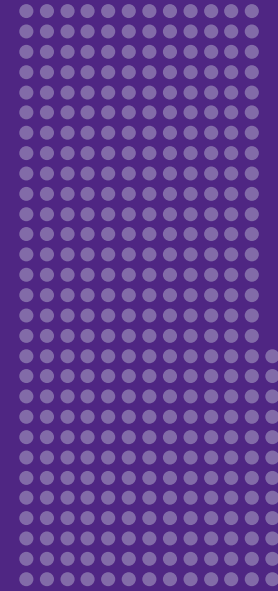


Budget 2022

Saskatchewan

Making sense of what's next.



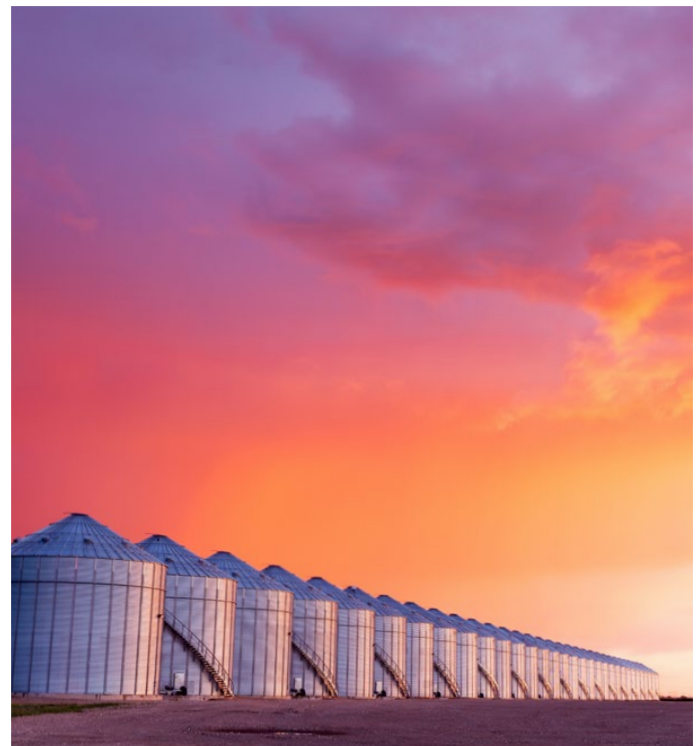
March 2022

On March 23, 2022, Finance Minister Donna Harpauer tabled Saskatchewan's 2022-23 budget (SK Budget 2022).

The estimates provided in SK Budget 2022 show that the province projects a deficit of \$2.18 billion for the 2021-22 fiscal year, compared to a \$2.61 billion deficit projected for the same fiscal year in the previous budget. The government's expecting to balance the budget in 2026-27.

Fiscal results for the next four years are projected as follows:

Year	Projected deficits
2022-23	\$463 million
2023-24	\$384 million
2024-25	\$321 million
2025-26	\$165 million



Business tax measures

Corporate tax rates

The government introduced legislation in 2020 to temporarily reduce the provincial small business rate from two per cent to nil, effective October 1, 2020. The rate will be restored back to two per cent by July 2023. The amended small business rates are as follows:

Period	Provincial small business rate
October 1, 2020 to June 30, 2022	0%
July 1, 2022 to June 30, 2023	1%
July 1, 2023 onwards	2%

SK Budget 2022 does not propose any changes to the \$600,000 small business limit.

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

Combined federal and Saskatchewan corporate tax rates

Type of tax rate	Provincial	Combined federal and provincial
Small business tax rate (income up to \$500,000)	0% ¹ 1.0% ²	9.0% ¹ 10.0% ²
Small business tax rate (income between \$500,000 and \$600,000)	0% ¹ 1.0% ²	15.0% ¹ 16.0% ²
General corporate tax rate	12.0%	27.0%
Manufacturing and processing tax rate	10.0%	25.0%

Enhancement of the Saskatchewan Value-added Agriculture Incentive (SVAI)

SVAI is a non-refundable tax credit on capital expenditures valued at \$10 million or more for newly constructed and expanded qualifying agriculture facilities in Saskatchewan.

SK Budget 2022 is proposing to expand the SVAI, retroactive to 2018, by increasing the 15 per cent tax credit rate as follows:

- 15 per cent tax credit on expenditures up to \$400 million
- 30 per cent on tax credit expenditures between \$400 million and \$600 million
- 40 per cent tax credit on expenditures in excess of \$600 million

The maximum tax credit allowed for a single project is \$250 million. Eligible projects include pea protein processors, oat milling operations, malt producers, and cannabis oil processing facilities.

Enhancement of the Saskatchewan Technology Start-up Incentive (STSI)

This existing STSI program encourages investment in early-stage technology start-ups by providing a non-refundable 45 per cent income tax credit to eligible entities who invest in Eligible Technology Start-up Businesses (ESBs), up to certain maximums. This tax credit is available on a first-come, first-served basis, and the program budget is currently capped at a maximum of \$2.5 million per year.

SK Budget 2022 proposes to enhance the STSI by increasing this cap from \$2.5 million per year to \$3.5 million per year, effective April 1, 2022.

Video Lottery Terminal (VLT) Site Commission Rate

VLT site operators presently receive 15 per cent of net sales as commission in lieu of the services related to operating the site.

SK Budget 2022 proposes increasing the VLT site commission rate from 15 per cent to 18 per cent, effective April 4, 2022.

Personal tax measures

Personal income tax rates

Saskatchewan's personal tax brackets are indexed to inflation on an annual basis. No further changes to the personal tax brackets and rates are proposed. The rates for 2022 are as follows:

¹ For the period January 1, 2022 to June 30, 2022
² For the period July 1, 2022 to December 31, 2022

Tax brackets	Marginal tax rates
\$46,773 or less	10.5%
\$46,774 - \$133,638	12.5%
\$133,639 and over	14.5%

The top combined federal/Saskatchewan marginal tax rates for 2022 are as follows:

Taxable income	2022
Interest	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Regular dividends	41.82%

Home Renovation Tax Credit

The Home Renovation Tax Credit (HRTC) is a 10.5 per cent non-refundable tax credit on up to \$20,000 of eligible renovation expenses incurred between October 1, 2020 to December 31, 2022. A maximum tax credit of \$1,155 can be claimed on the 2021 tax return. A further maximum tax credit of \$945 can be claimed in 2022 for eligible expenses incurred between January 1, 2022 and December 31, 2022.

Sales and excise tax measures

Taxation of tobacco products

SK Budget 2022 proposes the following increases in tobacco tax rates, effective March 24, 2022

Product	Prior rate	New rate (Effective March 24, 2022)
Cigarette sticks	27 cents	29 cents
Loose tobacco	27 cents per gram	35 cents per gram
Heat-not-burn sticks	20.5 cents	21.8 cents

PST on admissions and entertainment

Effective October 1, 2022, the Provincial Sales Tax (PST) will apply to admissions and entertainment charges, with certain exceptions.

Examples of the types of charges that are currently exempt but will be taxable

- 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
- hunting and fishing guide fees and outfitter services

Examples of certain situations that remain exempt from PST

- admissions to certain school, university or minor league sports and amateur theatre productions
- fees for qualified recreational programs where the activities are provided by school or non-profit organizations for those 14 years of age and under
- fundraising events where part of the cost of admission can reasonably be considered a donation to a charity

PST exemption of audiobooks

Currently, an electronic version of a printed book (eBook) is exempt from PST but an audiobook is taxable. Effective April 1, 2022, the sale of audiobooks will also be exempt from PST.

Education Property Tax (EPT) Mill Rates

SK Budget 2022 proposes to increase the EPT Mill rates as follows:

Property type	2021 Mill Rates	2022 Mill Rates
Agricultural	1.36	1.42
Residential	4.46	4.54
Commercial / Industrial	6.75	6.86
Resource	9.79	9.88

Vapour Products Tax (VPT) Exemption in Lloydminster

Effective March 24, 2022, businesses in Lloydminster are not required to collect VPT on sales of vapour products (e.g., e-cigarettes and other vaping products, cartridges, e-substances, etc.) to individuals or businesses when the goods are shipped to or picked up in Lloydminster and are intended for use or consumption within the city limits. The exemption does not apply to vapour products delivered to customers located in Saskatchewan, outside of Lloydminster.

Social assistance - Increasing Saskatchewan Income Support basic benefits by \$30 per month and shelter benefits by up to \$25 per month; increasing the Senior Income Plan benefits by \$30/month to a maximum of \$330 per month, effective July 1, 2022.

Surgical wait times - \$21.6 million in funding to reduce the surgical waitlist with the aim of returning to pre-COVID wait time levels by the end of March 2025.

Child care - \$309.6 million in funding for early learning and child care including funding in support of the federal government's \$10/day child care plan.

Other notable items

Film and television sector - Increasing investment in the Creative Saskatchewan Production Grant Program by \$8 million for a total funding of \$10 million to support the film and television production sector. The application for the grant will open this spring.

Training - \$114 million investment in training programs including \$2.5 million for the new [Re-Skill Saskatchewan Training Subsidy](#) (RSTS). This is a temporary program that reimburses employers for approved training programs for their employees up to a maximum of \$5,000 per business. \$20 million investment to launch the new Education and Training Incentive program in the summer which will provide up to \$200 per month for individuals to complete education and training programs.

Indigenous businesses - \$475,000 in funding to create the Saskatchewan Indigenous Investment Finance Corporation (SIIFC). This provides up to \$75 million in loan guarantees for private sector lending to Indigenous communities and organizations for investments into natural resources and value-added agricultural projects.



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