

Saskatchewan economic update

March 2020



Finance Minister Donna Harpauer was scheduled to table Saskatchewan's 2020-21 budget on March 18, 2020, however, due to the ongoing COVID-19 pandemic, the government has postponed the release of the province's full budget. Instead, Harpauer delivered a scaled-back budget, which mainly focused on the government's spending plans.

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 2020 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%

Oil Infrastructure Investment Program

The government's spending plan introduces the Oil Infrastructure Investment Program. This program will provide a new tax incentive to support new and expanded pipelines, as well as new pipeline terminals. This will be administered by the Ministry of Energy and Resources. No additional details have yet been provided.

Personal tax measures

Personal income tax rates

Saskatchewan's personal tax brackets are indexed to inflation on an annual basis. No further changes to the personal tax brackets and rates are proposed. The rates for 2020 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 2020 are as follows:

Taxable income	2020
Interest	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Regular dividends	40.37%

...the government has postponed the release of the province's full budget. Instead [they] mainly focused on the government's spending plans.



Provincial sales tax measures

The 2020-2021 estimates indicate that the provincial government will provide a PST rebate for new home construction, of up to 42 percent of the PST paid on a new home purchase, if certain criteria are met.

These criteria include:

- Excluding land, the new home purchase price is up to \$350,000
- New homes are purchased after March 31, 2020, and before April 1, 2023

Healthcare funding

The provincial government has estimated an increase to overall expenses of 3.1 percent in 2020-21 as compared to the prior year (2019-20).

In response to the COVID-19 pandemic, the spending plan provides the Ministry of Health with funding of \$5.77 billion, an increase of 3.8 percent from 2019-20. This includes \$3.74 billion of funding for the Saskatchewan Health Authority.

It is anticipated that the formal budget will be released later this year, although no specific timeline has been provided.



3.8%

increase in
healthcare funding

Audit | Tax | Advisory

©2020 Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd. All rights reserved.

About Grant Thornton LLP in Canada

Grant Thornton LLP is a leading Canadian accounting and advisory firm providing audit, tax and advisory services to private and public organizations. We help dynamic organizations unlock their potential for growth by providing meaningful, actionable advice through a broad range of services. Grant Thornton LLP is a Canadian member of Grant Thornton International Ltd, whose member and correspondent firms operate in over 100 countries worldwide. A listing of Grant Thornton offices and contact information can be found at: www.GrantThornton.ca

