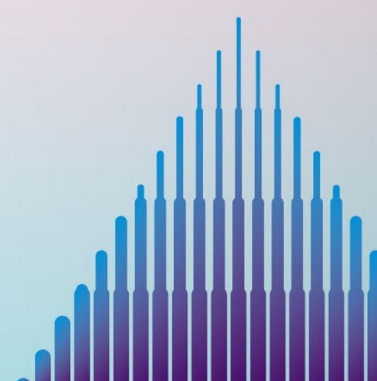




TaxNewsNow

Canada



November 8, 2022

Saskatchewan — Extended Small Business Tax Relief Substantively Enacted

The province is retroactively extending the small business income tax rate of 0% to June 30, 2023

Saskatchewan's Bill 89, which includes a measure to extend the province's temporary small business income tax rate reduction by one year, received first reading on November 2, 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 (see TaxNewsNow, "[Saskatchewan Extends Small Business Tax Relief and More](#)").

The corporate income tax changes in Bill 89 are 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). These measures will be considered enacted for U.S. GAAP purposes on the date the bill receives Royal Assent.

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

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June 30, 2022, and had scheduled an increase to 1% on July 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.

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