



## Canadian tax alert

### 2019-2020 Yukon budget highlights

March 18, 2019

On March 7, 2019, Yukon Premier and Finance Minister Sandy Silver tabled the territory's 2019-2020 budget in the Legislative Assembly.

No new taxes were announced, and no changes to existing taxes were proposed.

The Finance Minister stated that Yukon's economy is well-positioned to build on recent momentum. The development of two new mines and the anticipation of further growth in population are key elements of this economic outlook.

#### **Fiscal/economic outlook**

Real GDP growth is estimated at 2.6% in 2018 with 2019 and 2020 showing growth at 3.3% and 2.4%.

Employment is expected to grow by 2.5% in 2019, followed by more modest increase of approximately 1% thereafter. As employment growth tapers, the unemployment rate is expected to rise, but remain below 5% over 2019 to 2023.

The Finance minister projects a deficit of \$5.9 million for 2019-2020 (on an unconsolidated basis). This compares to a deficit of \$7.1 million for 2018-2019, as per the territory's supplementary estimates. A surplus is projected for 2020-2021, in the amount of \$5.0 million.

Operating and maintenance expenses are projected to grow by 1.9% in 2019-20 and total government revenue is forecast to increase by 5.5% from 2018-19. This growth is mostly due to an increase in federal transfers, which account for 85% of revenues.

## Personal tax measures

No changes to the personal tax rates in the territory were announced in the budget. As a result, the personal income tax rates remain as follows for 2019:

<b>Personal combined federal and Yukon top marginal rates</b>	
Interest and regular income	45.80/48.00%
Capital gains	22.90/24.00%
Eligible dividends	25.89/28.93%
Non-eligible dividends	39.64/42.17%

Note: The lower rates apply on income in excess of \$210,371 up to \$500,000; the higher rate applies on income in excess of \$500,000.

## Business tax measures

The budget contains no changes to the corporate income tax rates. As a result, the corporate income tax rates remain as follows for 2019:

<b>Yukon corporate income tax rates – calendar 2019</b>		
	<b>Yukon</b>	<b>Combined federal and Yukon</b>
General corporate rate	12.0%	27.0%
General M&P rate	2.5%	17.5%
M&P rate (small business)	1.5%	10.5%
Small business rate (threshold \$500,000)	2.0%	11.0%

## Other measures

### Tobacco tax rates

2019 tax rates on tobacco products will continue to reflect the latest rate changes set on April 1, 2018. The tax on cigarettes and loose tobacco remains at 30 cents per cigarette or gram. This information was not included in the budget papers but is posted on the Department of Finance [web page](#).

## **Carbon Pricing Rebate program**

Starting on July 1, 2019, the federal carbon levy will be applied to fuels purchased in Yukon. Carbon dioxide emissions will initially be taxed at a rate of \$20 per tonne. This rate will increase on April 1 of each year, until it reaches \$50 per tonne in April 2022. Yukon's Carbon Pricing Rebate program aims to return all carbon levy revenues back to individuals, businesses and First Nations and municipal governments. These rebates will be further developed following further discussions.

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

## **Your dedicated team:**

### **National**

#### **Fatima Laher**

Tax Clients and Industry Leader

Tel: 416-601-6570

#### **Albert Baker**

National Tax Policy Leader

Tel: 416-643-8753

Deloitte LLP  
Bay Adelaide Centre, East Tower  
8 Adelaide Street West, Suite 200  
Toronto ON M5H 0A9  
Canada

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