

TAX FLASH BULLETIN

2022 Alberta Budget Highlights

On February 24, 2022, Alberta's Minister of Finance, Travis Toews, tabled the province's 2022-2023 budget with a forecasted surplus of \$500 million and further surpluses of \$900 million for 2023-2024 and \$700 million for 2024-2025. The government projects a deficit of \$3.2 billion for the current 2021-2022 fiscal year compared to the \$18.2 billion deficit the government budgeted last year. We have highlighted selected tax measures relevant to individuals and small businesses in Alberta.

INDIVIDUALS

Personal Income Tax Rates

The budget did not propose any changes to individual income tax rates for 2022 or introduce any new taxes. The provincial government paused the indexation of tax brackets starting with the 2020 taxation year.

Provincial Income Tax Brackets and Tax Rates

2021 and 2022 Taxable Income	Rate
\$0 up to \$131,220	10%
\$131,220 up to \$157,464	12%
\$157,464 up to \$209,952	13%
\$209,952 up to \$314,928	14%
Over \$314,928	15%

Top Combined Alberta and Federal Rates

Income Type	2021	2022
Salary, pension, interest, foreign income	48.00%	48.00%
Eligible dividends	31.71%	34.31%
Non-eligible dividends	42.31%	42.31%
Capital gains	24.00%	24.00%

Top tax rates apply to taxable income over \$314,928 based on known federal and Alberta rates at February 24, 2022.

Reconfiguration of Alberta Income Supports

In 2021, the federal budget introduced enhancements to the Canada Workers Benefit (CWB) which is applicable to lower-income individuals and families. The Alberta budget indicates that it has aligned the federal phase-in income level with the Income Support (IS) earnings exemption threshold to help offset the impact of the claw back on Alberta IS benefits as a recipient's employment income rises. Under the reconfigured benefit, no CWB recipient will receive a lower provincial benefit and many will receive a higher benefit.

OTHER TAXES

Education Property Taxes

In the 2020 budget, revenue from the education property tax was set to increase 3.4 per cent in 2020-21 to account for population growth and inflation. However, with the onset of the pandemic, the government decided to freeze the property tax 2020 and 2021 revenue at 2019 levels in order to lessen the burden on Albertans and Alberta businesses.

Now that Alberta's economy is beginning to recover, the government will adjust education property tax upwards by 1.5 per cent in 2022-2023, rather than using the original population growth plus inflation formula.

Tourism Levy Enforcement

As previously described in the 2019 budget, the government introduced a 4% tourism levy for short-term rentals (STRs) offered through online marketplaces such as Airbnb, HomeAway and VRBO. However, to date none of the online marketplaces have voluntarily taken on the responsibility to collect and remit the levy. The budget proposes to introduce new legislative amendments in 2022 to require online marketplaces to collect and remit the tourism levy on behalf of their Alberta short-term rental hosts.

Tobacco Tax

Effective March 1, 2022, the budget introduces a separate category for smokeless products, such as chewing tobacco, subject to a tax rate of 27.5 cents per gram to align with Alberta's cigarette tax rate. The current rate for smokeless tobacco products is 41.25 cents per gram. Alberta expects this change will remove the incentive to purchase smokeless tobacco products outside the province.

Vaping Products Tax

The province had intended to introduce a tax on vaping products, but paused the plan in March 2020 due to the onset of the COVID-19 pandemic. The federal government has since announced its intention to introduce a federal tax on vaping products in 2022. The federal government indicated the possibility of a federal-provincial coordination of the tax, similar to the cannabis tax implementation. To minimize the administrative burden on Alberta businesses, Alberta will now work with the federal government to explore a coordinated approach to collect provincial tax on vaping products.

BUSINESSES

The budget did not propose any changes to corporate income tax rates and it did not change the \$500,000 provincial small business income threshold. The rates below reflect a December 31st year-end.

2022 Corporate Tax Rates

Income Type	Alberta Rate	Federal	Combined Rates Calendar 2022
General corporate income	8.00%	15.00%	23.00%
Small business income	2.00%	9.00%	11.00%
CCPC* investment income	8.00%	38.67%	46.67%
Non-CCPC investment income	8.00%	15.00%	23.00%
Manufacturing and processing income	8.00%	15.00%	23.00%

**Canadian-controlled private corporation
Based on known provincial and federal rates at February 24, 2022*

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