

British Columbia budget 2011

February 18, 2011

British Columbia Finance Minister Colin Hansen tabled the province's fiscal 2011–12 budget on 15 February 2011. Described as a —status quo|| budget, it contains no new taxes and no tax increases. Instead, it focuses on investing in children, education, health care and infrastructure, and on balancing the budget.

The minister anticipates a surplus of \$175 million for 2013–14 and a deficit of:

- \$1.3 billion for 2010–11,
- \$925 million for 2011–12
- \$440 million for 2012–13

Following is a brief summary of the key tax measures.

Business tax measures

Corporate tax rates

The budget confirms the previously announced reduction in the small business rate from 2.5% to 0% by 1 April 2012. It does not include any new changes to corporate income tax rates. BC's current corporate tax rates and the proposed small business rate are summarized in Table A.

Table A

Date	Small business tax rate	General corporate tax rate	Manufacturing and processing income tax rate
2010	2.5%	10.5%	10.5%
1-Jan-2011	2.5%	10.0%	10.0%
1-Apr-2012	0.0%	10.0%	10.0%

Personal tax

Personal income tax rates

The budget does not include any changes to personal income tax rates. The 2011 personal tax rates are summarized in Table B.

Table B

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
5.06%	7.7%	10.5%	12.29%	14.7%

Other tax measures

International business activity act

Effective 1 April 2011, the Act is amended to allow Schedule III banks — that is, branches of foreign banks operating in Canada — to qualify for the International Business Activity Program with respect to their international financial business.

Medicare Protection Act

Effective 1 January 2012, maximum Medical Service Plan premiums will increase by the following amounts:

- \$3.50 per month, to \$64, for single persons
- \$7 per month, to \$116, for two-person families
- \$7 per month, to \$128, for families of three or more persons

Carbon tax act

Effective 16 February 2011, a credit is provided for biomethane–natural gas blends sold under qualifying contracts by registered natural gas retail dealers who inject biomethane into the system. Qualifying contracts must clearly stipulate the amount that purchasers are paying for a specified volume or percentage of biomethane.

The credit is equal to the carbon tax payable on the specified volume or percentage of biomethane.

Home owner grant act

The threshold for the phase-out of the home owner grant is increased from \$1,050,000 to \$1,150,000 for the 2011 taxation year. For properties valued above the threshold of \$1,150,000, the grant is reduced by \$5 for every \$1,000 of assessed value in excess of the threshold.