

**Federal Budget
March 29, 2012
Highlights**

ROBIN WHITROD

Comptable agréé Inc. / Chartered Accountant Inc.

For more information please
contact the office of
Robin Whitrod Chartered
Accountant Inc.
1 Holiday Avenue
West Tower, Suite 520
Pointe-Claire, QC H9R 5N3
Telephone: (514) 426-2011
Facsimile: (514) 426-0559
robin@rwhitrod.ca

Budget Highlights

“A Nickel for your Thoughts”

On March 29, 2012, Finance Minister Jim Flaherty brought down his first budget as a majority government. The budget's focus is largely on reductions in spending and does not propose any new taxes or tax reductions. It also eliminates any new minting of the penny after this fall as the penny is now too costly to produce. The following are a few highlights:

Personal Taxes

- Persons born after March 1958 will start to see delays in when they will collect the Old Age Security (OAS) pension. Persons born after January 1962 will have their OAS eligibility start at 67 years old.
- An increase in the amounts Canadians can bring back duty-free to \$200 on stays of 24 hours or more and \$800 on stays of 48 hours or more, beginning June 1st. As the amount of liquor we can bring back does not appear to have increased; only the quality of the liquor has.
- An extension to the Mineral Exploration Tax Credit for an additional year to March 15, 2013.
- Changes to the rules governing maximum and minimum withdrawals from Registered Disability Savings Plans to provide greater flexibility.

Look inside for more highlights...

Business & Corporate Taxes

- Corporations will now be able to designate a dividend payment to be either an “eligible” dividend (enhanced credit) or a regular dividend without having to make distinct payments. This is definitely a good measure to reduce administrative burden for small businesses.
- Introduction of a tax at top marginal rates for excessive contributions by an employer to an Employee Profit Sharing Plan for “specified employees” such as family members of the company owners.
- A reduction in the SR&ED tax credit rate for large businesses from 20% to 15% for taxation years ending after 2013 to compensate for falling corporate tax rates for large businesses. The enhanced 35% rate for small businesses remains unchanged. In addition capital expenditures will no longer be eligible for credit after 2013. The “proxy method” for calculating overheads eligible for credit will reduce from 65% of eligible salaries to 60% in 2013 and 55% after 2013. Contract payments eligibility will be reduced to 80% of contract payments after 2012 to remove the “profit” element.
- Some proposed technical changes to how “exempt” life insurance policies (policies with a savings component) are determined for policies issued after 2013.
- Extension of the freeze on employer EI premiums for small employers though 2012.

GST/HST

- Exempting certain specific “diagnostic services” performed by pharmacists from GST/HST.
- The limit for small businesses to be eligible for the Quick Method to calculate GST/HST is raised from \$200,000 of revenues annually to \$400,000, for years beginning after 2012. The use of the “Streamlined Input Tax Credit Method” is similarly increased to \$1,000,000 of taxable sales (from \$500,000) and \$4 million of taxable purchases (from \$2 million).

As always, should you wish to discuss any of these measures in further detail, please give us a call.

Yours truly,

ROBIN WHITROD CHARTERED ACCOUNTANT INC.

Per:



Robin Whitrod, CA
(514) 426-2033

