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Tax Alert – Canada

Northwest Territories budget 2025-26

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

“I am delivering the second budget of the 20th Assembly at a time of significant economic and political uncertainty – not only in the Northwest Territories but across Canada and the world – made more perilous by the potential implementation of import tariffs by the United States.”

“The next few years are likely to bring continued challenges and disruptions, whether geopolitical, climate-related, or otherwise. That is why we must continue pressing forward on our priorities to build a stronger future – one that maintains fiscal stability while ensuring we have the capacity to react and respond to emerging issues.”

*Northwest Territories Finance Minister Caroline Wawzonek
2025-26 budget speech*

On 6 February 2025, Northwest Territories Finance Minister Caroline Wawzonek tabled the territory’s fiscal 2025-26 budget. The budget contains no new taxes and no income tax increases.

The minister anticipates an operating surplus of \$69 million for 2024-25 and projects an operating surplus of \$170 million for 2025-26, as well as operating surpluses for each of the next three years.

Following is a brief summary of the key tax measures.



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Business tax measures

Corporate income tax rates

No changes are proposed to the corporate income tax rates or the \$500,000 small-business limit.

The Northwest Territories 2025 corporate income tax rates are summarized in Table A.

Table A - 2025 Northwest Territories corporate income tax rates¹

	2025	
	NWT	Federal and NWT combined
Small-business tax rate ²	2.00%	11.00%
General corporate tax rate ^{2, 3}	11.50%	26.50%

¹ The rates represent calendar-year-end rates unless otherwise indicated.

² The federal corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% federal general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% federal small-business corporate income tax rate. These reductions are not reflected in the combined federal and Northwest Territories rates above.

³ An additional tax applies to banks and life insurers at a rate of 1.5% on taxable income (subject to a \$100 million exemption to be shared by group members).

Personal tax

Personal income tax rates

The budget does not include any changes to personal income tax rates.

The 2025 Northwest Territories personal income tax rates are summarized in Table B.

Table B - 2025 Northwest Territories personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
\$0 to \$51,964	\$51,965 to \$103,930	\$103,931 to \$168,967	Above \$168,967
5.90%	8.60%	12.20%	14.05%

For taxable income in excess of \$168,967, the 2025 combined federal-Northwest Territories personal income tax rates are outlined in Table C.

Table C - Combined 2025 federal and Northwest Territories personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$168,968 to \$177,882	40.05%	18.67%	28.77%
\$177,883 to \$253,414 ²	43.37%	23.25%	32.59%
Above \$253,414	47.05%	28.33%	36.82%

¹ The rate on capital gains is one-half the ordinary income tax rate.

² The federal basic personal amount comprises two elements: the base amount (\$14,538 for 2025) and an additional amount (\$1,591 for 2025). The additional amount is reduced for individuals with net income in excess of \$177,882 and is fully eliminated for individuals with net income in excess of \$253,414. Consequently, the additional amount is clawed back on net income in excess of \$177,882 until the additional tax credit of \$239 is eliminated; this results in additional federal income tax (e.g., 0.32% on ordinary income) on net income between \$177,883 and \$253,414.

Other tax measures

Property tax

In keeping with the existing indexing policy, property mill rates will be adjusted for inflation.

Carbon pricing

In line with the federal benchmark, the Northwest Territories carbon tax rate will increase \$15 per carbon-equivalent tonne of greenhouse gas emissions to \$95 as of 1 April 2025 (with corresponding adjustments to the cost of living offset). However, until 31 March 2027, the Northwest Territories carbon tax on diesel heating fuel deliveries for all but large emitters will continue to be rebated at source.

Learn more

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