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Tax Alert – Canada

Yukon budget 2019-20

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“Our government believes in sound financial management.

It believes in taking a long-term view.

Only this way can we put the territory’s finances on a sustainable path.

We are committed to budgets that accurately forecast our spending on an annual basis.

This Budget delivers on this commitment.”

Yukon Finance Minister Sandy Silver

2019-20 budget speech

On 7 March 2019, Yukon Finance Minister Sandy Silver tabled the Yukon’s fiscal 2019-20 budget. The budget contains no new taxes other than the federal cannabis excise tax and the federal carbon levy, both of which had already been announced, and contains no increases to existing taxes.

The minister anticipates a deficit of \$7.1m for 2018-19, and projects a deficit of \$5.9m for 2019-20. Return to a surplus is expected for 2020-21.

Following is a brief summary of the key tax measures.



Business tax measures

Corporate tax rates

No changes are proposed to the corporate tax rates or the \$500,000 small-business limit.

Yukon's 2019 corporate tax rates are summarized in Table A.

Table A - Corporate tax rates

	2019	
	Yukon	Federal and Yukon combined
Small business manufacturing and processing tax rate* **	1.50%	10.50%
Small-business tax rate* **	2.00%	11.00%
General manufacturing and processing tax rate	2.50%	17.50%
General corporate tax rate	12.00%	27.00%

* The small-business rate is based on a 31 December year-end.

** The federal small-business rate was reduced from 10.0% to 9.0% effective 1 January 2019.

Personal tax

Personal income tax rates

The budget does not include any changes to personal income tax rates.

The 2019 Yukon personal tax rates are summarized in Table B.

Table B - 2019 Yukon personal tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$47,630	\$47,631 to \$95,259	\$95,260 to \$147,667	\$147,668 to \$500,000	Above \$500,000
6.40%	9.00%	10.90%	12.80%	15.00%

For taxable income in excess of \$147,667, the 2019 combined federal-Yukon personal income tax rates are outlined in Table C.

Table C - Combined 2019 federal and Yukon personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$147,668 to \$210,371	41.80%	20.37%	35.04%
\$210,372 to \$500,000	45.80%	25.89%	39.64%
Above \$500,000	48.00%	28.92%	42.17%

*The rate on capital gains is one-half the ordinary income tax rate.

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