



Canadian tax alert

2012 Saskatchewan budget highlights



March 21, 2012

Budget highlights

Expenditures

Measures impacting individuals

Measures impacting corporations

Contacts

Budget highlights

Finance Minister Ken Krawetz presented the Saskatchewan government's 2012-13 budget this afternoon. This is the government's first budget since its re-election in November 2011.

The Finance Minister noted that this budget focuses on "Keeping the Saskatchewan Advantage" of sound fiscal management, sustainable spending and a strong economy.

The budget projects a surplus of \$95 million based on budgeted revenue of \$11.3 billion (up 1.9% from the 2011 forecast revenue) and budgeted expenses of \$11.2 billion (up 4.7% from the 2011 budget). The Saskatchewan economy is expected to grow 2.8% in 2012 and 2.6% in 2013.

The government has identified four new goals to set direction for the province:

- Sustaining growth and opportunities for Saskatchewan people
- Improving quality of life
- Making life more affordable
- Delivering responsive and responsible government

With these goals in mind, there were no changes to personal or corporate tax rates announced in the budget, though there were a number of announcements that will impact individuals and certain businesses.

Back to top

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Expenditures

- Expenses are budgeted to increase by 4.7% from the 2011 budget to \$11.2 billion
- Health costs are expected to increase by 4.9% to \$4.7 billion, representing approximately 42% of the total budgeted expenses
- Debt servicing costs are expected to decline to \$400 million, a 4.8% reduction
- Capital expenditures are budgeted to increase 32.4% to \$788 million, including \$581.5 million in highways spending and \$89 million for 21 approved school projects
- Municipalities will receive additional funding through the Revenue Sharing process, which will allocate a full point of provincial sales tax to the revenue sharing pool. With the measures proposed this will increase overall funding to municipalities by 14.8% over last year
- Additional funding of \$1.5 million will be provided for Canadian Light Source (Synchrotron)
- Funding of \$2.1 million to support the operations of InterVac which will be developing vaccines dealing with human and large animal diseases in the first Containment Level 3 facility in Western Canada.

[Back to top](#)

Measures impacting individuals

- Tax credits for the **Active Families Benefit** will now be available for eligible activities for all children and youth under the age of 18. Previously, amounts would qualify only for children no older than 15 years at the end of the calendar year.
- The new **Saskatchewan Advantage Scholarship** will provide every high school graduate from 2012 on with a scholarship of up to \$500 per year to a maximum of \$2,000 per individual to be applied towards tuition fees at a post-secondary institution or recognized training course in the province.
- A new **Saskatchewan Advantage Grant for Education Savings** will commence in January of 2013 and will provide a 10% matching grant to Registered Education Saving Plan contributions, to a maximum of \$250 per child, per year.
- The province is implementing a new income tax credit to assist people with the cost of their first home. The **First-Time Homebuyers Tax Credit** will provide eligible Saskatchewan residents with a tax credit of up to \$1,100. The tax credit is non-refundable.
- There will be an increase in funding for low income seniors through enhancement of the **Seniors Income Plan**. Benefits will increase by \$50 per month starting in July 2012, with further increases over the next three years scheduled.
- A new **Seniors Personal Care Home Benefit** will be available which will subsidize income for seniors to bring monthly income up to \$1,800 per month. This benefit will assist seniors with the cost of living in licensed personal care homes.
- Charges under the Seniors' and Children's Drug Plan increase by \$5 per prescription, from \$15 to \$20
- Funding for disabled people living in residential care settings and those living independently will be expanded

[Back to top](#)

Measures impacting corporations

- There will be a new corporate income tax rebate available to encourage private sector investment in multi-unit residential rental projects. This rebate will be equal to 10% of the rental income generated from newly constructed multi-unit rental projects. This rebate will be available for up to 10 years.
- The Film Employment Tax Credit will be wound down.
- Research and Development Tax Credits for expenditures by Canadian-controlled private corporations will continue to be refundable up to an annual limit of \$3 million however all other qualifying expenditures will be eligible for a non-refundable tax credit.

[Back to top](#)

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