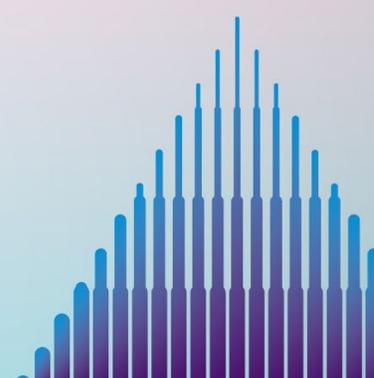




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Canada



June 7, 2022

## Territorial 2022 Budget Round-Up — No Tax Rate Changes

*Yukon, the Northwest Territories and Nunavut did not change personal or corporate income tax rates*

Yukon, the Northwest Territories and Nunavut have tabled their 2022 budgets. None of the budgets include changes to corporate or personal income tax rates, or any new income tax measures. However, Yukon extends its temporarily expanded Business Investment Tax Credit until the end of 2026, as part of ongoing COVID-19 support. The Northwest Territories increases its Cost of Living Offset benefit that generally reflects the upcoming scheduled increase to its carbon tax rate along with an increase to property tax mill rates and other fees for inflation.

### Corporate tax rates

The budgets do not announce changes to the territories' corporate tax rates. As a result, the corporate income tax rates remain as follows:

Corporate Income Tax Rates – As of January 1, 2022		
	Yukon	Combined Federal and Yukon
General	12.0%	27.0%
M&P	2.5%	17.5%
Small Business <sup>1</sup>	0%	9.0%
	Northwest Territories	Combined Federal and Northwest Territories
General	11.5%	26.5%
M&P	11.5%	26.5%
Small Business <sup>1</sup>	2.0%	11.0%
	Nunavut	Combined Federal and Nunavut
General	12.0%	27.0%
M&P	12.0%	27.0%
Small Business <sup>1</sup>	3.0%	12.0%

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

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## 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, 2022, remain as follows.

Personal Combined Federal/Territorial Top Marginal Rates – 2022			
	Yukon	Northwest Territories	Nunavut
Interest and regular income	48.00%	47.05%	44.50%
Capital gains	24.00%	23.53%	22.25%
Eligible dividends	28.92%	28.33%	33.08%
Non-eligible dividends	44.05%	36.82%	37.79%

## Yukon

There were no new tax measures announced in Yukon's budget, which was delivered on March 3, 2022. However, Bill 12, which received Assent on March 24, 2022, included a measure to extend the temporarily expanded Business Investment Tax Credit until the end of 2026 (originally scheduled to expire on January 1, 2023). Yukon previously expanded the Business Investment Tax Credit to cover certain medium-sized businesses and allowed for a larger amount of money to be raised under the program each year, beginning in the 2020 tax year.

This corporate tax measure included in Bill 12 is considered enacted for U.S. GAAP purposes as of March 24, 2022 (the date the bill received Assent). This change was considered substantively enacted for IFRS and Accounting Standards for Private Enterprise (ASPE) purposes on March 15, 2022 (the date the bill received third reading), as Yukon has a minority government.

## Northwest Territories

There were no new tax measures announced in the Northwest Territories budget, which was delivered on February 22, 2022. However, the budget increases property tax mill rates and certain other fees for inflation. The Northwest Territories also amended the Income Tax Regulations under the Northwest Territories Income Tax Act on May 24, 2022 to increase the Cost of Living Offset benefit to \$260 per adult (from \$208) and \$300 per child (from \$240) effective July 1, 2022. This change was previously confirmed in the budget and generally reflects the increase in the carbon tax rate to \$50 per carbon-equivalent tonne of greenhouse gas emissions (from \$40) on July 1, 2022. The Northwest Territories also confirmed its commitment to increase the tobacco tax.

## Nunavut

There were no new tax measures announced in Nunavut's budget, which was delivered on May 26, 2022.

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