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Tax Alert – Canada

Yukon budget 2024-25

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 the year ahead, our government’s focus is clear. We’re improving life for all Yukoners. We’re tackling rising costs of living, investing in health care, education and infrastructure and addressing pressing issues like the climate crisis and Substance Use Health Emergency. With a booming economy, higher wages and low unemployment, our territory remains a sought-after place to live, work and visit. Through partnerships and cooperation, we’re ensuring everyone benefits from this growth.”

*Yukon Finance Minister Sandy Silver
2024-25 budget speech*

On 7 March 2024, Yukon Finance Minister Sandy Silver tabled the territory’s fiscal 2024-25 budget. The budget contains no income tax increases but confirms certain indirect tax measures.

The minister anticipates a surplus of \$1.7 million for 2023-24 and projects a surplus of \$119 million for 2024-25 and surpluses for each of the next four years (\$127.9 million for 2025-26, \$73.5 million for 2026-27, \$141.9 million for 2027-28, and \$81.5 million for 2028-29).

Following is a brief summary of the key tax measures.

Business tax measures

Corporate income tax rates

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

Yukon’s 2024 corporate income tax rates are summarized in Table A.

Table A - 2024 corporate income tax rates¹

	Yukon	Federal and Yukon combined
Small-business tax rate ²	0.00%	9.00%
General manufacturing and processing tax rate ²	2.50%	17.50%
General corporate tax rate ^{2, 3}	12.00%	27.00%

¹ The rates represent calendar-year-end rates unless otherwise indicated.

² The federal corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% federal general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% federal small-business corporate income tax rate. These reductions are not reflected in the combined federal and Yukon rates above.

³ An additional federal tax applies to banks and life insurers at a rate of 1.5% on taxable income (subject to a \$100 million exemption to be shared by group members).

Personal tax

Personal income tax rates

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

The 2024 Yukon personal income tax rates are summarized in Table B.

Table B - 2024 Yukon personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$55,867	\$55,868 to \$111,733	\$111,734 to \$173,205	\$173,206 to \$500,000	Above \$500,000
6.40%	9.00%	10.90%	12.80%	15.00%

For taxable income in excess of \$173,205, the 2024 combined federal-Yukon personal income tax rates are outlined in Table C.

Table C - Combined 2024 federal and Yukon personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$173,206 to \$246,752 ²	42.25%	20.99%	37.44%
\$246,753 to \$500,000	45.80%	25.89%	41.52%
Above \$500,000	48.00%	28.92%	44.05%

¹ The rate on capital gains is one-half the ordinary income tax rate.

² The federal and territorial basic personal amounts comprise two elements: the base amount (\$14,156 for 2024) and an additional amount (\$1,549 for 2024). The additional amount is reduced for individuals with net income in excess of \$173,205 and is fully eliminated for individuals with net income in excess of \$246,752. Consequently, the additional amount is clawed back on net income in excess of \$173,205 until the additional tax credit (\$232 federally and \$99 in Yukon) is eliminated; this results in additional federal and territorial income tax (e.g., 0.32% and 0.13%, respectively, on ordinary income) on taxable income between \$173,206 and \$246,752.

Other tax measures

Tobacco tax

In keeping with the existing indexation link with changes to the Consumer Price Index in the *Tobacco Tax Act*, the tobacco tax rates have increased from 32 cents to 35 cents per cigarette and from 32 cents to 35 cents per gram of tobacco (other than cigarettes and cigars), as of 1 January 2024.

Tax on vaping products

The budget confirms the government's intention to join the federally coordinated vaping product taxation framework in 2024-25. The new Yukon tax is expected to apply to vaping products starting in early 2025 and will be collected by the Canada Revenue Agency.

Learn more

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