



TaxNewsFlash

Canada

Highlights of the 2024 Alberta Budget

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Alberta's Finance Minister Nate Horner delivered the province's 2024 budget on February 29, 2024. The budget anticipates a surplus of \$5.2 billion for 2023-24 and projects surpluses of \$367 million for 2024-25 and \$1.4 billion for 2025-26. Although the budget does not include any new changes to the corporate or personal tax rates, it announces a new \$200 annual tax on electric vehicles and a one-time refundable tax credit for certain employed individuals who move to Alberta, 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, 2024		
	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.

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, 2024 are as follows:

Personal Combined Federal/Alberta Top Marginal Rates	
	2024
Interest and regular income	48.00%
Capital gains	24.00%
Eligible dividends	34.31%
Non-eligible dividends	42.30%

In the budget, Alberta advises that it still intends to fulfill its election promise to introduce a new personal income tax bracket of 8% on the first \$60,000 of income, which it says will be phased in over 2026 and 2027, provided the province has sufficient fiscal capacity and a balanced budget.

Alberta is Calling Attraction Bonus

The budget introduces the Alberta is Calling Attraction Bonus, a one-time \$5,000 refundable tax credit to individuals working in certain occupations who move to Alberta after the program start date in April 2024. To be eligible for the credit, individuals must work full time in a specified occupation, file their 2024 taxes in Alberta and live in the province for at least 12 months, amongst other criteria. Alberta advises that it intends to provide more information on this credit, including the application process and additional eligibility criteria, in the near future.

Indirect tax changes

Land Titles Registration Levy

The budget introduces a Land Titles Registration Levy to replace certain charges for property transfers and mortgage registrations. Under the levy, individuals will be required to pay variable charges of \$5.00 per \$5,000 of value for property transfers and mortgage registrations, instead of \$2.00 per \$5,000 of property value for property transfers and \$1.50 per \$5,000 of mortgage value for mortgage registrations.

Alberta advises that it intends to bring forward legislation implementing these changes in spring 2024, and will provide more details about the effective date at that time.

Electric vehicle tax

The budget introduces a new \$200 annual tax on electric vehicles, with a targeted effective date of January 1, 2025. Alberta notes that this tax, which will not apply to hybrid vehicles, will be paid when owners register their vehicles and will be in addition to the existing

registration fee. Alberta advises that it will provide more details on this tax when it introduces legislation to enact this measure in fall 2024.

Tobacco tax

The budget announces that Alberta will increase the tobacco tax as follows, effective March 1, 2024:

- Cigarettes — Increases to 30 cents per cigarette (from 27.5 cents per cigarette)
- Smokeless tobacco — Increases to 35 cents per gram (from 27.5 cents per gram).

Vaping tax

The budget confirms that Alberta will tax vaping substances under the federal-provincial coordinated vaping tax framework as early as January 1, 2025. As a result, the following tax rates will apply:

- First 10 millilitre (mL) or gram (g) of vaping substances in the vaping device or container — \$1 per 2 mL/g or fraction thereof, plus
- For amounts over the first 10 mL/g — \$1 per 10 mL/g or fraction thereof.

Other tax changes

Education property tax

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

- Residential/farmland — \$2.56 per \$1,000 of equalized assessment
- Non-residential — \$3.76 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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