (including the provincial surtax) for 2024 are summarized below:

Top tax rates	2024
Ordinary income/interest	53.53%
Capital gains	26.76%
Eligible dividends	39.34%
Non-eligible dividends	47.74%

Ontario Non-Resident Speculation Tax

Originally launched in 2017, the Non-Resident Speculation Tax (NRST) in Ontario imposes a tax on residential properties bought by individuals or entities from outside Canada. As of 2022, this levy has not only been extended to cover the entire province but has also seen a hike in its rate from 15% to 25%.

Moving forward, the government is poised to reinforce the NRST by introducing modifications designed to bolster compliance and enhance equity. Furthermore, there are plans underway to enhance the exchange of information between the provincial, federal, and municipal levels of government. This initiative aims to deepen insights into the patterns of property vacancies, as well as the trends in purchasing and ownership by non-residents.

Enabling municipalities to lower taxes on new purpose-built rentals

To encourage the construction of rental properties specifically designed for that purpose, the government is empowering local authorities with the flexibility to lower the municipal property tax rates for newly built multi-unit rental properties. This initiative is effective right away, aiming to alleviate the ongoing housing shortage and enhance the affordability of homes.

Property assessment and taxation review

The government is undertaking a review of the property assessment and taxation system. Consultations on the scope and priority areas of the review have commenced and will continue with broader stakeholder engagement across Ontario, starting in early spring. The province-wide property reassessment will continue to be deferred until this review is complete.

Gasoline tax and fuel tax

On July 1, 2022, the government cut the gasoline tax rate by 5.7 cents per litre and the fuel tax rate



by 5.3 cents per litre as temporary measures until June 30, 2024. The government is proposing to extend these rate cuts for an additional six months until December 31, 2024.

Alcohol taxation and fees

The budget proposes to scrap the existing 6.1 percent basic tax on wine and wine coolers sold at on-site retail stores in wineries across Ontario. This change is set to take place on April 1, 2024. In an effort to foster a competitive environment that benefits both local producers and consumers, the government will carry out a specific assessment of the taxes and charges applied to beer, wine, and other alcoholic drinks.

Tobacco tax

The budget announces certain administrative changes to the tobacco tax regime, including adjustments to the monthly filing deadline for tobacco tax registrants and increased fines, among other changes.

Corporate tax changes

Corporate income tax rates

No new corporate income tax rate changes were announced in this year's budget. The current corporate income tax rates for 2024 are summarized below:

Corporate Income Tax Rates — As of January 1, 2024		
	Ontario	Combined Federal and Ontario
General	11.50%	26.50%
M&P	10.00%	25.00%
Small business*	3.20%	12.20%

*On first \$500,000 of active business income.

Simplifying the Ontario Computer Animation and Special Effects Tax Credit

The Ontario Computer Animation and Special Effects (OCASE) Tax Credit is an 18 percent refundable corporate income tax credit, available to companies that undertake computer animation and special effects activities on eligible film and television productions in Ontario. Currently, to be eligible for the OCASE Tax Credit, a production must also be certified for either the Ontario Film and Television Tax Credit or the Ontario Production Services Tax Credit — tethering the OCASE Tax Credit to these other film and television tax credits.

The budget proposes to remove this tethering requirement, replacing it with simplified eligibility rules, including a \$25,000 minimum labour expenditure per production. The new rules will come into effect for productions on which qualifying work begins on or after March 26, 2024.

Ontario Film and Television Tax Credit regional bonus

The Ontario Film and Television Tax Credit regional bonus is generally available to productions that are shot or animated predominantly in Ontario, outside the Greater Toronto Area. The government announced its intention to review this regional bonus to ensure it effectively supports film and television production across the province.



Getting Advice

Reviewing your tax plan? We encourage you to talk to us. Speak to your Financial Advisor or contact investor services at 1 800 608 7707.

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