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Tax Alert – Canada

Saskatchewan budget 2025-26

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

“We do not seek growth simply for the sake of growth... but for what it means to our province and its people.

Growth drives increases in revenue which pays for the things that matter... health care, education, community safety, and a lot more.

A growing economy and a growing province means a better quality of life for the one and a quarter million people - and counting - who now call Saskatchewan home.”

*Saskatchewan Finance Minister Jim Reiter
2025-26 budget speech*

On 19 March 2025, Saskatchewan Finance Minister Jim Reiter tabled the province’s fiscal 2025-26 budget. The budget contains several tax measures affecting individuals and corporations.

The minister anticipates a surplus of \$12.2 million for 2025-26 and projects surpluses for each of the next three years.

Following is a brief summary of the key tax measures.



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Business tax measures

Corporate income tax rates

No changes are proposed to the corporate income tax rates or the \$600,000 small-business limit.

Saskatchewan’s 2025 corporate income tax rates are summarized in Table A.

Table A - 2025 Saskatchewan corporate income tax rates¹

| | Saskatchewan | Federal and Saskatchewan combined |
|--|--------------|---|
| Small-business tax rate ^{2, 3} | 1.00% | 10.00% (up to \$500k) 16.00% (\$500k-\$600k) |
| General manufacturing and processing tax rate ³ | 10.00% | 25.00% |
| General corporate tax rate ^{3, 4} | 12.00% | 27.00% |

¹ The rates represent calendar-year-end rates unless otherwise indicated.

² Saskatchewan temporarily reduced its small-business rate from 2.00% to nil, effective for the period commencing 1 October 2020 and ending on 30 June 2023. The small-business rate increased to 1.00% effective 1 July 2023 and will remain at 1.00% for an indefinite period.

³ The federal corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% federal general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% federal small-business corporate income tax rate. These reductions are not reflected in the combined federal and Saskatchewan rates above.

⁴ An additional federal tax applies to banks and life insurers at a rate of 1.5% on taxable income (subject to a \$100 million exemption to be shared by group members).

Other business tax measures

- ▶ **Saskatchewan Commercial Innovation Incentive (SCII)** - The budget announces that the application period for the existing SCII is extended by two years to 30 June 2027. The SCII provides eligible corporations a reduction in the provincial general corporate rate to 6.00% for 10 consecutive years for eligible corporations that commercialize their qualifying intellectual property in Saskatchewan. The benefit period can be extended to 15 years if at least 50% of the related research and development was conducted in Saskatchewan. In addition, the scientific/technology test threshold will be reduced and the new economic benefits to Saskatchewan test will be eliminated.

Personal tax

Personal income tax rates

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

The 2025 Saskatchewan personal income tax rates are summarized in Table B.

Table B - 2025 Saskatchewan personal income tax rates

| First bracket rate | Second bracket rate | Third bracket rate |
|--------------------|-----------------------|--------------------|
| \$0 to \$53,463 | \$53,464 to \$152,750 | Above \$152,750 |
| 10.50% | 12.50% | 14.50% |

For taxable income in excess of \$152,750, the 2025 combined federal-Saskatchewan personal income tax rates are outlined in Table C.

Table C - Combined 2025 federal and Saskatchewan personal income tax rates

| Bracket | Ordinary income ¹ | Eligible dividends | Non-eligible dividends |
|-------------------------------------|------------------------------|--------------------|------------------------|
| \$152,751 to \$177,882 | 40.50% | 19.98% | 33.29% |
| \$177,883 to \$253,414 ² | 43.82% | 24.56% | 37.11% |
| Above \$253,414 | 47.50% | 29.64% | 41.34% |

¹ The rate on capital gains is one-half the ordinary income tax rate.

² The federal basic personal amount comprises two elements: the base amount (\$14,538 for 2025) and an additional amount (\$1,591 for 2025). The additional amount is reduced for individuals with net income in excess of \$177,882 and is fully eliminated for individuals with net income in excess of \$253,414. Consequently, the additional amount is clawed back on net income in excess of \$177,882 until the additional tax credit of \$239 is eliminated; this results in additional federal income tax (e.g., 0.32% on ordinary income) on net income between \$177,883 and \$253,414.

Personal tax credits

- ▶ **Fertility treatment tax credit** - The budget announces a new fertility treatment tax credit, retroactive to 1 January 2025. This is a 50% refundable tax credit for one lifetime fertility treatment expense claim to a maximum amount of \$20,000, resulting in a refund of up to \$10,000 per claimant. This credit is available for eligible treatments and costs incurred in Saskatchewan, including related prescription drug costs. Taxpayers will also be allowed to claim all eligible medical expenses under the medical expense tax credit without a clawback to the new fertility treatment tax credit.

Other tax measures

Small and Medium Enterprise Investment Tax Credit

- ▶ The budget introduces a new Small and Medium Enterprise Investment Tax Credit, effective 1 July 2025. This credit will provide a non-refundable tax credit equal to 45% of equity investments made by qualified individuals or corporations in eligible small and medium-sized enterprises, subject to certain limits and conditions. An eligible enterprise must be a Saskatchewan-based business with five to 49 employees, with at least 50% of those employees residing in Saskatchewan. In addition, an eligible enterprise must be in the food and beverage manufacturing sector or the machinery and transportation equipment manufacturing sector. The program will have an annual cap of \$7 million on the total non-refundable tax credits awarded, processed on a first-come, first-served basis. The minimum eligible equity investment will be \$25,000 for individuals and \$50,000 for corporations, with an investment holding period of at least three years.

Oil and gas taxation

- ▶ The budget introduces the Low Productivity and Reactivation Oil Well Program. This program provides a Crown royalty and freehold production tax volumetric drilling incentive and will apply to new horizontal sections drilled on existing low-productivity, suspended and inactive horizontal wells from 1 April 2025 to 31 March 2029.
- ▶ The budget announces that the application period for the existing Oil Infrastructure Investment Program is extended by four years to 31 March 2029. The end date by which royalty credits must be claimed for completed projects is also extended from 2035 to 2040. 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 pipeline capacity in Saskatchewan.

Provincial sales tax

The budget introduces the following changes to provincial sales tax (PST):

- ▶ The existing PST rebate for new home construction will become a permanent program. This program provides a rebate of up to 42% of PST paid on the purchase of a new, previously unoccupied home. The rebate is available for eligible homes with a total price of less than \$550,000, before taxes and excluding the value of land and the price of any furniture, furnishings and appliances. The amount of the rebate is gradually reduced where the total price of the home is between \$450,000 and \$550,000.
- ▶ The sale of all vapour liquids, products and devices will no longer be exempt from PST, effective 1 June 2025.

Property tax

- ▶ The budget introduces reductions to all education property tax mill rates, effective 1 January 2025, to absorb the increase in property assessment values in each property class.

Vapour products taxation

- ▶ The budget announces that the vapour products tax exemption within the city of Lloydminster will be removed effective 1 June 2025.

Electric vehicles taxation

- ▶ The budget announces that the annual Road Use Charge for passenger electric vehicles registered in Saskatchewan will increase from \$150 to \$300 effective 1 June 2025.

Learn more

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