

2025 Issue No. 13  
7 March 2025

# Tax Alert – Canada

## Yukon 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.

“This budget contains investments that will make life more affordable, support safe and healthy communities, protect the environment and build the economic and social infrastructure that our population needs in order to thrive.”

“As in previous years, this budget responds to pressures beyond our borders, like climate change, worker shortages, rising health care costs and global economic uncertainty.”

“This budget reflects careful stewardship of public funds, responsible investment in essential services and infrastructure, and a commitment to long-term financial stability so people and businesses can plan for the future.”

*Yukon Finance Minister Sandy Silver  
2025-26 budget speech*

On 6 March 2025, Yukon Finance Minister Sandy Silver tabled the territory's fiscal 2025-26 budget. The budget contains no new taxes (other than the previously announced tax on vaping products) and no income tax increases.

The minister anticipates a surplus of \$57.6 million for 2024-25 and projects a surplus of \$82.0 million for 2025-26 and surpluses for each of the next four years.

Following is a brief summary of the key tax measures.



**Shape the future  
with confidence**

## Business tax measures

### Corporate income tax rates

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

Yukon's 2025 corporate income tax rates are summarized in Table A.

Table A - 2025 corporate income tax rates<sup>1</sup>

	Yukon	Federal and Yukon combined
Small-business tax rate <sup>2</sup>	0.00%	9.00%
General manufacturing and processing tax rate <sup>2</sup>	2.50%	17.50%
General corporate tax rate <sup>2, 3</sup>	12.00%	27.00%

<sup>1</sup> The rates represent calendar-year-end rates unless otherwise indicated.

<sup>2</sup> 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 Yukon rates above.

<sup>3</sup> 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 Yukon personal income tax rates are summarized in Table B.

Table B - 2025 Yukon personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$57,375	\$57,376 to \$114,750	\$114,751 to \$177,882	\$177,883 to \$500,000	Above \$500,000
6.40%	9.00%	10.90%	12.80%	15.00%

For taxable income in excess of \$177,882, the 2025 combined federal-Yukon personal income tax rates are outlined in Table C.

**Table C - Combined 2025 federal and Yukon personal income tax rates**

Bracket	Ordinary income <sup>1</sup>	Eligible dividends	Non-eligible dividends
\$177,883 to \$253,414 <sup>2</sup>	42.25%	20.99%	37.44%
\$253,415 to \$500,000	45.80%	25.89%	41.52%
Above \$500,000	48.00%	28.92%	44.05%

<sup>1</sup> The rate on capital gains is one-half the ordinary income tax rate.

<sup>2</sup> The federal and territorial basic personal amounts comprise 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 (\$239 federally and \$102 in Yukon) is eliminated; this results in additional federal and territorial income tax (e.g., 0.32% and 0.13%, respectively, on ordinary income) on taxable income between \$177,883 and \$253,414.

## Other personal tax measures

The budget confirms the following personal tax measures:

- ▶ As previously announced, a new refundable tax credit for fertility treatments and surrogacy services of up to \$10,000 annually is introduced, as of 2025.
- ▶ The Yukon child benefit will increase by 2% to a maximum of \$937 per child per year, as of 1 July 2025.

## Other tax measures

### Tax on vaping products

As previously announced and as a result of Yukon joining the coordinated vaping product taxation framework, the Canada Revenue Agency began, on 1 January 2025, collecting Yukon tax on vaping products sold in the territory. The levied rates are in addition to, and the same as, the federal rates.

### Tobacco tax

In keeping with the existing indexation link with changes to the Consumer Price Index in the *Tobacco Tax Act*, the tobacco tax rates have increased from 35 cents to 36 cents per cigarette and from 35 cents to 36 cents per gram of tobacco (other than cigarettes and cigars), as of 1 January 2025.

## Learn more

For more information, please contact your EY or EY Law advisor.

And for up-to-date information on the federal, provincial and territorial budgets, visit [ey.com/ca/Budget](https://ey.com/ca/Budget).

## **EY | Building a better working world**

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multidisciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

### **About EY's Tax Services**

EY's tax professionals across Canada provide you with deep technical knowledge, both global and local, combined with practical, commercial and industry experience. We offer a range of tax-saving services backed by in-depth industry knowledge. Our talented people, consistent methodologies and unwavering commitment to quality service help you build the strong compliance and reporting foundations and sustainable tax strategies that help your business achieve its potential. It's how we make a difference.

For more information, visit [ey.com/ca/tax](https://ey.com/ca/tax).

### **About EY Law LLP**

EY Law LLP is a national law firm affiliated with EY in Canada, specializing in tax law services, business immigration services and business law services.

For more information, visit [eylaw.ca](https://eylaw.ca).

### **About EY Law's Tax Law Services**

EY Law has one of the largest practices dedicated to tax planning and tax controversy in the country. EY Law has experience in all areas of tax, including corporate tax, human capital, international tax, transaction tax, sales tax, customs and excise.

For more information, visit <http://www.eylaw.ca/taxlaw>

© 2025 Ernst & Young LLP. All Rights Reserved.

A member firm of Ernst & Young Global Limited.

*This publication contains information in summary form, current as of the date of publication, and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for professional advice. Before taking any particular course of action, contact EY or another professional advisor to discuss these matters in the context of your particular circumstances. We accept no responsibility for any loss or damage occasioned by your reliance on information contained in this publication.*