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## flash Alert

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### Canada – Alberta Abandons Flat Tax Rate; Introduces Progressive Rates, Brackets

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Alberta has introduced tax rate brackets and raised income tax rates for individuals that earn more than C\$125,000 per year.<sup>1</sup> Previously all individuals in Alberta were subject to a 10-percent flat tax rate. The rate brackets will be subject to inflation indexing, starting in 2017.

#### Why This Matters

Many cross-border workers subject to taxation in Alberta could see their tax liabilities rise with this tax change. This may mean for some employers higher international assignment costs.

The tax changes may affect cost projections for future assignees and budgeting for international assignments to Alberta or from Alberta where the assignee will be subject to Alberta taxation. Furthermore, the resultant tax differential may impact tax equalizations.

The new tax brackets include a personal top marginal bracket of 15 percent that will be phased in for the 2015 tax year (there is also to be an increase in the corporate income tax rate to 12 percent (from 10 percent) effective July 1, 2015), among other changes. The personal tax rate increases apply to income earned throughout 2015, including all taxable amounts realized after December 31, 2014. The changes will begin to be implemented on October 1, 2015. Alberta will increase the payroll withholding rates as of October 1 for individuals to catch up on their tax obligations for 2015.

These amendments are consistent with election campaign promises made before Alberta's election on May 5, 2015. Alberta is expected to release a budget in fall 2015.

For the full article, including the 2015 and 2016 personal tax rate table, see "[Alberta Hikes 2015 Personal and Corporate Taxes](#)," in KPMG's *TaxNewsFlash-Canada* (June 19, 2015, no. 2015-24), a publication of the KPMG International member firm in Canada.

#### Footnote:

- 1 For the June 18, 2015 press release from Alberta's government and links to Bill 2, see: <http://alberta.ca/release.cfm?xID=382115614966E-96E1-ECF5-94576C284D150F61>.

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