Small and Medium Enterprise Investment Tax Credit (SMEITC)

This new incentive offers non-refundable tax credits on equity investment in eligible Saskatchewan manufacturers.

What is SMEITC?

The SMEITC is a three-year pilot program effective July 1, 2025 to June 30, 2028, that encourages investment in Saskatchewan's manufacturing sector.

It provides a 45 per cent non-refundable tax credit to investors who put equity into eligible small and medium-sized businesses in food, beverage, machinery, and transportation equipment manufacturing.

The maximum amount of investment an eligible business can raise under the program is $4 million.

An investor can earn up to $225,000 in tax credits per annual investment in an eligible business and claim a maximum of $140,000 in tax credits per certificate per tax year. The credits for investments made between July 1, 2025 and June 30, 2028, can be claimed over a seven-year period.

The program approves up to $7 million in investment tax credits annually.

The program is effective as of July 1, 2025.

Program Benefits

Promotes Investment

- The program provides tax relief to investors, minimizing their financial risk and encouraging them to allocate capital towards expansion projects.

Facilitates Business Growth

- By directing investments towards scaling operations, businesses can improve their capabilities. This includes acquiring advanced machinery, upgrading production facilities, and expanding manufacturing capacity.

Drives Innovation

- The program enables businesses to invest in new technologies and automation, leading to improved efficiency and competitiveness.

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Program Eligibility Criteria

Eligible businesses:

- Employ between five and 49 full-time employees, with at least 50 per cent in Saskatchewan.
- Operate within one of the following sectors:
    - Food and beverage manufacturing;
    - Machinery manufacturing; and
    - Transportation equipment manufacturing.
- Have a head office located in Saskatchewan and are registered to do business in the province.

Individual or corporate investors must:

- Be based in Saskatchewan and pay taxes in the province;
- Be an accredited investor; or
- Meet the exemption requirements outlined in the *National Instrument 45-106, Prospectus Exemptions.*

Limited partnership (LP) investors must:

- Have a mechanism to track the ownership interests of each limited partner, being able to determine each partner's proportionate share of an eligible investment.
- File a Declaration of Limited Partnership in accordance with the *Business Names Registration Act*.
- Not qualify under the Labour-Sponsored Venture Capital Corporation or the Saskatchewan Technology Startup Incentive.
- Have limited partners who are:
    - Based in Saskatchewan;
    - An individual or corporation;
    - Accredited investors or meet the exemption requirements outlined in the *National Instrument 45-106, Prospectus Exemptions.*

Certificate of Eligibility

A Certificate of Eligibility, issued by the Ministry of Trade and Export Development, confirms a business meets the program's definition of eligible business and authorizes it to attract investments from both individual and corporate investors under the program.

Equity Investment

- Minimum $50,000 for corporations
- Minimum $25,000 for individuals
- Holding period: minimum of 3 years

Claiming the Tax Credit

The SMEITC claim form must be received by the Ministry of Finance within three years of the end of the tax year being applied for.

Timeframe for SMEITC Claims

Tax credit for investments made between July 1, 2025 and June 30, 2028, can be claimed over a seven-year period.

How to Apply

To apply for the program, review the information available on our website:

saskatchewan.ca/SME-Investment-Tax-Credit

For more information, contact:

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