



TaxNewsFlash

Canada

Highlights of the 2023 Saskatchewan Budget

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Saskatchewan's Finance Minister Donna Harpauer delivered the province's 2023 budget on March 22, 2023. The budget anticipates a surplus of \$1.1 billion for 2022-23 and projects surpluses of \$1 billion for 2023-24 and \$208 million for 2024-25. Although the budget does not include any new changes to the corporate or personal tax rates, it extends the Saskatchewan Manufacturing and Processing Exporter Tax Incentive by one year and increases the rate of the Saskatchewan Mineral Exploration 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, Saskatchewan's corporate income tax rates are scheduled to remain as follows:

Saskatchewan Corporate Income Tax Rates		
	2023	2024
General	12%	12%
M&P	10%	10%
Small business ¹	0%/1% ²	1%/2% ³

¹ On first \$600,000 of active business income.

² Saskatchewan's small business tax rate is scheduled to increase to 1% on July 1, 2023.

³ Saskatchewan's small business tax rate is scheduled to increase to 2% on July 1, 2024.

In addition, the combined Saskatchewan and federal corporate income tax rates are scheduled to remain as follows:

Combined Federal and Saskatchewan Corporate Income Tax Rates			
		2023	2024
General		27%	27%
M&P		25%	25%
Small business	First \$500,000 of active business income	9%/10% ¹	10%/11% ²
	\$500,001 to \$600,000 of active business income	15%/16% ¹	16%/17% ²

¹ Saskatchewan's small business tax rate is scheduled to increase to 1% on July 1, 2023.

² Saskatchewan's small business tax rate is scheduled to increase to 2% on July 1, 2024.

Saskatchewan Manufacturing and Processing Exporter Tax Incentive

The budget extends the Saskatchewan Manufacturing and Processing Exporter Tax Incentive to December 31, 2023 (from December 31, 2022). This incentive provides non-refundable tax credits to eligible corporations who hire additional manufacturing and processing-related full-time employees above the number who were employed in 2014.

Targeted Mineral Exploration Incentive

This budget commits \$4 million to expand the Targeted Mineral Exploration Incentive, to include exploration drilling for all hard-rock minerals and increase the funding limit to support the development of these emerging commodities. This program provides a rebate on eligible drilling expenditures.

Film and television grants

The budget increases the funding available for the Creative Saskatchewan Production Grant Program for film and television to \$12 million (from \$10 million).

Personal tax changes

Personal income tax rates

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

Personal Combined Federal/Saskatchewan Top Marginal Rates	
	2023
Interest and regular income	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Non-eligible dividends ¹	41.82%

¹ The top marginal tax rate on non-eligible dividends is scheduled to decrease to 40.86% for 2024 and 40.37% for 2025.

Saskatchewan Mineral Exploration Tax Credit

The budget increases the non-refundable Saskatchewan Mineral Exploration Tax Credit to 30% (from 10%), effective for the 2023 taxation year and onwards. This credit is intended to encourage private-sector investment and increase exploration in Saskatchewan's mineral resource sector. The credit can be carried back three years and carried forward 10 years.

Provincial sales tax changes

The budget and related documents introduce changes to the Provincial Sales Tax (PST) to:

- Exempt labour costs and materials to repair and install exempt medical equipment into real property, provided certain conditions are met, effective April 1, 2023
- Exempt certain rigs used for qualifying activities, including certain commercial geothermal drilling, retroactive to April 1, 2017
- Exempt certain storage buildings used for storing commercially grown fruits and vegetables, and certain boats with attached harvesting equipment when primarily used in rice farming, retroactive to April 1, 2019
- Exempt certain hydraulic pipe tables effective April 1, 2023.

We can help

Your KPMG adviser can help you assess the effect of the tax changes in this year's Saskatchewan 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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