

Saskatchewan Changes How Saskatchewan Credit Unions are Taxed

Regina, March 22, 2017 – Today the Saskatchewan government announced Saskatchewan credit unions will be facing a phased-in provincial tax increase to begin in 2017.

“While we are disappointed with the removal of the small business tax deduction for credit unions, we understand the need for all sectors to do their part to balance the provincial budget,” said Keith Nixon, CEO of SaskCentral. “We will be encouraging the province to do more analysis on this issue to ensure Saskatchewan credit unions are not at a competitive disadvantage.”

Saskatchewan’s small business tax deduction for credit unions was designed to accumulate capital in cooperative financial institutions. When banks need capital, they can issue shares traded on public exchanges. Credit unions typically do not issue shares like the banks do, making them unable to benefit from federal incentives such as the generous capital gains exemption.

The province’s small business tax deduction allowed Saskatchewan credit unions to retain approximately \$11 million per year to build capital. Credit unions used that capital to support lending opportunities for small and medium businesses, agriculture producers and consumers. The capital also supports community impact investments with local businesses, community projects, and programs.

The announcement followed the grass roots advocacy campaign #CUSgrowSK by credit union members who met with their MLAs and sent messages to the Minister of Finance to keep the existing tax rates for credit unions.

The tax hike on credit unions will have an impact on credit unions and the communities they serve throughout the province. “Credit unions may need to make adjustments in how they manage expenses,” said Nixon. “These changes will be unique to the individual credit unions and the communities they serve.”

About SaskCentral – SaskCentral is owned by Saskatchewan credit unions to serve and represent their collective interests. There are 46 credit unions in Saskatchewan serving more than 474,000 members. As independent financial institutions owned and controlled by their members, credit unions are shaped by community needs. Credit unions contribute approximately \$600 million in annual economic impact to Saskatchewan’s economy, employing almost 3,500 people and contributing millions to communities across the province.

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For more information, please contact:
Jennifer Nelson
jennifer.nelson@saskcentral.com
306-566-7635 (office) 306-519-9416 (cell)



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Credit Unions**

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