

## Minimum Wage and the Income Tax System

The following table compares the take-home pay of an individual earning minimum wage in 2007 to 2014.

<b>Take-Home Pay for Saskatchewan Minimum Wage Earners (Individuals with No Dependents)</b>			
	<b>2007</b>	<b>2014</b>	<b>% increase (2014/2007)</b>
Saskatchewan minimum wage rate	\$7.95/hr <sup>1</sup>	\$10.20/hr <sup>2</sup>	28.3%
Basic personal income tax exemptions:			
Federal	\$9,600	\$11,138	
Saskatchewan	\$8,778	\$15,378	
Take-home pay – part time ( <b>1,600 hours</b> ):			
Gross employment income <sup>3</sup>	\$12,720	\$16,320	
less: CPP/EI deductions	\$685	\$941	
Federal income tax	\$215	\$467	
Saskatchewan income tax	<u>\$358</u>	<u>\$0</u>	
Net take-home pay	\$11,462	\$14,912	30.1%
Federal GST Credit	\$337	\$409	
Saskatchewan Low-Income Tax Credit	<u>\$105</u>	<u>\$239</u>	
Disposable income	\$11,904	\$15,560	30.7%
Take-home pay – full time ( <b>2,000 hours</b> ):			
Gross employment income <sup>3</sup>	\$15,900	\$20,400	
less: CPP/EI deductions	\$900	\$1,220	
Federal income tax	\$660	\$1,037	
Saskatchewan income tax	<u>\$684</u>	<u>\$418</u>	
Net take-home pay	\$13,656	\$17,725	29.8%
Federal GST Credit	\$358	\$409	
Saskatchewan Low-Income Tax Credit	<u>\$105</u>	<u>\$239</u>	
Disposable income	\$14,119	\$18,373	30.1%

1 Increased from \$7.55/hr effective March 1, 2007.

2 Increased from \$10.00/hr effective October 1, 2014.

3 Assumes full year impact of the minimum wage rates presented above.

### Highlights

Since 2007:

- **28.3% increase** in minimum wage;
- **38.9% reduction** in Saskatchewan income tax payable for a full-time worker and **100% reduction** in Saskatchewan income tax payable for a part-time worker;
- **\$134 increase** in the refundable Saskatchewan Low-Income Tax Credit; and
- Overall increase in disposable income of **30.1% for a full-time worker** and **30.7% for a part-time worker** due to the combined effect of the minimum wage increases and the Saskatchewan income tax reductions.