



Saskatchewan Budget Announcement - 2020

SASKATCHEWAN BUDGET HIGHLIGHTS

On Monday, June 15, 2020, the Saskatchewan Minister of Finance, the Honourable Donna Harpauer, presented the province's 2020 Budget, addressing the challenges presented by the global COVID-19 pandemic. The reduction in provincial revenues and additional costs related to the pandemic have resulted in a \$2.4 billion deficit forecast for 2020-21.

There was very little introduced in terms of tax measures; below are highlights from Budget 2020:

A. Corporate Tax Measures

CORPORATE TAX RATES

No new corporate income tax rate changes have been announced in this year's budget.

The current corporate income tax rates for 2020 are outlined below:

	Small Business Rate		General Rate	
		Threshold	Non-M&P	M&P
Federal	9.0%	\$500,000	15.0%	15.0%
Saskatchewan	2.0%	\$600,000	12.0%	10.0%

CHEMICAL FERTILIZER TAXATION

The budget introduced a 15-percent tax credit, the Saskatchewan Chemical Fertilizer Incentive, for new investment in the chemical fertilizer sector.

MANUFACTURING AND PROCESSING TAXATION

The budget extends the Manufacturing and Processing (M&P) Exporter Tax Incentive for an additional three years, to December 31, 2022. The incentive provides non-refundable tax credits to eligible corporations that expand the number of M&P-related full-time employees and derive at least 25 percent of their revenues from export of their manufactured goods to the rest of Canada or internationally.

OIL TAXATION

The budget announced the Oil Infrastructure Investment Program (OIIP) which provides a transferrable royalty/freehold production tax credit of 20 percent of eligible pipeline development projects. An eligible project requires a minimum investment of \$10 million; there is a royalty credit cap of \$40 million. Applications will be accepted until March 31, 2025, and all credits will expire by March 31, 2035.

B. Personal Tax Measures

PERSONAL TAX RATES

Income Tax Brackets

The budget announced a re-introduction of automatic annual indexation of the personal tax brackets beginning in 2021.

No new personal tax rate changes were announced in this year's budget. The Saskatchewan personal income tax rates are as follows:

	2020 Rates	2019 Rates
First Bracket	10.5%	10.5%
Second Bracket	12.5%	12.5%
Third Bracket	14.5%	14.5%

Top Combined Marginal Rates for 2020

The top marginal personal income tax rate for Saskatchewan is 14.50 percent for 2020. The current top combined federal and Saskatchewan marginal rates for 2020 are outlined below:

Salary, business income, interest	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Non-eligible dividends	40.37%

C. Indirect Tax Measures

The budget included the following Provincial Sales Tax (PST) announcements:

- The budget confirmed the previously announced PST rebate for new residential construction. The maximum eligible amount of the rebate is up to 42 percent of PST paid on the purchase of a new house after March 31, 2020 and before April 1, 2023. The 42-percent rebate is available on newly constructed homes with a total price less than \$450,000, and is reduced for houses with a total price between \$350,000 and \$450,000. No rebate is available for newly constructed homes with a total price of \$450,000 or more.
- The budget reinstated a PST exemption for exploratory downhole drilling activity.
- The budget confirmed the *Provincial Sales Tax Amendment Act, 2020* will be introduced to ensure out-of-province e-commerce platforms collect and remit PST.

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