

TAX FLASH BULLETIN

2022 SASKATCHEWAN BUDGET HIGHLIGHTS

On March 23, 2022, Saskatchewan Minister of Finance, Donna Harpauer, released the province's budget for the 2022-2023 fiscal year. The budget forecasts a deficit of \$463 million for 2022-2023 with a plan to return to a balanced budget for the 2026-27 fiscal year. The minister anticipates a \$2.2 billion deficit for the close of 2021-2022 in comparison to the \$2.6 billion deficit budgeted last year. We have highlighted selected budget measures that affect Saskatchewan individuals and small businesses.

INDIVIDUALS

Personal Tax Rates

The budget did not propose any changes to personal income tax rates. Saskatchewan indexed the 2022 brackets at an inflation rate of 2.4%.

Saskatchewan Income Tax Brackets and Tax Rates

2021 Taxable Income	2022 Taxable Income	Tax Rate
\$0 to \$45,677	\$0 to \$46,773	10.50%
\$45,677 to \$130,506	\$46,773 to \$133,638	12.50%
Over \$130,506	Over \$133,638	14.50%

Top Combined Saskatchewan and Federal Rates

Income Type	2021	2022
Salary, pension, interest, foreign income	47.50%	47.50%
Eligible dividends	29.64%	29.64%
Non-eligible dividends	42.29%	41.82%
Capital gains	23.75%	23.75%

Top rates apply to income over \$221,708 (\$216,511 for 2021) based on known federal and provincial rates as of March 23, 2022.

Continuation of the Saskatchewan Home Renovation Tax Credit

The budget confirms the continuation of the home renovation tax credit for qualified renovation expenses incurred between October 1, 2020 and December 31, 2022 for a principal residence. The credit is equal to 10.5% on up to \$20,000 in expenses in excess of a \$1,000 base amount for two separate tax years. A taxpayer may claim the home renovation tax credit starting in the 2021 tax year. Eligible expenses include the cost of labour and professional services, building materials, fixtures, equipment rentals, and permits.

Date renovation expenses incurred	Base Amount	Maximum Expense Claim	Maximum Tax Credit	Tax Year to Claim
Oct 1, 2020 to Dec 31, 2021	\$1,000	\$12,000	\$1,155	2021
Jan 1, 2022 to Dec 31, 2022	\$1,000	\$10,000	\$945	2022

Saskatchewan residents can find more details about the home renovation credit here:

<https://www.saskatchewan.ca/residents/taxes-and-investments/tax-credits/home-renovation-tax-credit>

OTHER TAXES

PST on Admissions and Entertainment

Effective October 1, 2022, PST will start to apply to admission and entertainment charges such as:

- admissions to sporting events, concerts and shows, movie theatres, museums, zoos and historical sites;
- admissions to fairs, rodeos, trade shows, arts and crafts shows;
- admissions to conferences and seminars;
- professional theatre tickets and subscriptions;
- gym, golf and curling fees and memberships; and,
- hunting and fishing guide fees and outfitter services.

There will be exemptions for certain situations, including:

- admissions to school, university or minor league sports and amateur theatre productions where the events are put on by a public sector body and do not feature paid participants;
- fees for recreational programs such as hockey, dance or music where the activities are provided by school or non-profit organizations for those 14 years of age and under; and,
- fund-raising events where part of the cost of admission can reasonably be considered a donation to a charity.

These changes will follow the existing federal Goods and Services Tax (GST) base for ease of administration.

PST Exemption on Audio Books

Paper and electronic books are currently exempt from PST, while audio books are taxable. Effective April 1, 2022, the government will exempt sales of audio books from PST to provide equivalent treatment with electronic books.

Increases to Education Property Tax Mill Rates

The budget is increasing Education Property Tax (EPT) mill rates to improve overall tax fairness and increase overall revenues.

Property Type	2021 Mill Rate	2022 Mill Rate
Agricultural	1.36	1.42
Residential	4.46	4.54
Commercial/industrial	6.75	6.86
Resource	9.79	9.88

Increase Video Lottery Terminals Commission

Effective April 4, 2022, the budget increases the video lottery terminals (VLTs) site commission rate from 15% to 18% to provide greater funding to bar and restaurant owners.

Increased Taxation of Tobacco Products

The province is increasing the tobacco tax rates to help maintain equity amongst western provinces and to shift consumption away from these products.

Tobacco Product	Current Rate	Rate Effective March 24, 2022
Cigarette sticks - per stick	27 cents	29 cents
Loose tobacco - per gram	27 cents	35 cents
Heat-not-burn sticks - per stick	20.5 cents	21.8 cents

The budget also announced that vapour products tax (VPT) does not apply to purchases within the City of Lloydminster.

Control Over Federal Carbon Tax Backstop Fuel Charge

The budget announces the province's intent to develop a plan to take over the administration of the federal carbon tax backstop fuel charge. The government believes that it is better to have full control of this tax and its associated revenues, rather than rely on the federal government to decide on the best method to return the revenues within Saskatchewan. If the proposal is successful, the province will announce a plan in fall 2022 to distribute the revenues back to households and businesses according to Saskatchewan's unique priorities and needs.

BUSINESSES

The budget did not change any corporate income tax rates or the \$600,000 small business income threshold. The government had previously reduced the small business tax rate to 0% effective October 1, 2020 on a temporary basis. The small business corporate tax rate will increase in 2022 and 2023 to return the tax rate back to the 2% pre-pandemic rate.

Combined Corporate Tax Rates

Income Type	Provincial	Federal	Combined Calendar 2022
General corporate income	12.00%	15.00%	27.00%
Small business income < \$500,000	0.50%	9.00%	9.50%
Small business income between \$500,000 to \$600,000	0.50%	15.00%	15.50%
CCPC* investment income	12.00%	38.67%	50.67%

Non-CCPC investment income	12.00%	15.00%	27.00%
Manufacturing and processing income	10.00%	15.00%	25.00%

*Canadian-controlled private corporation

Based on known federal and provincial rates as of March 23, 2022

SK small business tax rate changes	Tax Rate
Effective October 1, 2020	0%
Effective July 1, 2022	1%
Effective July 1, 2023	2%

Extension of Saskatchewan Technology Start-up Incentive (STSI)

The Saskatchewan Technology Start-up Incentive is a pilot project to stimulate investments in early stage technology businesses until the 2025-2026 fiscal year. The program provides a 45% tax credit for individual, corporate, or venture capital corporation investments in Eligible Start-up Businesses (ESBs) that are developing new technologies or applying existing technologies in a new way, to create new proprietary products, services, or processes that are repeatable and scalable. The budget proposes to increase the tax credit cap from \$2.5 million to \$3.5 million, effective April 1, 2022.

CORPORATE HEAD OFFICES: RAYMOND JAMES LTD.
 SUITE 2100 – 925 WEST GEORGIA ST. // VANCOUVER, BC V6C 3L2 // 604-659-8000
 SUITE 5300 – 40 KING STREET WEST // TORONTO, ON M5H 3Y2 // 416-777-7000

LIFEWELLPLANNED.CA

RAYMOND JAMES®

This has been prepared by the Professional Wealth Advisory Group of Raymond James Ltd., (RJL). Statistics and factual data and other information are from sources RJL believes to be reliable but their accuracy cannot be guaranteed. It is for information purposes only and is not to be construed as an offer or solicitation for the sale or purchase of securities nor is it meant to replace legal, accounting, taxation or other professional advice. We are not tax advisors and we recommend that clients seek independent advice from a professional advisor on tax-related matters. The information is furnished on the basis and understanding that RJL is to be under no liability whatsoever in respect thereof. This is intended for distribution only in those jurisdictions where RJL and the author are registered. Securities-related products and services are offered through Raymond James Ltd., Member-Canadian Investor Protection Fund. Insurance products and services are offered through Raymond James Financial Planning Ltd., which is not a Member-Canadian Investor Protection Fund.