

# 2025 Nova Scotia budget: Tax highlights

February 19, 2025

## In brief

On February 18, 2025, Nova Scotia's Minister of Finance and Treasury Board, John Lohr, presented the province's budget. The budget:

- reduces the province's small business tax rate from 2.5% to 1.5%, effective April 1, 2025
- increases the small business rate threshold from \$500,000 to \$700,000, effective April 1, 2025
- eliminates the income-based phase-out of certain non-refundable personal tax credit enhancements, starting 2025
- doubles the non-resident deed transfer tax rate, for agreements of purchase and sale dated after March 31, 2025

This *Tax Insights* discusses these and other tax initiatives outlined in the budget.

Due to the uncertainty around the timing and extent of US tariff policy changes<sup>1</sup> that could significantly affect Nova Scotia's economy, the budget does provide for "a contingency in its fiscal planning" to account for these potential US tariffs and additional government investments to support the province's economy.

## In detail

### Business tax measures

#### Corporate income tax rates

Effective April 1, 2025, the budget:

- decreases Nova Scotia's small business corporate income tax rate from 2.5% to 1.5%
- increases the threshold up to which the small business rate on active business income applies, from \$500,000 to \$700,000

Combined federal/Nova Scotia corporate tax rates are shown in the table below.

<sup>1</sup> To help your business navigate this current tariff situation, see our:

- *Tax Insights* "[Potential US tariffs and Canadian countermeasures: How will it affect Canadian businesses?](#)" at [www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights) for strategies that can help Canadian businesses adapt to these and any potential new tariffs
- [Tariffs, Trade and Policy Resource Centre](#) for information to help your business assess and manage these tariffs

Federal and Nova Scotia corporate rates	Nova Scotia			Federal + Nova Scotia		
	2024	2025 (1)	2026	2024	2025 (1)	2026
General and M&P income	14%			29%		
Canadian-controlled private corporations (CCPCs)	active business income	to \$500,000	2.5%	1.75%	1.5%	11.5%
		\$500,000 to \$700,000	14%	14% or 1.75% (2)		29% or 16.75% (2)
investment income			14%			52.67%

1. The rates reflect the proposed decrease in Nova Scotia's small business income tax rate from 2.5% to 1.5% on April 1, 2025.
2. The rates reflect the proposed increase, from \$500,000 to \$700,000, to the threshold up to which the small business tax rate applies, effective April 1, 2025. For a 12-month taxation year ending on December 31, 2025, the rates are:
  - 14% provincial (29% combined) before April 1, 2025
  - 1.75% provincial (16.75% combined) after March 31, 2025

However, for companies with taxation years that straddle April 1, 2025, it is uncertain how the Canada Revenue Agency will calculate the taxes owing based on the proposed increase to the small business rate threshold.

## Personal tax measures

### Personal income tax rates

The budget does not change Nova Scotia's personal income tax rates. Top combined federal/Nova Scotia personal income tax rates are shown below. These rates apply to individuals with taxable income above \$253,414 in 2025 (\$246,752 in 2024).

Top combined federal/Nova Scotia rates	2024	2025
Ordinary income & interest	54.00%	
Capital gains	27.00%	
Canadian dividends	eligible	41.58%
	non-eligible	48.28%

### Personal tax credits

The budget announces that, starting 2025, the following enhanced non-refundable personal tax credits will be available to all eligible individuals:

- basic personal, spousal and eligible dependant amounts (\$11,744 for 2025)
- age amount (\$5,734 for 2025)

Previously, these amounts were only available to individuals with taxable income of \$25,000 or less and gradually reduced to \$8,744 and \$4,269, respectively, as taxable income approached \$75,000.

## Other tax measures

### Harmonized sales tax (HST)

The budget provides a reminder that the province's HST rate will decrease from 15% to 14%, effective April 1, 2025. For more information on this previously announced measure, see our *Tax Insights* "[Nova Scotia's HST rate to decrease on April 1, 2025: Transitional rules](#)" at [www.pwc.com/ca/taxinsights](http://www.pwc.com/ca/taxinsights).

## Non-resident deed transfer tax

The budget increases the non-resident deed transfer tax rate from 5% to 10%, effective for transactions with an agreement of purchase and sale dated after March 31, 2025. The tax applies on the value of residential real property purchased by a non-resident of Nova Scotia (exemptions are available for specific situations).

## Let's talk

For a deeper discussion of how these tax measures affect you or your business, please contact:

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