

**Federal Budget
March 4, 2010
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

On March 4, 2010, Finance Minister Jim Flaherty handed down what must be considered a “stay the course” Budget. The emphasis was on reigning in spending and there was little in new taxes or tax relief, other than the usual tinkering. The following are some of these minor proposals:

Personal Taxes

- Cosmetic surgery will no longer be considered tax deductible and will also now be subject to GST.
- The Universal Child Care Benefit (UCCB) for single parents can now be added to the child's income as opposed to the parent. This will lower the parent's income but also reduce the credit for the child on the parent's tax return. There is a net benefit of up to 9.2% on \$1,200/year per child, or \$110/year.
- The monthly benefits for children will now be split between both parents who have shared custody. This proposal will be neutral to CRA but may be fairer to parents, and may be less of a sore point in the future.
- Scholarship exemptions are usually non-taxable. Post-doctoral scholarships or fellowships will now be taxable as they would not be linked to formal studies. Also, the scholarship exemptions for part-time students will also be limited to the cost of fees and program related materials.
- RRSP proceeds upon the death of a parent can now be rolled into a disabled child's or grandchild's Registered Disability Savings Plan up to a limit of \$200,000.

Look inside for more highlights...

Personal Taxes (continued)

Proceeds can also continue to rollover to a disabled child's or grandchild's RRSP. This measure increases flexibility of funds that may be needed sooner than later for the disabled person.

- Mineral Exploration Credits on flow-through shares are extended for one year in order to give time for expenditures to be made that give rise to these credits.
- Changes to stock option benefits including a requirement to withhold all applicable taxes at the time the option is exercised in order to ensure the individual can meet his or her tax obligations in the event the stock drops in value prior to sale.

Business & Corporate Taxes

- Faster write-off of clean energy equipment in order to help businesses with cash flow as they acquire such equipment.
- A reduction of the interest rate on refunds to corporations for income tax, GST and payroll tax. In most cases this change will be immaterial to businesses but does emphasize tax planning on order not to overpay instalments.
- A simplification GST method for direct sellers in order to relieve the administrative burden and confusion currently in this industry.
- Some rule changes to taxes on foreign investors in order to eliminate the inability to obtain refunds in certain circumstances.

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

