

EXPLANATORY NOTES
BILL
No. 13
An Act to amend *The Income Tax Act, 2000*

**Clause
of Bill**

1 *The Income Tax Amendment Act, 2025*

2 *The Income Tax Act, 2000*

3 **Existing Provision** section 11

Basic Personal Amount

11(1) For the purpose of computing the tax payable pursuant to this Act for the 2017 through 2020 taxation years by an individual, there may be deducted a basic personal credit in an amount A determined in accordance with the following formula:

$$A = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and

TCA is \$16,065.

[...]

(3) For the purpose of computing the tax payable pursuant to this Act for the taxation years 2025 through 2028 by an individual, there may be deducted a basic personal credit in the amount A determined in accordance with the following formula:

(a) for the 2025 taxation year:

$$A = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and TCA is \$19,491;

(b) for the 2026 taxation year:

$$A = AP \times [TCA \times (1 + F) + \$500]$$

where:

AP is the appropriate percentage for the taxation year; TCA is the amount for that variable as determined in accordance with clause (a); and F is the adjustment factor as calculated pursuant to subsection 51(3);

(c) for the 2027 taxation year:

$$A = AP \times [TCA \times (1 + F) + \$500]$$

where:

AP is the appropriate percentage for the taxation year; TCA is the amount for that variable as determined in accordance with clause (b); and F is the adjustment factor as calculated pursuant to subsection 51(3);

(d) for the 2028 taxation year:

$$A = AP \times [TCA \times (1 + F) + \$500]$$

(4) For the purpose of computing the tax payable pursuant to this Act for the 2029 and subsequent taxation years by an individual, there may be deducted a basic personal credit in the amount A determined in accordance with the following formula:

$$A = AP \times [TCA \times (1 + F)]$$

where:

AP is the appropriate percentage for the taxation year; TCA is the amount for that variable as determined in accordance with clause (3)(d); and F is the adjustment factor as calculated pursuant to subsection 51(3).

Explanation

The Basic Personal Amount Tax Credit is a standard tax credit that can be claimed by all individuals. The purpose of the Basic Personal Amount is to provide a full reduction from provincial income tax to all individuals with taxable income below the Basic Personal Amount. It also provides a partial reduction to taxpayers with taxable income above the Basic Personal Amount. The updates for 2026 to 2028 change the formulas for calculating the tax credit. This new method ensures:

- The previous year's tax credit amount (already adjusted for indexation and any enhancements that were added that year) is used as the starting point.
- Current year adjustments for indexation and enhancements are then added on top of this.

The changes to 2029 and beyond are being updated to ensure that the tax credit calculation continues to properly account for indexation and enhancements for future years.

4 **Existing Provision** section 12

Spousal credit

12(1) For the purpose of computing the tax payable pursuant to this Act for the 2017 through 2020 taxation years by an individual described in paragraph (a) of the description of B in subsection 118(1) of the federal Act, there may be deducted a spousal credit in an amount B determined in accordance with the following formula:

$$B = AP \times TCA$$

(3) For the purpose of computing the tax payable pursuant to this Act for the 2025 through 2028 taxation years by an individual described in paragraph (a) of the description of B in subsection 118(1) of the federal Act, there may be deducted a spousal credit in an amount B determined in accordance with the following formula:

(a) for the 2025 taxation year:

$$B = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and TCA is

$$[\$19,491 - (SI - \$1,949)]$$

where SI is the greater of:

(i) \$1,949; and

(ii) either:

(A) the income for the year of the individual's spouse or common-law partner; or

(B) where the individual and the individual's spouse or common-law partner are living separate and apart at the end of the taxation year because of a breakdown of the marriage or common-law partnership, the income for the year of the spouse or common-law partner while married or in the common-law partnership and not so separated;

(b) for the 2026 taxation year:

AP is the appropriate percentage for the taxation year; and

$$TCA \text{ is } [SIT \times (1 + F) + \$500] - \{SI - 0.1 \times [SIT \times (1 + F) + \$500]\}$$

where:

SIT is the amount of the variable TCA calculated in accordance with clause (a); F is the adjustment factor as calculated pursuant to subsection 51(3); and SI is the greater of:

(i) $0.1 \times [SIT \times (1 + F) + \$500]$; and

(ii) either:

(A) the income for the year of the individual's spouse or common-law partner;
or

(B) where the individual and the individual's spouse or common-law partner are living separate and apart at the end of the taxation year because of a breakdown of the marriage or common-law partnership, the income for the year of the spouse or common-law partner while married or in the common-law partnership and not so separated;

(c) for the 2027 taxation year:

AP is the appropriate percentage for the taxation year; and

TCA is $[SIT \times (1 + F) + \$500] - \{SI - 0.1 \times [SIT \times (1 + F) + \$500]\}$

where:

SIT is the amount of the variable TCA calculated in accordance with clause (b); F is the adjustment factor as calculated pursuant to subsection 51(3); and SI is the greater of:

- (i) $0.1 \times [SIT \times (1 + F) + \$500]$; and
- (ii) either:

- (A) the income for the year of the individual's spouse or common-law partner; or

- (B) where the individual and the individual's spouse or common-law partner are living separate and apart at the end of the taxation year because of a breakdown of the marriage or common-law partnership, the income for the year of the spouse or common-law partner while married or in the common-law partnership and not so separated;

(d) for the 2028 taxation year:

AP is the appropriate percentage for the taxation year; and

TCA is $[SIT \times (1 + F) + \$500] - \{SI - 0.1 \times [SIT \times (1 + F) + \$500]\}$

where:

SIT is the amount of the variable TCA calculated in accordance with clause (c);

F is the adjustment factor as calculated pursuant to subsection 51(3); and SI is the greater of:

- (i) $0.1 \times [SIT \times (1 + F) + \$500]$; and

- (ii) either:

- (A) the income for the year of the individual's spouse or common-law partner; or

- (B) where the individual and the individual's spouse or common-law partner are living separate and apart at the end of the taxation year because of a breakdown of the marriage or common-law partnership, the income for the year of the spouse or common-law partner while married or in the common-law partnership and not so separated.

(4) For the purpose of computing the tax payable pursuant to this Act for the 2029 taxation year by an individual described in paragraph (a) of the description of B in subsection 118(1) of the federal Act, there may be deducted a spousal credit in an amount B determined in accordance with the following formula:

$$B = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and

TCA is $[SIT \times (1 + F)] - \{SI - 0.1 \times [SIT \times (1 + F)]\}$

where:

SIT is the amount of the variable SIT calculated in accordance with clause (3)(d);

F is the adjustment factor as calculated pursuant to subsection 51(3); and SI is the greater of:

(a) $0.1 \times \text{SIT}$; and

(b) either:

(i) the income for the year of the individual's spouse or common-law partner; or

(ii) where the individual and the individual's spouse or common-law partner are living separate and apart at the end of the taxation year because of a breakdown of the marriage or common-law partnership, the income for the year of the spouse or common-law partner while married or in the common-law partnership and not so separated.

(5) For the 2030 and subsequent taxation years, the formula set out in subsection (4) applies subject to the dollar amounts and the description of SI being adjusted in accordance with subsection 51(3).

Explanation

The Spousal Credit is a non-refundable tax credit that provides financial relief to individuals who are supporting a spouse or common-law partner with little to no income. The updates for 2026 to 2028 change the formulas for calculating the tax credit. This new method ensures:

- The previous year's tax credit amount (already adjusted for indexation and any enhancements that were added that year) is used as the starting point.
- Current year adjustments for indexation and enhancements are then added on top of this.

The changes to 2029 and beyond are being updated to ensure that the tax credit calculation continues to properly account for indexation for future years.

5 **Existing Provision** section 13

Equivalent-to-spouse credit

13(1) For the purpose of computing the tax payable pursuant to this Act for the taxation years 2017 through 2020 by an individual described in paragraph (b) of the description of B in subsection 118(1) of the federal Act who does not claim a spousal credit pursuant to section 12 of this Act for the taxation year, there may be deducted an equivalent-to-spouse credit in an amount C determined in accordance with the following formula:

$$C = AP \times TCA$$

[...]

(3) For the purpose of computing the tax payable pursuant to this Act for the taxation years 2025 through 2028 by an individual described in paragraph (b) of the description of B in subsection 118(1) of the federal Act who does not claim a spousal credit pursuant to section 12 of this Act for the taxation year, there may be deducted an equivalent-to-spouse credit in an amount C determined in accordance with the following formula:

(a) for the 2025 taxation year:

$$C = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and

TCA is $\$19,491 - (EI - \$1,949)$

where EI is the greater of:

(i) \$1,949; and

(ii) the income for the year of the person with respect to whom the equivalent-to-spouse credit is being claimed;

(b) for the 2026 taxation year:

$$C = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and

TCA is $[SIT \times (1 + F) + \$500] - \{EI - 0.1 \times [SIT \times (1 + F) + \$500]\}$

where:

SIT is the amount of the variable TCA calculated in accordance with clause (a); F is the adjustment factor as calculated pursuant to subsection 51(3); and EI is the greater of:

(i) $0.1 \times SIT$; and

(ii) the income for the year of the person with respect to whom the equivalent-to-spouse credit is being claimed;

(c) for the 2027 taxation year:

$$C = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and

TCA is $[SIT \times (1 + F) + \$500] - \{EI - 0.1 \times [SIT \times (1 + F) + \$500]\}$

where:

SIT is the amount of the variable TCA calculated in accordance with clause (b); F is the adjustment factor as calculated pursuant to subsection 51(3); and EI is the greater of:

(i) $0.1 \times SIT$; and

(ii) the income for the year of the person with respect to whom the equivalent-to-spouse credit is being claimed;

(d) for the 2028 taxation year:

$$C = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and

TCA is $[SIT \times (1 + F) + \$500] - \{EI - 0.1 \times [SIT \times (1 + F) + \$500]\}$

where:

SIT is the amount of the variable TCA calculated in accordance with clause (c); F is the adjustment factor as calculated pursuant to subsection 51(3); and EI is the greater of:

(i) $0.1 \times SIT$; and

(ii) the income for the year of the person with respect to whom the equivalent-to-spouse credit is being claimed.

(4) For the purpose of computing the tax payable pursuant to this Act for the 2029 taxation year by an individual described in paragraph (b) of the description of B in subsection 118(1) of the federal Act who does not claim a spousal credit pursuant to section 12 of this Act for the taxation year, there may be deducted an equivalent-to-spouse credit in an amount C determined in accordance with the following formula:

$$C = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and

TCA is $[SIT \times (1 + F)] - \{EI - 0.1 \times [SIT \times (1 + F)]\}$

where:

SIT is the amount of the variable SIT calculated in accordance with clause (3)(d);

F is the adjustment factor as calculated pursuant to subsection 51(3); and

EI is the greater of:

(a) $0.1 \times SIT$; and

(b) the income for the year of the person with respect to whom the equivalent-to-spouse credit is being claimed.

(5) For the 2030 and subsequent taxation years, the formula set out in subsection (4) applies subject to the dollar amounts and the description of EI being adjusted in accordance with subsection 51(3).

Explanation

The Equivalent-to-Spouse Tax Credit is a non-refundable tax credit to help individuals who are supporting a dependent (child or a relative) and do not have a spouse or common-law partner. It is meant to provide similar tax relief that couples receive. The updates for 2026 to 2028 change the formulas for calculating the tax credit. This new method ensures:

- The previous year's tax credit amount (already adjusted for indexation and any enhancements that were added that year) is used as the starting point.
- Current year adjustments for indexation and enhancements are then added on top of this.

The changes to 2029 and beyond are being updated to ensure that the tax credit calculation continues to properly account for indexation for future years.

6

Existing Provision section 19

Dependent child credit

19(1) (1) Subject to subsections (1.1), (2) and (3), for the purpose of computing the tax payable pursuant to this Act for the taxation years 2017 through 2020 by an individual who is resident in Saskatchewan on the last day of the taxation year, there may be deducted a dependent child credit in an amount I determined in accordance with the following formula:

$$I = AP \times Y \times QD$$

[...]

(4) Subject to subsections (1.1), (2) and (3), for the purpose of computing the tax payable pursuant to this Act for the taxation years 2025 through 2028 by an individual who is resident in Saskatchewan on the last day of the taxation year, there may be deducted a dependent child credit in an amount I determined in accordance with the following formula:

(a) for the 2025 taxation year:

$$I = AP \times Y \times QD$$

where:

AP is the appropriate percentage for the taxation year;

Y is \$7,704; and

QD is the number of children to whom subsection (2) applies;

(b) for the 2026 taxation year:

$$I = AP \times (Y \times QD)$$

where:

AP is the appropriate percentage for the taxation year;

Y is $[\$7,704 \times (1 + F)] + \500

where F is the adjustment factor as calculated pursuant to subsection 51(3); and QD is the number of children to whom subsection (2) applies;

(c) for the 2027 taxation year:

$$I = AP \times \{[Y \times (1 + F) + \$500] \times QD\}$$

where:

AP is the appropriate percentage for the taxation year;

Y is the amount for that variable as determined in accordance with clause (b); F is the adjustment factor as calculated pursuant to subsection 51(3); and QD is the number of children to whom subsection (2) applies;

(d) for the 2028 taxation year:

$$I = AP \times \{[Y \times (1 + F) + \$500] \times QD\}$$

where:

AP is the appropriate percentage for the taxation year; Y is the amount for that variable as determined in accordance with clause (c); F is the adjustment factor as calculated pursuant to subsection 51(3); and QD is the number of children to whom subsection (2) applies.

(5) Subject to subsections (1.1), (2) and (3), for the purpose of computing the tax payable pursuant to this Act for the 2029 and subsequent taxation years by an individual who is resident in Saskatchewan on the last day of the taxation year, there may be deducted a dependent child credit in an amount I determined in accordance with the following formula:

$$I = AP \times \{[Y \times (1 + F)] \times QD\}$$

where:

AP is the appropriate percentage for the taxation year; Y is the amount for that variable as determined in accordance with clause (4)(d); and QD is the number of children to whom subsection (2) applies.

(6) For the 2030 and subsequent taxation years, the formula set out in subsection (5) applies subject to the dollar amount in Y being adjusted in accordance with subsection 51(3).

Explanation

The Dependent Child Tax Credit is a non-refundable tax credit that helps parents or guardians by reducing the amount of income tax they owe for each dependent child. The updates for 2026 to 2028 change the formulas for calculating the tax credit. This new method ensures:

- The amount from the previous year (adjusted for indexation and any enhancements added that year) is used as the starting point.
- Adjustments for indexation and enhancements specific to the current year are then added to this starting amount.

The changes to 2029 and beyond are being updated to ensure that the tax credit calculation continues to properly account for indexation and enhancements for future years.

7

Existing Provision section 20

Senior supplementary credit

20(1) For the purpose of computing the tax payable pursuant to this Act for the taxation years 2017 through 2020 by an individual described in subsection (2), there may be deducted a senior supplementary credit in an amount J determined in accordance with the following formula:

$$J = AP \times Y$$

(1.2) For the purpose of computing the tax payable pursuant to this Act for the taxation years 2025 through 2028 by an individual described in subsection (2), there may be deducted a senior supplementary credit in an amount J determined in accordance with the following formula:

(a) for the 2025 taxation year:

$$J = AP \times Y$$

where:

AP is the appropriate percentage for the taxation year; and

Y is \$2,028;

(b) for the 2026 taxation year:

$$J = AP \times [Y \times (1 + F) + \$500]$$

where:

AP is the appropriate percentage for the taxation year;

Y is the amount of that variable as determined in accordance with clause (a); and F is the adjustment factor as calculated pursuant to subsection 51(3);

(c) for the 2027 taxation year:

$$J = AP \times [Y \times (1 + F) + \$500]$$

where:

AP is the appropriate percentage for the taxation year;

Y is the amount of that variable as determined in accordance with clause (b); and F is the adjustment factor as calculated pursuant to subsection 51(3);

(d) for the 2028 taxation year:

$$J = AP \times [Y \times (1 + F) + \$500]$$

where:

AP is the appropriate percentage for the taxation year;

Y is the amount of that variable as determined in accordance with clause (c); and F is the adjustment factor as calculated pursuant to subsection 51(3).

(1.3) For the purpose of computing the tax payable pursuant to this Act for the 2029 and subsequent taxation years by an individual described in subsection (2), there may be deducted a senior supplementary credit in an amount J determined in accordance with the following formula:

$$J = AP \times [Y \times (1 + F)]$$

where:

AP is the appropriate percentage for the taxation year; and

Y is the amount of that variable as determined in accordance with clause (1.2)(d).

(1.4) For the 2030 and subsequent taxation years, the formula set out in subsection (1.3) applies subject to the dollar amount of Y being adjusted in accordance with subsection 51(3).

Explanation

The Senior Supplementary Tax Credit is a non-refundable tax credit provided to support Saskatchewan seniors by reducing the income tax they owe. The updates for 2026 to 2028 change the formulas for calculating the tax credit. This new method ensures:

- The amount from the previous year (adjusted for indexation and any enhancements added that year) is used as the starting point.
- Adjustments for indexation and enhancements specific to the current year are then added to this starting amount.

The changes to 2029 and beyond are being updated to ensure that the tax credit calculation continues to properly account for indexation and enhancements for future years.

8

Existing Provision section 23

Mental or physical impairment credit

23(1) Subject to subsection (2), for the purpose of computing the tax payable pursuant to this Act for the taxation years 2017 through 2020 by an individual who is eligible for a deduction pursuant to subsection 118.3(1) of the federal Act, there may be deducted a credit with respect to mental or physical impairment in an amount K calculated in accordance with the following formula:

$$K = AP \times TCA$$

[...]

(2.4) Subject to subsection (2.5), for the purpose of computing the tax payable pursuant to this Act for the 2026 and subsequent taxation years by an individual who is eligible for a deduction pursuant to subsection 118.3(1) of the federal Act, there may be deducted a credit with respect to mental or physical impairment in an amount K calculated in accordance with the following formula:

$$K = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and

TCA is $\$13,986 \times (1 + F)$

where F is the adjustment factor as calculated pursuant to subsection 51(3).

(2.5) For the 2026 and subsequent taxation years, in the case of an individual who is entitled to a credit pursuant to subsection (2.4) and has not attained the age of 18 years before the end of the taxation year, the amount K calculated pursuant to subsection (2.4) is to be increased by an amount S calculated in accordance with the following formula:

$$S = AP \times TCA$$

where:

AP is the appropriate percentage for the taxation year; and

TCA is $[\$13,986 \times (1 + F)] - [C - \$3,277 \times (1 + F)]$

where:

F is the adjustment factor as calculated pursuant to subsection 51(3); and

C is the greater of:

(a) $\$3,277$ adjusted for the 2026 and subsequent taxation years in accordance with subsection 51(3); and

(b) the total of all amounts each of which is an amount paid in the taxation year for the care or supervision of the individual and included in computing a deduction pursuant to section 63, 64, 64.01 or 118.2 of the federal Act for the taxation year.

Explanation

The Disability Tax Credit is a non-refundable tax credit designed to help people with disabilities, or their families reduce the amount of income tax they owe. It recognizes the extra costs associated with living with a disability. The DTC supplement for persons under age 18 is an additional amount that can be claimed for children under 18 who qualify for the Disability Tax Credit. It provides extra financial support to families with children who have disabilities.

The recent amendment ensures that starting in 2026, the amounts for the Disability Tax Credit and the supplement will be adjusted (or "indexed") properly each year to account for inflation following the 25 per cent increase to this tax credit in 2025.

9

Existing Provision section 39

Saskatchewan low-income tax credit

39(1) In this section:

- (a) "adjusted income" means adjusted income as defined in subsection 122.5(1) of the federal Act;
- (b) "eligible individual" means an individual who is an eligible individual as defined in subsection 122.5(1) of the federal Act and who is not excluded from this definition by virtue of subsection 122.5(2) of the federal Act;
- (c) "qualified dependant" means a qualified dependant as defined in subsection 122.5(1) of the federal Act and who is not excluded from this definition by virtue of subsection 122.5(2) of the federal Act;
- (d) "qualified relation" means a qualified relation as defined in subsection 122.5(1) of the federal Act and who is not excluded from this definition by virtue of subsection 122.5(2) of the federal Act;
- (e) "return of income" means a return of income as defined in subsection 122.5(1) of the federal Act;
- (f) "shared-custody parent" means, subject to subsection (2.1), a shared-custody parent as defined in section 122.6 of the federal Act. Subject to subsection (2), for the purpose of computing the tax payable pursuant to this Act for the taxation years 2017 through 2020 by an individual who is eligible for a deduction pursuant to subsection 118.3(1) of the federal Act, there may be deducted a credit with respect to mental or physical impairment in an amount K calculated in accordance with the following formula:

[...]

(5.2) (b) for the 2026 taxation year:

- (i) an amount that is equal to $[\$429 \times (1 + F)] \times 1.05$, where F is the adjustment factor as calculated pursuant to subsection 51(3);
- (ii) the amount calculated in accordance with subclause (i) where the individual has a qualified relation for the taxation year;
- (iii) the amount calculated in accordance with subclause (i) where the individual:
 - (A) has no qualified relation for the taxation year; and
 - (B) is entitled to deduct an amount for the taxation year pursuant to subsection 118(1) of the federal Act because of paragraph (b) of the description of B in that

subsection with respect to a qualified dependant of the individual for the taxation year; and

(iv) where the individual has one or more qualified dependants for the taxation year, not including a qualified dependant with respect to whom the amount set out in subclause (iii) is included in computing the amount B for the taxation year:

(A) an amount that is equal to $[\$169 \times (1 + F)] \times 1.05$, if:

(I) the amount set out in subclause (iii) is included in computing the amount B for the individual for the taxation year; or

(II) the amount set out in subclause (iii) is not included in computing the amount B for the individual for the taxation year and the individual has only one qualified dependant for the taxation year; and

(B) two times the amount set out in paragraph (A) if the amount set out in subclause (iii) is not included in computing the amount B for the individual for the taxation year and the individual has two or more qualified dependants for the taxation year;

(c) for the 2027 taxation year:

(i) an amount that is equal to the amount calculated in accordance with subclause (b)(i) multiplied by $[(1 + F) \times 1.05]$, where F is the adjustment factor as calculated pursuant to subsection 51(3);

(ii) the amount calculated in accordance with subclause (i) where the individual has a qualified relation for the taxation year;

(iii) the amount calculated in accordance with subclause (i) where the individual:

(A) has no qualified relation for the taxation year; and

(B) is entitled to deduct an amount for the taxation year pursuant to subsection 118(1) of the federal Act because of paragraph (b) of the description of B in that subsection with respect to a qualified dependant of the individual for the taxation year; and

(iv) where the individual has one or more qualified dependants for the taxation year, not including a qualified dependant with respect to whom the amount set out in subclause (iii) is included in computing the amount B for the taxation year:

(A) an amount that is equal to the amount calculated in accordance with paragraph (b)(iv)(A) multiplied by $[(1 + F) \times 1.05]$, where F is the adjustment factor as calculated pursuant to subsection 51(3), if:

(I) the amount set out in subclause (iii) is included in computing the amount B for the individual for the taxation year; or

(II) the amount set out in subclause (iii) is not included in computing the amount B for the individual for the taxation year and the individual has only one qualified dependant for the taxation year; and

(B) two times the amount set out in paragraph (A) if the amount set out in subclause (iii) is not included in computing the amount B for the individual for the taxation year and the individual has two or more qualified dependants for the taxation year;

(d) for the 2028 taxation year:

(i) an amount that is equal to the amount calculated in accordance with subclause (c)(i) multiplied by $[(1 + F) \times 1.05]$, where F is the adjustment factor as calculated pursuant to subsection 51(3);

(ii) the amount calculated in accordance with subclause (i) where the individual has a qualified relation for the taxation year;

(iii) the amount calculated in accordance with subclause (i) where the individual:

(A) has no qualified relation for the taxation year; and

(B) is entitled to deduct an amount for the taxation year pursuant to subsection 118(1) of the federal Act because of paragraph (b) of the description of B in that subsection with respect to a qualified dependant of the individual for the taxation year; and

(iv) where the individual has one or more qualified dependants for the taxation year, not including a qualified dependant with respect to whom the amount set out in subclause (iii) is included in computing the amount B for the taxation year:

(A) an amount that is equal to the amount calculated in accordance with paragraph (c)(iv)(A) multiplied by $[(1 + F) \times 1.05]$, where F is the adjustment factor as calculated pursuant to subsection 51(3), if:

(I) the amount set out in subclause (iii) is included in computing the amount B for the individual for the taxation year; or

(II) the amount set out in subclause (iii) is not included in computing the amount B for the individual for the taxation year and the individual has only one qualified dependant for the taxation year; and

(B) two times the amount set out in paragraph (A) if the amount set out in subclause (iii) is not included in computing the amount B for the individual for the taxation year and the individual has two or more qualified dependants for the taxation year.

Explanation

The Saskatchewan Low-Income Tax Credit (SLITC) is a fully refundable, nontaxable benefit designed to assist Saskatchewan residents with low and modest incomes.

The current housekeeping amendment is minor and ensures that the indexation formula for SLITC now references the indexation calculation in a manner consistent with the amendments that were made to the formulas in the other tax credits.

10

Existing Provision section 39.1

Graduate tuition tax credit

39.1(1) In this section:

(a) “eligible individual”, with respect to a taxation year, means an individual:

(i) who was resident in Saskatchewan on the last day of the taxation year; and

(ii) to whom a graduate retention program eligibility certificate has been issued;

[...]

(8) To claim a graduate tuition tax credit with respect to a graduate retention program eligibility certificate, an eligible individual to whom the certificate was issued must file the graduate retention program eligibility certificate with the eligible individual's return of income for the taxation year in which the graduate retention program eligibility certificate was issued.

Explanation

The Saskatchewan Graduate Retention Program (GRP) is a tax rebate initiative aimed at encouraging post-secondary graduates to live and work in Saskatchewan.

The amendment to the GRP section that changes the text from “in” to “for” clarified the requirement that the eligible individual must file the certificate with their return of income for the taxation year for which the certificate was issued.

This allows Saskatchewan to put 2025 as the tax year on the ‘stub period top up’ certificate for the graduate to file with their 2025 income tax return even though the individual graduated in late 2024.

11

Existing Provision

None

Explanation

Section 39.5 is a new provision introducing the Fertility Treatment Tax Credit. For the purposes of this refundable tax credit, the federal definition of ‘co-habitation spouse’ is being leveraged. The Fertility Treatment Tax Credit utilizes the federal Act’s definitions for fertility treatment and surrogacy to determine eligible fertility treatment expenses.

Beginning in the 2025 taxation year, the lesser of \$10,000 and 50% of total fertility treatment expenses are available through a refundable tax credit for individuals who incur eligible fertility treatment expenses in Saskatchewan.

Similar to the Medical Expense Tax Credit rules in the federal Act, eligible claimants may use a rolling 12-month period to calculate eligible fertility treatment expenses.

Each tax filer can claim one lifetime Fertility Treatment Tax Credit. Any fertility treatment expenses that are reimbursed by a health care plan are not eligible for this tax credit.

12

Existing Provision section 42

Credits in year of bankruptcy

42(1) Notwithstanding sections 11 to 29 but subject to subsection (2), for the purpose of computing an individual’s tax payable pursuant to this Act for a taxation year that ends in a calendar year in which the individual becomes bankrupt, the individual is allowed:

(a) of the deductions that the individual is entitled to pursuant to sections 18, 19.11, 19.2, 19.3, 19.4, 19.5, 21, 22, 24, 25, 27, and 28, only those that can reasonably be considered wholly applicable to the taxation year; and

(b) of the deductions that the individual is entitled to pursuant to sections 11, 12, 13, 14, 15, 16, 17, 19, 19.1, 20, 23 and 29, only the part that can reasonably be considered applicable to the taxation year.

(2) The total of the amounts deductible in accordance with subsection (1) for all taxation years of the individual in the calendar year pursuant to any of the provisions mentioned in clause (1)(a) or (b) cannot exceed the amount that would have been deductible pursuant to that provision with respect to the calendar year if the individual had not become bankrupt.

(3) Repealed. 2016, c.3, s.8.

(4) Repealed. 2016, c.3, s.8.

Explanation

The section on Credits in Year of Bankruptcy outlines specific rules for calculating an individual's tax payable during a year in which they declare bankruptcy. In essence, this ensures that an individual who declares bankruptcy can only claim deductions that are reasonably applicable to their taxation year(s) before and after bankruptcy. It prevents excessive claims that might otherwise distort the tax payable for that calendar year.

This housekeeping amendment reflects the addition of section 19.12 resulting from the changes announced in *The Saskatchewan Affordability Act*.

13

Existing Provision section 44

Part-year residents

44(1) Notwithstanding sections 11 to 29 but subject to subsection (2), where an individual is resident in Canada throughout part of a taxation year and throughout another part of the taxation year is non-resident, for the purpose of computing the individual's tax payable pursuant to this Act for the taxation year:

(a) the amount deductible for the taxation year pursuant to each of sections 11 to 29 with respect to the part of the taxation year that is not included in the period or periods in the taxation year throughout which the individual is resident in Canada is to be computed as though that part were the whole taxation year; and

(b) the individual is allowed:

(i) pursuant to sections 18, 19.11, 19.2, 19.3, 19.4, 19.5, 21, 22, 24, 25, 27, and 28, only the deductions that can reasonably be considered wholly applicable to the period or periods in the taxation year throughout which the individual is resident in Canada, computed as though that period or those periods were the whole taxation year; and

(ii) pursuant to sections 11, 12, 13, 14, 15, 16, 17, 19, 19.1, 20, 23 and 29, only the part of the deductions that can reasonably be considered applicable to the period or periods in the taxation year throughout which the individual is resident in Canada, computed as though that period or those periods were the whole taxation year.

(2) The amount deductible for the taxation year by the individual pursuant to each section mentioned in subsection (1) cannot exceed the amount that would have been deductible pursuant to that section if the individual had been resident in Canada throughout the taxation year.

Explanation

This section deals with individuals who are part-year residents of Canada—those who are resident in Canada for part of a taxation year and nonresident for the other part. In essence, this section

ensures that deductions for part-year residents are fairly and proportionally applied based on their time spent as Canadian residents during the taxation year.

This housekeeping amendment reflects the addition of section 19.12 from the changes announced in *The Saskatchewan Affordability Act*.

14 **Existing Provision** section 45

Non-residents

45 Sections 11 to 18, 19.11, 19.2, 19.3, 19.4, 19.5, 22, 25 and 29 of this Act, and section 23 of this Act with respect to the application of subsections 118.3(2) and (3) of the federal Act, do not apply for the purpose of computing the tax payable pursuant to this Act for a taxation year by an individual who at no time in the taxation year is resident in Canada unless all or substantially all of the individual's income for the year is included in computing the individual's taxable income earned in Canada for the taxation year.

Explanation

This section explains how specific tax provisions apply—or do not apply—to nonresidents of Canada for a taxation year. Essentially, this provision ensures fairness by reserving certain deductions and credits for individuals whose income is mostly earned in Canada, even if they are not residents.

This housekeeping amendment reflects the addition of section 19.12 from the changes announced in *The Saskatchewan Affordability Act*.

15 **Existing Provision** section 50

Credits in separate returns

50 Where a separate return of income with respect to an individual is filed pursuant to subsection 70(2), 104(23) or 150(4) of the federal Act for a particular period and another return of income pursuant to this Act with respect to the individual is filed for a period ending in the calendar year in which the particular period ends, for the purpose of computing the tax payable pursuant to this Act by the individual in those returns, the total of all deductions claimed in all those returns pursuant to any of sections 18, 19.11, 19.2, 19.3, 19.4, 19.5 and 21 to 28, subsection 29(3) and section 39.3 of this Act cannot exceed the total that could be deducted pursuant to those provisions for the taxation year with respect to the individual if no separate returns were filed pursuant to subsections 70(2), 104(23) and 150(4) of the federal Act.

Explanation

This section outlines rules for credits and deductions when multiple income tax returns are filed for an individual in a single calendar year under special circumstances. In summary, this provision prevents over-claiming of tax credits and deductions when separate income tax returns are filed for different periods within the same calendar year.

This housekeeping amendment reflects the addition of section 19.12 from the changes announced in *The Saskatchewan Affordability Act*.

16 **Existing Provision**

None

Explanation

Section 51.1 is a new provision introducing rounding of certain credits. Subsection 51(2) applies for the purposes of the calculations described in sections 11, 12, 13, 19, 20, 23 and 39 with respect to, as the case may be:

- (a) the dollar amounts of the applicable variables; and
- (b) the percentage amount of the variable F.

As recommended by the Canada Revenue Agency, this housekeeping amendment is to adopt the standard rule of rounding to the nearest dollar as described in 51(2). Since the indexing calculation is moved within the many new credit provisions instead of it remaining within 51(3). This new section lists the sections where the variable F has been introduced into the formulae and says that subsection 51(2) applies to the calculation of the dollar figures and the value of F as the case may be.

17

Existing Provision section 64.6

Saskatchewan Commercial Innovation Incentive

64.6(1) In this section:

- (a) “eligible corporation” means a corporation that has been issued an SCII certificate pursuant to subsection 11(1) of The Saskatchewan Commercial Innovation Incentive (Patent Box) Act;

[...]

(10) Notwithstanding any of the provisions of this section:

- (a) no rebate is payable for a taxation year before 2017;
- (b) no rebate paid to an eligible corporation for a taxation year shall exceed the amount of tax paid for the taxation year pursuant to this Act by the eligible corporation;
- (c) a rebate, or an entitlement to a rebate, may not be assigned or transferred by the eligible corporation that applied for the rebate; and
- (d) if an SCII certificate is cancelled pursuant to section 14 of The Saskatchewan Commercial Innovation Incentive (Patent Box) Act, the minister may terminate the corporation’s eligibility for a rebate for all subsequent taxation years remaining in the rebate period.

Explanation

The Saskatchewan Commercial Innovation Incentive (SCII), also known as the "Patent Box," is a tax incentive program aimed at encouraging innovation and investment in Saskatchewan.

This amendment is related to the decision that the SCII Program will be extended for two years to June 30, 2027.

18

Existing Provision section 67.2

Saskatchewan Technology Start-up Incentive

67.2(1) In this section:

- (a) “amalgamation” means an amalgamation as defined in subsection 87(1) of the federal Act;

[...]

(4) On receipt of an application pursuant to subsection (3), the minister may:

- (a) if the minister is satisfied that the person applying for the rebate for a taxation year is an eligible taxpayer and has complied with this section, grant a rebate equal to the amount of the taxpayer’s rebate determined pursuant to subsection (5) for the taxation year; or
- (b) if the minister is satisfied that the person applying for the rebate for a taxation year is not entitled to a rebate, send a written notice of determination, and the reasons for the determination, to that person to that effect.

[...]

(5) Subject to subsection (6), the amount of an eligible taxpayer’s rebate for a taxation year with respect to an STSI tax credit certificate issued to the eligible taxpayer is equal to the lesser of:

- (a) the taxpayer’s tax otherwise payable pursuant to this Act for the taxation year; and
- (b) the amount R, if it is positive, calculated in accordance with the following formula:

$$R = TB - PD$$

where:

TB is the tax credit amount set out on the STSI tax credit certificate;

PD is the sum of all amounts, each of which is an amount rebated with respect to the STSI tax credit certificate pursuant to this section for a preceding taxation year.

Explanation

The Saskatchewan Technology Start-up Incentive (STSI) is a nonrefundable tax credit designed to support eligible technology start-ups in Saskatchewan and attract investment in innovative businesses.

The amendment to section (4) of 67.2 is a housekeeping item on the administration side that further clarifies the time frame to submit the STSI rebate claim so as to prevent any long-term administrative burden related to partial outstanding unclaimed tax credits. Similar provisions exist for other tax credit and royalty credit programs.

The amendment to section (5) of 67.2 is a housekeeping item to more efficiently administer the situation that the eligible taxpayer has more than one STSI tax credit certificate.

19

Existing Provision

None

Explanation

Section 67.3 is a new provision introducing the Small and Medium Enterprise Investment Tax Credit (SMEITC). The new SME pilot program is effective from July 1, 2025, to June 30, 2028. The SMEITC design is closely aligned with the Saskatchewan Technology Start-up Incentive

(STSI) Program, with the target sectors being the food and beverage manufacturing sector, or the machinery and transportation equipment manufacturing sector.

A nonrefundable tax credit equal to 45 per cent of equity investment will be provided to the qualified individuals or corporations in an Eligible Small and Medium-Sized Enterprise (ESME) with a minimum equity investment of \$50,000 for corporations and \$25,000 for individuals.

An investor can earn a maximum of \$225,000 tax credits per annual investment in an ESME and claim a maximum of \$140,000 tax credits per eligible equity investment per year.

The Small and Medium Enterprise Investment Tax Credit Act and its regulations will be developed and maintained by the Ministry of Trade and Export Development.

20

Existing Provision section 68

Collection agreements

68(1) The minister, with the approval of the Lieutenant Governor in Council, may, on behalf of the Government of Saskatchewan:

[...]

(3) Subsection (2) does not apply to this Part or to sections 61.1, 64.1, 64.2, 64.3, 64.4, 64.5, 64.6, 64.7, 64.8, 67.2 and 96, subsections 111(5) and 131(2) and sections 136 and 138.

Explanation

This section outlines provisions for entering into and managing tax collection agreements between the Government of Saskatchewan and the Government of Canada. This section enables effective tax collection by leveraging federal infrastructure while allowing Saskatchewan to maintain oversight and adapt agreements as necessary. It ensures clarity on the division of responsibilities between federal and provincial authorities.

This amendment is only to add the new SMEITC Program, section 67.3 of the Act into the collection clause.

21

Existing Provision

None

Explanation

Section 139.1 is a new provision introducing a good faith immunity clause to protect ministry officials from civil litigation when acting in good faith.

Section 139.2 is a new provision introducing new confidentiality measures. The privacy of a taxpayer's information is very important. However, it is recognized that there are legitimate exceptions to the general prohibition against the sharing of this confidential information, including the circumstances in existing sections 131 and 131.1. This aligns with the new *Revenue and Financial Services Act*, which came into force on October 1, 2024.

22

Existing Provision

None

Explanation

Section 22 is the Coming into Force provision.