

Budget 2019

Saskatchewan

Making sense of what's next.

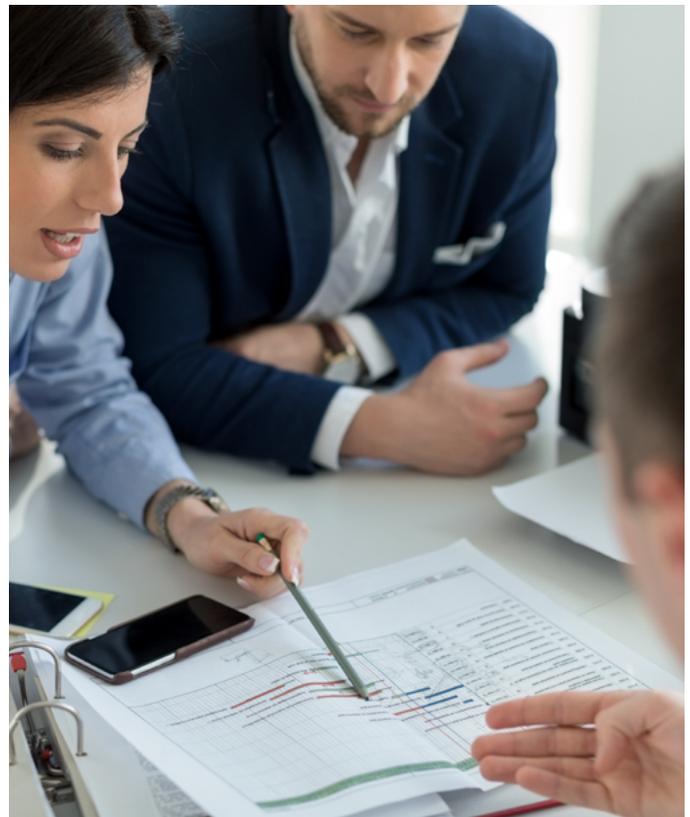
March 2019

On March 20, 2019, Finance Minister Donna Harpauer tabled Saskatchewan's 2019-20 budget. The government forecasts strong revenue growth in 2019-20 with a projected increase of \$782 million, or 5.5% from last year.

The government has achieved its goal to balance the province's budget and projects a \$34.4 million surplus for 2019-20, which is \$28 million more than the surplus projected for the same fiscal year in the previous budget.

From a fiscal perspective, the province projects surpluses over next four years as follows:

Year	Projected surplus
2019-20	\$34.4 million
2020-21	\$49 million
2021-22	\$72 million
2022-23	\$84 million



Business tax measures

Corporate tax rates

No changes to the corporate tax rates, or the \$600,000 small business limit, are proposed.

Saskatchewan's corporate tax rates for 2019 are summarized as follows:

Combined federal and Saskatchewan corporate tax rates

	Provincial	Combined federal and provincial
Small business tax rate (income up to \$500,000)	2.00%	11.00%
Small business tax rate (income between \$500,000 and \$600,000)	2.00%	17.00%
General corporate tax rate	12.00%	27.00%
Manufacturing and processing tax rate	10.00%	25.00%

Potash production tax (PPT)

The province currently imposes a royalty on potash extracted from Crown lands and a potash production tax (PPT) on all potash produced in the province. The PPT consists of a base payment component, which is a flat rate payment per tonnes of sales, and a profit tax component.

Under the current regime, the base payment can be reduced by the amount of Crown and freehold royalties paid and the amount of the Saskatchewan Resource Credit (0.75% of the value of potash sales).

To simplify the current PPT regime and bring in more tax revenue, effective April 1, 2019, the Saskatchewan Resource Credit, as well as the Crown and freehold royalty deductions against the base payment, will be eliminated.

Personal tax measures

Personal income tax rates

Saskatchewan's personal tax brackets are indexed to inflation on an annual basis. Budget 2019 proposes no further changes to the personal tax brackets and rates. The rates for 2019 are as follows:

- 10.50% on the first tax bracket (up to \$45,225)
- 12.50% on the second tax bracket (from \$45,226 to \$129,214)
- 14.50% on the third tax bracket (over \$129,215)

The top combined federal Saskatchewan marginal tax rates for 2019 are as follows:

Taxable income	2019
Interest	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Regular dividends	40.37%

Volunteer emergency responders tax credits

Budget 2019 introduces new non-refundable tax credits for volunteer firefighters and volunteer emergency medical first responders. Beginning with the 2020 taxation year, individuals performing at least 200 hours of eligible volunteer services in a year will be able to claim a \$3,000 tax credit on their personal tax returns. Individuals who also provide services as a regular employee of the organization will not be eligible for the credits, and individuals who receive honoraria for their service may claim either the income exemption or the tax credit, but not both.

Provincial sales tax measures

Budget 2019 proposes no changes to the current provincial sales tax (PST) rate of 6% and the taxability of any goods and services subject to the PST.

Other notable changes

- **Road safety:** The government is allocating \$706.1 million for the province's highways and roads improvements. Budget 2019 includes a \$65 million investment for the five-year Enhanced Intersection Safety Program, a new initiative to improve safety at intersections after the tragic Humboldt Broncos bus accident.
- **Crown capital investments:** SaskPower's \$873 million capital investment will help to connect more customers and expand electricity generation assets. SaskTel will invest \$321 million in upgrading its wireless and wireline networks to enhance rural services. SaskEnergy will invest \$340 million in its natural gas transmission and distribution systems to meet growing customer demand. SaskWater will invest \$32 million to create water and wastewater systems and to maintain the current infrastructure.



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