

## **Backgrounder: Saskatchewan Small Businesses Tax Reduction**

A re-elected Saskatchewan Party government will introduce a three-year reduction to the small business tax rate, as part of the Saskatchewan Party's plan to support Saskatchewan's economic recovery from COVID-19.

The small business tax reduction will benefit about 31,000 incorporated Saskatchewan small businesses, saving them over \$189 million in provincial taxes over the next three years – an average savings of over \$6,100 per Saskatchewan small business.

### **Program Details:**

To support Saskatchewan small businesses as they sustain operations, retain and hire new employees and grow their businesses, a Saskatchewan Party government will:

- Reduce the small business tax rate from two percent to zero, beginning October 1, 2020.
- Move the small business tax rate to one percent beginning July 1<sup>st</sup>, 2022.
- Move the small business tax rate back to its current two percent, beginning July 1<sup>st</sup> 2023.
- The amount which small business can earn at the small business tax rate will remain at \$600,000 – the highest in Canada.

### **Background:**

- The Saskatchewan Party lowered the small business tax rate to two per cent in 2011.
- Saskatchewan's small business tax rate is tied with two other provinces for the second lowest provincial tax rate in Canada. By comparison, the federal tax rate on incorporated small businesses is nine per cent.
- In 2018, the Saskatchewan Party increased the income threshold for the small business tax rate from \$500,000 to \$600,000 – the highest in Canada.
- Small businesses continue to be a significant contributor to Saskatchewan's economy: In 2018, Saskatchewan had the highest rate of small businesses per capita in Canada.
- The incorporated small business tax rate generates \$84M annually in revenue.

### **Cost:**

- **2020-21: \$42M**
- **2021-22: \$84M**
- **2022-23: \$52.5M**
- **2023-24: \$10.5M**