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# Tax Alert – Canada

## Alberta 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.

“Our responsibility is to the families raising kids, the workers keeping our economy moving, and the communities people rely on every day. This budget protects the services Albertans depend on while making sure we don’t pass on today’s challenges to the next generation. It’s about seeking stability when times are tough and making choices that keep Alberta strong, long term.”

*Alberta Minister of Finance and President of Treasury Board Nate Horner  
News release for the 2026 budget*

On 26 February 2026, Alberta Minister of Finance and President of Treasury Board Nate Horner tabled the province’s fiscal 2026 budget. The budget contains new tax measures affecting individuals and corporations but contains no new income taxes and no income tax increases.

The minister anticipates a deficit of \$9.4b for 2026-27 and projects further deficits of \$7.6b for 2027-28 and \$6.9b for 2028-29.

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 tax rates or the \$500,000 small-business limit.

Alberta’s 2026 corporate income tax rates are summarized in Table A.

Table A - 2026 Alberta corporate income tax rates<sup>1</sup>

	Alberta	Federal and Alberta combined
Small-business tax rate <sup>2</sup>	2.00%	11.00%
General corporate tax rate <sup>2,3</sup>	8.00%	23.00%

<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 Alberta 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).

## Other business tax measures

The minister also proposed the following business tax measure:

- ▶ **Data centre levy** - The *Alberta Corporate Tax Act* was amended in 2025 to include a new data centre levy framework, which is intended to impose a levy of up to 2% on the value of computing equipment in large-scale data centres in Alberta. This levy is fully deductible against a data centre’s corporate income taxes. The budget confirmed that the government intends to introduce amendments that clarify that the data centre levy will be calculated based on actual power consumption and that power not drawn from Alberta’s existing power grid will be eligible for a 0% levy rate.

# Personal tax

## Personal income tax rates

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

The 2026 Alberta personal income tax rates are summarized in Table B.

**Table B - 2026 Alberta personal income tax rates**

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate	Sixth bracket rate
\$0 to \$61,200	\$61,201 to \$154,259	\$154,260 to \$185,111	\$185,112 to \$246,813	\$246,814 to \$370,220	Above \$370,220
8.00%	10.00%	12.00%	13.00%	14.00%	15.00%

For taxable income in excess of \$246,813, the 2026 combined federal-Alberta personal income tax rates are outlined in Table C.

**Table C - Combined 2026 federal and Alberta personal income tax rates**

Bracket	Ordinary income <sup>1</sup>	Eligible dividends	Non-eligible dividends
\$246,814 to \$258,482 <sup>2</sup>	43.29%	27.82%	36.89%
\$258,483 to \$370,220	47.00%	32.93%	41.15%
Above \$370,220	48.00%	34.31%	42.30%

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

<sup>2</sup> 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.

## Personal tax credits

This budget proposes changes to the following personal credits:

- ▶ **Alberta caregiver credit** - Effective for the 2027 and subsequent taxation years, the caregiver credit and the infirm dependent credit will be consolidated into a new Alberta caregiver credit. This new credit will be available to a caregiver who cares for an eligible adult relative, including a spouse, who is dependent on the caregiver because of a physical or mental infirmity. The new credit will be based on the structure of the current caregiver credit, which has a maximum amount of \$13,180 in 2026, and is reduced when the dependent's income exceeds \$20,956. The amount of the credit and the income threshold will be adjusted annually in subsequent years to account for changes in cost of living in accordance with Alberta's escalator policy. The tax credit is not available for non-infirm parents or grandparents that reside with the individual.

## Other tax measures

### Vehicle rental tax

- ▶ Budget 2026 introduced a new tax on vehicle rentals in Alberta, effective 1 January 2027. The vehicle rental tax will apply to passenger vehicles and will be calculated at a rate of 6% of the price of the vehicle rental, excluding the federal GST and itemized charges for insurance and fuel.

### Tourism levy

- ▶ Budget 2026 increases the tourism levy from 4% to 6%, effective 1 April 2026. The tourism levy applies to short-term accommodation rentals in Alberta (e.g., hotels and motels).

### Education property tax

- ▶ Budget 2026 increases the education property tax rates in 2026-27 from \$2.72 to \$2.84/\$1,000 of equalized assessment for residential/farmland properties, and from \$4.00 to \$4.17/\$1,000 of equalized assessment for non-residential properties.

## Learn more

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