



TaxNewsFlash

Canada

Highlights of the 2025 Saskatchewan Budget

March 19, 2025

No. 2025-12

Saskatchewan's Finance Minister delivered the province's 2025 budget on March 19, 2025. The budget anticipates a deficit of \$660.6 million for 2024-25 and projects surpluses of \$12.2 million for 2025-26 and \$75.8 million for 2026-27. Although the budget does not include any new changes to the corporate or personal income tax rates, it confirms that Saskatchewan's small business tax rate will remain at 1% and introduces a Small and Medium Enterprise Investment Tax Credit. The budget also confirms the enhancement of several personal tax credits.

Business tax changes

Corporate income tax rates

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

Corporate Income Tax Rates — As of January 1, 2025		
	Saskatchewan	Combined Federal and Saskatchewan
General	12%	27%
M&P	10%	25%
Small business	1% ¹	10%/16% ²

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

² The combined federal and provincial corporate tax rate of 16% applies to active business income between the federal threshold of \$500,000 and the Saskatchewan threshold of \$600,000 (i.e., 15% federal rate and 1% provincial rate).

Small business tax rate

The budget confirms that Saskatchewan will maintain its provincial small business income tax rate at 1% on a permanent basis.

KPMG observations

The province's small business tax rate was previously scheduled to revert to 2% on July 1, 2025, as announced in Saskatchewan's 2024 budget (see *TaxNewsFlash-Canada* 2024-11, "[Highlights of the 2024 Saskatchewan Budget](#)"). Note that this change was previously included in a bill that was enacted on December 10, 2024.

Small and Medium Enterprise Investment Tax Credit

The budget introduces a new Small and Medium Enterprise Investment Tax Credit, effective July 1, 2025. Note that both qualified individuals and corporations are able to claim this non-refundable tax credit on 45% of equity investment in an eligible small and medium-sized enterprise. Eligible small and medium-sized enterprises must be Saskatchewan-based businesses in certain manufacturing sectors with between five and 49 employees, and at least 50% of those employees must reside in Saskatchewan.

This credit requires a minimum equity investment of \$50,000 for corporations and \$25,000 for individuals, with an investment holding period of a minimum of three years. Investors can earn up to \$225,000 in tax credits per annual investment in an eligible small and medium-sized enterprise, and claim a maximum of \$140,000 in tax credits per eligible equity investment per year. Tax credits can be carried forward over a seven-year period. Saskatchewan says it will release more details about this credit in the future.

Saskatchewan Commercial Innovation Incentive

The budget extends the new application acceptance period for the Saskatchewan Commercial Innovation Incentive to June 30, 2027 (from June 30, 2025). In addition, the budget reduces the incentive's scientific/technology test threshold and eliminates the new economic benefits to Saskatchewan test.

Low Productivity and Reactivation Oil Well Program

The budget introduces a Low Productivity and Reactivation Oil Well Program, a Crown royalty and freehold production tax volumetric drilling incentive for certain low producing, suspended or inactive wells. This program will apply to new horizontal sections drilled on existing low-productivity, suspended and inactive horizontal wells from April 1, 2025, to March 31, 2029.

Oil Infrastructure Investment Program

The budget extends the new application acceptance period for the Oil Infrastructure Investment Program to March 31, 2029 (from March 31, 2025). The budget also extends the deadline to claim royalty credits for completed projects to 2040 (from 2035). This program offers transferable Crown royalty and freehold production tax credits at a rate of 20% of eligible project costs for qualifying projects that significantly increase provincial pipeline capacity.

Personal tax changes

Personal income tax rates

The budget does not announce changes to personal income tax rates. As a result, Saskatchewan's personal income tax rates effective January 1, 2025 are as follows:

Personal Combined Federal/Saskatchewan Top Marginal Rates	
	2025
Interest and regular income	47.50%
Capital gains	23.75% ¹
Eligible dividends	29.64%
Non-eligible dividends	41.34%

¹ The capital gains rate is based on the legislated ½ inclusion rate.

Personal income tax credits

The budget increases the basic personal exemption, spousal and equivalent-to-spouse exemption, dependent child exemption and senior supplementary amounts by \$500 in each of 2025, 2026, 2027 and 2028. These increases are in addition to the annual indexation increases to these credit amounts. As a result, the amounts for these non-refundable tax credits will be as follows:

- Basic personal exemption amount — Increase to \$19,491 for 2025 (from \$18,491), and to \$22,214 by 2028
- Spousal and equivalent-to-spouse exemption amount — Increase to \$19,491 for 2025 (from \$18,491), and to \$22,214 by 2028
- Dependent child exemption amount — Increase to \$7,704 for 2025 (from \$7,015) and to \$9,706 by 2028
- Senior supplementary amount — Increase to \$2,028 (from \$1,487), and to \$3,682 by 2028.

Disability and Caregiver Tax Credits

The budget increases the Disability Tax Credit, Disability Tax Credit Supplement for children under 18, Infirm Dependant Tax Credit, and Caregiver Tax Credit by 25% for the 2025 taxation year. These increases are in addition to the annual indexation increases to these credit amounts.

Graduate Retention Program Tax Credit

The budget increases the Graduate Retention Program Tax Credit lifetime maximum claim to \$24,000 (from \$20,000) for post-secondary students graduating on or after October 1, 2024.

Active Families Benefit

The budget increases the Active Families Benefit eligible expenses maximum to \$300 (from \$150) per child and \$400 (from \$200) per child who qualifies for the Disability Tax Credit, effective January 1, 2025. The budget also increases the income threshold to qualify for the benefit to \$120,000 (from \$60,000) beginning in 2025.

Fertility Treatment Tax Credit

The budget introduces a Fertility Treatment Tax Credit effective January 1, 2025. Generally, this 50% refundable tax credit is available for one lifetime fertility treatment expense claim per tax filer, including related prescription drug costs, for eligible treatments and costs incurred in Saskatchewan. Individuals can claim a maximum of \$20,000 in eligible expenses.

Home Renovation Tax Credit

The budget introduces the Home Renovation Tax Credit, which is a non-refundable tax credit on eligible home renovation expenses of up to \$4,000 per year (\$5,000 per year for seniors) beginning October 1, 2024.

First-Time Homebuyers' Tax Credit

The budget increases the First-Time Homebuyers' Tax Credit to \$15,000 (from \$10,000) for eligible home purchases. The budget also moves up the effective date of this increase to October 1, 2024 (from January 1, 2025).

Saskatchewan Low-Income Tax Credit

The budget increases the Saskatchewan Low-Income Tax Credit by 5% per year for the next four years.

KPMG observations

Note that many of these personal tax measures were previously included in a bill that was enacted on December 10, 2024.

Indirect tax changes

PST rebate for new home construction

The budget makes permanent Saskatchewan's PST rebate for new home construction. Under this measure, taxpayers can receive a rebate of up to 42% of the PST paid on the purchase of a new, previously unoccupied home. The program is available for newly constructed homes with a total price of less than \$550,000, before taxes and excluding the value of the land and the price of any furniture, furnishings and appliances. The amount of the rebate is gradually phased out for homes with a total price between \$450,000 and \$550,000.

Tax on vapour products

The budget expands Saskatchewan's PST to apply to the sale of all vapour liquids, products and devices, effective June 1, 2025.

The budget also expands the Vapour Products Tax (VPT) to apply to sales of vapour products sold in the City of Lloydminster effective June 1, 2025.

Taxation of electric vehicles

The budget increases the annual Road Use Charge for passenger electric vehicles registered in Saskatchewan to \$300 (from \$150), effective June 1, 2025.

Other tax changes

Education property tax mill rates

The budget decreases the mill rates used to calculate the education property tax for 2025 as follows:

- Agriculture — Decrease to 1.07 (from 1.42)
- Residential — Decrease to 4.27 (from 4.54)
- Commercial/Industrial — Decrease to 6.37 (from 6.86)
- Resource — Decrease to 7.49 (from 9.88).

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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