



TaxNewsFlash

Canada

Highlights of the 2024 Saskatchewan Budget

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Saskatchewan's Finance Minister Donna Harpauer delivered the province's 2024 budget on March 20, 2024. The budget anticipates a deficit of \$482.5 million for 2023-24 and projects a deficit of \$273.2 million for 2024-25 and a surplus of \$18.5 million for 2025-26. Although the budget does not include any new changes to the personal tax rates, it delays a planned increase to the current 1% small business income tax rate to July 1, 2025 (from July 1, 2024). The budget also introduces new tax credits for the oil and gas and mining industries, among other changes.

Business tax changes

Corporate income tax rates

The budget postpones a planned increase to the 1% small business income tax rate to July 1, 2025. Specifically, the small business tax rate will increase to 2% (from 1%), effective July 1, 2025 (instead of July 1, 2024). As a result, Saskatchewan's corporate income tax rates are scheduled to be as follows:

Saskatchewan Corporate Income Tax Rates ¹		
	2024	2025
General	12%	12%
M&P	10%	10%
Small business ²	1%	1%/2% ³

¹ Assuming no further changes to Saskatchewan's tax rates.

² On first \$600,000 of active business income.

³ Saskatchewan's small business tax rate is scheduled to increase to 2% on July 1, 2025.

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

Combined Federal and Saskatchewan Corporate Income Tax Rates¹			
		2024	2025
General		27%	27%
M&P		25%	25%
Small business	First \$500,000 of active business income	10%	10%/11% ²
	\$500,001 to \$600,000 of active business income	16%	16%/17% ²

¹ Assuming no further changes to federal or Saskatchewan tax rates.

² Saskatchewan's small business tax rate is scheduled to increase to 2% on July 1, 2025.

Critical Minerals Processing Investment Incentive

The budget introduces the Critical Minerals Processing Investment Incentive, which provides transferable Crown royalty and freehold production tax credits at a rate of 15% of eligible program costs. This Incentive is available to new or expanded value-added processing projects across Saskatchewan's critical minerals sector, including byproduct commercialization opportunities at existing mine sites and processing facilities.

Multi-lateral Well Program

The budget introduces the Multi-lateral Well Program, a Crown royalty and freehold production tax volumetric drilling incentive for certain new oil wells. The volumetric incentive depends on whether the well is an eligible non-deep well, an eligible deep well or an eligible appraisal or exploratory well that meets certain conditions. The Multi-lateral Well Program will apply to eligible new wells drilled between April 1, 2024, and March 31, 2028.

Oil and Gas Processing Investment Incentive

The budget extends the Oil and Gas Processing Investment Incentive to March 31, 2029 (from March 31, 2024), and increases the amount of funding available. This Incentive offers transferable Crown royalty and freehold production tax credits for qualified greenfield or brownfield value-added projects across all segments of Saskatchewan's oil and gas sectors at a rate of 15% of eligible program costs. The budget also removes helium and lithium as commodities that are eligible for this Incentive, since projects related to these sectors will be eligible under the new Critical Minerals Processing Investment Incentive.

Saskatchewan Critical Minerals Innovation Incentive

The budget introduces the Saskatchewan Critical Minerals Innovation Incentive, a new program for eligible pilot and commercial scaling projects that provides transferable Crown royalty and freehold production tax credits at a rate of 25% of eligible program costs. The budget notes that the Incentive applies to eligible projects that feature the deployment of

novel technologies that can improve resource recovery rates, manage environmental impacts, increase value-added processing or commercialize a byproduct or waste product.

Saskatchewan Technology Start-up Incentive

The budget enhances the Saskatchewan Technology Start-up Incentive, which offers a non-refundable 45% tax credit to certain accredited individual or corporate investors. Specifically, the budget expands eligibility for the Incentive to start-ups developing novel technologies in the cleantech sector, and extends the program to March 31, 2027 (from March 31, 2026). The budget also increases the amount of funding available.

Saskatchewan Commercial Innovation Incentive

The budget extends the new application period for the Saskatchewan Commercial Innovation Incentive (also known as the “patent box”) to June 30, 2025 (from June 30, 2024). This Incentive generally offers eligible corporations a reduction of the provincial corporate income tax rate to 6% for 10 consecutive years for eligible corporations that commercialize their qualifying intellectual property in Saskatchewan. Saskatchewan also notes that it intends to review this program in 2024 and will consider industry input.

Saskatchewan Petroleum Innovation Incentive

The budget extends the new application period for the Saskatchewan Petroleum Innovation Incentive to March 31, 2029 (from March 31, 2024), and increases the amount of funding available. This Incentive offers transferable Crown royalty and freehold production tax credits for qualified innovation commercialization projects at a rate of 25% of eligible project costs. The budget also removes helium and lithium as commodities that are eligible for this Incentive, since projects related to these sectors will be eligible under the new Saskatchewan Critical Minerals Innovation Incentive.

Personal tax changes

Personal income tax rates

The budget does not announce changes to personal tax rates. As a result, Saskatchewan’s personal income tax rates effective January 1, 2024 are as follows:

Personal Combined Federal/Saskatchewan Top Marginal Rates	
	2024
Interest and regular income	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Non-eligible dividends ¹	40.86%

¹ The top marginal tax rate on non-eligible dividends is scheduled to decrease to 40.37% for 2025 (assuming no further rate or dividend tax credit changes).

Indirect tax measures

Administrative

The budget includes certain administrative measures intended to address consumption tax compliance issues. Saskatchewan says it will introduce legislative changes to:

- Enhance collection tools
- Increase penalties
- Prevent tax avoidance
- Clarify compliance obligations and increase associated monitoring.

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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