



# TaxNewsFlash

Canada

## Highlights of the 2022 Alberta Budget

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Alberta's Finance Minister Travis Toews delivered the province's 2022 budget on February 24, 2022. The budget anticipates a deficit of \$3.2 billion for 2021-22 and projects surpluses of \$511 million for 2022-23 and \$932 million for 2023-24. Although the budget does not include any new changes to the corporate or personal tax rates, it introduces a new tobacco tax category for smokeless tobacco products and announces forthcoming legislative amendments to require online marketplaces to collect and remit the tourism levy on behalf of Alberta short-term rental hosts.

### 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, 2022		
	Alberta	Combined Federal and Alberta
General	8%	23%
M&P	8%	23%
Small business <sup>1</sup>	2%	11%

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

## 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, 2022 are as follows:

Personal Combined Federal/Alberta Top Marginal Rates	
	2022
Interest and regular income	48.00%
Capital gains	24.00%
Eligible dividends	34.31%
Non-eligible dividends	42.30%

## Indirect tax changes

### Tobacco tax

The budget introduces a new tobacco tax category for smokeless tobacco products (e.g., chewing tobacco). Tobacco products in this category will be taxed at 27.5 cents per gram, effective March 1, 2022. Currently, these products are taxed at 41.25 cents per gram.

### Tourism levy

The budget announces that Alberta intends to bring forward new legislative amendments in 2022 to require online marketplaces to collect and remit the tourism levy on behalf of Alberta short-term rental hosts. The amendments will allow traditional accommodation providers (e.g., hotels) listed on online marketplaces to continue to collect and remit the levy on their own behalf. Alberta advises that it will provide additional details on this change when the related legislation is released.

### Vaping tax

The budget advises that Alberta now intends to work with the federal government to explore a coordinated taxation approach for collecting provincial tax on vaping products sold in Alberta, and will no longer proceed with a stand-alone provincial tax. Previously, Alberta announced it would introduce a 20% tax on the retail sale price of all vaping liquids and devices in the 2020 Alberta budget, but later paused this measure.

## Other tax changes

### Education property tax

The budget increases the mill rates used to calculate the education property tax as follows:

- Residential/farmland — \$2.65 (from \$2.56) per \$1,000 of equalized assessment
- Non-residential — \$3.90 (from \$3.76) 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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