

2019 Federal Budget Highlights from SLF

2019 FEDERAL BUDGET HIGHLIGHTS — MARCH 19, 2019

OVERVIEW

- Projected deficit of \$14.9 billion for 2018–2019, down from \$19 billion last year
- Deficits forecasted to increase to \$19.8 billion and \$19.7 billion the next two years
- No timeline provided to balance the budget
- Focus on good jobs, housing, seniors and moving forward with a national Pharmacare strategy

PROPOSED BUSINESS TAX MEASURES

- No changes to corporate tax rates
- Enhanced CCA claims and increased capital cost limit for zero-emission vehicles
- Enhancing Scientific Research & Experimental (SR&ED) credits for CCPCs by eliminating prior year taxable income as a criterion in determining eligibility for SR&ED credits
- Specific measures introduced to support Canadian journalism
- Previously announced measures in the fall economic statement of November 21, 2018 such as the Accelerated Investment Incentive; allowance for the full cost of machinery and equipment used in M&P activities and allowance for the full cost of specified clean energy equipment

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PROPOSED PERSONAL TAX MEASURES

- Introduction of the Canada Training Credit to address professional development for working Canadians up to a lifetime maximum of \$5,000
- Home Buyers' Plan RRSP withdrawal limit increased to \$35,000 from \$25,000 (\$70,000 from \$50,000 for a couple)
- Intention to implement changes to employee stock options to align with tax treatment of stock options in the US with additional details to be released in summer of 2019
- Enhancements to Registered Disability Savings Plan ("RDSP") where a beneficiary becomes ineligible for the disability tax credit

PROPOSED INTERNATIONAL TAX MEASURES

- Clarification that adjustments by existing transfer pricing provisions will take priority over adjustments that may be required relating to other provisions in the circumstances
- Foreign Affiliate dumping rules to be extended where a Corporation Resident In Canada ("CRIC") is owned by a non-resident individual, non-resident trust or a group of non-resident corporations, non-resident individuals and/or non-resident trusts who do not deal with each other at arm's length

PROPOSED SALES AND EXCISE TAX MEASURES

- GST/HST relief measures to be extended to the supply of human ova/vitro embryos, foot care devices prescribed by a podiatrist or chiropractor, and multidisciplinary health care services (i.e. when the services are rendered by team of health professionals), whose services are GST/HST exempt when supplied separately

For additional budget details, please contact your SLF advisor or call us at 416.785.5353

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