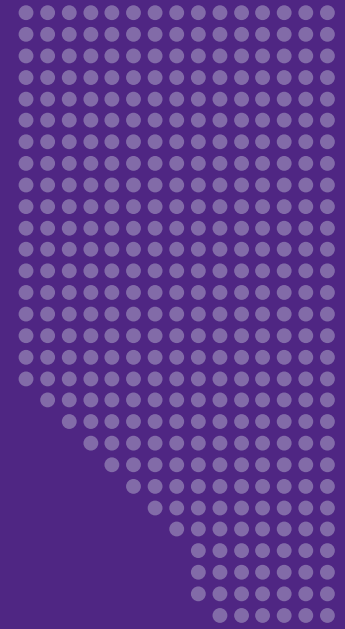


Budget 2022

Alberta

Making sense of what's next.

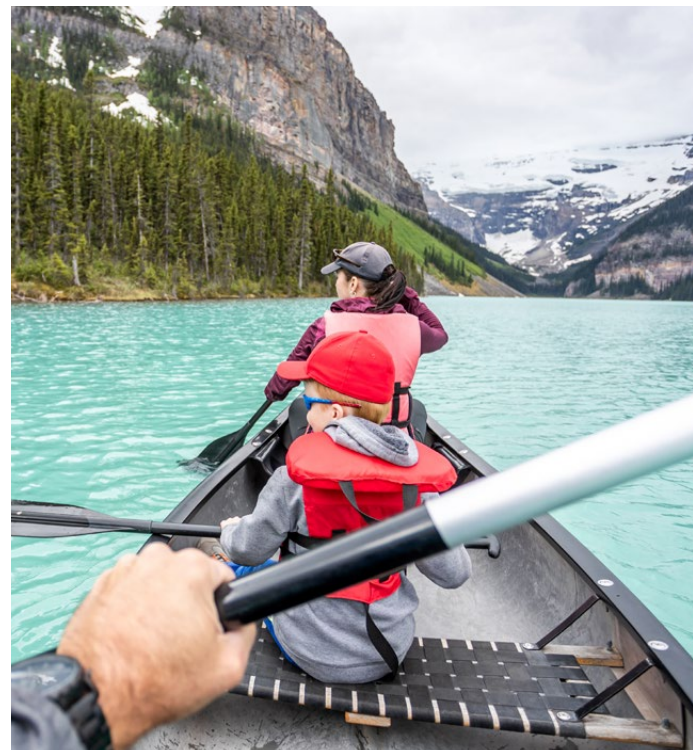


February 2022

On February 24, 2022, Alberta Finance Minister Travis Toews tabled Alberta's 2022-25 three-year fiscal plan (AB Budget 2022).

AB Budget 2022 estimates that the province's deficit for the 2021-22 fiscal year was \$3.2 billion as compared to the \$18.2 billion deficit projected for the same fiscal year in the previous budget. The decrease in the deficit is primarily due to rising oil prices.

Year	Projected surplus/(deficit)
2022-23	\$0.5 billion
2023-24	\$0.9 billion
2024-25	\$0.7 billion



Business tax measures

Corporate tax rates

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

AB's corporate tax rates for 2022 are summarized as follows:

Combined federal and AB corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
2022	11.00%	23.00%	23.00%

Personal tax measures

Personal income tax rates

Alberta personal tax brackets and tax credit amounts continue to be paused for indexation. These amounts have not been increased since 2019. The rates for 2022 are as follows:

Tax brackets	Marginal tax rates
\$131,220 or less	10%
\$131,221 - \$157,464	12%
\$157,465 - \$209,952	13%
\$209,953 - \$314,928	14%
\$314,929 and over	15%

The top combined federal and AB marginal tax rates for 2022 are as follows:

Type of income	2022
Regular	48.00%
Capital gains	24.00%
Eligible dividends	34.31%
Regular dividends	42.31%



Sales and excise tax measures

Tourism levy

As previously announced, starting April 1, 2021, the government extended the tourism levy to short-term rentals (STRs) offered through online marketplaces. This measure allowed online marketplaces to voluntarily collect and remit the levy on behalf of their Alberta hosts. The provincial government has proposed to introduce new legislation to further strengthen the effectiveness of this measure by making the remittance and collection mandatory as opposed to voluntary.

Tobacco Tax

The government proposes to reduce the taxation of smokeless tobacco (e.g., chewing tobacco) products by creating a new smokeless tobacco category, similar to Saskatchewan. Effective March 1, 2022, smokeless tobacco products will be taxed at 27.5 cents per gram as opposed to the current rate of 41.25 cents per gram. The new rate is aligned with Alberta's per cigarette tax rate.

Other notable items

Health care – Increasing the Alberta Health operating expense budget by \$600 million for a total of \$1.8 billion increase over the next three years. This includes \$100 million in annual funding to expand health care system capacity, such as adding new ICU beds and training more staff.

Job growth – Providing \$600 million over the next three years in Alberta at Work, a new initiative to help Albertans find jobs. This includes funding to expand student enrolment in areas with skills shortages (technology, agriculture, financial services and aviation) and funding for skills development, training and employment programs.

Natural gas rebate program – Introducing the Energy Affordability Program, a natural gas rebate program that will be triggered when the regulated rates go above \$6.50 per gigajoule between October 2022 and March 31, 2023. Consumers who use less than 2,500 gigajoules annually will be eligible for the rebate.

Child care – Providing \$666 million in funding for a total of over \$2.6 billion by 2024-25 in support of the federal government's \$10/day child care agreement.

Property tax – Increasing the education property tax rate by 1.5% in 2022-23. The government froze the property tax revenue for 2020 and 2021 at the 2019 levels in response to the COVID-19 pandemic.