

Federal Budget April 19, 2021 Highlights

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W H I T R O D L E D U C C P A I N C .

In the first federal budget in over two years, Finance Minister Chrystia Freeland is proposing massive spending to continue to support the economy as long it is caught in the grasp of COVID-19. The following are some of the proposals that we feel are of specific interest to small businesses and their owners.

Personal Taxes

- No changes to personal tax rates have been proposed.
- There is a small enhancement to the Canada Workers Benefit effective for 2021, which will be of help to low income workers.
- Where COVID-19 benefits would need to be repaid, the resulting deduction can be claimed in the year the benefits were received as opposed to in the year repaid. For 2020, this could result in refiling tax returns for individuals with amounts repaid in 2021.
- There are some definition changes that will allow a broadening of allowable therapy timeframes for the Disability Tax Credit.

Business and Corporate Taxes

- An extension of the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS) through September 25, 2021, with a provision for additional extensions, if deemed to be necessary.
- The introduction of the Canada Recovery Hiring Program (CRHP) starting June 6, 2021 that can be an alternative to the CEWS for employers qualifying to the CEWS.

Look further for more highlights...

Business and Corporate Taxes (continued)

The introduction of a temporary 100% deduction rate for most capital cost allowance (CCA) classes for purchases prior to January 1, 2024. The 100% deduction rate will not qualify for buildings and other classes that are generally considered to be "long-lived assets".

A requirement for non-resident businesses that supply digital products or services to register for GST/HST by July 1, 2021.

A (trial-balloon) proposal to levy a luxury tax on new vehicles and aircraft over \$100,000 and new boats over \$250,000. Before proceeding, the government will study these proposals and seek input from interested parties.

Commentary

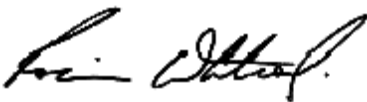
The federal budget is widely seen as a pre-election budget to entice the Canadian electorate to return the Liberals to power, with a majority government this time. It should be only a matter of time before we head to the polls, whether the opposition votes down the budget or whether the Liberals feel the time is right to seek a new mandate.

Should you wish to discuss further any of the points highlighted above, please give us a call.

Yours truly,

Whitrod Leduc CPA Inc.

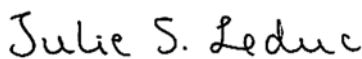
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