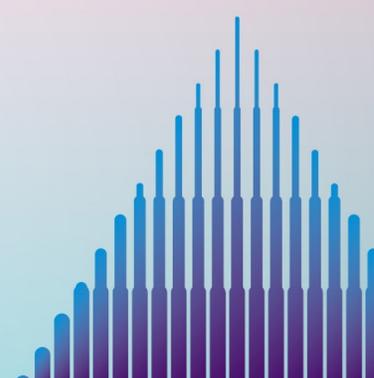




# TaxNewsNow

Canada



December 15, 2020

## Saskatchewan Enacts Temporary Small Business Tax Rate Drop

*Saskatchewan's Bill 2 received Royal Assent on December 10, 2020*

The bill that temporarily reduces Saskatchewan's small business income tax rate to 0% (from 2%) has now become law. The small business income tax rate will gradually return to its current rate of 2% beginning July 1, 2023.

Saskatchewan Bill 2, which includes these measures, received first reading on December 7, 2020. As a result, these measures are considered substantively enacted for IFRS and Accounting Standards for Private Enterprise (ASPE) purposes on December 7, 2020, the date the bill received first reading (as Saskatchewan has a majority government). The corporate income tax measures are considered enacted for U.S. GAAP purposes on December 10, 2020, the date the bill received Royal Assent.

### Small business income tax rate reduction

Bill 2 reduces the province's small business income tax rate for the next three years. Specifically, the bill implements the following measures:

- Reduce the small business income tax rate to 0% (from 2%) beginning October 1, 2020
- Increase the small business income tax rate to 1% (from 0%) beginning July 1, 2022
- Increase the small business income tax rate back to its current rate of 2% (from 1%) beginning July 1, 2023.

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### *Non-eligible dividend tax credit*

As a result of the small business rate changes, Bill 2 also adjusts the dividend tax credit for non-eligible dividends beginning in 2021, resulting in a top marginal tax rate for non-eligible dividends as follows:

<b>Non-Eligible Dividends – Top Marginal Federal and Saskatchewan Tax Rate*</b>				
<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
40.37 %	42.2 9%	41.82 %	40.86 %	40.37 %

\*Assumes no further changes to the federal or Saskatchewan tax rates.

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