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2016 Saskatchewan budget summary

June 2016

On June 1, 2016, Saskatchewan's finance minister, Kevin Doherty, tabled the province's 2016-17 budget. The budget forecasts deficits of \$427.2 million for the 2015-2016 fiscal year and \$434.2 million for the 2016-17 fiscal year. A small surplus of \$6 million is projected for 2017-18. After setting aside a small contingency allowance for planning purposes, surpluses of \$55 million and \$97 million are projected over the subsequent two years.

The 2016-17 budget continues to invest in health care, education and social services. It also provides more than \$3.5 billion for investment in infrastructure. There are no new taxes or tax increases proposed in the budget and very few new tax measures. The following provides a summary of those measures, as well as a brief overview of current corporate and personal income tax rates.

Business tax measures

Corporate tax rates

There are no changes to the \$500,000 small business limit or the small business and general tax rates. The tax rates for 2016 are summarized in Table A below:

Table A

Saskatchewan corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
2016	2.0%	12.0%	10.0%

Personal tax measures

Personal income tax rates

No changes are proposed to personal income tax rates.

Table B illustrates the combined 2016 federal-provincial top marginal rate of tax on various types of income:

Table B

Saskatchewan – top personal tax rates

Type of income	Rate
Interest	48.00%
Capital gains	24.00%
Eligible dividends	30.33%
Regular dividends	40.06%

Non-eligible dividend tax credit rate

Although the 2015 federal budget had announced that the federal non-eligible dividend gross-up and tax credit would be revised starting in 2016 with changes up to 2019, the 2016 federal budget has maintained the non-eligible dividend gross-up and tax credit at 2016 rates. The provincial budget includes an adjustment to the dividend tax credit for non-eligible dividends to counteract this change which, if left unaddressed, would have increased the combined federal-Saskatchewan tax rate on the receipt of non-eligible dividends.

Graduate Retention Program / First Home Plan

The Graduate Retention Program provides non-refundable income tax credits that will rebate up to \$20,000 in tuition fees to post-secondary graduates who stay in Saskatchewan after graduation. The tuition rebate is paid out over a seven-year instalment period, with 10 percent paid in each of the first four instalment years and 20 percent paid in each of the remaining three instalment years. Rebates that exceed an individual's income tax payable in any given year can be carried forward for up to 10 years and applied against future income tax payable.

The new First Home Plan will provide eligible graduates with the ability to use up to \$10,000 of their future Graduate Retention Program tax credits as an interest-free loan to use towards the down payment on their first home in the province.

Active Families Benefit

The Active Families Benefit is a refundable tax credit assisting families (with total family net income of up to \$60,000 per year) with the cost of registering children in cultural, recreational and sports activities in Saskatchewan. The maximum credit is \$150 per child per year in eligible registration fees for children under the age of 18. The budget proposes to eliminate this credit. A similar federal tax credit was eliminated in the recent federal budget.

Please contact us if you have any questions about any of the tax measures discussed in this release.

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