

HIGHLIGHTS FROM THE SASKATCHEWAN BUDGET

Minister of Finance Donna Harpauer tabled the 2024/25 Saskatchewan provincial budget on March 20, 2024.

The budget projects a deficit of \$273.2 million for the upcoming 2024/25 fiscal year but is expected to return to a surplus position in 2025/26 due to increasing revenues as a result of a growing population, labour force and economy. The forecast deficit for the almost completed 2023/24 fiscal year now stands at \$482.5 million, compared to the projected surplus of \$1 billion.

On the income tax side, there were no increases or decreases to personal or corporate income tax rates for 2024. However, the budget increases the monthly income threshold for the Personal Care Home Benefit, maintains the small business tax rate at the current rate of 1% and enhances various investment incentive programs.

The following pages are a summary of the changes announced in the budget. Please note that these changes are proposals until they are passed into law by the provincial government.

PERSONAL TAX MATTERS

Personal income tax rates and tax brackets

There were no changes proposed to personal income tax rates. Tax brackets and other amounts have been indexed by 4.7% to recognize the impact of inflation. The table below shows Saskatchewan tax rates and tax brackets for 2024.

TAXABLE INCOME RANGE	2024 TAX RATES
First \$52,057	10.5%
Over \$52,057 to \$148,734	12.5%
Over \$148,734	14.5%

The table below shows the 2024 combined federal and provincial highest marginal tax rates for various types of income.

INCOME TYPE	2024 COMBINED TAX RATES
Regular income	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Non-eligible dividends	40.86%

Personal Care Home Benefit

The budget increases the monthly income threshold for the Personal Care Home Benefit by \$100 to \$2,500 to help make the cost of living in a licensed personal care home more affordable for seniors.

CORPORATE TAX MATTERS

Corporate income tax rates

The budget maintains the small business tax rate at the current rate of 1% until June 30, 2025, rather than returning it to 2% as scheduled. The table below shows the Saskatchewan tax rates and small business limit for 2024.

CATEGORY	2024 TAX RATES
General rate	12%
Manufacturing and processing rate	10%
Investment income rate	12%
Small business rate	1%
Small business limit	\$600,000

The table below shows the 2024 combined federal and provincial corporate income tax rates for various types of income earned by a Canadian Controlled Private Corporation (CCPC).

INCOME TYPE	2024 COMBINED TAX RATES
Small business income	10%
Active income over \$500,000 / \$600,000	16.5% / 27%
Manufacturing and processing income	25%
Investment income	50.67%

Maintaining the small business tax rate

The budget maintains the small business tax rate at the current rate of 1% until June 30, 2025, rather than returning it to 2% on July 1st as originally scheduled.

Saskatchewan Technology Start-up Incentive

The Saskatchewan Technology Start-up Incentive (STSI) encourages investment in early-stage technology businesses that have a head office in Saskatchewan. The program offers a non-refundable 45% tax credit to accredited individuals or corporate investors that have taxes owing in Saskatchewan, which helps start-ups raise the capital they need to grow their company in Saskatchewan. The budget announces that the program will be enhanced by:

- doubling the annual program cap on the amount of non-refundable tax credits that may be issued to \$7.0 million annually (previously capped at \$3.5 million annually);
- expanding eligibility to start-ups developing novel technologies in the cleantech sector (in addition to the currently eligible agtech and digital sectors); and
- extending the program's sunset date to March 31, 2027 (previously March 31, 2026).

Saskatchewan Petroleum Innovation Incentive

The Saskatchewan Petroleum Innovation Incentive (SPII) offers transferable Crown royalty and freehold production tax credits for qualified innovation commercialization projects at a rate of 25% of eligible project costs. The budget extends the SPII new application intake period for an additional five years – to March 31, 2029. It also increases the program’s total funding cap by \$70 million, resulting in an overall increase from a \$30 million cap up to a maximum of \$100 million in royalty credits awarded.

Saskatchewan Critical Minerals Innovation Incentive

The budget introduces the Saskatchewan Critical Mineral Innovation Incentive (SCMII) for new pilot projects and the complementary Critical Mineral Processing Investment Incentive for new or expanded value-added processing projects. This program provides transferable Crown royalty and freehold production tax credits at a rate of 25% of eligible program costs. The SCMII will share the \$100 million SPII program funding cap.

Oil and Gas Processing Investment Incentive

The budget extends the program an additional five years to March 31, 2029. It also increases the program’s total funding cap by \$130 million, resulting in an overall increase from a \$370 million cap up to a maximum of \$500 million in Crown royalty and freehold tax credits awarded.

Critical Minerals Processing Investment Incentive

The budget introduces the Critical Mineral Processing Investment Incentive (CMPII) to help advance the province’s Critical Minerals Strategy by promoting Saskatchewan as a highly competitive jurisdiction across the entire value chain. The CMPII provides transferable Crown royalty and freehold production tax credits at a rate of 15% of eligible program costs.

Saskatchewan Commercial Innovation Incentive

The budget announces a one-year extension of the new application acceptance period to June 30, 2025. Along with this extension, the province will review the program in 2024.

Multi-lateral Well Program

The budget introduces the Multi-lateral Well Program to attract increased oil well drilling to Saskatchewan.

OTHER INITIATIVES

Fair Taxation

The budget announces measures to help address repeat flagrant bad actors who avoid remitting the consumption taxes they owe, including taxes they collected from customers but did not remit to government. Measures that will be implemented through legislative changes to modernize The Revenue and Financial Services Act in the Spring 2024 Legislative Session include:

- enhancing collection tools;
- increasing penalties;
- preventing tax avoidance; and
- clarifying compliance obligations and increasing associated monitoring.

Graduate Retention Program

The budget continues to fund the Graduate Retention Program, which provides up to \$20,000 in tax credits to post-secondary students who remain in the province to work.

WE CAN HELP

Your Assante advisor can help you assess the impact of these proposals on your personal finances or business affairs and show you ways to take advantage of their benefits or ease their impact. The resources available to you and your advisor include CI Assante Private Client's Wealth Planning Group, a multi-disciplinary team of accountants, lawyers and financial planners.

For more information, we encourage you to speak to your advisor or visit us at [assante.com](https://www.assante.com)

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