



# TaxNewsFlash Canada

## Highlights of the 2019 Saskatchewan Budget

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Saskatchewan's Finance Minister Donna Harpauer delivered the province's 2019 budget on March 20, 2019. The budget is balanced and anticipates a surplus of \$34.4 million for 2019-20 and \$49 million for 2020-21. Although the budget does not include any new changes to the corporate or personal tax rates, it eliminates certain deductions used to calculate the Potash Production Tax and announces new non-refundable provincial tax credits for volunteer firefighters and volunteer emergency medical first responders. The budget does not include any changes to Saskatchewan's PST.

### Corporate tax changes

#### *Corporate income tax rates*

The budget did not announce changes to the province's corporate tax rates. As a result, Saskatchewan's corporate income tax rates remain as follows:

Corporate Income Tax Rates — As of January 1, 2019		
	Saskatchewan	Combined Federal and Saskatchewan
General	12%	27%
M&P	10%	25%
Small business	2% <sup>1</sup>	11/17% <sup>2</sup>

<sup>1</sup> On first \$600,000 of active business income.

<sup>2</sup> The combined federal and provincial corporate tax rate of 17% applies to active business income between the federal threshold of \$500,000 and the Saskatchewan threshold of \$600,000 (i.e., 15% federal rate and 2% provincial rate).

### *Potash production tax increases*

The budget cancels certain deductions used in calculating the Potash Production Tax, effective April 1, 2019. Specifically, the budget eliminates the Saskatchewan Resource Credit for potash production, and no longer allows taxpayers to deduct Crown and freehold royalties in determining the base payment or the profit tax component of the Potash Production Tax, effective April 1, 2019.

### **Personal tax changes**

#### *Personal income tax rates*

The budget did not announce changes to personal tax rates. As a result, Saskatchewan's personal income tax rates effective January 1, 2019 are as follows:

<b>Personal Combined Federal/Saskatchewan Top Marginal Rates</b>	
	<b>2019</b>
Interest and regular income	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Non-eligible dividends	40.37%

#### *Personal income tax credits for volunteer emergency responders*

The budget introduces new non-refundable tax credits for volunteer firefighters and for volunteer emergency medical first responders, effective beginning in the 2020 taxation year. Under the proposal, individuals that perform at least 200 hours of eligible volunteer services in a year (as certified by the organization managing the volunteer services) will be able to claim a \$3,000 tax credit amount. Saskatchewan advises that eligible volunteer services consist of responding to and being on call for emergencies, attending required meetings and participating in required training.

### **We can help**

Your KPMG adviser can help you assess the effect of the tax changes in this year's Saskatchewan budget on your personal finances or business affairs. We can also keep you abreast of the progress of these proposals as they make their way into law.

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