

Alberta Cuts Corporate Tax Rate to Aid Pandemic Recovery

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Alberta's COVID-19 economic recovery plan includes an immediate corporate income tax rate cut that could spur competition among the provinces.

Alberta's corporate tax rate dropped to 8 percent July 1, over a year sooner than originally planned. The province's recovery plan, [announced June 29](#), accelerated its job creation tax cut, a plan to lower the corporate income tax rate from 12 percent to 8 percent by 2022. The most recent provincial rate was 10 percent, effective in January.

The cut is "essential to Alberta's recovery, ensuring our province has a competitive tax regime for job creators," said Travis Toews, president of the Treasury Board and Alberta's minister of finance. He added that Alberta's corporate tax rate is now much lower than British Columbia's, which is 12 percent. Employers recovering from the effects of the pandemic "can be confident that Alberta will be the best place in Canada — by far — to locate, bringing with them jobs and prosperity," Toews said.

Accelerating the tax cut will give Alberta "the most attractive environment for new business investment in Canada and among the lowest rates in all of North America," Alberta Premier Jason Kenney said during a June 29 press conference. "This will accelerate the creation of an estimated 55,000 jobs, new full-time private sector jobs, and stimulate, we estimate, C \$13 billion in economic growth," he said.

"With the exception of some of the maritime provinces, the general corporate rates hover around 25 percent for most of the provinces," when federal and provincial rates are combined, said Kim Moody of Moodys Tax Law LLP. The reduction in Alberta's blended corporate rate to 23 percent "will, in my opinion, start to create some genuine competition," Moody said.

Alberta's recovery plan includes a C \$10 billion infrastructure investment and an innovation employment grant aimed at small companies that incorporates a refundable tax credit for research and investment. "During pre-income and scale-up phases, companies will benefit from this program, and as they become profitable and no longer qualify for the grant, they will benefit from the Job Creation Tax Cut," according to the announcement.

The plan was revealed the same day the federal government confirmed that its deferral of goods and services tax/harmonized sales tax and customs duty payments would end June 30. The government announced the deferral March 27, estimating that it could generate as much as C \$30 billion in business assistance over three months.

The measure helped ensure that employees and bills could still be paid during the pandemic, the government said in a [June 29 news release](#). It urged businesses still struggling with GST/HST remittance to contact the Canada Revenue Agency about flexible payment

arrangements. The government will work with businesses “to provide the support necessary so that we are able to safely restart our economy and pave the way toward a recovery that leaves no one behind,” said Finance Minister Bill Morneau.