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Tax Alert – Canada

Nunavut 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.

“This budget (...) is a statement about priorities. It reflects where this government believes we must continue investing, where we must remain disciplined, and where Nunavummiut most need to see progress.”

*Nunavut Premier and Finance Minister John Main
2026 budget speech*

On 25 May 2026, Nunavut Premier and Finance Minister John Main tabled the territory’s fiscal 2026 budget. The budget contains no new taxes and no income tax increases.

The minister anticipates an operating deficit of \$312.7 million for 2025-26 and projects an operating deficit of \$169.3 million for 2026-27.

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.

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

Table A - 2026 Nunavut corporate income tax rates¹

	Nunavut	Federal and Nunavut combined
Small-business tax rate ²	3.00%	12.00%
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 Nunavut 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 Nunavut personal income tax rates are summarized in Table B.

Table B - 2026 Nunavut personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
\$0 to \$55,801	\$55,802 to \$111,602	\$111,603 to \$181,439	Above \$181,439
4.00%	7.00%	9.00%	11.50%

For taxable income in excess of \$117,045, the 2026 combined federal-Nunavut personal income tax rates are outlined in Table C.

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

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$117,046 to \$181,440	35.00%	19.97%	26.87%
\$181,441 to \$258,482 ²	40.79%	27.97%	33.53%
Above \$258,482	44.50%	33.08%	37.79%

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

- ▶ **Nunavut Child Benefit** - The budget proposes to double the Nunavut Child Benefit and to subsequently increase it each year to help keep up with the rising cost of living. Details regarding the payment structure of the enhanced benefit will be worked out with the Canada Revenue Agency in the next few months.

Other tax measures

Property tax

Property tax mill rates for the general taxation area (i.e., all properties outside of Iqaluit) will be increased by 10% for the 2026 tax year.

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