



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

# Cost Estimate of Election Campaign Proposal

Publication Date: September 2021

Short Title: Tax credit for small business investors

Description: Introducing a 25% non-refundable personal income tax credit on amounts of up to \$100,000 that Canadians personally invest over the next two years in Canadian-controlled private corporations that have net assets of \$40 million or less. The proposal will be effective January 1, 2021 through December 31, 2023.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		129	529	421	-	-	1,079

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: Eligible investments were determined using the historical take-up of New Brunswick's Small Business Investor Tax Credit (SBITC) adjusted by the number of firms active in different provinces. Total eligible investments were projected to grow in line with non-residential investment from the EPC baseline. The tax credit rate of 25% was applied to projected eligible investment levels. A behavioural response was not incorporated.

Source of Uncertainty: The main sources of uncertainty relate to the assumed take-up rate and projected eligible investments.

Data Sources:	Variable	Source
	Eligible investments of New Brunswick's SBITC	Government of New Brunswick
	Canadian business counts, with employees	Statistics Canada
	Growth in non-residential investment	PBO EPC baseline