

Backgrounder:
PERSONAL INCOME TAX REDUCTIONS
Premier's Fall 2008 Announcement

Highlights

This is the **largest single-year income tax reduction** in the Province's history and will save Saskatchewan taxpayers about \$300 million per year. All income tax filers over 18 will experience a tax reduction, retroactive for 2008.

- **Family-based tax exemptions are highest in Canada:**
 - Families with children receive the highest personal tax exemptions in Canada – a working family with two children can now earn up to \$41,300 before paying provincial income tax¹.
 - A working family with two children earning \$50,000 will see their Saskatchewan income taxes reduced by almost 60 per cent or \$1,320. This family will also see additional tax savings from the Low Income Tax Credit of \$227.
- 80,000 low income taxpayers will no longer pay provincial income tax.
- Refundable tax credit for lower income individuals is increased to \$216; eligible families will receive up to \$600 per year.
- Single taxpayers will realize \$440 in tax savings per year.

Increase in Personal Tax Credit Amounts

- Basic and spousal tax credit amounts (exemptions) significantly increased by \$4,000, retroactive for the 2008 taxation year.
- Child tax credit amount significantly increased by \$2,000 per child, retroactive for 2008.

	Existing Amounts	New Amounts
Basic Personal Exemption	\$8,945	\$12,945
Spousal Exemption	\$8,945	\$12,945
Child Amount	\$2,795	\$4,795

**Interprovincial Comparison – 2008 Tax Year
Income Levels Where Income Tax Begins¹**

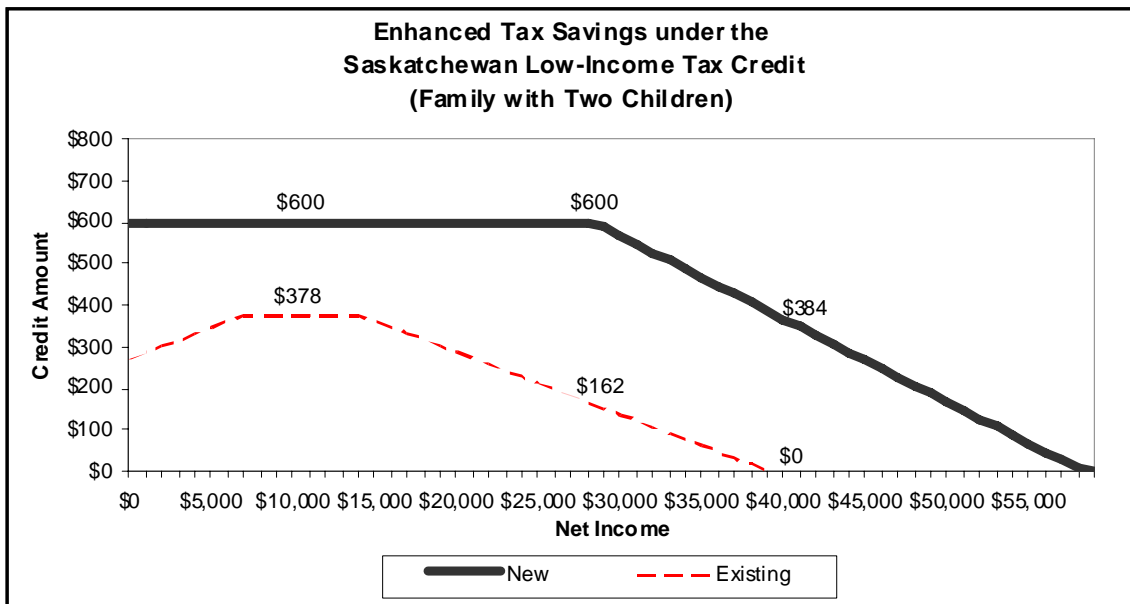
	Single Person	Single Senior	Single Parent (+2)	Single-Income Family (+2)	Dual-Income Family (+2)
Can	\$11,200	\$16,880	\$29,070	\$25,855	\$28,260
BC	\$17,050	\$19,510	\$29,445	\$21,905	\$28,625
AB	\$17,140	\$21,915	\$37,675	\$34,460	\$36,325
SK (Old)	\$9,400	\$15,305	\$25,200	\$24,980	\$28,345
SK (New)	\$13,700	\$19,305	\$35,920	\$37,900	\$41,300
MB	\$9,685	\$16,395	\$25,425	\$24,915	\$28,905
ON	\$12,685	\$17,450	\$36,905	\$33,690	\$39,745
QC	\$12,440	\$11,695	\$33,835	\$24,640	\$41,205
NB	\$13,880	\$16,830	\$25,370	\$22,230	\$25,395
NS	\$11,765	\$15,635	\$24,015	\$22,135	\$25,255
PEI	\$10,815	\$15,020	\$23,150	\$21,425	\$24,565
NF	\$12,355	\$13,730	\$18,055	\$15,185	\$18,305

¹ Includes the impact of CPP and EI deductions. Assumes eligible families claim \$3,000 in child care expenses. Does not consider provincial refundable low income tax credits provided outside the income tax system.

Saskatchewan Low-Income Tax Credit

- Saskatchewan Sales Tax Credit is enhanced and renamed the **Saskatchewan Low-Income Tax Credit**, retroactive for 2008. It is intended to help lower income residents including those on fixed-incomes, many of whom pay no provincial income tax (seniors, students, others).
- Basic and spousal tax credits increased to \$216 per person, and \$84 per child for up to two children.
- Maximum tax credits provided to eligible families with children increased to \$600 per year.
- Income thresholds where tax credits begin to be reduced increased to \$28,335, up from a low of \$13,935.
- Lower income individuals no longer penalized for earning less than \$7,200.

The Saskatchewan Low-Income Tax Credit will provide additional tax savings to over 300,000 lower income provincial residents.



Impact on Saskatchewan Taxpayers

- Estimated \$334 million in tax cuts provided in the current fiscal year, and about \$300 million thereafter.
- Combination of higher personal tax credit amounts and the enhanced Low-Income Tax Credit creates the widest possible distribution of tax savings among provincial residents.
- A couple earning \$50,000 with two children will see their Saskatchewan income tax reduced by almost 60 per cent while also receiving additional tax savings of \$227 from the enhanced refundable tax credit.

Combined 2008 Tax Savings

Income Level ¹	Current 2008 Income Tax	Income Tax Savings	Low-Income Tax Credit Savings ²	Combined Tax Savings
Single Individual:				
\$0	\$0	\$0	\$216	\$216
\$15,000	\$575	\$440	\$108	\$548
\$25,000	\$1,601	\$440	\$108	\$548
\$35,000	\$2,628	\$440	\$21	\$461
\$50,000	\$4,430	\$440	\$0	\$440
\$75,000	\$7,680	\$440	\$0	\$440
\$100,000	\$10,930	\$440	\$0	\$440
Married Couple with 2 Children:				
\$25,000	\$0	\$0	\$343	\$343
\$35,000	\$718	\$718	\$420	\$1,138
\$50,000	\$2,258	\$1,320	\$227	\$1,547
\$75,000	\$4,949	\$1,320	\$0	\$1,320
\$100,000	\$7,926	\$1,320	\$0	\$1,320

¹ Income level is defined as total family income; the family is assumed to claim \$3,000 in child care expenses.

² Tax credit savings refer to the increase in tax credits beyond the existing tax credit program.

Provincial Policies to Assist Lower Income Families

- Lower income families also assisted by recent enhancements to the Saskatchewan Employment Supplement (SES) program.
- When those additional benefits are considered, lower income families are significantly better off financially

Enhanced Benefits for Families

Income Level	PIT Savings	Low Income Tax Credit Savings	Increased SES Benefits ¹	Combined Savings
\$25,000	\$0	\$343	\$1,440	\$1,783
\$35,000	\$718	\$420	\$1,210	\$2,348
\$50,000	\$1,320	\$227	\$0	\$1,547
\$75,000	\$1,320	\$0	\$0	\$1,320
\$100,000	\$1,320	\$0	\$0	\$1,320

¹ Beginning May 1, 2008, program benefits and income thresholds were both increased under the SES program.

When will Saskatchewan Taxpayers Receive Their Tax Reductions?

- Income tax withholdings will be adjusted to reflect the higher personal tax credit amounts beginning in January 2009. This will mean greater take-home pay for Saskatchewan taxpayers.
- Because the tax cut applies for the current tax year, a significant tax reduction will also benefit Saskatchewan taxpayers once the 2008 tax returns are assessed in the spring of 2009.
- Quarterly instalment payments for the Saskatchewan Low-Income Tax Credit will begin January 2009, with the increased 2008 benefits added to that payment.

For more information, please contact:

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