



Canadian tax alert

2017-2018 Yukon budget highlights

May 3, 2017

On April 27, 2017, Yukon Premier and Finance Minister Sandy Silver tabled the territory's 2017-2018 budget.

The budget provides for significant spending on infrastructure renewal and energy solutions in addition to wellness and education.

Fiscal/economic outlook

Real GDP growth is estimated at 4.6% in 2016. The medium term outlook is mixed, with 2017 and 2018 remaining flat, followed by real GDP growth in 2019.

The unemployment rate in 2017 is expected to rise slightly to 5.7%.

The budget projects a surplus of \$6.5 million for 2017-2018. This compares to a revised \$8.3 million deficit for 2016-2017. More deficits are projected from 2018-2019 to 2020-2021.

The government is establishing an Expert Financial Advisory Panel to provide input for future budgets. The Panel will engage with a cross-section of Yukoners, First Nations and municipal governments.

Personal tax measures

There are no changes to the personal tax rates in the territory.

Business tax measures

The budget proposes to reduce the general corporate tax rate from 15% to 12%. The small business corporate tax rate will also be reduced, from 3% to 2%. Per discussions with a Yukon official, the changes will take effect as of July 1, 2017, with proration for taxation years that straddle that date. The budget reiterates the previously-stated commitment to eventually eliminate the small business tax, but notes that further reductions will be evaluated in the future to ensure that this move is advisable in light of the government's overall goal of achieving sound public finances.

Per discussions with a Yukon official, the manufacturing and processing (M&P) tax rates will remain unchanged. Currently, the rates are as follows: M&P tax rate for small business: 1.5%; M&P tax rate for other business: 2.5%.

Other measures

The budget proposes to increase the rate of tax on cigarettes and loose tobacco. It will rise from 21 cents per cigarette or gram to 25 cents on July 1, 2017 and it will further rise to 30 cents on April 1, 2018.

The government announced in a [news release](#) dated March 29, 2017 that the Interim Electrical Rebate will be renewed, pending legislative approval, for another year. The rebate provides customers a maximum rebate of \$26.62 per month based on the first 1,000 kilowatt hours used, for an annual savings of up to \$319 a year.

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

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