

## **Federal Budget March 19, 2019 Highlights**

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

This year's Budget has been widely touted as a pre-election budget to have Canadians see the Liberals more favourably in light of their recent drop in popularity polls. The Budget has many spending programs and a \$19.8 billion deficit. It also has some tax measures, a few of which are discussed below.

### **Personal Taxes**

- The introduction of a CMHC-backed First-Time Home Buyer Incentive. Here the CMHC would share in the equity of the down payment on the purchase of a home allowing for the financed portion of a mortgage to be lower, which in turns results in a lower monthly payment. This equity portion would be repayable to the CMHC when the home is sold. The amount of the shared equity would be 10% of the purchase price for new housing and 5% for existing housing. Eligible first-time home buyers' household income cannot exceed \$120,000 per year. Being a CMHC offering, the mortgage itself would need to be an insured mortgage and cannot exceed four times the household's annual income at approval. It is expected that the program be available by September 2019.
- An increase in the ability to withdraw funds from an RRSP under the Home Buyers' Plan from \$25,000 to \$35,000 per person.
- Introduction of the Canadian Training Credit for eligible workers between the ages of 25 and 64 and income between \$10,000 and \$150,000 per year. The refundable credit would accumulate in the amount of \$250/year up to a lifetime limit of \$5,000. The accumulated credit would be able to be claimed on their tax returns starting in 2020, up to 50% of the cost of training at colleges, universities and other institutions offering occupational skills training.
- A new EI Training Support benefit to cover 55% of a person's average weekly earnings for a period up to four weeks, every four years.
- Lowering the floating interest rate on student loans to prime from prime +2.5%. In addition there would be a six-month interest-free grace period after graduation.

*Look further for more highlights...*

### **Personal Taxes (continued)**

An increase in the exempted earnings for the Guaranteed Income Supplement for seniors from \$3,500 to \$5,000 with a partial exemption on the next \$10,000 of earnings, starting with the July 2020 to June 2021 benefit year.

The change of use rules for multi-unit residential properties will be modified to allow a taxpayer to elect to effectively defer taxation on the deemed disposition.

A 15% non-refundable tax credit, up to \$75/year, for digital news subscriptions between 2020 and 2024.

### **Business and Corporate**

An enhanced 100% CCA rate for zero-emission vehicles purchased before January 1, 2024, reducing to 75% for purchases in 2024 and 2025, 55% for purchases in 2026 and 2027. The capital cost for these vehicles will be limited to \$55,000 before taxes. If the vehicle cost is greater than \$55,000, no additional CCA will be claimed, but the selling price will also be deducted from the undepreciated capital cost on a prorated basis.

The elimination of the taxable income threshold in claiming the enhanced 35% SR&ED tax credit for small and medium sized businesses in order to support those experiencing rapid growth.

Measures to prevent mutual fund trusts from using inappropriate methods to defer income allocation or to convert income into capital gains.

Should you wish to discuss further any of the topics covered in this summary, please give us a call.

Yours truly,

**WHITROD LEDUC CPA INC.**

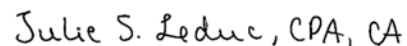
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