



TAX HIGHLIGHTS FROM THE 2020-21 SASKATCHEWAN ESTIMATES

On March 18, 2020, Finance Minister Donna Harpauer tabled the 2020-21 Estimates, unveiling spending plans for the coming year. Revenue forecasts were not provided due to the COVID-19 pandemic impacting world markets. A full budget with revenue forecasts is expected later this year.

The Estimates reveal \$14.15 billion of government expenditure, representing an increase of 3.1% from 2019-20, and covers investments and spending on health care, education, social services and infrastructure. Spending includes a record-investment of \$5.77 billion in health care, representing a 3.8% increase over the year prior.

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

The following pages are a summary of changes announced. 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 Estimates 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%
Over \$129,214	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%

Re-indexation of personal tax system

The province intends to introduce the re-indexation of Saskatchewan's Personal Income Tax system 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

The Estimates reveal 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

The Estimates propose 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. This is intended to help both the construction industry and families looking to purchase a new home.



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Oil Infrastructure Investment Program

This newly introduced program is a growth tax incentive, administered by the Ministry of Energy and Resources, to support new and expanded pipelines, as well as new pipeline terminals, to flow oil to markets.

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.

Agricultural sector

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

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