



# TaxNewsFlash

Canada

## Highlights of the 2026 Alberta Budget

February 26, 2026

No. 2026-14

Alberta's Finance Minister delivered the province's 2026 budget on February 26, 2026. The budget anticipates a deficit of \$4.1 billion for 2025-26 and projects deficits of \$9.4 billion for 2026-27 and \$7.6 billion for 2027-28. The budget does not include any new changes to the corporate or personal income tax rates. The budget introduces the new Alberta Caregiver Credit, a tax on rental vehicles, and increases the tourism levy rate to 6% (from 4%), among other changes.

### Business tax changes

#### *Corporate income tax rates*

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

Corporate Income Tax Rates — As of January 1, 2026		
	Alberta	Combined Federal and Alberta
General	8%	23%
M&P	8%	23%
Small business <sup>1</sup>	2%	11%

<sup>1</sup> On first \$500,000 of active business income.

### Personal tax changes

#### *Personal income tax rates*

The budget does not announce changes to personal income tax rates. As a result, Alberta’s personal income tax rates effective January 1, 2026 are as follows:

<b>Personal Combined Federal/Alberta Top Marginal Rates</b>	
	<b>2026</b>
Interest and regular income	48.00%
Capital gains	24.00%
Eligible dividends	34.31%
Non-eligible dividends	42.30%

### *Alberta Caregiver Credit*

The budget introduces a new non-refundable Alberta Caregiver Credit, effective for the 2027 and subsequent tax years. This credit, which replaces the existing caregiver credit and the infirm dependent credit, will be available to individuals who care for an eligible adult relative who is dependent on the caregiver because of a mental or physical infirmity, including individuals caring for an infirm spouse. However, individuals will not be able to claim this new credit for non-infirm senior parents or grandparents who reside with them. This change aligns the eligibility of the credit with the federal Canada Caregiver Credit.

The Alberta Caregiver Credit will be based on the structure of the current caregiver credit, which has a maximum amount of \$13,180 (worth \$1,054 in tax savings) in 2026. A partial credit is available when the dependant’s income is between \$20,956 and \$34,136. These amounts will be adjusted by the Alberta escalator for the 2027 and subsequent taxation years.

### **Indirect tax changes**

#### *Vehicle rental tax*

The budget introduces a tax on the rental of passenger vehicles in Alberta (i.e., vehicles designed primarily for the transportation of people that seat eight or fewer passengers). This tax is set at 6% of the price of the vehicle rental, excluding the federal GST. Itemized charges for insurance and fuel will also be excluded from the tax. The tax is expected to come into effect on January 1, 2027, with additional details to be provided when legislation is introduced later in 2026.

#### *Tourism levy*

The budget increases the tourism levy rate to 6% (from 4%) effective April 1, 2026. The tourism levy applies to the price of short-term accommodation in Alberta (e.g., hotels, motels and inns).

### Education property tax

As Alberta committed in its 2025 budget, the budget increases the education property tax rates for 2026-27 as follows:

- Residential/farmland properties — Increase to \$2.84 (from \$2.72) per \$1,000 of equalized assessment.
- Non-residential properties — Increase to \$4.17 (from \$4.00) per \$1,000 of equalized assessment.

#### **KPMG observations**

The budget notes that Alberta intends to introduce amendments in the upcoming legislative session to clarify the data centre levy. This measure, which was introduced in 2025, applies a levy of up to 2% of the value of computing equipment for large, grid-connected data centres and co-location facilities and a corresponding non-refundable data centre levy tax credit resulting in no additional tax burden for profitable data centres that pay corporate income tax in Alberta. Alberta states that the amendments will clarify that the levy is calculated based on actual power consumption, and that power not drawn from the broader grid will be eligible for a 0% rate.

### 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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