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Tax Alert – Canada

Saskatchewan 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.

“The 2026-27 Budget, Protecting Saskatchewan, prioritizes protecting the areas that matter most to Saskatchewan residents. Protecting Saskatchewan means protecting our economy and jobs, health care, communities and students, while ensuring Saskatchewan remains among the most affordable provinces in the nation for families and residents.”

*Saskatchewan Finance Minister Jim Reiter
2026 budget*

On 18 March 2026, Saskatchewan Finance Minister Jim Reiter tabled the province’s fiscal 2026 budget. The budget contains several tax measures affecting individuals and corporations.

The minister anticipates a deficit of \$819.4 million for 2026-27 and projects deficits for each of the next three years, with a surplus projected for 2030-31.

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 \$600,000 small-business limit.

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

Table A - 2026 Saskatchewan corporate income tax rates¹

	Saskatchewan	Federal and Saskatchewan combined
Small-business tax rate ²	1.00%	10.00% (up to \$500k) 16.00% (\$500k-\$600k)
General manufacturing and processing tax rate ²	10.00%	25.00%
General corporate tax rate ^{2, 3}	12.00%	27.00%

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 Saskatchewan rates above.
³ An additional federal 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 measures:

- ▶ **Research and development (R&D) tax credit** - The budget expands the refundable R&D tax credit for Canadian-controlled private corporations by increasing the limit on annual qualifying expenditures from \$1 million to \$2 million, effective retroactive to 16 December 2024. The list of qualifying expenditures for all corporations is also expanded to include capital expenditures, including the cost of new machinery, equipment and related lease or rental costs. These measures are being adopted in conjunction with the federal expansion of the Scientific Research and Experimental Development incentive program.

- ▶ **Saskatchewan chemical fertilizer incentive** - The budget announces a five-year extension to the Saskatchewan chemical fertilizer incentive. This incentive provides a non-refundable, non-transferable 15% income tax credit on capital expenditures valued at \$10 million or more for newly constructed or expanded eligible chemical fertilizer production facilities in Saskatchewan. Eligible corporations that receive conditional approval by 31 December 2026 will now have until 31 December 2031 to meet the minimum \$10 million capital investment threshold.
- ▶ **Corporation capital tax (CCT)**
 - ▶ **Large financial institutions** - The budget announces an increase in the large financial institution CCT rate from 4% to 6%, effective 1 April 2026.
 - ▶ **Small financial institutions** - The budget announces the elimination of the small financial institution CCT, effective 1 April 2026.
 - ▶ **Crown corporations** - The budget announces a reduction to the federal and provincial commercial Crown corporation CCT rate from 0.6% to 0.3%, effective 1 April 2026. Both the CCT on federal and provincial commercial Crown corporations and the CCT surtax on telecommunications will be eliminated, effective 1 April 2027.

Personal tax

Personal income tax rates

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

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

Table B - 2026 Saskatchewan personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate
\$0 to \$54,532	\$54,533 to \$155,805	Above \$155,805
10.50%	12.50%	14.50%

For taxable income in excess of \$155,805, the 2026 combined federal-Saskatchewan personal income tax rates are outlined in Table C.

Table C - Combined 2026 federal and Saskatchewan personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$155,806 to \$181,440	40.50%	19.98%	33.29%
\$181,441 to \$258,482 ²	43.79%	24.53%	37.08%
Above \$258,482	47.50%	29.64%	41.34%

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.

Personal tax credits

This budget proposes changes to the following personal credits/amounts:

- ▶ **Volunteer first responders' tax credit** - The budget announces an increase to the volunteer first responders' tax credit to \$6,000 from \$3,000 beginning in 2026. This non-refundable credit is for volunteer firefighters, volunteer emergency medical first responders, and search and rescue volunteers who perform at least 200 hours of eligible volunteer services in a year.

Other tax measures

- ▶ **High water-cut oil well program** - The budget announces a five-year extension to the high water-cut oil well (royalty rate reduction) program to 31 March 2031. The minimum investment per well will also be increased from \$20,000 to \$30,000.
- ▶ **Saskatchewan technology start-up incentive** - The budget announces the expansion of the existing Saskatchewan Technology Start-up Incentive (STSI) to include eligible life sciences businesses. The STSI provides a non-refundable 45% income tax credit for individual or corporate investments in eligible start-up businesses.

Learn more

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