

Global Tax Alert

News from Americas Tax Center

Canada: Saskatchewan issues budget 2019/20

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Executive summary

On 20 March 2019, Saskatchewan Finance Minister Donna Harpauer tabled the province's fiscal 2019/20 budget. The budget contains no new taxes or tax increases and only one new tax credit affecting individuals.

The Minister anticipates a surplus of CA\$34 million¹ for 2019/20, and projects surpluses for each of the next three years.

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 \$600,000 small business limit.

Saskatchewan's 2019 corporate tax rates are summarized in Table A.

Table A: Corporate tax rates

	2019	
	SK	Federal and SK combined
Small-business tax rate*, **	2.00%	11.00% (up to \$500k) 17.00% (\$500k- \$600k)
General manufacturing and processing tax rate	10.00%	25.00%
General corporate tax rate	12.00%	27.00%

* The small-business rate is based on a 31 December year-end.

** The federal small-business rate was reduced from 10.0% to 9.0% effective 1 January 2019.

Personal tax

Personal income tax rates

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

The 2019 Saskatchewan personal tax rates are summarized in Table B.

Table B: 2019 Saskatchewan personal tax rates

First bracket rate	Second bracket rate	Third bracket rate
\$0 to \$45,225	\$45,226 to \$129,214	Over \$129,214
10.50%	12.50%	14.50%

For taxable income in excess of \$129,214, the 2019 combined federal-Saskatchewan personal income tax rates are outlined in Table C.

Table C: Combined 2019 federal and Saskatchewan personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$129,215 to \$147,667	40.50%	19.98%	32.32%
\$147,668 to \$210,371	43.50%	24.12%	35.77%
Above \$210,371	47.50%	29.64%	40.37%

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

Personal tax credits

This budget proposes the following personal tax credit:

- A \$3,000 non-refundable tax credit for volunteer firefighters and emergency medical first responders is available for individuals who perform at least 200 hours of eligible volunteer services in a year, beginning in 2020. This credit is mutually exclusive with the existing \$1,000 income exemption for honoraria, and individuals who receive honoraria can select either the exemption or this tax credit.

Provincial sales tax (PST)

- The budget does not include any changes to provincial sales tax.

Other tax measures

Potash taxation

- The budget includes changes to the potash production tax (PPT) that apply to companies that produce potash from both Crown and freehold lands in Saskatchewan. The PPT calculation will be changed by eliminating the deduction for the Saskatchewan resource credit, which is 0.75% of potash sales, and removing the deduction for Crown and freehold royalties paid. These changes are effective 1 April 2019. The result is a simplified PPT calculation that is strictly based on a fixed dollar amount per tonne of potash sold. It's estimated that this change will result in an additional \$117 million in tax revenues.

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), Saskatoon

- ▶ Ryan Ball ryan.ball@ca.ey.com
- ▶ Craig Hermann craig.hermann@ca.ey.com
- ▶ Wes Unger wes.unger@ca.ey.com

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