

HIGHLIGHTS FROM THE SASKATCHEWAN BUDGET

Minister of Finance Donna Harpauer tabled the 2023/24 Saskatchewan provincial budget on March 22, 2023.

The budget projects a surplus of \$1.0 billion for the upcoming 2023/24 fiscal year and projects a pay down of up to \$1.0 billion in operating debt. The budget also projects surpluses of \$200 million for 2024/25 and \$134 million for 2025/26. The forecast surplus for the almost completed 2022/23 fiscal year now stands at \$1.1 billion, compared to the projected deficit of \$463 million due to a 14.7 % increase in revenues from last year’s budget.

There were no increases or decreases to personal or corporate income tax rates introduced in the budget. However, the budget includes the tripling of the Saskatchewan mineral exploration tax credit, as well as the extension of the manufacturing and processing exporter tax incentive and initiatives to improve the fair and consistent application of Saskatchewan’s provincial sales tax.

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 6.3% to recognize the impact of inflation. The table below shows Saskatchewan tax rates and tax brackets for 2023.

TAXABLE INCOME RANGE	2023 TAX RATES
First \$49,720	10.5%
Over \$49,720 to \$142,058	12.5%
Over \$142,058	14.5%

The table below shows the 2023 combined federal and provincial highest marginal tax rates for various types of income.

INCOME TYPE	2023 COMBINED TAX RATES
Regular income	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Non-eligible dividends	41.82%

Saskatchewan mineral exploration tax credit (SMETC)

The SMETC, which encourages private-sector investment and increases exploration in Saskatchewan's mineral resource sector, is increasing from 10% to 30%. This change is effective for the 2023 taxation year to help attract additional mineral exploration investment in Saskatchewan. Investors can apply the credit against Saskatchewan personal income tax that would otherwise be payable for the taxation year in which the investment was made. The credit can be carried back three years and carried forward 10 years.

CORPORATE TAX MATTERS

Corporate income tax rates

Saskatchewan had temporarily reduced its small-business rate to nil, effective for the period commencing October 1, 2020 and ending on June 30, 2023. The small-business rate will increase to 1% effective July 1, 2023 and return to a rate of 2% on July 1, 2024. The table below shows the Saskatchewan tax rates and small business limit for 2023.

CATEGORY	2023 TAX RATES
General rate	12%
Manufacturing and processing rate	10%
Investment income rate	12%
Small business rate	0% / 1% *
Small business limit	\$600,000

*0% until June 30, 2023, increasing to 1% on July 1, 2023.

The table below shows the 2023 combined federal and provincial corporate income tax rates for various types of income earned by a Canadian Controlled Private Corporation (CCPC).

INCOME TYPE	2023 COMBINED TAX RATES
Small business income	9% / 10% *
Active income over \$500,000 / \$600,000	15.5% / 27%
Manufacturing and processing income	25%
Investment income	50.67%

*9% until June 30, 2023, increasing 10% on July 1, 2023.

Manufacturing and processing (M&P) exporter tax incentive

The M&P exporter tax incentive, which encourages businesses in Saskatchewan to expand their production and export capacity, will be extended by one year, sunsetting on December 31, 2023.

Targeted Mineral Exploration Incentive

This incentive provides a rebate on eligible drilling expenditures. The 2023 budget commits \$4 million to expand this program to include exploration drilling for all hard-rock minerals in order to support the development of these commodities.

Film and Television Grants

The Creative Saskatchewan Production Grant Program for film and television has been increased under this budget from \$10 million in the prior year to \$12 million.

OTHER INITIATIVES

Fair and consistent application of Saskatchewan's provincial sales tax

The budget introduces the following initiatives to improve the fair and consistent application of Saskatchewan's Provincial Sales Tax (PST):

- Labour to repair and install medical equipment: labour costs to repair and install exempt medical equipment will now be exempt from PST.
- Farm equipment: storage buildings when specifically used for storing produce (fruits and vegetables) grown commercially, and boats with attached harvesting equipment when primarily used in rice farming will now be exempt from PST.
- Geothermal drilling rigs: rigs used for commercial geothermal drilling will now be exempt from PST, providing consistency with the PST treatment of drilling rigs involved in other drilling activities.

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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