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Tax Alert – Canada

Yukon 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 budget ... charts a responsible fiscal path for the territory.

This budget is a realistic and common-sense plan that will deliver actual results for Yukoners, while getting us back on a responsible fiscal track.”

*Yukon Finance Minister Currie Dixon
2026 budget speech*

On 19 March 2026, Yukon Finance Minister Currie Dixon tabled the territory’s fiscal 2026 budget. The budget contains no new taxes and no income tax increases.

The minister anticipates a deficit of \$81.8 million for 2026-27 (the largest deficit recorded in the Yukon), with a projected return to a surplus in 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 corporate income tax rates or the \$500,000 small-business limit.

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

Table A - 2026 corporate income tax rates¹

	Yukon	Federal and Yukon combined
Small-business tax rate ²	0.00%	9.00%
General manufacturing and processing tax rate ²	2.50%	17.50%
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 Yukon 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 Yukon personal income tax rates are summarized in Table B.

Table B - 2026 Yukon personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$58,523	\$58,524 to \$117,045	\$117,046 to \$181,440	\$181,441 to \$500,000	Above \$500,000
6.40%	9.00%	10.90%	12.80%	15.00%

For taxable income in excess of \$181,440, the 2026 combined federal-Yukon personal income tax rates are outlined in Table C.

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

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$181,441 to \$258,482 ²	42.23%	20.96%	37.41%
\$258,483 to \$500,000	45.80%	25.89%	41.52%
Above \$500,000	48.00%	28.92%	44.05%

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

² The federal and territorial basic personal amounts comprise 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 (\$227 federally and \$104 in Yukon) is eliminated; this results in additional federal and territorial income tax (e.g., 0.29% and 0.13%, respectively, on ordinary income) on net income between \$181,441 and \$258,482.

Other tax measures

Tobacco tax

In keeping with the existing indexation link under the *Tobacco Tax Act* to changes in the Consumer Price Index, the tobacco tax rates have increased from 36 cents to 37 cents per cigarette and from 36 cents to 37 cents per gram of tobacco (other than cigarettes and cigars) as of 1 January 2026.

Learn more

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