

Ranking Provincial Tax Systems in Canada: Saskatchewan Summary¹

The Canadian Federation of Independent Business' (CFIB) 2013 *Small Business Provincial Tax Index* gauges the competitiveness level of provincial tax systems. This report is unique in that it compares provincial tax systems by examining 53 indicators in five major areas of tax policy through the lens of the small and medium-sized business (SME) owner. The five major areas of tax policy are: premiums and payroll tax; sales and excise tax; corporate income tax; personal income tax; and property tax. The result is a ranking of how provinces stack up against one another in terms of providing the best and worst tax systems for small and medium-sized businesses.

With an overall index score of 7.01, Saskatchewan is in second place behind Alberta. Saskatchewan ranks high in four of the five categories, but is in the bottom of the pack when it comes to sales and excise taxes. The following document outlines in more detail Saskatchewan's competitive advantages and also where improvements can be made.

Overall Index Scores, provincial tax systems, 2013 (10 is best; 0 is worst)

	Overall Index Scores	Premiums and Payroll Tax Subindex	Sales and Excise Tax Subindex	Corporate Income Tax Subindex	Personal Income Tax Subindex	Property Tax Subindex
Best (10)						
↑						
Alberta	8.53	9.6	9.7	7.3	9.1	5.8
Saskatchewan	7.01	9.1	3.5	7.5	6.7	7.4
New Brunswick	6.98	9.2	6.4	6.4	5.7	5.6
Newfoundland and Labrador	6.17	6.5	4.8	6.7	5.4	7.5
Prince Edward Island	5.90	7.5	5.0	5.9	3.3	6.9
Manitoba	5.67	6.5	4.8	7.4	4.1	4.9
British Columbia	5.65	7.0	1.8	7.6	6.9	4.3
Ontario	5.50	4.6	7.2	6.1	6.6	3.1
Nova Scotia	5.22	7.5	4.6	3.7	4.2	4.7
Quebec	3.97	3.7	5.3	3.0	2.3	5.8
Worst (0)						
↓						

¹ This is a summary based on the full report *Ranking Provincial Tax Systems in Canada: CFIB's 2013 Small Business Provincial Index*. <http://www.cfib.ca/a5557e>.

Saskatchewan's Competitive Advantages:

- ▶ No employer or employee-paid payroll taxes.
- ▶ Low small business corporate income tax rate, and low number of corporate tax credits.
- ▶ Indexation of the personal income tax system.
- ▶ Lowest commercial to residential property tax ratio among the provinces.
- ▶ No municipal business occupancy tax or municipal real estate transfer tax levied.

Areas for Improvement in Saskatchewan:

Premiums and Payroll Tax

- ▶ Review maximum workers' compensation rate and individual industry rates relative to other provinces to ensure they are comparable and reasonable.

Corporate Income Tax

- ▶ Implement commitment to reduce the general tax rate from 12 to 10 per cent by 2015.
- ▶ Introduce a plan to eliminate Saskatchewan's small business tax rate.
- ▶ Consider a well designed education and training tax credit.
- ▶ Consider a reduction in the M&P tax rate or the introduction of a M&P tax credit.
- ▶ Reduce total number of industry-specific tax credits in favour of broad-based tax credits available to all businesses.

Sales and Excise Taxes

- ▶ Reduce PST rate.
- ▶ Eliminate tax in business inputs.
- ▶ Reduce fuel tax on gasoline and diesel fuel.
- ▶ Reduce insurance taxes—highest in the country for automobile and all other premiums.

Personal Income Tax

- ▶ Reduce bottom tax rate.
- ▶ Reduce top tax rate.
- ▶ Increase threshold for level of income at which the top rate applies.
- ▶ Reduce number of tax credits.

Property Tax

- ▶ Reduce reliance on property taxes.
- ▶ Reduce or eliminate the provincial real estate transfer tax/fee.
- ▶ Reduce or eliminate probate taxes/fees.