



Canadian tax alert

2013 Saskatchewan budget highlights

March 20, 2013

Budget highlights

Saskatchewan Finance Minister Ken Krawetz presented the 2013 Saskatchewan budget this afternoon. The following is a summary of the tax highlights contained in the budget.

- No changes to corporate income tax rates.
- No changes to personal income tax rates, exemptions or credits.
- No changes to provincial sales tax rate.
- Increases in tobacco tax and cost of liquor.

Fiscal/economic outlook

- The province has introduced a balanced budget where continued strong economic results permit modest spending increases without the necessity for significant tax rate increases or expansions to the tax base.
- Growth plans include a goal of 1.2 million Saskatchewan residents and increases to the working population of 60,000 by 2020.
- Saskatchewan's real GDP is expected to rise by 2.6 per cent due to a rebound in potash production and sales, continued population and job growth and continued business investment related to the expansion of the province's potash industry.
- Agricultural prices are expected to remain strong.
- Saskatchewan's unemployment rate continues to remain low and is expected to remain lower than the national average for 2013-2014.

Measures concerning business

- There were no changes to corporate income tax rates. The provincial government has previously indicated their intention to reduce the general corporate tax rate from 12% to 10% by 2015 however the date for this reduction has been deferred until it is deemed a sustainable reduction.

The Future of Canada

- Deloitte is Canada's largest tax practice and a global tax firm with a unique perspective on competitive tax policy and the key drivers of national prosperity.
- With the right tax policy, we believe that Canada can be more productive and globally competitive. The key lies in creating a tax ecosystem capable of fostering innovation and investment while supporting the objective of a balanced budget.
- **The Future of Productivity**
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- Additional funding of \$3.5 million is being provided to the Rental Construction Initiative and the Affordable Homeownership Programs. This funding provides incentives to property developers and municipalities to provide matching grants for qualifying residential projects and assistance related to the acquisition of new principal residence properties.
- Saskatchewan will be introducing The Pooled Registered Pension Plans Act in 2013. This program will provide employers with the option of offering a pension plan (“PRPP”) to their employees which is intended to be simple and cost effective to administer. The program will be optional for employers. If an employer opts in to the program then all employees will be automatically enrolled but will have an option to opt out of the program. If an employer does not adopt a PRPP then employees will be able to join a PRPP by signing up directly with a PRPP administrator. The PRPP will also be available for self-employed individuals. The use of this program may be more attractive to employers than a group RRSP since contributions by the employer will be excluded from the salaried compensation of employees and not subject to CPP and EI premiums.

Measures concerning individuals

- Reduction in the aggregate amount of capital that can be invested annually in the Labour Sponsored Venture Capital Corporation (“LSVCC”) program from \$110 million to \$80 million. LSVCCs will now be required to place a greater emphasis on innovation-related investments.
- Creation of the Saskatchewan Advantage Grant for Education Savings. This program will provide a contribution to individual Registered Education Savings Plans at a rate of 10 per cent of contributions, to a maximum of \$250 per year.

Sales tax measures

- Tobacco tax increase from 21 cents per cigarette or gram of cut/loose tobacco to 25 cents effective midnight, March 20, 2013.
- Saskatchewan Liquor and Gaming Authority will adjust mark-up rates for all beverage categories by approximately 3 per cent effective April 1, 2013.

Other tax measures

- There were no changes to provincial sales tax.
- With the growth in the Saskatchewan economy, municipal revenue sharing will increase by 11.4 per cent with 66.78 per cent of the increase in funding allocated to urban municipalities, 21.77 per cent to rural municipalities and 11.45 per cent to northern communities.
- In order to support the employment needs of the province there will be additional funding provided for initiatives to develop Aboriginal employment and to support immigrant settlement programs

For further details, we refer you to the [Ministry of Finance website](#).

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