

BUDGET 2024

Summary: Ontario Budget 2024

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Finance Minister Peter Bethlenfalvy tabled Ontario's 2024-25 budget (ON Budget 2024) on March 26, 2024.

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Previously announced measures

ON Budget 2024 makes changes to the Computer Animation and Special Effects Tax Credit and eliminates a basic tax on Ontario wine and wine coolers sold in winery retail stores; it makes no changes to the personal or corporate tax rates. In addition, the budget reaffirms the government's intention to review the province's tax system to support greater productivity, promote fairness, enable greater transparency, and modernize administration.

ON Budget 2024 projects a deficit of \$3 billion for the 2023-24 fiscal year, compared to a \$1.3 billion deficit projected in the previous budget. Ontario anticipates balancing the budget by 2026-27.

Fiscal projections for the next three years are as follows:

Year	Projected surplus / (deficit)
2024-25	(\$9.8 billion)
2025-26	(\$4.6 billion)
2026-27	\$0.5 billion

Business tax measures

Corporate tax rates

ON Budget 2024 announces no changes to the corporate tax rates.

Combined federal and Ontario corporate tax rates

Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
12.2%	26.5%	25.0%

Ontario Computer Animation and Special Effects tax credit

ON Budget 2024 makes changes to the eligibility rules for the Ontario Computer Animation and Special Effects (OCASE) tax credit. This 18% refundable tax credit applies to eligible labour expenditures incurred by a qualifying corporation with respect to computer animation and special effects activities. Under this change, the OCASE tax credit requires a qualifying corporation to have minimum eligible labour expenditures of \$25,000 for each production claimed within a certain time limit.

This requirement will replace the need for a film or television production to be certified for either the Ontario Film and Television tax credit or the Ontario Production Services tax credit to qualify for the OCASE tax credit.

This measure is proposed to be effective for eligible productions where computer animation and/or special effects work begins on or after March 26, 2024.

Personal tax measures

Personal income tax rates

ON Budget 2024 doesn't change the personal rates. The personal tax brackets and the respective marginal tax rates for 2024 are as follows:

Tax brackets	Marginal tax rates
\$51,446 or less	5.05%
\$51,447 - \$102,894	9.15%
\$102,895 - \$150,000	11.16%
\$150,001 - \$220,000	12.16%
\$220,001 and over	13.16%

The top combined federal and Ontario marginal tax rates for 2024 are as follows:

Type of income	Tax rate
Salary/interest	53.53%
Capital gains	26.77%
Eligible dividends	39.34%
Non-eligible dividends	47.74%

Sales and excise tax measures

Harmonized Sales Tax

ON Budget 2024 makes no changes to the current 13% Harmonized Sales Tax (HST) rate, which is composed of 5% federal and 8% provincial components.

ON Budget 2024 eliminates the 6.1% basic tax on Ontario wine and wine coolers sold in winery retail stores. Ontario also announces that it will review the existing taxes and fees on beer, wine, and alcoholic beverages to promote a more competitive marketplace for local producers and consumers. This change is proposed to be effective April 1, 2024.

Other notable measures

Property tax – ON Budget 2024 announces a review of the current property assessment and tax system to promote fairness, affordability, business competitiveness, and modernize administrative tools.

Housing – ON Budget 2024 invests \$1.8 billion over three years to help municipalities meet their housing targets. This includes \$1 billion for the new Municipal Housing Infrastructure Program to support core infrastructure projects and \$825 million for the enhanced Housing-Enabling Water Systems Fund for municipal water infrastructure projects. Additionally, Ontario introduces a new policy framework to allow [single- and upper-tier municipalities](#) to impose vacant home taxes.

Network – ON Budget 2024 provides nearly \$3.3 billion over three years to provide high-speed internet access and enhanced cellular connectivity to communities across Ontario.

Education – ON Budget 2024 invests more than \$29.1 billion over the next 10 years for building more schools and child care spaces. This measure increases funding in the Ontario Autism Program by \$120 million for 2024-25, provides financial relief to help students afford post-secondary education, and helps post-secondary institutions modernize school facilities and upgrade technologies.

Health care – ON Budget 2024 invests nearly \$50 billion over 10 years to hospital infrastructure. This funding will go toward adding approximately 3,000 new beds, upgrading long-term accommodations, and building new long-term care homes.

Transportation – ON Budget 2024 invests \$27.4 billion over 10 years for highway expansion and rehabilitation projects, including the construction of Highway 413 and the new 400 series. Additionally, ON Budget 2024 injects \$67.5 billion over

10 years to enhance public transit projects, including improvements to rail networks.

Workforce – ON Budget 2024 provides \$100 million to the Skills Development Fund Training Stream and \$224 million in building new training centres to address hiring and training challenges for skilled trades.

Affordability – ON Budget 2024 invests \$86 million over three years to the Northern Energy Advantage Program to support eligible large industrial operators in mining, forestry, and steel sectors with affordable electricity costs to create and sustain the job market in Northern Ontario.

Mining sector – ON Budget 2024 invests \$15 million over three years in the Critical Minerals Innovation Fund to support research and innovation projects in the critical mineral sectors. The budget also commits \$1 billion to building critical legacy infrastructure like all-season roads, broadband connectivity, and community support for the “[Ring of Fire](#)”, a significant mineral development region in Northern Ontario.

Sport and recreation – ON Budget 2024 invests \$200 million in the new Community Sport and Recreation Infrastructure Fund to build or upgrade sport and recreation facilities.

Previously announced measures

Gas and fuel taxes – Ontario proposes to extend the temporary measure to reduce the gasoline and fuel taxes to December 31, 2024. This extension, which was set to end on June 30, 2024, will keep the tax at 9 cents/litre.

Guaranteed Annual Income System Program – Ontario proposes to expand the Ontario Guaranteed Annual Income System (GAINS) program and index the benefit to inflation. It also increases the maximum benefit to \$87 per month for eligible single seniors and \$174 per month for couples. The benefit will be subsequently adjusted to inflation annually. Further, the province also proposes to increase the annual private income eligibility threshold to \$4,176 (from \$1,992) for single seniors, and \$8,352 for couples (from \$3,984). These changes are proposed to be effective July 2024.

Have questions? Let’s talk. Contact your [local advisor](#) or reach out to us [here](#).

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