



TaxNewsFlash

Canada

Highlights of the 2026 Saskatchewan Budget

March 18, 2026

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Saskatchewan's Finance Minister delivered the province's 2026 budget on March 18, 2026. The budget anticipates a deficit of \$1.2 billion for 2025-26 and projects deficits of \$819 million for 2026-27 and \$608 million for 2027-28. The budget does not include any new changes to the corporate or personal income tax rates, but does make changes to the corporation capital tax (CCT), including to increase the large financial institution corporation capital tax (CCT) rate to 6% (from 4%), effective April 1, 2026. The budget also enhances Saskatchewan's Research and Development (R&D) Tax Credit, 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, Saskatchewan's corporate income tax rates remain as follows:

Corporate Income Tax Rates — As of January 1, 2026		
	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).

Corporation capital tax

The budget increases the large financial institution Corporation capital tax (CCT) rate to 6% (from 4%), effective April 1, 2026. In addition, the budget also eliminates the CCT for small financial institutions that have \$1.5 billion or less in Canadian taxable paid-up capital among all its associated corporations, effective April 1, 2026. Previously these institutions were subject to a 0.7% CCT rate.

The budget further reduces the CCT charged to Crown corporations to 0.3% (from 0.6%), effective April 1, 2026. The budget notes that, effective April 1, 2027, Saskatchewan intends to remove both the CCT on Crown corporations (previously 0.6%), and the additional telecommunications CCT surtax (previously 0.9%).

R&D Tax Credit

The budget enhances Saskatchewan's R&D Tax Credit. Specifically, the budget increases the credit's annual limit for qualifying expenditures to \$2 million (from \$1 million), and expands the credit to allow businesses to claim certain eligible capital expenditures, including the cost of new machinery, equipment, and related lease and rental costs. Note that the budget documents do not appear to indicate an effective date for this measure.

Saskatchewan Chemical Fertilizer Incentive

The budget extends the Saskatchewan Chemical Fertilizer Incentive to December 31, 2031 (from December 31, 2026) for corporations that receive conditional approval by December 31, 2026. The Saskatchewan Chemical Fertilizer Incentive provides a 15% non-refundable corporation income tax credit on capital expenditures valued at \$10 million or more for new constructed or expanded chemical fertilizer production facilities in Saskatchewan.

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, 2026 are as follows:

Personal Combined Federal/Saskatchewan Top Marginal Rates	
	2026
Interest and regular income	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Non-eligible dividends	41.34%

Personal income tax credits

The budget confirms the previously announced increases to the basic personal exemption, spousal and equivalent-to-spouse exemption, dependent child exemption and senior supplementary amounts. In its 2025 budget, Saskatchewan announced that these credits would increase by \$500 in each of 2025, 2026, 2027 and 2028 (above annual indexation).

Volunteer First Responders' tax credit

The budget increases the Volunteer First Responders' tax credit amount to \$6,000 (from \$3,000).

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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