

21 March 2019

Global Tax Alert

News from Americas Tax Center

Canada: Saskatchewan issues budget 2019/20

NEW! EY Tax News Update: Global Edition

EY's new Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access information about the tool and registration [here](#).

EY Americas Tax Center

The EY ATC brings together the experience and perspectives of over 10,000 tax professionals across the region to help clients address administrative, legislative and regulatory opportunities and challenges in the 33 countries that comprise the Americas region of the global EY organization. Access more information [here](#).

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

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Americas Tax Center

© 2019 EYGM Limited.
All Rights Reserved.

EYG no. 000808-19Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com