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Tax Alert – Canada

Northwest Territories Budget 2026

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.

“[W]ith this Budget we will shift from restraint to readiness. We will focus on building partnerships and empowering our residents, communities, regions and partners to be ready to find, create, build and contribute to opportunities amidst uncertainties.”

“The arctic and subarctic regions of the world are in the geopolitical crosshairs. This brings many risks that the Northwest Territories cannot control and many opportunities that we do not have the financial or human resources to unlock on our own. Yet there is momentum around us that we must seize upon, not only as a government, but as a territory.”

*Northwest Territories Finance Minister Caroline Wawzonek
2026 budget speech*

On 5 February 2026, Northwest Territories Finance Minister Caroline Wawzonek tabled the territory's fiscal 2026 budget. The budget contains no new taxes and no income tax increases.

The minister anticipates an operating surplus of \$9 million for 2025-26 and projects an operating surplus of \$20 million for 2026-27, 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 2026 Northwest Territories corporate income tax rates are summarized in Table A.

Table A - 2026 Northwest Territories corporate income tax rates¹

	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 2026 Northwest Territories personal income tax rates are summarized in Table B.

Table B - 2026 Northwest Territories personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
\$0 to \$53,003	\$53,004 to \$106,009	\$106,010 to \$172,346	Above \$172,346
5.90%	8.60%	12.20%	14.05%

For taxable income in excess of \$172,346, the 2026 combined federal-Northwest Territories personal income tax rates are outlined in Table C.

Table C – Combined 2026 federal and Northwest Territories personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$172,347 to \$181,440	40.05%	18.67%	28.77%
\$181,441 to \$258,482 ²	43.34%	23.22%	32.56%
Above \$258,482	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 (\$14,829 for 2026) and an additional amount (\$1,623 for 2026). The additional amount is reduced for individuals with net income in excess of \$181,440 and is fully eliminated for individuals with net income in excess of \$258,482. Consequently, the additional amount is clawed back on net income in excess of \$181,440 until the additional tax credit of \$227 is eliminated; this results in additional federal income tax (e.g., 0.29% on ordinary income) on net income between \$181,441 and \$258,482.

Other tax measures

Property tax

In keeping with the existing indexing policy, property mill rates will be adjusted for inflation. However, as previously announced, the class 4 property tax mill rate will remain at the 2025-26 level to support diamond mines.

Carbon pricing

In line with the federal benchmark, the Northwest Territories industrial carbon tax rate will increase \$15 per carbon-equivalent tonne of greenhouse gas emissions to \$110 as of 1 April 2026.

Learn more

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