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Tax Alert – Canada

Yukon budget 2023-24

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

“Our government is delivering programs and services that meet the needs of Yukoners today while investing in the infrastructure necessary to meet the needs of future generations.”

*Yukon Finance Minister Sandy Silver
2023-24 budget speech*

On 2 March 2023, Yukon Finance Minister Sandy Silver tabled the territory's fiscal 2023-24 budget. The budget contains no new taxes and no income tax increases.

The minister anticipates a surplus of \$43.9 million for 2022-23 and projects a surplus of \$48.2 million for 2023-24 and surpluses for each of the next two years (\$58.8 million for 2024-25 and \$45.1 million for 2025-26).

Following is a brief summary of the key tax measures.

Business tax measures

Corporate income tax rates

No changes are proposed to corporate income tax rates or the \$500,000 small-business limit.

Yukon's 2023 corporate income tax rates are summarized in Table A.

Table A - 2023 corporate income tax rates¹

	Yukon	Federal and Yukon combined
Small-business tax rate ²	0.00%	9.00%
General manufacturing and processing tax rate ²	2.50%	17.50%
General corporate tax rate ^{2, 3}	12.00%	27.00%

¹ The rates represent calendar-year-end rates unless otherwise indicated.

² The corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% small-business corporate income tax rate.

³ An additional tax applies to banks and life insurers at a rate of 1.5% on taxable income (subject to a \$100 million exemption to be shared by group members), effective for taxation years ending after 7 April 2022 (prorated for taxation years straddling this effective date).

Personal tax

Personal income tax rates

The budget does not include any changes to personal income tax rates.

The 2023 Yukon personal income tax rates are summarized in Table B.

Table B - 2023 Yukon personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$53,359	\$53,360 to \$106,717	\$106,718 to \$165,430	\$165,431 to \$500,000	Above \$500,000
6.40%	9.00%	10.90%	12.80%	15.00%

For taxable income in excess of \$165,430, the 2023 combined federal-Yukon personal income tax rates are outlined in Table C.

Table C - Combined 2023 federal and Yukon personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$165,431 to \$235,675 ²	42.25%	20.98%	37.43%
\$235,676 to \$500,000	45.80%	25.89%	41.52%
Above \$500,000	48.00%	28.92%	44.05%

¹ The rate on capital gains is one-half the ordinary income tax rate.

² The federal and territorial basic personal amounts comprise two elements: the base amount (\$13,521 for 2023) and an additional amount (\$1,479 for 2023). The additional amount is reduced for individuals with net income in excess of \$165,430 and is fully eliminated for individuals with net income in excess of \$235,675. Consequently, the additional amount is clawed back on net income in excess of \$165,430 until the additional tax credit (\$222 federally and \$95 in Yukon) is eliminated; this results in additional federal and territorial income tax (e.g., 0.32% and 0.13%, respectively, on ordinary income) on taxable income between \$165,431 and \$235,675.

Other tax measures

Tobacco tax

In keeping with the existing indexation link with changes to the Consumer Price Index in the *Tobacco Tax Act*, the tobacco tax rates have increased from 31 cents to 32 cents per cigarette and from 31 cents to 32 cents per gram of tobacco (other than cigarettes and cigars), as of 1 January 2023.

Learn more

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