



TaxNewsFlash

Canada

Highlights of the 2021 Alberta Budget

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Alberta's Finance Minister Travis Toews delivered the province's 2021 budget on February 25, 2021. The budget anticipates a deficit of \$18.2 billion for 2021 and projects for deficits of \$11.0 billion for 2022 and \$8.0 billion for 2023. Although the budget does not include any new changes to the corporate or personal tax rates, it confirms recent incentives for the oil and gas industry and increases certain mill rates for the Education Property Tax. In addition, the budget notes that Alberta may review the appropriateness and efficiency of the province's revenue and tax system in the future.

Corporate tax changes

Corporate income tax rates

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

Corporate Income Tax Rates — As of January 1, 2021		
	Alberta	Combined Federal and Alberta
General	8%	23%
M&P	8%	23%
Small business ¹	2%	11%

¹ On first \$500,000 of active business income.

Property tax assessment

The budget confirms recent assessment and tax incentives for the oil and gas sector announced in 2020. Specifically, these incentives:

- Extend the property tax holiday for new wells and pipelines until 2025, beginning in the 2022 property tax year
- Eliminate the well drilling equipment tax beginning in 2021
- Further depreciate lower producing wells, resulting in lower assessed values, beginning in 2021
- Continue the 35% assessment reduction for shallow gas wells and associated pipelines through the 2023 tax year.

Alberta notes that it undertook a review of the property tax assessment model for regulated oil and gas properties but is not proposing further changes at this time.

Personal tax changes

Personal income tax rates

The budget does not announce changes to personal tax rates. As a result, Alberta's personal income tax rates effective January 1, 2021 are as follows:

Personal Combined Federal/Alberta Top Marginal Rates	
	2021
Interest and regular income	48.00%
Capital gains	24.00%
Eligible dividends	34.31%
Non-eligible dividends	42.30%

Other tax changes

Education property tax

The budget increases the mill rates for the Education Property Tax as follows:

- Residential/farmland — \$2.56 (from \$2.55) per \$1,000 of equalized assessment
- Non-residential — \$3.76 (from \$3.75) per \$1,000 of equalized assessment.

We can help

Your KPMG adviser can help you assess the effect of the tax changes in this year's Alberta budget on your personal finances or business affairs and point out ways to realize any tax

savings. We can also keep you abreast of the progress of these proposals as they make their way into law.

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