

EXPLANATORY NOTES
BILL
No. 1
Introduction of *The Saskatchewan Affordability Act*

**Clause
of Bill**

1-1 This Act may be cited as *The Saskatchewan Affordability Act*.

2-1 **Existing Provision**

The Income Tax Act, 2000 is amended in the manner set forth in this Part.

Explanation

Introduction of changes to *The Income Tax Act, 2000*.

3-1 **Existing Provision**

Basic Personal Amount

Subsection 11(2) For the 2021 and subsequent taxation years, the formula set out in subsection (1) applies subject to the dollar amount in TCA being adjusted in accordance with subsection 51(3).

Explanation

An amendment to Subsection 11(2) is required to create an end date for the existing indexation formula applied to the Basic Personal amount for the 2024 tax year.

3-2 **Existing Provision**

None.

Explanation

Subsections 11(3) and 11(4) are introduced to increase the Basic Personal amount by \$500 in each of the next four taxation years (2025, 2026, 2027, and 2028), in addition to indexation increases to these credit amounts pursuant to Subsection 51(3). The indexation formula continues to apply to 2029 and subsequent taxation years in order that the Basic Personal amount continues to increase by indexation.

Subsection 51(3) of Saskatchewan's (SK's) *Income Tax Act, 2000* automatically indexes SK's Personal Income Tax system to the national rate of inflation each year. Indexation adjusts the income tax brackets, Non-Refundable Tax Credit amounts, as well as the refundable Saskatchewan Low-Income Tax Credit (SLITC) amounts. Indexation preserves the real value of personal tax credits and the income tax brackets.

4-1 **Existing Provision**

Spousal Credit

Subsection 12(2) For the 2021 and subsequent taxation years, the formula set out in subsection (1) applies subject to the dollar amount in and the description of SI being adjusted in accordance with subsection 51(3).

Explanation

An amendment to Subsection 12(2) is required to create an end date for the existing indexation formula applied to the Spousal Credit amount for the 2024 tax year.

4-2 **Existing Provision**

None.

Explanation

Subsections 12(3), 12(4), and 12(5) are introduced to increase the Spousal Credit amount by \$500 in each of the next four taxation years (2025, 2026, 2027, and 2028), in addition to indexation increases to these credit amounts pursuant to Subsection 51(3). The indexation formula continues to apply to 2029 and subsequent taxation years in order that the Spousal Credit amount continues to increase by indexation.

5-1 **Existing Provision**

Equivalent-to-spouse credit

Subsection 13(2) For the 2021 and subsequent taxation years, the formula set out in subsection (1) applies subject to the dollar amounts and the description of EI being adjusted in accordance with subsection 51(3).

Explanation

An amendment to Subsection 13(2) is required to create an end date for the existing indexation formula applied to the Equivalent-to-Spouse Credit amount for the 2024 tax year.

5-2 **Existing Provision**

None.

Explanation

Subsections 13(3), 13(4), and 13(5) are introduced to increase the Equivalent-to-Spouse Credit amount by \$500 in each of the next four taxation years (2025, 2026, 2027, and 2028), in addition to indexation increases to these credit amounts pursuant to Subsection 51(3). The indexation formula continues to apply to 2029 and subsequent taxation years in order that the Equivalent-to-Spouse Credit amount continues to increase by indexation.

6-1

Existing Provision

In-home care of relative credit (Caregiver Credit)

Subsection 14(2) For the 2021 and subsequent taxation years, the formula set out in subsection (1) applies subject to the dollar amounts and the description of PI being adjusted in accordance with subsection 51(3).

Explanation

An amendment to Subsection 14(2) is required to create an end date for the existing indexation formula applied to the In-Home Care of Relative Credit (Caregiver Credit) amount for the 2024 tax year.

6-2

Existing Provision

None.

Explanation

Subsections 14(3) and 14(4) are introduced to increase the 2025 taxation year Caregiver Credit amount by 25%, in addition to indexation pursuant to Subsection 51(3). The indexation formula continues to apply to 2026 and subsequent taxation years in order that the Caregiver Credit amount continues to increase by indexation.

7-1

Existing Provision

Infirm dependant credit

Subsection 15(2) For the 2021 and subsequent taxation years, the formula set out in subsection (1) applies subject to the dollar amounts and the description of DI being adjusted in accordance with subsection 51(3).

Explanation

An amendment to Subsection 15(2) is required to create an end date for the existing indexation formula applied to the Infirm Dependant Credit amount for the 2024 tax year.

7-2

Existing Provision

None.

Explanation

Subsections 15(3) and 15(4) are introduced to increase the 2025 taxation year Infirm Dependant Credit amount by 25%, in addition to indexation pursuant to Subsection 51(3). The indexation formula continues to apply to 2026 and subsequent taxation years in order that the Infirm Dependant Credit amount continues to increase by indexation.

8-1 **Existing Provision**

Dependent child credit

Subsection 19(1.01) Subject to subsections (1.1), (2) and (3), for the 2021 and subsequent taxation years, the formula set out in subsection (1) applies subject to the dollar amount in Y being adjusted in accordance with subsection 51(3).

Explanation

An amendment to Subsection 19(1.01) is required to create an end date for the existing indexation formula applied to the Dependent Child Credit amount for the 2024 tax year.

8-2 **Existing Provision**

None.

Explanation

Subsections 19(4), 19(5), and 19(6) are introduced to increase the Dependent Child amount by \$500 in each of the next four taxation years (2025, 2026, 2027, and 2028), in addition to indexation increases to these credit amounts pursuant to Subsection 51(3). The indexation formula continues to apply to 2029 and subsequent taxation years in order that the Dependent Child Credit amount continues to increase by indexation.

9-1 **Existing Provision**

None.

Explanation

Subsection 19.12 introduces the Saskatchewan Home Renovation Tax Credit. The credit provides for eligible homeowners to claim a non-refundable 10.5% provincial tax credit on eligible home renovation expenses undertaken on their primary residence beginning October 1, 2024. The maximum eligible claim amount for homeowners is \$4,000, with an additional claim amount of \$1,000 for seniors 65 and older. In order to be eligible for the tax credit, a homeowner must have eligible expenses that exceed \$1,000.

10-1 **Existing Provision**

First-time homebuyers' credit

Subsection 19.2(2) In determining the amount in the calculation pursuant to subsection 118.05(3) of the federal Act for the purposes of subsection (1), the amount in dollars to be used in subsection 118.05(3) of the federal Act is \$10,000 and not the amount specified in that subsection.

Explanation

Subsection 19.2(2) is repealed and substituted with new Subsection 19.2(2) in order set the Saskatchewan First-time Homebuyers' Credit amount at \$10,000 for taxation years up to and including 2024; and increase the credit amount to \$15,000 for 2025 and subsequent taxation years.

11-1

Existing Provision

Senior supplementary credit

Subsection 20(1.1) For the 2021 and subsequent taxation years, the formula set out in subsection (1) applies subject to the dollar amount in Y being adjusted in accordance with subsection 51(3).

Explanation

An amendment to Subsection 20(1.1) is required to create an end date for the existing indexation formula applied to the Senior Supplementary Credit amount for the 2024 tax year.

11-2

Existing Provision

None.

Explanation

Subsections 20(1.2), 20(1.3), and 20(1.4) are introduced to increase the Senior Supplementary Credit amount by \$500 in each of the next four taxation years (2025, 2026, 2027, and 2028), in addition to indexation increases to these credit amounts pursuant to Subsection 51(3). The indexation formula continues to apply to 2029 and subsequent taxation years in order that the Senior Supplementary Credit amount continues to increase by indexation.

11-3

Existing Provision

Senior supplementary credit

Subsection 20(2) Subsection (1) or (1.1) applies with respect to an individual:

Explanation

An amendment to Subsection 20(2) is required to add the reference of senior supplementary credit.

12-1

Existing Provision

Mental or physical impairment credit (Disability Tax Credit)

Subsection 23(1.1) Subject to subsection (2.1), for the 2021 and subsequent taxation years, the formula set out in subsection (1) applies, subject to the dollar amount in TCA being adjusted in accordance with subsection 51(3).

Explanation

An amendment to Subsection 23(1.1) is required to create an end date for the existing indexation formula applied to the Disability Credit amount for the 2024 tax year.

12-2

Existing Provision

Subsection 23(2.1) For the 2021 and subsequent taxation years, subsection (2) applies subject to the dollar amounts mentioned for the purposes of the formula in that subsection being adjusted in accordance with subsection 51(3).

Explanation

An amendment to Subsection 23(1.1) is required to create an end date for the existing indexation formula applied to the Disability Supplement for persons under 18 years of age credit amount for the 2024 tax year.

12-3

Existing Provision

None.

Explanation

Subsections 23(2.2) and 23(2.3) are introduced to increase the Disability Tax Credit and the Disability Supplement for persons under 18 years of age amounts for the 2025 tax year by 25%, in addition to indexation pursuant to subsection 51(3). The indexation formula continues to apply to 2026 and subsequent taxation years in order that the Disability Credit amount and the Disability Supplement for persons under 18 years of age amounts continue to increase by indexation.

13

Existing Provision

Dividend credit

Clauses 32(h), 32(i) and 32(j) There may be deducted from the tax otherwise payable pursuant to this Act for a taxation year by an individual resident in Saskatchewan on the last day of the taxation year a dividend credit equal to:

(h) for the 2024 taxation year, the total of:

- (i) 19.312% of any amount required by subparagraph 82(1)(b)(i) of the federal Act to be included in computing the individual's income for the year; and
- (ii) 39.95% of any amount required by subparagraph 82(1)(b)(ii) of the federal Act to be included in computing the individual's income for the year;

(i) for the 2025 taxation year, the total of:

- (i) 22.525% of any amount required by subparagraph 82(1)(b)(i) of the federal Act to be included in computing the individual's income for the year; and
- (ii) 39.95% of any amount required by subparagraph 82(1)(b)(ii) of the federal Act to be included in computing the individual's income for the year; and

- (j) for the 2026 taxation year and subsequent taxation years, the total of:
- (i) 25.775% of any amount required by subparagraph 82(1)(b)(i) of the federal Act to be included in computing the individual's income for the year; and
 - (ii) 39.95% of any amount required by subparagraph 82(1)(b)(ii) of the federal Act to be included in computing the individual's income for the year.

Explanation

The existing Section 32, clauses 32(h), 32(i) and 32(j), determination of the Dividend Tax Credit, reflects the Dividend Tax Credit rate on non-eligible dividend calculated pursuant to previously legislated adjustments to the Small Business Tax Rate. The Small Business Tax Rate is now being held at 1% rather than reverting to 2% on July 1, 2025, resulting in the repeal of clauses 32(i) and 32(j) and the continuation of the 2024 taxation year Dividend Tax Credit rates for 2024 and subsequent taxation years.

14-2

Existing Provision

Saskatchewan low-income tax credit

Subsection 39(5.1) For the purposes of subsection (4), for the 2020 and subsequent taxation years, subsection (5) applies subject to the dollar amounts being adjusted in accordance with subsection 51(5).

Explanation

An amendment to Subsection 39(5.1) is required to create an end date for the existing indexation formula applied to SLITC for the 2024 tax year.

14-3

Existing Provision

None.

Explanation

Subsection 39(5.2) is introduced to increase SLITC by 5% per year, for the next four years, in addition to indexation pursuant to subsection 51(3), beginning with the July 2025 – June 2026 benefit year. The 2026-27, 2027-28, and 2028-29 SLITC benefit years are each similarly enhanced by the 5% increase over the legislated indexed amounts. The formula then reverts in 2029 such that the SLITC benefits will continue to increase by the indexation formula for the July 2029 – June 2030 and subsequent benefit years.

14-4

Existing Provision

Subsection 39(6.1) For the purposes of subsection (4), for the 2020 and subsequent taxation years, subsection (6) applies subject to the dollar amounts being adjusted in accordance with subsection 51(5).

Explanation

Subsection 39(6.1) is amended to create an end date for the existing formula applied to SLITC for the 2024 tax year. The formula includes reference to the adjustment factor for determining the rate at which SLITC benefits are reduced as an individual's adjusted income exceeds specified threshold amounts.

14-5

Existing Provision

None.

Explanation

Subsection 39(6.2) is introduced to establish the formula applied to the SLITC for the 2025 taxation year.

Subsection 39(6.3) is introduced to provide for the determination of the SLITC adjustment factor in the formula to be prescribed in regulations for the 2026, 2027, and 2028 taxation years. Pursuant to increasing the SLITC benefit amounts by 5% each year, in addition to increases resulting from indexation, the SLITC adjustment factor for those years will be determined and prescribed in regulations such that the adjustment factor maintains the connection between SLITC and the top of SK's first income tax bracket.

15-1

Existing Provision

Graduate tuition tax credit

Clause 39.1(1)(i) "year of graduation", with respect to a graduate retention program eligibility certificate, means:

- (i) in the case of an individual who graduated from an eligible program in 2006 or 2007 as set out in the graduate retention program eligibility certificate, the 2008 taxation year; and
- (ii) in any other case, the taxation year in which an individual graduated from an eligible program as set out in the graduate retention program eligibility certificate.

Explanation

Clause 39.1(1)(i) repealed and substituted to reflect Graduate Retention Program (GRP) qualification criteria in order that post-secondary students graduating on or after October 1, 2024, are eligible for the increased GRP benefit.

15-2

Existing Provision

Subsection 39.1(7) Notwithstanding any other provision of this Act, the maximum amount of graduate tuition tax credits that an individual may claim pursuant to subsection (9) is \$20,000 in the individual's lifetime.

Explanation

Subsection 39.1(7) amended to increase the maximum amount of Graduate Tuition Tax Credits that an individual may claim pursuant to subsection (9) is \$24,000 in the individual's lifetime.

16-1

Existing Provision

Active Families Benefit

Subclause 39.3(1)(c)(iii) “eligible individual”, with respect to a taxation year, an individual who:

- (iii) has an adjusted income for the taxation year as defined in clause 38(1)(a) that does not exceed \$60,000.

Explanation

Subclause 39.3(1)(c)(iii) repealed and replaced in order that the adjusted income dollar amount of \$60,000 applies to the 2021 through 2024 taxation years, and the increased adjusted income amount of \$120,000 applies for the 2025 and subsequent taxation years.

17

Existing Provision

Small Business Tax Rate

Section 56(2) For the purposes of sections 56.2 to 56.4, 64.2 and 64.6, the rate of tax SR is:

- (a) 2% for the period commencing on July 1, 2011 and ending on September 30, 2020;
- (b) 0% for the period commencing on October 1, 2020 and ending on June 30, 2023;
- (c) 1% for the period commencing on July 1, 2023 and ending on June 30, 2025; and
- (d) 2% for the period commencing on July 1, 2025.

Explanation

Subsection 56(2) is amended in order that the small business tax rate is maintained at 1% on a permanent basis.

18

Existing Provision

None.

Explanation

Clause 124(f.01) added to Section 124(1) Regulations, in order to provide for the determination of the SLITC adjustment factor in the formula to be prescribed in regulations for the 2026, 2027, and 2028 taxation years. Pursuant to increasing the SLITC benefit amounts by 5% each year, in addition to increases resulting from indexation, the SLITC adjustment factor for those years will be determined and prescribed in regulations such that the adjustment factor maintains the connection between SLITC and the top of SK’s first income tax bracket.

19

Existing Provision

The Active Families Benefit Act, 2021

4(1) Subject to subsection (2), the active families benefit amount of an eligible individual for an eligible child is the lesser of:

- (a) the total amount of eligible expenses incurred in the taxation year to enable the eligible child to participate in eligible activities; and
- (b) \$150.

(2) If an eligible child is eligible for the disability tax credit pursuant to subsection 118.3(1) of the federal Act, the active families benefit amount of an eligible individual for the eligible child is the lesser of:

- (a) the total amount of eligible expenses incurred in the taxation year to enable the eligible child to participate in eligible activities; and
- (b) \$200.

Explanation

Subsection 4(3) added in order to increase the maximum active families benefit amounts for an eligible child to \$300, and to \$400 where the eligible child is eligible for the Disability Tax Credit.

20-1

Existing Provision

The Graduate Retention Program Act

Clause 2(c) “graduate retention program maximum”, with respect to an eligible program, means the prescribed graduate retention program maximum applicable to the eligible program for a year of graduation from the eligible program;

Explanation

Clause 2(c) repealed and replaced to provide for the increase to the GRP maximums for the period in which the qualified individual graduates from the eligible program.

20-2

Existing Provision

The Graduate Retention Program Act

Subsection 5(4) The total amount of all Graduate Tuition Tax Credits to which a qualified individual is entitled shall not exceed \$20,000 in the individual’s lifetime.

Explanation

Subsection 5(4) is amended to increase the lifetime maximum Graduate Tuition Tax Credits, to which a qualified individual is entitled, from \$20,000 to \$24,000.

21

Existing Provision

None.

Explanation

Section 21 is the Coming into Force provision.