



UPPER CANADA CAPITAL
PRIVATE WEALTH MANAGEMENT

Happy Federal Budget week!

On Tuesday of this week the Federal Finance Minister presented the 2019 Federal Budget.

Here is a short summary of the key points that may affect you.

PERSONAL

- No changes to federal personal tax rates
- **Canada training tax credit** – to eligible tuition and fees associated with training for a career for those age 25-65.
- **Employment Insurance Training Support Benefit** – expected in 2020 this will be money to help cover costs while you are training for a career.
- **Home Buyer's Plan** – first time home buyers can now withdraw \$35,000 (up from \$25,000) from their RRSP and put the money towards the purchase of a home.
- **Kinship care provisions** – some clarification of how benefits can be claimed.

INVESTMENTS

- **Stock options** – the budget proposed to limit the preferential tax treatment associated with employer stock options when exercised and the stock sold.
- **Change in use rules for multi-use real estate** – the budget proposes some flexibility on what capital gains you have to report when you change a property from rental to personal use.
- **Individual Pension Plans** – more of the tax benefits of these structure are being limited in this budget.
- **Annuities** – two new types of annuities are being launched as products to consider in registered accounts (eg. RRSPs) to help with retirement income design.
- **Registered disability savings plans** – they are softening the rules related to what happens to these plans if the beneficiary is no longer disabled.
- **Carrying on a business using money from a Tax-Free account** – the account holder now has more legal liability if they don't pay their taxes on the business on time.
- **Character conversion transactions** – mutual funds can no longer benefit from using derivatives to convert regular income to lower taxed capital gains.

BUSINESS

- No changes to federal corporate tax rates
- **Farming and fishing** – easing of some tax rule to ensure these industries can access the small business deduction.
- **Scientific research program** – removal of the use of taxable income as a determining factor related to the amount of tax credit available.

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- **Zero emission vehicles** – larger tax write offs for businesses that use vehicles with zero emissions.

OTHER

- Some tax breaks provided to support Canadian journalism including a tax credit for subscriptions paid to Canadian digital news.

If you would like to read the full budget here is a link to the full document from the government:

<https://budget.gc.ca/2019/docs/plan/budget-2019-en.pdf>

There are other provisions that I have not listed as I do not feel they are relevant to most people. As well, I have not stated the full description of the opportunity above. Please discuss any planning before you act with us or your accountant or both.

As always, I look forward to discussing tax planning as a significant component of all of our annual meetings. I also welcome getting copies of your personal and corporate tax returns each year so I can monitor your average and marginal tax rates.

Please contact me or the team with any questions or to schedule your next planning session.

Warm regards,

- Kurt.

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