



TaxNewsFlash

Canada

Highlights of the 2023 Alberta Budget

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Alberta's Finance Minister Travis Toews delivered the province's 2023 budget on February 28, 2023. The budget anticipates a surplus of \$10.4 billion for 2022-23 and projects surpluses of \$2.4 billion for 2023-24 and \$2 billion for 2024-25. Although the budget does not include any new changes to the corporate or personal tax rates, it confirms that Alberta will introduce a new Agri-Processing Investment Tax Credit and increases the maximum allowable expenses for the Adoption Expenses Tax Credit, among other changes.

Corporate tax changes

Corporate income tax rates

The budget does not announce changes to the province's corporate tax rates. As a result, Alberta's corporate income tax rates remain as follows:

| Corporate Income Tax Rates — As of January 1, 2023 | | |
|--|---------|------------------------------|
| | Alberta | Combined Federal and Alberta |
| General | 8% | 23% |
| M&P | 8% | 23% |
| Small business ¹ | 2% | 11% |

¹ On first \$500,000 of active business income.

Agri-Processing Investment Tax Credit

The budget confirms Alberta's previous announcement that it will introduce a new Agri-Processing Investment Tax Credit that provides a 12% non-refundable tax credit on eligible

capital investments of at least \$10 million made on or after February 7, 2023. Corporations will be able to carry forward unused credits for 10 years. Alberta says it will accept applications for the credit starting in spring 2023, and notes that it intends to bring forward regulations with more information on eligible expenditures and how to apply. This measure was previously announced on February 7, 2023.

Personal tax changes

Personal income tax rates

The budget does not announce changes to personal tax rates. As a result, Alberta's personal income tax rates effective January 1, 2023 are as follows:

| Personal Combined Federal/Alberta Top Marginal Rates | |
|--|--------|
| | 2023 |
| Interest and regular income | 48.00% |
| Capital gains | 24.00% |
| Eligible dividends | 34.31% |
| Non-eligible dividends | 42.30% |

Adoption Expenses Tax Credit

The budget increases the annual maximum allowable expenses for the Adoption Expenses Tax Credit to \$18,210 for 2023 (to match the federal expense threshold for the federal equivalent credit). The budget notes that, after 2023, this amount will be indexed annually at the same rate as the rest of the personal income tax system.

Other tax changes

Education property tax

The budget decreases the mill rates used to calculate the education property tax as follows:

- Residential/farmland — \$2.56 (from \$2.65) per \$1,000 of equalized assessment
- Non-residential — \$3.76 (from \$3.90) per \$1,000 of equalized assessment.

We can help

Your KPMG adviser can help you assess the effect of the tax changes in this year's Alberta budget on your personal finances or business affairs, and point out ways to realize any tax savings. We can also keep you abreast of the progress of these proposals as they make their way into law.

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