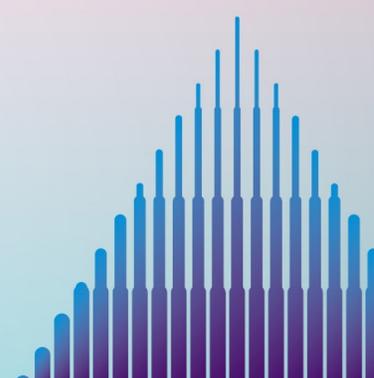




# TaxNewsNow

Canada



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## Territorial 2021 Budget Round-Up — No New Income Tax Changes

*The Northwest Territories confirms its previously proposed small business income tax rate drop to 2%, effective January 1, 2021*

Yukon, the Northwest Territories and Nunavut recently tabled their 2021 budgets. All three budgets did not include new changes to corporate or personal income tax rates, or any new income tax measures. However, the Northwest Territories confirms the previously proposed reduction in the small business income tax rate to 2% (from 4%) effective January 1, 2021. The Northwest Territories also increases its Cost of Living Offset to reflect the upcoming scheduled increase in its carbon tax rate. In addition, Yukon introduces new clean energy and transportation rebates.

### Corporate tax rates

The corporate income tax rates for the territories effective January 1, 2021 are as follows:

Corporate Income Tax Rates – As of January 1, 2021		
	Yukon	Combined Federal and Yukon
General	12.0%	27.0%
M&P	2.5%	17.5%
Small Business <sup>1</sup>	0%	9%
	Northwest Territories	Combined Federal and Northwest Territories
General	11.5%	26.5%

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M&P	11.5%	26.5%
Small Business <sup>1</sup>	2.0%	11%
	<b>Nunavut</b>	<b>Combined Federal and Nunavut</b>
General	12.0%	27.0%
M&P	12.0%	27.0%
Small Business <sup>1</sup>	3.0%	12%

<sup>1</sup>On first \$500,000 of active business income.

### Personal tax rates

Yukon, the Northwest Territories and Nunavut did not introduce personal income tax rate changes. As such, the territories' top marginal personal income tax rates, effective January 1, 2021, remain as follows:

<b>Personal Combined Federal/Territorial Top Marginal Rates – 2021</b>			
	<b>Yukon</b>	<b>Northwest Territories</b>	<b>Nunavut</b>
Interest and regular income	48.00%	47.05%	44.50%
Capital gains	24.00%	23.53%	22.25%
Eligible dividends	28.93%	28.33%	33.08%
Non-eligible dividends	44.04%	36.82%	37.79%

### Yukon

There were no new tax measures announced in Yukon's budget, which was delivered on March 4, 2021.

However, Yukon's 2021 budget includes energy rebates to encourage individuals and businesses to adopt renewable heat sources and make their homes more energy efficient. This initiative also includes clean transportation rebates to promote the purchase of electric vehicles, including electric bikes.

### Northwest Territories

The Northwest Territories 2021 budget, delivered on February 4, 2021, does not contain any new income tax measures. However, the budget increases property tax mill rates and certain other fees for inflation, effective April 1, 2021.

The budget also confirms the previously proposed reduction of the small business income tax rate to 2% (from 4%), effective January 1, 2021 which is currently making its way through the

legislative process. The budget also increases the Cost of Living Offset to \$208 per adult and \$240 per child, to reflect the scheduled increase in the carbon tax to \$40 per carbon equivalent tonne of greenhouse gas emissions (from \$30) on July 1, 2021.

## Nunavut

There were no new tax measures announced in Nunavut's budget, which was delivered on February 23, 2021.

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