



March 22, 2023

Finance Minister Donna Harpauer tabled Saskatchewan's 2023-24 budget (SK Budget 2023) on March 22, 2023.

SK Budget 2023 estimates a surplus of \$1.147 billion for the 2022-23 fiscal year, compared to a \$463 million deficit projected in the previous budget. Fiscal projections for the next four years are as follows:

Year	Projected surplus/(deficit)
2023-24	\$1,017 million
2024-25	\$208 million
2025-26	\$134 million
2026-27	\$101 million

Business tax measures

Corporate tax rates

Saskatchewan's small business tax rate increases to 1% (from nil), effective July 1, 2023. This rate will return to 2% on July 1, 2024. Saskatchewan had temporarily reduced its small business rate to nil (from 2%) from October 1, 2020 until June 30, 2023.

2023 small business rates

Period	Provincial small business rate
October 1, 2020 to June 30, 2023	0%
July 1, 2023 to June 30, 2024	1%
July 1, 2024 onwards	2%

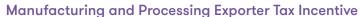
SK Budget 2023 proposes no changes to the \$600,000 small business limit.

2023 combined federal and Saskatchewan corporate tax rates

Corporate tax rates	Prior to July 1, 2023	After June 30, 2023
Small business tax rate (income up to \$500,000)	ZETM¹: 4.5% Non-ZETM: 9%	ZETM: 5.5% Non-ZETM: 10%
Small business tax rate (income between \$500,000 and \$600,000)	ZETM: 7.5% Non-ZETM: 15%	ZETM: 8.5% Non-ZETM: 16%
General corporate tax rate	27%	27%
Manufacturing and processing tax rate	ZETM: 17.5% Non-ZETM: 25%	ZETM: 17.5% Non-ZETM: 25%

¹ zero-emission technology manufacturer





SK Budget 2023 extends the Manufacturing and Processing (M&P) Exporter Tax Incentive to December 31, 2023. This tax incentive is intended to encourage Saskatchewan businesses to expand their production and export capacity. The M&P Exporter Tax Incentive provides the following non-refundable tax credits to eligible corporations for the number of M&P related full-time employees above the number that were employed in 2014:

- → Hiring Tax Credit: \$3,000 for each incremental full-time employee each year
- → Head Office Tax Credit: \$10,000 for each incremental full-time "head office" employee

Please refer to Saskatchewan's <u>website</u> for additional details on this incentive.

Saskatchewan Mineral Exploration Tax Credit

SK Budget 2023 triples the Saskatchewan Mineral Exploration Tax Credit rate to 30% (from 10%). This non-refundable tax credit encourages residents to invest in mineral exploration activities within the province by purchasing eligible flow-through shares issued by approved mineral exploration companies. This credit harmonizes with the federal government's 15% Mineral Exploration Tax Credit, increasing the total tax credit to 45% (30% provincial and 15% federal) for Saskatchewan residents.

Personal tax measures

Personal income tax rates

SK Budget 2023 doesn't change the personal rates. The indexed personal tax brackets (\$) and the respective marginal tax rates (%) for 2023 are as follows:

Tax brackets and marginal tax rates

\$49,720 or less **10.5**%

\$142,059 and over

\$49,721 - \$142,058 **12.5**% The top combined federal and Saskatchewan marginal tax rates for 2023 are as follows:

Taxable income	2023
Salary/interest	47.50%
Capital gains	23.75%
Eligible dividends	29.64%
Non-eligible dividends	41.82%

Enhancement of social services and assistance

SK Budget 2023 increases certain existing benefits to support low-income families and seniors. The following benefits increase by \$30/month:

- → Saskatchewan Income Support (including the Adult Basic Benefit, Shelter Benefit, and Alternative Heating Benefit)
- → Saskatchewan Assured Income for Disabilities (SAID)
- → Senior's Income Plan Benefit.

SK Budget 2023 also increases the Personal Care Home Benefit by \$400/month for eligible individuals and \$684/month for qualifying SAID individuals under age 65.

Sales tax measures

Provincial Sales Tax

SK Budget 2023 exempts the following from Provincial Sales Tax (PST):

- → labour costs to repair and install exempt medical equipment, effective April 1, 2023
- → storage buildings used specifically for storing produce grown commercially, effective retroactively from April 1, 2019
- → boats with attached harvesting equipment used primarily in rice farming, effective retroactively from April 1, 2019
- → hydraulic pipe tables, effective April 1, 2023
- → geothermal drilling rigs used for commercial geothermal drilling, effective retroactively from April 1, 2017.

Other notable changes



HEALTH CARE

Investing

\$7.1 billion

in health care (up 6.7% from 2022). This funding supports the recruiting, training, and retention of health care workers, to reduce the surgical wait time, and to support mental health and addictions programs.



CHILD CARE

Providing

\$382.4 million

in funding to reduce the child care fees to \$10/day for children under the age of six.



POST-SECONDARY EDUCATION

Investing

\$764.8 million

in post-secondary education, including additional funding for the Student Aid Fund, the Saskatchewan Advantage Scholarship, and the Graduate Retention Program.

The Graduate Retention Program provides up to \$20,000 in income tax credits to students who remain in Saskatchewan and work after completing their post-secondary education.



INDIGENOUS BUSINESSES

Providing

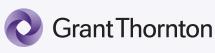
\$249.1 million

(up 6.8% from 2022) in targeted funding for Indigenous and Métis people and organizations.

Visit our <u>Budget 2023</u> hub to learn more about all federal and provincial budgets.

Disclaimer

The information contained herein is general in nature and is based on proposals that are subject to change. It is not, and should not be construed as, accounting, legal or tax advice or an opinion provided by Grant Thornton LLP to the reader. This material may not be applicable to, or suitable for, specific circumstances or needs and may require consideration of other factors not described herein.



Audit | Tax | Advisory

About Grant Thornton LLP in Canada

Grant Thornton LLP is a leading Canadian accounting and advisory firm providing audit, tax and advisory services to private and public organizations. We help dynamic organizations unlock their potential for growth by providing meaningful, actionable advice through a broad range of services. Grant Thornton LLP is a Canadian member of Grant Thornton International Ltd, whose member and correspondent firms operate in over 100 countries worldwide.