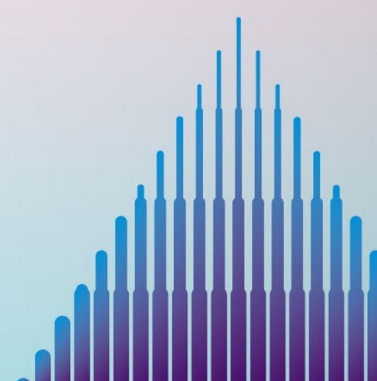




TaxNewsNow

Canada



November 15, 2022

Saskatchewan — Extended Small Business Tax Relief Now Law

Bill 89 retroactively extends the small business income tax rate of 0% by one year to June 30, 2023 and delays further increases so that the rate will now rise to 2% by July 1, 2024

Saskatchewan's Bill 89, which includes a measure to extend the province's temporary small business income tax rate reduction by one year, received Royal Assent on November 14, 2022. Specifically, Bill 89 retroactively extends the reduced small business income tax rate of 0% to June 30, 2023 (from June 30, 2022), and similarly delays further scheduled increases so that it does not return to its original rate of 2% until July 1, 2024 (instead of July 1, 2023). The province previously announced that it would introduce this extension, along with a new Saskatchewan Affordability Tax Credit and other measures on August 23, 2022.

The corporate income tax changes in Bill 89 are considered enacted for U.S. GAAP purposes as of November 14, 2022 (the date the bill received Royal Assent). These measures were considered substantively enacted for IFRS and Accounting Standards for Private Enterprise (ASPE) purposes on November 2, 2022 (the date the bill received first reading), as Saskatchewan has a majority government.

Extension of temporary small business tax rate reduction

Bill 89 retroactively extends the reduced small business income tax rate of 0% so that it does not increase to its original rate of 2% until July 1, 2024. The province originally reduced its small business income tax rate to 0%, effective October 1, 2020 to June 30, 2022, and had scheduled an increase to 1% on July

KPMG Publications

For the latest tax news, see KPMG's full line of tax publications available at www.kpmg.ca/taxnews.

1, 2022 and another increase to 2% on July 1, 2023. The 0% reduced tax rate will now apply for an additional year to June 30, 2023 (instead of to June 30, 2022) with an increase to 1% now starting on July 1, 2023 (instead of July 1, 2022). The rate will further increase to the original tax rate of 2%, as of July 1, 2024 (instead of July 1, 2023).

Non-eligible dividend tax credit

As a result of the small business income tax rate changes, Bill 89 also adjusts the provincial dividend tax credit for non-eligible dividends, resulting in a top marginal tax rate for non-eligible dividends as follows:

Non-Eligible Dividends – Top Marginal Federal and Saskatchewan Tax Rate*

2022	2023	2024	2025
42.29%	41.82%	40.86%	40.37%

*Assumes no further changes to the federal or Saskatchewan tax rates.

Other measures

The bill also includes the new Saskatchewan Affordability Tax Credit. This credit provides a one-time payment of \$500 to individuals that are 18 years of age or older as of December 31, 2022 and have filed a 2021 tax return as a resident of Saskatchewan by October 31, 2022. The province previously announced this credit on August 23, 2022.

For more information, contact your KPMG adviser.

kpmg.ca



[Contact Us](#) | [Manage my Subscriptions](#) | [Unsubscribe](#) | [KPMG in Canada Privacy Policy](#) | [KPMG On-Line Privacy Policy](#)
| [Legal](#)

Information is current to November 14, 2022. The information contained in this publication is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. For more information, contact KPMG's National Tax Centre at 416.777.8500.

This email was sent to you by [KPMG](#). To sign up to receive other communications from us (we have some informative publications that may be of interest to you), or to stop receiving electronic messages sent by KPMG, visit the [KPMG Online Subscription Centre](#).

At KPMG we are passionate about earning your trust and building a long-term relationship through service excellence. This extends to our communications with you.



Our lawyers have recommended that we provide certain disclaimer language with our messages. Rather than including them here, we're drawing your attention to the following links where the full legal wording appears.

[Disclaimer concerning confidential and privileged information/unintended recipient](#)
[Disclaimer concerning tax advice](#)

© 2022 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.