



## Alberta Budget Announcement - 2020

# ALBERTA BUDGET HIGHLIGHTS

On Thursday, February 27, 2020, Alberta Minister of Finance Travis Toews tabled Budget 2020: A Plan for Jobs and the Economy. The province's 2020 budget delivers no new income tax rate changes and projects a deficit of \$6.8 billion for 2020-2021. Highlights of the announcement are as follows:

## A. Corporate Tax Measures

### Corporate Tax Rates

No new corporate income tax rate changes have been announced in this year's budget. As previously announced, Alberta reduced its tax rate for general corporations to 10 percent on January 1, 2020; this rate will continue to be reduced in subsequent years as follows:

1 January 2021: 9%

1 January 2022: 8%

|         | Small Business Rate |           | General Rate |       |
|---------|---------------------|-----------|--------------|-------|
|         | Rate                | Threshold | Non-M&P      | M&P   |
| Federal | 9.0%                | \$500,000 | 15.0%        | 15.0% |
| Alberta | 2.0%                | \$500,000 | 10.0%        | 10.0% |

## B. Personal Tax Measures

### Personal Tax Rates

No new personal income tax rate changes have been announced in this year's budget. The top marginal personal income tax rate for Alberta is 15 percent for 2020. The current top combined federal and Alberta marginal rates for 2020 are as follows:

|                                   |        |
|-----------------------------------|--------|
| Salary, business income, interest | 48.00% |
| Capital gains                     | 24.00% |
| Eligible dividends                | 31.71% |
| Non-eligible dividends            | 42.30% |

### Alberta Child and Family Benefit

As announced in Budget 2019, Alberta Child and Family Benefit (ACFB) will begin on July 1, 2020. Quarterly payments will be made to families beginning in August 2020.

The ACFB includes a base component and a working component, with maximum combined annual benefits of \$5,120. The base component will begin to be phased out once family net income exceeds \$24,467 and will be fully phased out when family net income exceeds \$41,000.

Families with employment income exceeding \$2,760 annually will be eligible for the working component. The working component will begin to be phased out once family net income exceeds \$41,000 and will be fully phased out when family net income exceeds \$61,000.

## C. Other Tax Measures

### Vaping Products Tax

The government announced the implementation of a 20-percent tax on the retail sale of vaping products. The tax will apply to all vaping liquids, including cannabis liquids, as well as all vaping devices. Retailers will be required to collect the tax from their customers and remit it to the government; online sales to Albertans from other jurisdictions will also be subject to this tax.

The date of implementation for the tax, as well as other details, will be announced with the introductions of the legislation in spring 2020.

### Tourism Levy and Short-term Rentals

As announced in Budget 2019, the government will extend the four-percent tourism levy to apply to the rental of all short-term rentals (STRs) listed on online marketplaces.

A new exemption will be introduced for properties that are not listed on any online marketplace, where the purchase price of the rental is less than \$30 per day or \$210 per week, or the owner has annual gross revenue from the rental of temporary accommodation in Alberta of less than \$5,000.

Online marketplaces will be authorized to collect and remit the tourism levy on behalf of operators; otherwise, operators will be required to register with Alberta's Tax and Revenue Administration, collect the tourism levy from their customers, file an online return and remit the levy to the government.

Additional details will be provided when the legislation is introduced in spring 2020; the changes are expected to take effect in summer 2020.

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