



TAX HIGHLIGHTS FROM THE 2020-2021 SASKATCHEWAN BUDGET

Finance Minister Donna Harpauer tabled the 2020-2021 Saskatchewan provincial budget on June 15, 2020. The budget projects a record \$2.4 billion deficit for the 2020-2021 fiscal year. The deficit is termed a pandemic deficit versus a structural deficit. The budget includes over \$1 billion in support related to the pandemic to help impacted individuals and businesses and to support economic recovery.

On the income tax side, there were no increases or decreases to personal or corporate income tax rates for 2020.

The following pages are a summary of the changes announced in the budget. Please note that these changes are still proposals until passed into law by the provincial government.

PERSONAL TAX MATTERS

Personal income tax rates and tax brackets

The 2020 budget leaves personal income tax rates unchanged from 2019. The table below shows Saskatchewan tax rates and brackets for 2020.

Taxable income range	2020 tax rates
First \$45,225	10.5%
\$45,226 – \$129,214	12.5%
\$129,215 and over	14.5%

The table below shows the 2020 combined federal and provincial highest marginal tax rates for various types of income.

Type of income	2020 combined tax rates
Regular income	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Non-eligible dividends	40.37%

Additional pandemic supports

- \$6.4 million in social services and assistance to help the province's most vulnerable, including one-time \$50 payments to all adults who receive income assistance;
- \$100 monthly respite payments from June through September to individuals who care for people with intellectual disabilities – an investment of \$1.1 million;
- One-time \$300 payments to foster- and extended-family caregivers; and
- \$50 million for First Nations and Métis organizations and community-based organizations.

Re-indexation of personal tax system

Saskatchewan's Personal Income Tax system will be re-indexed to the national rate of inflation, beginning with the 2021 taxation year.

Saskatchewan Housing Benefit

\$3.4 million is allocated to launch the new Saskatchewan Housing Benefit. The benefit is intended to help make housing more affordable for individuals or families who require rental support.

CORPORATE TAX MATTERS

Corporate income tax rates

There were no changes proposed to corporate income tax rates. The table below shows Saskatchewan tax rates and the small business limit for 2020.

Category	2020 tax rates
General rate	12%
Manufacturing and processing rate	10%
Investment income rate	12%
Small business rate	2%
Small business limit	\$600,000

The table below shows the 2020 combined federal and provincial corporate income tax rates for various types of income earned by a Canadian-controlled private corporation (CCPC).

Type of income	2020 combined tax rates
Small business income	11.0%
Active income over \$500,000 / \$600,000	17.0% / 27.0%
Manufacturing and processing income	25.0%
Investment income	50.7%

Provincial sales tax rebates and exemptions and other changes

- A Provincial Sales Tax (PST) rebate of up to 42% of PST paid (up to \$350,000, excluding the land) on a new home construction for new homes purchased after March 31, 2020 and before April 1, 2023. This is intended to help both the construction industry and families looking to purchase a newly constructed home.
- Reinstatement of the PST exemptions for exploratory and downhole drilling activity to create parity with the oil and gas sector. The exemption for downhole oil and gas drilling services has also been expanded to include drilling for helium.
- An amendment to the PST act will also ensure out-of-province e-commerce platforms collect and remit PST.



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Temporary Wage Supplement

The Temporary Wage Supplement would provide \$56 million to support workers who are helping some of our province's most vulnerable through the pandemic.

Saskatchewan Small Business Emergency Payment

The Saskatchewan Small Business Emergency Payment provides \$50 million to support small- and medium-sized businesses that have had to temporarily close or curtail operations because of the pandemic.

Canada Emergency Commercial Rent Assistance

The Canada Emergency Commercial Rent Assistance provides \$13 million to provide forgivable loans to commercial property owners to assist with rent owing by small businesses experiencing hardship during the pandemic.

Accelerated Site Closure Program

The Accelerated Site Closure Program provides \$150 million to support abandonment and reclamation of inactive oil and gas wells and facilities to get Saskatchewan people back to work. The program will prioritize Saskatchewan-based service companies and support up to 2,100 full-time equivalent jobs. Up to 8,000 inactive wells and facilities will be abandoned and reclaimed over the life of the program.

Oil Infrastructure Investment Program

The Oil Infrastructure Investment Program supports new and expanded pipelines, as well as new pipeline terminals, to flow oil to markets. The program provides a transferrable royalty credit of 20% of approved expenditures for eligible pipeline development projects. A minimum investment of \$10 million is required, and each project can earn a maximum of \$40 million of royalty credits. The program will accept applications until March 31, 2025, and all credits will expire by March 31, 2035.

Oil and Gas Processing Investment Incentive

This incentive supports infrastructure upgrades for companies, as well as value-added processing and improved emissions management.

Saskatchewan Petroleum Innovation Incentive

This incentive provides transferable royalty/freehold tax credits for qualified innovation and commercialization projects.

Targeted Mineral Exploration Incentive

This incentive supports the diversification of Saskatchewan's mineral sector by encouraging exploration for base metals, precious metals and diamonds.

Manufacturing and Processing Exporter Tax Incentive

The manufacturing and processing (M&P) exporter tax incentive will be extended for an additional three years. This incentive provides non-refundable tax credits to eligible corporations that expand the number of M&P-related full-time employees above the number that were employed in 2014.



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Agricultural sector

Two new growth tax incentives have been introduced. An agricultural technology incentive will support the application of emerging digital technologies and will help attract agricultural technology companies to Saskatchewan. A 15% chemical fertilizer incentive tax credit will encourage investment in Saskatchewan's chemical fertilizer sector.

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