

## **CORPORATION CAPITAL TAX RATE CHANGE**

The following changes are introduced as a result of Budget 2026-27:

### **CROWN CORPORATIONS TAX RATE CHANGES**

The Corporation Capital Tax (CCT) rate for Crown corporations will be reduced effective April 1, 2026, and fully eliminated on April 1, 2027. In addition, the Telecommunications Tax will be fully eliminated on April 1, 2027.

The revised CCT rates will be as follows:

- Effective April 1, 2026, the rate is reduced from the current 0.6 per cent to 0.3 per cent;
- Effective April 1, 2027, the rate is reduced from 0.3 per cent to 0.0 per cent;
- Effective April 1, 2027, the telecommunications tax is reduced from 0.9 per cent to 0.0 per cent.

### **FINANCIAL INSTITUTIONS**

The CCT rate used by large Financial Institutions will be increased, effective April 1, 2026, from the current 4.0 per cent to 6.0 per cent. In addition, CCT is fully eliminated for small Financial Institutions, effective April 1, 2026.

A small Financial Institution is a Financial Institution that has aggregate taxable paid-up capital (including all of its associated corporations) of \$1.5 billion or less.

### **CALCULATING TAX PAYABLE**

**Corporations with fiscal years that end after the elimination date must file a final CCT return within six months from the close of the fiscal year.**

Crown corporations and large Financial Institutions will determine their CCT for a fiscal year using the applicable tax rate for the appropriate portion of the fiscal year.

#### Example

A large Financial Institution has a January 1, 2026 to December 31, 2026 fiscal year and taxable paid-up capital allocated to Saskatchewan, reported on line 30 of the return, of \$5 million. The corporation would calculate CCT as:

- $\$5\text{M} \times 4.0 \text{ per cent} \times (90/365) = \$49,317$
- $\$5\text{M} \times 6.0 \text{ per cent} \times (275/365) = \$226,027$

## **INSTALMENT REQUIREMENTS**

Large Financial Institutions are required to change their monthly instalment payments to reflect the new tax rates commencing with the instalment payment due April 30, 2026. Late or deficient instalment payments will be subject to debit interest.

### **Example**

A large Financial Institution has a January 1 to December 31 fiscal year and taxable paid-up capital allocated to Saskatchewan of:

- 2026 (estimated): \$5 million
- 2025: \$3 million
- 2024: \$2 million

### **OPTION 1: Current-Year Instalment Method**

#### **1. Step 1: Estimate 2026 CCT Payable**

Multiply your taxable paid-up capital allocated to SK by the applicable tax rate, prorated for the number of days the rate applies.

- $\$5\text{M} \times 4.0 \text{ per cent} \times (90/365) = \$49,317$
- $\$5\text{M} \times 6.0 \text{ per cent} \times (275/365) = \$226,027$

Total estimated 2026 CCT payable: \$275,342

#### **2. Step 2: Calculate your monthly 2026 instalment amount.**

Divide your estimated CCT by 12 months.

$\$275,342 / 12 = \$22,945$  per month.

#### **3. Step 3: Calculate your April 2026 Catch-Up**

Instalments already paid for January, February and March total \$50,000.

- Revised instalments for January – March:  $\$22,945 \times 3 = \$68,836$
- Total instalments already paid for January – March: \$50,000
- April Catch-up Amount:  $\$68,836 - \$50,000 = \$18,836$

#### **4. Step 4: Calculate Your April and May 2026 Instalments**

- April Instalment:  $\$22,945 + \$18,836 = \$41,781$
- May Instalment: \$22,945

## **OPTION 2: Prior-Year Instalment Method**

### **1. Step 1: Calculate the 2024 Grossed-Up CCT Payable**

Multiply your 2024 taxable paid-up capital allocated to SK by the applicable tax rate, prorated for the number of days the rate applies.

- $\$2\text{M} \times 4.0 \text{ per cent} \times (90/365) = \$ 19,726$
- $\$2\text{M} \times 6.0 \text{ per cent} \times (275/365) = \$ 90,411$

Total grossed-up 2024 CCT payable: \$110,137

### **2. Step 2: Calculate your Monthly Instalment Amount for January to March 2026**

Divide your estimated CCT by 12 months.

$\$110,137 / 12 = \$9,178$  per month

### **3. Step 3: Calculate the 2025 Grossed-Up CCT Payable**

Multiply your taxable paid-up capital allocated to SK by the applicable tax rate, prorated for the number of days the rate applies.

- $\$3\text{M} \times 4.0 \text{ per cent} \times (90/365) = \$ 29,589$
- $\$3\text{M} \times 6.0 \text{ per cent} \times (275/365) = \$ 135,616$

Total grossed-up 2025 CCT payable: \$165,205

### **4. Step 4: Calculate your Monthly Instalment for April to December 2026**

- First 3-months of instalments:  $3 \times \$9,178 = \$27,534$
- April to December Instalments:  $(\$165,205 - \$27,534) / 9 = \$15,297$

### **5. Step 5: Calculate your April 2026 Catch-Up**

Instalments already paid for January, February, and March total \$20,000

- Revised instalments for January – March:  $\$9,178 \times 3 = \$27,534$
- Total instalments already paid for January – March: \$20,000
- April Catch-up Amount:  $\$27,534 - \$20,000 = \$7,534$

### **6. Step 6: Calculate Your April and May 2026 Instalments**

- April Instalment:  $\$15,297 + \$7,534 = \$22,831$
- May Instalment: \$15,297

**FOR FURTHER INFORMATION**

Write: Ministry of Finance  
Revenue Division  
PO Box 200  
REGINA SK S4P 2Z6

Telephone: Toll Free 1-800-667-6102  
Regina 306-787-6645

Email: [sasktaxinfo@gov.sk.ca](mailto:sasktaxinfo@gov.sk.ca)

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