

A Budget for everyone!



**Proposals by the New Brunswick Common
Front for Social Justice
for the 2019-2020 Budget**

February 28, 2019

The Common Front for Social Justice is fighting to build a more human society based on the respect and dignity of all. We want a New Brunswick without poverty. We want a society which give each and everyone a decent living, in particular by having a minimum wage and social income on which citizens can to live on and not just exist. We believe that every citizen can develop their full potential and become fully engage in the social, economic and cultural development of New Brunswick.

The Common Front for Social Justice is one of the largest democratic and popular organizations in New Brunswick. It brings together individuals as well as local, regional and provincial organizations to work towards the eradication of poverty.

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Provincial Budget 2019-2020

"Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings." Nelson Mandela

Introduction

Budget are about choices and the upcoming provincial budget will give us an indication if this government is choosing to help citizens who are having a hard time right now or not. In this document, we are proposing concrete actions which the province can take in the upcoming budget to help reduce poverty in the areas of **Social Assistance, Minimum Wage, Social Housing, Child Day Care** and the **NB Drug Plan**. After documenting changes in these five areas, we are proposing some of the places where the province needs to invest. Finally, we suggest some areas where NB government could raise money to cover the actions described in this paper.

1. Social assistance

The province of New Brunswick has some of the lowest social assistance rates in Canada and the provincial government needs to significantly increase rates for social assistance recipients. For single employable individuals, no rate change and no indexation has occurred since 2009. In 2013 and 2014, raises in the other categories were made but were not indexed for inflation. Their financial losses due to non-indexation occurred in all categories.

The current situation for close to 36,000 social welfare recipients is distressing. The lack of indexation over the years has plunged these citizens deeper into poverty and made them unable to fulfill their basic needs. **The restructured rate for single individual and the rate increase for the others was insufficient to keep up with inflation.**

The Market Basket Measure (MBM) is the poverty line accepted by the Canadian government. It is based on the cost of a specified basket of goods and services representing a modest, basic standard of living (food, clothing, transportation, shelter and others). All social assistance recipients in N.B. are well below this poverty line and this needs to change. In 2016 in N.B., the Market Basket Measure for one person was \$19,296 per year; for a two-person household, it was \$27,285 and for a couple with two children it was \$38,592 per year¹.

We are proposing that everyone, within a 10-year period, should have a Total Annual Income equal to the Market Basket Measure, the poverty line. Total annual income includes basic social assistance rates, additional social assistance benefits, GST rebate,

¹ Statistics Canada. Table 11-10-0230-01 and calculation by the NB Common Front for Social Justice

federal and provincial child care benefits and provincial tax credits/benefits. We understand that to reduce the huge gap between total annual income and the MBM would be too demanding for the provincial budget in a single year. What is more acceptable is to spread it over 10 years and plan future provincial budgets accordingly. As indicated in the calculations appearing in Table 1, New Brunswick social assistance recipients would all receive 10% of the “gap amount” between total annual income and MBM in 2019-2020. This would be a significant improvement allowing them to cover more of their basic needs. Table 1 also gives us the total annual income they would need to receive in 2019- 2020.

For the upcoming 2019-2020 provincial budget, these changes mean allocating the proposed annual incomes in Table 1 to the Department of Social Development’s 2019-2019. It should be noted that as the MBM income gap reduces, the amount needed to attain the Market Basket Measure will gradually diminish from year to year.

Table 1. Annual social assistance income, MBM and proposed rate adjustments for 2019-20.

Transitional assistance category	Total annual income	MBM In 2016	Amount of 10% MBM deficit to catch up	Proposed total annual income for 2019-20
Single, employable	\$7,122	\$19,296	\$1,217	\$8,339
1 person - designated	\$7,590	\$19,296	\$1,171	\$8,761
1 adult and 1 child	\$19,920	\$27,285	\$737	\$20,657
Couple, with 2 children	\$26,412	\$38,592	\$1,218	\$27,630
Extended benefit category				
1 person	\$9,837	\$19,296	\$946	\$10,783
1 adult and 1 child	\$20,964	\$27,285	\$632	\$21,596
Couple with 2 children	\$27,576	\$38,592	\$1,102	\$28,678

Source: Department of Social Development and calculation by the NB Common Front for Social Justice.

For a better understand the situation of social assistance recipients, see the following documents produced by the NB Common Front for Social Justice on website www.FrontNB.ca

- *Social Assistance, Information document, March 2018*
- *Living in poverty in NB: NOT EASY!, September 2018*
- *All aboard! Single passengers living on the Social Assistance train in New Brunswick, September 2018*
- *No place to be ourselves. Solving New Brunswick Homelessness Takes Everyone of Us! February 2019.*

Proposals

Raise social assistance rates so that the recipients can move out of poverty. Over 10 years, their total annual income must be increased to equal the amount indicated in the Market Basket Measure.

Raise the 2019-2020 Social Development budget to cover the proposed increases.

2. Restructure the regime more appropriately for people with disability

In February 2019, there were 6,836 recipients in the “Extended Category” on social assistance in New Brunswick. Of these, 91.7% were single persons². All of them had been qualified disabled by the Medical Advisory Board. Their basic rate has not increased since 2014, so their purchasing power has been eroded by inflation over the last five years. Table 2 presents their annual income, the MBM for 2016, the deficit needed to be reduced and their proposed total annual income.

Table 2. Annual social assistance income, MBM and proposed rate adjustments for 2019-2020 in the “Extended benefit Category”.

Extended benefit category	Total annual income	MBM In 2016	Amount of 10% MBM deficit to catch up	Proposed total annual income for 2019-20
1 person	\$9,837	\$19,296	\$946	\$10,783
1 adult and 1 child	\$20,964	\$27,285	\$632	\$21,596
Couple with 2 children	\$27,576	\$38,592	\$1,102	\$28,678

Source: Department of Social Development and calculation by the NB Common Front for Social Justice.

Certain provinces, such as Saskatchewan and Alberta³, have recognized the specific conditions of recipients with disability and have created programs outside of the regular social assistance one. We believe our province should move in this direction.

To further understand their situation, you can consult the document, *Disability and Deep Poverty in New Brunswick*, produced by the New Brunswick Common Front for Social Justice in September 2017 (www.FrontNB.ca)

Proposals

1. Increase, over a period of ten years, the total annual income of social assistance recipients in the Extended Benefit Category to equal the Market Basket Measure as shown in Table 2.
2. Implement a new program; a *New Brunswick Assured Income for the Disabled*, and provide sufficient budgetary resources in the upcoming 2019-2020 Budget .

² Social Assistance Caseload and Recipients. Department of Social Development

³ Disability and Deep Poverty in New Brunswick. NB Common Front for Social justice. September 2017.

3. Confronting Prejudices Against People Living in Poverty

One of the priority actions contained in the Poverty Reduction Plan was to “Develop a strong public awareness campaign, which is critical to the success of the poverty reduction plan”. Stigma disqualifies people and groups from social acceptance and social equity and the humiliation which follows is powerful because it is not always easy to quantify. Citizens living in poverty, and more so those who are on social assistance, are very much familiar with the concept of prejudice because they are constantly bombarded by them. If we are serious in changing the lives of citizens living in poverty, we must change our perception towards them, among other ways, through close personal contact with them. The province should organize a public campaign against prejudices will address stigma root causes.

Proposals

Develop a strong public awareness provincial campaign to fight prejudices towards citizens living in poverty, with these very citizens taking a lead role in development, implementation and evaluation of the campaign.

Earmarked funds to cover this public awareness campaign in the Social Development 2019-2010 budget

4. Minimum Wage for workers and community organization staff

The Common Front for Social Justice is advocating for the increase of the minimum wage to \$15.00 an hour in the upcoming four years. Minimum wage workers in New Brunswick are living close to the poverty line. As indicated in Table 3, their mean total annual expenses are greater than their mean total annual income.

Table 3. Annual net income, total annual expenses and deficits for single individuals, single parents and working couples (2018).

	Single individual at minimum wage	Single parent with 1 child, at minimum wage	Couple with 1 child at minimum wage	Couple with 2 children at minimum wages
Total annual expenses	\$25,206	\$31,373	\$36,828	\$50,760
Annual net income	\$20,610	\$29,924	\$28,647	\$48,999
Total annual expenses	\$25,206	\$31,373	\$36,828	\$50,760
Annual deficit	-\$4,596	-\$1,449	-\$8,181	-\$1,761

Source: Economic Realities - 2018. New Brunswick Common Front for Social Justice.

For more details about minimum wage workers, see the documents: *Minimum wage. Information Document. April 2018* and *An Economic Reality: Living on Minimum Wage, April 2018* produced by the NB Common Front for Social Justice (www.FrontNB.ca)

Through the Common Front for Social Justice provincial campaign to raise the minimum wage, we have become aware of the impact that increasing the minimum wage has on the staff of community organizations delivering programs or services (ex. Food banks, soup kitchen, shelters, etc.) A high number of community organizations receive the funding to pay their staff partly from the provincial government and partly from the community. Their financial flexibility is limited when it comes to raising wages. We understand their plight and that is why we are proposing the following.

Proposal

Provide a financial subsidy to allow community organizations to cover the increase in the minimum wage. This financial subsidy would be equal to the minimum-wage increase, including the employer's portion, for each employee of that organization who receives the minimum wage.

5. Social Housing

The cost of housing for citizens is always a very important part of their budget. In 2018, the average rate of a bachelor's apartment was \$533 per month, for a one bedroom, \$661 per month, for a two-bedroom, \$801 per month and for a three or more bedrooms, \$933 per month.⁴

The annual net income of a single individual at the minimum wage in 2018 was \$20,610 and for social assistance recipients, the total annual revenue was \$7,028.

In 2016, 45% of household renters were spending more than 50% of their income for rent and utilities. The situation for those in the lowest income group, the first Quartile (income range \$0-\$20,079) is a lot worse. Eighty two percent of them spend more than 50% of their income for rent and utilities in the province⁵. It is clear that low-income citizens are paying far too much for the place they live in. What they need is access to more social housing, and/or access to rent subsidies for private market housing.

Social Housing is the solution for all low-income citizens. The standing rule is that an individual or a family pays only 30% of their gross annual income. Unfortunately, the demand for social housing in the province is very high and the availability is low. In 2017-

⁴ Rental market Report. New Brunswick Highlights. Date released: 2018. CMHC

⁵ Canadian Rental index. Rental housing Data. http://www.rentalhousingindex.ca/en/#affordability_prov

2018, the waiting list was at 5,233 units. The Federal and Provincial government have signed a housing agreement and we hope that this will improve the present situation.

Proposals

A large portion of the new Federal and Provincial housing funds for social housing should be managed by non-profit organizations and cooperative housing

Reduce by 25% (1300 unit) the waiting list for social housing in the fiscal years 2019-2020.

6. Child care

The cost of day care spaces is very high in our province. For infants the average annual cost of full-time care (260 days) was \$9,217 (\$35.35 per day) in March 2018. For preschoolers, the average annual cost of full-time care (260 days) was \$8,052 (\$30.97 per day). For after-school, the average annual cost of full-time care (260 days) was \$4,797 (\$18.45 per day). These amounts are extremely high for any family but more so for those at low-income.

As shown in Table 4, in New Brunswick, between 2009 and 2018 the average cost for full-time child care has gone up by \$7.28 for infants aged 0-24 months while the provincial subsidy only increased by \$4.00, so parents were left with having to pay \$3.28 more. The average cost for full-time child care for preschool increased by \$7.07 while the subsidy only increased by \$1.75, so parents had to pay \$5.32 more. For the same period, the cost of full-time childcare for after school increased by \$4.73 and the provincial subsidy by only \$0.75, so parents had to pay \$3.98 more.

The number of children who took advantage of the Day Care Assistance Program increased from 5,308 children in 2009 to 6,218 children in 2018, a difference of 910 children, which translates to a 17% increase.⁶

The cost for children involved in the Day Care Assistance Program was \$ 11.4 million in 2009 and \$16.04 million in 2018, a \$4.64 million increase.

⁶ Correspondence from Education and Early Childhood Development. February 5, 2019

Table 4. Average cost for full-time care and day care assistance rates (2009-2018).

	Average cost for full-time care 31 March 2009	Average cost for full-time care 31 March 2018	Increase	Day Care Assistance Rate (March 2009)	Day Care Assistance Rate (March 2018)	Increase	Difference for families
Infants 0-24 months	\$28.17	\$35.45	\$7.28	\$24.50/day	\$28.50/day	\$4.00	- \$3.28
Preschool 2-13 years	\$23.90	\$30.97	\$7.07	\$22.50/day	\$24.25/day	\$1.75	- \$5.32
Just after school	\$13.72	\$18.45	\$4.73	\$12.00/day	\$12.75/day	\$0.75	- \$3.98

Source: Early Learning and Children Services, Annual Statistical Report, 2008-2009 and correspondence from Education and Early Childhood Development.

There is presently a new program that guarantees free child daycare for families with an annual gross income under \$37,500 who have children aged five and under attending a designated New Brunswick Early Learning Centre. A family with children in this new program will not pay more than 20% of their Gross Annual Income for child care (News release, 17 January 2018.) This program is very helpful to families but unfortunately, it does not cover all children. The province has to do more.

New Brunswick has a shrinking population, and a shortage of labour-ready employees in various sectors. With a more affordable cost to raise children, we might see more parents being able to join the workforce. We might also see a greater number of families deciding to raise more children.

Proposal

Increase the Day Care Assistance Rate for infants by \$3.28 per day, for the Preschool children by \$5.32 and for the after-school children by \$3.98.

7. New Brunswick Drug Plan

In 2009, the province had 70,000 uninsured families (150,000 citizens) who did not have a drug plan. Uninsured families spent between \$120 and \$150 million dollars on prescription drugs each year.⁷ This translates in financial hardship for low-income

⁷ Report of the Advisory Committee on Health Benefits: An Insurance Plan for Prescription Drugs for Uninsured New Brunswickers. Prepared for ESIC Board of Directors. Final Report. December 2012

citizens. The result is that a high percentage of them could not fill out their prescriptions, consequently their health deteriorated.

In 2012, the Economic and Social Inclusion Corporation proposed to the provincial government a mandatory drug plan that would have been partly funded by the government (22%), partly by employers who did not have a workplace drug plan (15%), and partly by the uninsured families (63%). The total cost would have been between \$115 and \$160 million dollars.⁸ The business lobby was so strong that in 2014, the final result was the implementation of a provincial voluntary drug plan.

In 2017-2018, the plan covers **only 10,832 members including dependents, so not even 10% of uninsured citizens**, instead of the 150,000 persons had the plan been mandatory. For the same period, the province paid \$28.1 million dollars and the uninsured members paid \$6.5 million dollars.⁹ Table 5 shows that the NB Drug Plan has premiums linked to gross income levels and a copayment for prescriptions but it does not include dental and eye care.

The present plan imposes a financial burden on individuals and families who are at low-income or for those who need multiple drugs because of their illnesses. In order to remedy this situation and help those individuals and families have access to the drugs they need, there has to be a reduction in the cost of their prescription drugs. Indeed, nearly one million Canadians spent less on necessities like food and heat to afford their prescriptions in 2016, according to a new study

Table 5. Income levels and cost of premiums and copayments for the New Brunswick Drug Plan in 2018

Gross Income Levels		Premiums		Copayments
Individual	Individual with children/couple with or without children	Annual premium (per adult)	Monthly premium (per adult)	30% Copay to a maximum per prescription
\$17,884 or less	\$26,826 or less	\$200	\$16.67	\$5
\$17,885 to \$22,346	\$26,827 to \$33,519	\$400	\$33.33	\$10
\$22,347 to \$26,360	\$33,520 to \$49,389	\$800	\$66.67	\$15
\$26,361 to \$50,000	\$49,390 to \$75,000	\$1,400	\$116.67	\$20
\$50,001 to \$75,000	\$75,001 to \$100,000	\$1,600	\$133.33	\$25
More than \$75,000	More than \$100,000	\$2,000	\$166.67	\$30

Source: Department of Health. The New Brunswick Drug Plan. Premiums and Copayments

It has been reported by CBC news *that 730,000 people skimped on food and another 238,000 spent less on heating their home — a total of 968,000 people. "We knew lots of*

⁸ Report of the Advisory Committee on Health Benefits: An Insurance Plan for Prescription Drugs for Uninsured New Brunswickers. Prepared for ESIC Board of Directors. Final Report. December 2012

⁹ Department of Health. Correspondence January 2019.

Canadians were having trouble paying for medication," said Michael Law, lead author on the paper and associate professor in UBC's school of population and public health. "Now we know they are trading off other everyday necessities in order to pay for prescription drugs."¹⁰

This study certainly supports the demand for a more comprehensive provincial prescription drug plan.

At the federal level, there is presently a push to implement a Pharmacare plan and we hope that this will be part of the upcoming federal budget.

Proposals

Exempt from the obligation to pay the premium those individuals who have a gross income level of \$19,296 or less as well as those individuals with children or couples with or without children who have a gross income level of \$38,592 or less. These amounts are based on the 2016 Market Basket Measure for individuals and families.

Expand the present NB Drug Plan to include dental and eye care coverage. This would make the Plan more inclusive and more appealing to individuals, but more so for families.

6. Where do we get the Money?

a. Invest in poverty reduction for greater economic return

First of all, we have to understand that poverty is costing a lot to the economy of the province. The Canadian Centre for Policy Alternatives did, in 2011, a study of the cost of poverty for New Brunswick. It found that the overall cost was between \$1.3-\$2.0 Billion dollars¹¹. Reducing the number of citizens living in poverty has to be seen as an investment and not an expense. **Increasing the income of Low-income citizens means more money circulating in the local economy. That money will be used to buy food at the local store, pay rent to local businesses, buy fuel from local suppliers, pay electricity to our provincial Crown Corporation, etc.** This money will not go out of the province. It will generate additional tax revenues, and sustain existing jobs, perhaps even generate sufficient business confidence to add new jobs to our economy.

¹⁰ CBC News. <https://www.cbc.ca/news/canada/british-columbia/canadians-give-up-food-heat-to-afford-prescriptions-study-says-1.4533476>

¹¹ In Focus. Cost of Poverty in New Brunswick. Canadian Centre for Policy Alternatives. September 2011

We acknowledge the “Elephant in the Room”. We have seen the Minister of Finance say (echoed by the Premier and others): “Taxes in New Brunswick are high, and there is no room to raise taxes further to address our fiscal challenge.” We ask government to consider raising taxes in appropriate and justifiable areas, and we offer the proposals presented below.

b. Increase Small Business Tax Rate

As indicated in table 6, the Small Business Corporate Income Tax Rate has been decreasing since 2011. This means less revenue for the province. The Higgs government wants to even eliminate it. **The province needs more revenue and bringing back the corporate tax level to 5 % would generate such revenue.**

Table 6. Small Business Corporate Income Tax Rate. New Brunswick. 2009-2018

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Small business rate	5%	5%	5%	4.5%	4.5%	4.5%	4%	3.5%	3%	2.5%

Source: <https://www2.gnb.ca/content/gnb/en/departments/finance/taxes/corporate.html>

c. Increase the General Corporate Income Tax Rate

New Brunswick General corporate income tax rate has been for a while inferior to that of other Atlantic provinces. We are trying to harmonize our labour standards, minimum wage, etc. with the other Atlantic provinces. We should be doing the same with the Corporate Tax Rate.

Table 9. General provincial corporate income tax rate, 2018

	NL	PEI	NS	NB
Lower	3.0%	4.5%	3.0%	3.0%
Higher	15%	16%	16%	14%

Source: <https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-tax-rates.html>

We propose a 2% increase of General corporate income tax rate in order to come closer to those in effect in the other Atlantic provinces.

d. Increase royalties on natural resources

New Brunswick natural resources belong to all citizens of the province. It is our collective wealth. In exploiting these natural resources, the provincial government deals with private companies in forestry, mining, peat moss, etc. These companies should pay a fair share of royalties so that the government can provide us with services and programs.

Proposal

Increase the royalty rates paid by corporations, mainly those that exploit our forest.

e. Keep the tax on non-owner-occupied residential building

The province is presently taxing the non-owner-occupied residential buildings (apartment building, etc.) at a higher rate than the regular residence owned by citizens. We agree with this taxation measure. The non-owner-occupied buildings are mainly used to make money for the owner and they should be taxed accordingly. This brings an added revenue to the province and this money is needed.

Proposal

Keep the tax on non-owner-occupied residential building

f. Corporate expenses

The province should not further reduce the current level of taxation for corporate expenses. Indeed, the province should eliminate or sharply reduce the current level of corporate taxation indicated in Annex 1.

Proposal

Eliminate or sharply reduce the tax on corporate expenses.

g. Inheritance tax

Another new source of provincial revenue is to establish an inheritance tax. Such a tax would reduce the income gap between the wealthy and those living on limited means. The inheritance tax should apply to estates valued at more than \$5,000,000.

Proposal

Implement an inheritance tax on estates valued at more than \$5 million.

h. Tax evasion

Proposal

Support the federal government in its efforts to reduce the tax evasion and tax dodging of rich Canadians.

Conclusion

The upcoming budget will have an impact on ten thousand of citizens at low-income in our province.

We are proposing concrete measures that if implemented, would make a real impact on the lives of these men, women and children.

The social assistance total annual income has to go up each year for the next ten years. We are proposing that it attains the marker Basket Measure. We have to realize that citizens with disability need their own specific program and an increase in their revenue.

To attain these changes, mentality needs to evolve and that is why a provincial anti-prejudice campaign is proposed.

The minimum wage needs to increase, but we have to help financially the community organizations that are delivering programs or services to the low-income citizens.

The cost of housing is a very important budgetary items for everyone, but more so for low-income workers. There is a crying need for more social housing and the new federal-provincial government agreement should focus on non-profit housing and cooperative housing.

The number of spaces and the costs have gone up for day care in the province. The provincial government is providing subsidies, but it needs to invest more money in the Day Care Assistance rate.

There is a very high number of citizens, especially at the bottom of the income scale who doesn't have a drug plan. The present NB Drug Plan needs to be more affordable for them and the program has to be expanded for dental and eye care protection.

Finally, there are places where the provincial government can get more revenue and we are proposing some of them.

Annex 1

CORPORATE EXPENSES

In general, you can deduct any reasonable current expense you paid or will have to pay to earn business income.

You cannot deduct any personal expenses incurred. If you are registered to GST/HST the portion of GST/HST paid is not deductible. If you are not registered for GST/HST, the expenses you can deduct includes the GST you incur on these expenses.

Please note this is not an extensive list of allowable corporate expenses and there are many exceptions and particularities when it comes to deducting business expenses.

Only the percentage of business use of a vehicle is deductible. If the vehicle is owned or leased by the corporation the shareholder will get taxed on the personal portion of the vehicle. If the vehicle is owned personally then the business can deduct km's at 0.55\$ per kilometer for the first 5,000 km's driven for business purposes, then 0.49\$ per kilometer driven after that.

The following are links to the CRA website giving more details on corporate expenses
<https://www.canada.ca/en/revenueagency/services/tax/businesses/topics/sole-proprietorshippartnerships/business-expenses.html>
<https://www.canada.ca/en/revenueagency/services/tax/businesses/topics/payroll/benefit-sallowances/automobile/automobile-motor-vehicleallowances/automobile-allowance-rates.html>
<https://www.canada.ca/en/revenueagency/services/tax/businesses/topics/sole-proprietorshippartnerships/business-expenses/current-capital-expenses.html>

Types of expenses	Percentage of allowable deduction per year	Combined Federal and NB tax rates after March 31 2018	Percentage of tax savings in the year
Salaries	100%	12.50%	12.50%
Cost of goods sold	100%	12.50%	12.50%
Freight	100%	12.50%	12.50%
CPP and EI employer portion (note 1)	100%	12.50%	12.50%
Bad debts (receivables never collected)	100%	12.50%	12.50%
Insurance (liability, equipment, commercial, etc.)	100%	12.50%	12.50%
Interest and bank charges	100%	12.50%	12.50%

Interest on long term debt	100%	12.50%	12.50%
Licences, dues and fees	100%	12.50%	12.50%
Light and heat	100%	12.50%	12.50%
Professional fees (lawyer, accountant)	100%	12.50%	12.50%
Property taxes (if the building is owned by the corporation)	100%	12.50%	12.50%
Water and sewer (if the building is owned by the corporation)	100%	12.50%	12.50%
Office rental	100%	12.50%	12.50%
Equipment rental	100%	12.50%	12.50%
Repairs and maintenance – building	100%	12.50%	12.50%
Repairs and maintenance – equipment	100%	12.50%	12.50%
Repairs and maintenance – vehicles owned or leased corporately	100%	12.50%	12.50%
Stationery and office supplies	100%	12.50%	12.50%
Telecommunications	100%	12.50%	12.50%
Meals (only 50% deductible)	100%	6.25%	6.25%
Advertising (yellow pages, newspaper ads, etc.)	100%	12.50%	12.50%
Entertainment (only 50% deductible) (note 2)	100%	6.25%	6.25%
Gifts to clients	100%	12.50%	12.50%
Charitable donations	100%	12.50%	12.50%
Software expenses	100%	12.50%	12.50%
Vehicle lease	100%	12.50%	12.50%
Fuel costs	100%	12.50%	12.50%
Medical insurance (IF OFFERED TO ALL EMPLOYEES)	100%	12.50%	12.50%
Travel expenses (tolls, parking, flights, etc.)	100%	12.50%	12.50%
Capital expenditures (note 3)			
Vehicle purchases (Note 4)	30%	12.50%	3.75%
Equipment and furniture	20%	12.50%	2.50%
Building	4%	12.50%	0.50%

Source: LeBlanc and Maillet, chartered professional accountants.

Note 1 : the employer is responsible to pay a portion of CPP and EI for the employee

<https://www.canada.ca/en/revenueagency/services/tax/businesses/topics/payroll/payroll-deductionscontributions/canada-pension-plan-cpp/cpp-contribution-rates-maximumsexemptions.html>

<https://www.canada.ca/en/revenueagency/services/tax/businesses/topics/payroll/payroll-deductionscontributions/employment-insurance-ei/ei-premium-ratesmaximums.html>

Note 2 : examples of entertainment are attending sports games with clients, theater, etc.)

Note 3 : capital asset purchases are amortized over a certain period of time. The year it is bought only 50% of the percentage of allowable expense is deductible

Note 4 : the maximum allowed deduction over time is \$30,000.

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