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Tax Alert – Canada

Saskatchewan budget 2023-24

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“Saskatchewan’s economy is leading the country in growth.”

“This budget builds that better quality of life by record investment in health care, education, social services, important infrastructure projects... and the security and safety of Saskatchewan people.”

*Saskatchewan Finance Minister Donna Harpauer
2023-24 budget speech*

On 22 March 2023, Saskatchewan Finance Minister Donna Harpauer tabled the province’s fiscal 2023-24 budget. The budget contains tax measures affecting individuals and corporations.

The minister anticipates a surplus of \$1.018 billion for 2023-24 and projects small surpluses for each of the next three years.

Following is a brief summary of the key tax measures.

Business tax measures

Corporate income tax rates

No changes are proposed to the corporate income tax rates or the \$600,000 small-business limit.

Saskatchewan's 2023 and 2024 corporate income tax rates are summarized in Table A.

Table A - 2023 and 2024 Saskatchewan corporate income tax rates¹

	2023		2024	
	Saskatchewan	Federal and Saskatchewan combined	Saskatchewan	Federal and Saskatchewan combined
Small-business tax rate ^{2, 3}	0.50%	9.50% (up to \$500k) 15.50% (\$500k-\$600k)	1.50%	10.50% (up to \$500k) 16.50% (\$500k-\$600k)
General manufacturing and processing tax rate ³	10.00%	25.00%	10.00%	25.00%
General corporate tax rate ^{3, 4}	12.00%	27.00%	12.00%	27.00%

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

² Saskatchewan has temporarily reduced its small-business rate from 2.00% to nil, effective for the period commencing 1 October 2020 and ending on 30 June 2023. The small-business rate will increase to 1.00% effective 1 July 2023 and return to a rate of 2.00% on 1 July 2024. The small-business rate was previously scheduled to increase to 1.00% on 1 July 2022 and to 2.00% on 1 July 2023, but legislative amendments have deferred the increases by one year.

³ The federal corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% federal general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% federal small-business corporate income tax rate. These reductions are not reflected in the combined federal and Saskatchewan rates above.

⁴ 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).

Other business tax measures

The budget proposes to extend the Saskatchewan Manufacturing and Processing Exporter Tax Incentive by one year from 31 December 2022 to 31 December 2023.

Personal tax

Personal income tax rates

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

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

Table B - 2023 Saskatchewan personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate
\$0 to \$49,720	\$49,721 to \$142,058	Above \$142,058
10.50%	12.50%	14.50%

For taxable income in excess of \$142,058, the 2023 combined federal-Saskatchewan personal income tax rates are outlined in Table C.

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

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$142,059 to \$165,430	40.50%	19.98%	33.77%
\$165,431 to \$235,675 ²	43.82%	24.56%	37.58%
Above \$235,675	47.50%	29.64%	41.82%

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

² The federal basic personal amount comprises 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 of \$222 is eliminated; this results in additional federal income tax (e.g., 0.32% on ordinary income) on net income between \$165,431 and \$235,675.

Personal tax credits

The budget proposes to increase the Saskatchewan Mineral Exploration Tax Credit rate from 10% to 30%, effective for the 2023 taxation year.

Other tax measures

Provincial Sales Tax

The budget proposes the following changes to Provincial Sales Tax (PST) to improve the fair and consistent application of the PST system:

- ▶ Labour and materials to repair and install exempt medical equipment will be exempt from PST, effective on 1 April 2023;
- ▶ Storage containers and buildings specifically used for storing commercially grown produce will be exempt from PST, effective retroactively to 1 April 2019;
- ▶ Boats with attached harvesting equipment primarily used in rice farming will be exempt from PST, effective retroactively to 1 April 2019; and
- ▶ Rigs used for commercial geothermal drilling will be exempt from PST, effective retroactively to 1 April 2017.

Learn more

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