

Finance

March 27, 2018

Provincial Government Reduces Tax on Automobile Insurance, Initiates Other Tax Changes

The Honourable Tom Osborne, Minister of Finance and President of Treasury Board, today announced a series of positive changes to taxation that will support citizens and businesses. Changes include a minimum five per cent reduction in the tax on automobile insurance over the next four years, as well as increasing the exemption threshold of the provincial payroll tax, and introduction of a new tax credit for search and rescue volunteers.

As part of Budget 2018: Building for Our Future, the tax on automobile insurance will be reduced by two per cent on January 1, 2019, followed by one per cent reductions on January 1 in 2020, 2021, and 2022. Reducing the tax by one third will benefit consumers and businesses. The Provincial Government is committed to the ongoing review of the tax and making further reductions as the province's fiscal situation improves.

The exemption threshold for the provincial payroll tax is being increased by \$100,000, from \$1.2 million to \$1.3 million. With this change, a further 50 companies will be exempted under the new threshold, and the remaining 1,200 companies will pay up to \$2,000 less in tax.

The Provincial Government continues to expand on its support for first responders by introducing a new Search and Rescue Volunteer Tax Credit that will allow eligible search and rescue volunteers to claim a \$3,000 non-refundable tax credit through their provincial income tax return starting on January 1, 2019.

Quote

"Our government is committed to supporting consumers and businesses through changes to provincial taxes. The reduction of the tax on automobile insurance will have far-reaching positive impacts for citizens in the province, while changes to the payroll tax will provide an incentive for businesses to stay and thrive in Newfoundland and Labrador. The Search and Rescue Volunteer Tax Credit recognizes the tremendous role volunteers play in protecting our people and in making this province a safe place to live."

Honourable Tom Osborne
Minister of Finance and President of Treasury Board

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