

Welch LLP®



Insight into the

# ONTARIO BUDGET

of March 26, 2024

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# Insight into the Ontario Budget of March 26, 2024

On March 26, 2024, the Ontario government presented its 2024 Budget – *Building a Better Ontario*. The budgetary deficit for 2023-2024 is projected at \$3 billion, decreasing to \$9.8 billion in 2024-2025 and \$4.6 billion in 2025-2026 before returning to a projected surplus of \$0.5 billion in 2026-2027.

## CORPORATE AND BUSINESS TAX MEASURES

### Corporate Tax Rates

No changes to corporate tax rates were announced in the Budget, leaving corporate tax rates for 2024 as follows:

2024 Corporate Income Tax Rates				
	Active Business Income			
	General	Small Business (CCPC)	Business Limit	Investment Income (CCPC)
Ontario	11.5%	3.2%	\$500,000	11.5%
Combined Federal/Ontario	26.5%	12.2%	\$500,000	50.17%

### Ontario Computer Animation and Special Effects Tax Credit

The Budget proposes to change the eligibility requirements for the Ontario Computer Animation and Special Effects (OCASE) Tax Credit. The OCASE Tax Credit is an 18% refundable corporate income tax credit available to corporations that undertake computer animation and special effects activities on eligible film and television productions in Ontario. Currently, in order to be eligible for the OCASE Tax Credit, a production must also be certified for either the Ontario Film and Television Tax Credit (OFTTC) or the Ontario Production Services Tax Credit (OPSTC).

Effective for productions for which the qualifying corporation commences computer animation and/or special effects work after March 25, 2024, the requirement that the production also qualify for the OFTTC or the OPSTC will no longer apply. The corporation will be required to incur a minimum of \$25,000 in Ontario labour expenditures for each film or television production for which the OCASE Tax Credit is claimed. This minimum labour expenditure threshold must be met in the taxation year of the claim, or cumulatively over the two taxation years ending with the taxation year of the claim.

Certain types of productions, including instructional videos, music videos and gaming videos, will not be eligible for the OCASE Tax Credit.



## PERSONAL TAX MEASURES

### Personal Tax Rates

No changes to personal tax rates were announced in the Budget. As a result, personal tax rates and brackets for 2024 will be as follows:

Top Combined Ontario and Federal Personal Income Tax Rates		
2024 Taxable Income	2024 Ontario Tax Rates	Combined Federal/Ontario Rates
First \$51,446	5.05%	20.05%
Over \$51,446 up to \$106,735	9.15%	33.89%
Over \$106,735 up to \$150,000	11.16%	43.41%
Over \$150,000 up to \$173,205	12.16%	44.97%
Over \$173,206 up to \$220,000	12.16%	48.29%
Over \$220,000 up to \$246,752	13.16%	49.85%
Over \$246,752	13.16%	53.53%

## OTHER MEASURES

### Gasoline Tax and Fuel Tax

The Budget proposes to extend the temporary reductions to the gasoline tax and fuel tax by a further six months. These rates will remain at 9 cents per litre until December 31, 2024.

### Review of Ontario's Tax System

The Budget reiterates the government's plans to review the province's tax system, as previously announced in the 2023 Ontario Budget. Based on consultations with tax experts, economists and business leaders, this review will focus on supporting greater productivity, the promotion of fairness, greater simplicity and transparency and modernizing administration.

### Property Assessment and Taxation Review

The Budget announces that the government is reviewing the property assessment and taxation system, with a focus on fairness, affordability, business competitiveness and modernized administration tools. The deferral of property reassessments in Ontario will continue until this review is complete.

### Housing Supply and Affordability

In an effort to increase housing supply and improve housing affordability, the Budget announces that it will develop a new provincial policy framework setting out best practices for implementing a Vacant Home Tax and will encourage municipalities to set higher Vacant Home Tax rates for foreign-owned vacant homes.

The Budget also announces that the government will provide municipalities with the flexibility to set reduced property tax rates on new multi-residential rental properties.