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# Tax Alert – Canada

## Yukon budget 2021-22

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.

“In times of uncertainty, a well-crafted budget can provide the stability needed to steer through turbulence while charting a course toward calmer waters. Our government remains focused on protecting Yukoners and supporting them through these extraordinary times. Now, with the prospect of brighter days on the horizon, we are forging ahead with investments that will ensure a prosperous future for our territory.”

*Yukon Premier and Finance Minister Sandy Silver  
2021-22 budget speech*

On 4 March 2021, Yukon Finance Minister Sandy Silver tabled the territory's fiscal 2021-22 budget. The budget contains no new taxes and no tax increases.

The minister anticipates a deficit of \$6.7 million for 2020-21 and projects a deficit of \$12.7 million for 2021-22.

Following is a brief summary of the key tax measures.

### **Business tax measures**

#### **Corporate tax rates**

No changes are proposed to the corporate tax rates or the \$500,000 small-business limit.

Yukon's 2021 corporate tax rates are summarized in Table A.



**Table A - 2021 Yukon corporate tax rates**

	2021	
	Yukon	Federal and Yukon combined
Small-business tax rate* **	0.00%	9.00%
General manufacturing and processing (M&P) tax rate*	2.50%	17.50%
General corporate tax rate*	12.00%	27.00%

\* The rates represent calendar year-end rates unless otherwise indicated.

\*\* Yukon reduced its small-business rate to 0.00% effective 1 January 2021. For 2020, a rate of 1.50% applied to M&P income eligible for the small business deduction (SBD), while a rate of 2.00% applied to non-M&P income eligible for the SBD.

## Personal tax

### Personal income tax rates

The budget does not include any changes to personal income tax rates.

The 2021 Yukon personal tax rates are summarized in Table B.

**Table B - 2021 Yukon personal tax rates**

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$49,020	\$49,021 to \$98,040	\$98,041 to \$151,978	\$151,979 to \$500,000	Above \$500,000
6.40%	9.00%	10.90%	12.80%	15.00%

For taxable income in excess of \$151,978, the 2021 combined federal-Yukon personal income tax rates are outlined in Table C.

**Table C - Combined 2021 federal and Yukon personal tax rates**

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$151,979 to \$216,511**	42.26%	21.00%	37.45%
\$216,512 to \$500,000	45.80%	25.89%	41.52%
Above \$500,000	48.00%	28.92%	44.05%

\* The rate on capital gains is one-half the ordinary income tax rate.

\*\* The federal and territorial basic personal amounts comprise two basic elements: the existing personal amount (\$12,421 for 2021) and an additional amount (\$1,387 for 2021). The additional amount is gradually phased out for individuals with taxable income in excess of \$151,978 and is fully eliminated for individuals with taxable income in excess of \$216,511. Consequently, the additional amount is clawed back on taxable income in excess of \$151,978 until the additional tax credit (\$208 federally and \$89 in Yukon) is eliminated; this results in additional federal and territorial income tax (e.g., 0.32% and 0.14%, respectively, on ordinary income) on taxable income between \$151,979 and \$216,511.

## Learn more

For more information, please contact your EY or EY Law advisor.

And for up-to-date information on the federal, provincial and territorial budgets, visit [ey.com/ca/Budget](https://www.ey.com/ca/Budget).

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