

## BC Budget Summary of Tax Measures February 18, 2014

### Personal Income Tax

#### Tax Rates

The BC Budget made no changes to the personal tax rates. The personal income rates remain at the following for 2014 and 2015:

Type of Income	Combined Federal/BC Top Marginal Rate
Regular income	45.8%
Capital gains	22.9%
Eligible dividends	28.7%
Regular dividends	38.0%

#### Medical Service Plan (MSP) Premiums

MSP premiums will increase by approximately 4% effective January 1, 2015.

#### BC Early Childhood Tax Benefit

As previously outlined in the 2013 BC Budget, a new refundable tax credit will be available starting April 1, 2015. Families with children under six years old can receive up to \$55 per month (\$660 annually) for each child. Families with net income less than \$100,000 will receive the full benefit. The benefit will start to phase out at family income levels over \$100,000 and will be completely phased out at family income levels of \$150,000.

#### Home Owner Grant Phase-out Decreased

The homeowner grant phase-out threshold is decreased from \$1,295,000 to \$1,100,000 for the 2014 taxation year. The grant is reduced by \$5 for every \$1,000 of assessed value in excess of the new threshold of \$1,100,000.

#### Property Transfer Tax First Time Home Buyers' Threshold Increased

The threshold for the First Time Home Buyers' Program is increased from \$425,000 to \$475,000 effective February 19, 2014. The partial exemption will apply to homes valued between \$475,000 and \$500,000.

#### BC Mining Flow-Through Share Tax Credit

As previously announced, the BC mining flow-through share tax credit is being extended to the end of 2014.

## Corporate Income Tax

### Tax Rates

The BC Budget made no changes to the corporate tax rates. The corporate income rates remain at the following for 2014:

Type of Income	British Columbia Rate	Combined Federal/BC Rate
General	11.0%	26.0%
Small business (on the first \$500,000 of active business income)	2.5%	13.5%

### Scientific Research and Experimental Development Tax Credit

The British Columbia Scientific Research and Experimental Development Tax Credit will be extended for an additional three years (to September 1, 2017). The credit is available to eligible taxpayers that undertake eligible research and development activities in BC.

### **Disclaimer**

This information is general in nature and may not be applicable to all taxpayers. Please contact your Johnsen Archer LLP advisor to discuss your specific situation.

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