

28 February 2020

# Global Tax Alert

News from EY Americas Tax

## Canada: Alberta issues budget 2020-21

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## Executive summary

On 27 February 2020, Alberta Finance Minister Travis Toews tabled the province's fiscal 2020-21 budget. The budget contains no new taxes, other than a vaping products tax, and no tax increases.

The Minister anticipates a deficit of CA\$6.8b<sup>1</sup> for 2020-21 and projects a further deficit of \$2.7b for 2021-22. A surplus of \$0.7b is projected in 2022-23.

The following is a brief summary of the key tax measures.

## Detailed discussion

### Business tax measures

#### Corporate tax rates

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

Alberta's 2020 and 2021 corporate tax rates are summarized in Table A.

Table A - Alberta corporate tax rates 2020-21

	2020		2021	
	Alberta	Federal and Alberta combined	Alberta	Federal and Alberta combined
Small-business tax rate*	2.00%	11.00%	2.00%	11.00%
General corporate tax rate**	10.00%	25.00%	9.00%	24.00%

\* The small-business tax rate and the general corporate tax rate are based on a 31 December year-end.

\*\* Alberta is gradually reducing the province's general corporate income tax rate from 12.00% to 8.00% by 2022. The general corporate tax rate was reduced to 11.00% effective 1 July 2019, and to 10.00% effective 1 January 2020 and will continue to decrease as follows: 1 January 2021 - to 9.00% and 1 January 2022 - to 8.00%.

## Personal tax

### Personal income tax rates

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

The 2020 Alberta personal tax rates are summarized in Table B.

Table B - Alberta personal tax rates 2020

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$131,220	\$131,221 to \$157,464	\$157,465 to \$209,952	\$209,953 to \$314,928	Above \$314,928
10.00%	12.00%	13.00%	14.00%	15.00%

For taxable income in excess of \$209,952, the 2020 combined federal and Alberta personal income tax rates are outlined in Table C.

Table C - Combined federal and Alberta 2020 personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$209,953 to \$214,368**	43.22%	25.12%	36.81%
\$214,369 to \$314,928	47.00%	30.33%	41.15%
Above \$314,928	48.00%	31.71%	42.30%

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

\*\* An additional federal basic personal amount may be available for individuals with taxable income below \$214,368. The additional tax credit is \$140 for individuals with taxable income below \$150,474; this additional amount is gradually phased out for individuals with taxable income between \$150,474 and \$214,368, resulting in an additional 0.22% to 0.30% of federal income tax on taxable income in this bracket.

## Personal tax credits

This budget proposes no changes to personal tax credits.

## Other personal tax measures

The new Alberta Child and Family Benefit (ACFB), which was announced in the 2019 budget will begin 1 July 2020. The ACFB replaces the Alberta Family Employment Tax Credit and the Alberta Child Benefit with a single program. The ACFB includes both a base component and a working component with combined benefits increasing to a maximum of \$5,120, subject to certain family income limits.

## Other tax measures

### Vaping products tax

The Government will implement a 20% tax on the retail sale price of vaping products. The date of implementation for the tax will be announced with the introduction of the legislation in spring 2020.

## Tourism levy

In order to level the playing field, the Government will extend the 4% tourism levy to apply to the rental of all short-term rentals offered through online marketplaces. Legislation implementing this change will be introduced in spring 2020.

## Education property tax

Education property tax rates will rise by 3.1% in 2020-21. The residential/farmland rate will rise from \$2.56 to \$2.64 per \$1,000 of equalized assessment, while the non-residential rate will rise from \$3.76 to \$3.88.

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## Endnote

1. Currency references in this Alert are to CA\$.

For additional information with respect to this Alert, please contact the following:

**Ernst & Young LLP (Canada), Calgary**

- ▶ Greg Sherloski                      greg.j.sherloski@ca.ey.com
- ▶ Greg Boone                              greg.boone@ca.ey.com
- ▶ Dean Radomsky                      dean.w.radomsky@ca.ey.com

**Ernst & Young LLP (Canada), Edmonton**

- ▶ Derek Alty                              derek.g.alty@ca.ey.com
- ▶ Dustin Burbank                      dustin.burbank@ca.ey.com
- ▶ Sanjaya Ranasinghe                      sanjaya.ranasinghe@ca.ey.com

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