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2016 FEDERAL BUDGET

Wealth Planning Group
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Tax highlights from the 2016 Federal budget

Canada's Finance Minister, the Honourable William Morneau, tabled the 2016 federal budget on March 22, 2016. The following global economic developments and outlook were noted:

- Global growth has slowed;
- Financial market volatility has risen; and
- Commodity prices have fallen sharply.

The fragile and uncertain global economic environment has weighed on Canada's economy. Over the past four years, growth in Canada has slowed to below 2% on average and the sharp decline in global crude oil prices since the end of 2014 has placed significant downward pressure on the economy. However, the conditions are in place for the economy to begin to regain momentum and post more solid GDP growth and job creation going forward.

Using a February outlook for planning purposes, and accounting for budget measures, the budgetary balance is expected to show a deficit of $29.4 billion in 2016-17, gradually declining to a deficit of $14.3 billion in 2020-21. These details are summarized below.

Summary of fiscal developments since the February outlook (billions of dollars)

	PROJECTION					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021
February outlook	-2.3	-18.4	-15.5	-13.9	-11.0	-7.2
Budget 2016 measures	-3.1	-11.0	-13.5	-8.9	-6.7	-7.0
Budget 2016 budgetary balance	-5.4	-29.4	-29.0	-22.8	-17.7	-14.3

Repealing the Federal Balanced Budget Act

Balanced budget legislation enacted under the previous Government is inconsistent with the current Government's plan. As a result, the Government will propose legislative repeal of the Federal Balanced Budget Act.

The following pages are a summary of the changes announced in the budget. Please note that these changes are still proposals until passed into law by the federal government.

PERSONAL TAX MATTERS

Personal income tax rates

There were no changes to personal income tax rates in the budget.

The new federal marginal tax rate of 33% for taxable income in excess of $200,000 became effective January 1, 2016, as did the reduction of the second bracket tax rate from 22.0% to 20.5%. Tax brackets have been indexed by 1.3% for 2016 to reflect the impact of inflation. The effective rates for 2016 and corresponding tax bracket thresholds are shown in the following table.

Taxable income range	2016 tax rates
$11,475 - $45,282	15.0%
$45,283 - $90,563	20.5%
$90,564 - $140,388	26.0%
$140,389 - $200,000	29.0%
$200,001 or more	33.0%

The table below shows the top federal marginal tax rates for various types of income.

Type of income	2016 tax rates
Regular income	33.00%
Capital gains	16.50%
Eligible dividends	24.81%
Non-eligible dividends	26.30%

Taxation of shares of a mutual fund corporation

Canadian mutual funds can be in the legal form of a trust or a corporation. While many funds are structured as mutual fund trusts, some are structured as mutual fund corporations.

Many mutual fund corporations are organized as “switch funds” which offer different types of asset exposure in different funds, but each fund is structured as a separate class of shares within the mutual fund corporation. Investors are able to exchange shares of one class of the mutual fund corporation for shares of another class, in order to switch their economic exposure between the mutual fund corporation’s different funds. By virtue of a general provision in the Income Tax Act that applies to convertible corporate securities, this exchange is deemed not to be a disposition for income tax purposes.

To ensure recognition of capital gains, Budget 2016 proposes to amend the Income Tax Act so that an exchange of shares of a mutual fund corporation (or investment corporation) that results in the investor switching between funds will be considered to be a disposition at fair market value for tax purposes. The measure will not apply to switches where the shares received in exchange differ only in respect of management fees or expenses to be borne by investors and otherwise derive their value from the same portfolio or fund within the mutual fund corporation (e.g. the switch is between different series of shares within the same class). This measure will apply to dispositions of shares that occur after September 2016.

Canada Child Benefit

There are two main federal instruments for providing financial assistance to families with children under age 18: the Canada child tax benefit (CCTB) and the universal child care benefit (UCCB).

To simplify and consolidate existing child benefits, Budget 2016 proposes to replace the CCTB and UCCB with a new Canada Child Benefit.

The Canada Child Benefit will provide a maximum benefit of $6,400 per child under the age of six and $5,400 per child aged six through 17. The benefit will be phased out based on family net income and number of children as indicated below:

Canada child benefit phase-out rates and adjusted family net income thresholds

Number of children (for phase-out rates)	PHASE-OUT RATES (%)	
	$30,000 to $65,000	Over $65,000
1 child	7.0	3.2
2 children	13.5	5.7
3 children	19.0	8.0
4 or more children	23.0	9.5

To recognize the additional costs of caring for a child with a severe disability, Budget 2016 proposes to continue to provide an additional amount of up to $2,730 per child eligible for the disability tax credit. The phase-out of this additional amount will be made to generally align with the Canada Child Benefit.

Entitlement to the Canada Child Benefit for the July 2016 to June 2017 benefit year will be based on adjusted family net income for the 2015 taxation year.

Canada Child Benefit payments will start in July 2016. The UCCB and CCTB will be eliminated for months after June 2016.

Elimination of family tax cut

The Family Tax Cut, a non-refundable income splitting tax credit available for couples with at least one child under the age of 18, allows a higher-income spouse or common-law partner to notionally transfer up to $50,000 of taxable income to their spouse or common-law partner for the purpose of reducing the couple's total income tax liability by up to $2,000.

Budget 2016 proposes to eliminate this credit for the 2016 and subsequent taxation years.

Children's fitness and arts tax credits

The children's fitness tax credit provides a 15% refundable tax credit on up to $1,000 of eligible fitness expenses for children under 16 years of age at the beginning of the taxation year. For children who are eligible for the disability tax credit and have at least $100 of eligible expenses, the credit amount is increased by $500 and is extended to children under 18 years of age.

The children's arts tax credit provides a 15% non-refundable tax credit on up to $500 in eligible fees for programs of artistic, cultural, recreational and developmental activity for children under 16 years of age. As with the children's fitness tax credit, the age limit of the children's arts tax credit is extended to children under 18 years of age and an additional $500 credit amount is available in respect of children eligible for the disability tax credit.

Budget 2016 proposes to phase out the children's fitness and arts tax credits by reducing the 2016 maximum eligible amounts to $500 from $1,000 for the children's fitness tax credit and to $250 from $500 for the children's arts tax credit. The supplemental amounts for children eligible for the disability tax credit will remain at $500 for 2016. Both credits will be eliminated for the 2017 and subsequent taxation years.

Education and textbook tax credits

The education tax credit provides a 15% non-refundable tax credit of $400 per month of full-time enrolment in a qualifying educational program and $120 per month of part-time enrolment in a specified educational program at a designated educational institution. The textbook tax credit provides a 15% non-refundable tax credit of $65 per month of full-time enrolment in a qualifying educational program and $20 per month of part-time enrolment in a specified educational program at a designated educational institution.

A tuition tax credit is also available that provides a 15% non-refundable tax credit on eligible fees for tuition and eligible examination fees paid to certain educational institutions.

Budget 2016 proposes to eliminate the education and textbook tax credits. Note this measure does not eliminate the tuition tax credit. Changes will be made to ensure that other income tax provisions – such as the tax exemption for scholarship, fellowship and bursary income – that currently rely on eligibility for the education tax credit or use terms defined for the purpose of the education tax credit will be unaffected by its elimination.

This measure will apply effective January 1, 2017. Unused education and textbook credit amounts carried forward from years prior to 2017 will remain available to be claimed in 2017 and subsequent years.

Teacher and early childhood educator school supply tax credit

Teachers and early childhood educators often incur at their own expense the cost of supplies for the purpose of teaching or otherwise enhancing students' learning in the classroom or learning environment. To provide tax recognition for these costs, Budget 2016 proposes to introduce a teacher and early childhood educator school supply tax credit. This measure will allow an employee who is an eligible educator to claim a 15% refundable tax credit based on an amount of up to $1,000 in expenditures made by the employee in a taxation year for eligible supplies.

Teachers will qualify as eligible educators if they hold a teacher's certificate that is valid in the province or territory in which they are employed. Likewise, early childhood educators will qualify as eligible educators if they hold a certificate or diploma in early childhood education recognized by the province or territory in which they are employed.

Eligible supplies will normally include durable and consumable goods including games and puzzles, supplementary books for classrooms, educational support software, construction paper for activities and art supplies. This measure will apply to supplies acquired on or after January 1, 2016.

Top marginal income tax rate – consequential amendments

On December 7, 2015, the government announced the introduction of a 33% personal income tax rate on individual taxable income in excess of $200,000, effective for the 2016 and subsequent taxation years. These proposals were included as part of Bill C-2 (An Act to amend the Income Tax Act), which was tabled on December 9, 2015.

A number of amendments were included in Bill C-2 that were consequential to the introduction of the new 33% top personal income tax rate. Budget 2016 proposes further amendments to reflect the new top marginal income tax rate for individuals including:

- providing a 33% charitable donation tax credit (on donations above $200) to trusts that are subject to the 33% rate on all of their taxable income;
- applying the new 33% top rate on excess employee profit sharing plan contributions;
- increasing the tax rate on personal services business income earned by corporations from 28% to 33%;
- amending the recovery tax rule for qualified disability trusts to refer to the new 33% top rate.

These measures will apply to the 2016 and later taxation years. The charitable donation tax credit measure will be limited to donations made after the 2015 taxation year. In the case of the rate increase on personal services business income earned by corporations in taxation years that straddle 2015 and 2016, the rate increase will be prorated according to the number of days in the taxation year that are after 2015.

Labour-sponsored venture capital corporations tax credit

A labour-sponsored venture capital corporation (LSVCC) is a form of mutual fund corporation sponsored by an eligible labour body. LSVCCs are mandated, under their enabling legislation, to provide venture capital to small and medium-sized businesses.

Prior to 2015, individuals acquiring LSVCC shares qualified for a 15% federal tax credit for investments of up to $5,000 each year. The federal LSVCC tax credit was reduced to 10% for the 2015 taxation year and to five percent for the 2016 taxation year. The credit is scheduled to be eliminated for the 2017 and subsequent taxation years.

A number of provinces offer a similar tax credit, at varying investment limits and tax credit rates. LSVCCs may be referred to by different names under provincial legislation.

Federally registered LSVCCs are subject to federal tax rules. Provincially registered LSVCCs are subject to provincial legislation. To be eligible for the federal tax credit, a provincially registered LSVCC must be prescribed for purposes of the Federal Income Tax Act.

Consistent with the scheduled reduction and elimination of the federal tax credit, new federal LSVCC registrations are not permitted, and new provincially registered LSVCCs are not permitted to be prescribed for the purposes of the federal tax credit.

To support provinces that use LSVCC programs to facilitate access to venture capital for small and medium-sized businesses, Budget 2016 proposes to restore the federal LSVCC tax credit to 15% for share purchases of provincially registered LSVCCs prescribed under the Income Tax Act for the 2016 and subsequent taxation years.

Mineral exploration tax credit for flow-through share investors

Flow-through shares allow resource companies to renounce or “flow through” tax expenses associated with their Canadian exploration activities to investors, who can deduct the expenses in calculating their own taxable income. The mineral exploration tax credit provides an additional income tax benefit for individuals who invest in mining flow-through shares, which augments the tax benefits associated with the deductions that are flowed through. This credit is equal to 15% of specified mineral exploration expenses incurred in Canada and renounced to flow-through share investors.

Budget 2016 proposes to extend eligibility for the mineral exploration tax credit for one year, to flow-through share agreements entered into on or before March 31, 2017. Under the existing “look-back” rule, funds raised in one calendar year with the benefit of the credit can be spent on eligible exploration up to the end of the following calendar year.

Sales of linked notes

A linked note is a debt obligation, most often issued by a financial institution, the return on which is linked in some manner to the performance of one or more reference assets or indexes over the term of the obligation. The reference asset or index – which can be a basket of stocks, a stock index, a commodity, a currency or units of an investment fund – is generally unrelated to the operations or securities of the issuer.

The two main types of linked notes are principal-protected notes and principal-at-risk notes. Under a principal-protected note, the amount payable to the investor at maturity is equal to the principal amount invested plus a return, if any, wholly or partially linked to the performance of the reference asset or index. Under a principal-at-risk note, there is a risk, depending on the performance of the reference asset or index, that the amount payable to the investor at maturity may be less than the principal amount invested.

The Income Tax Act contains rules that deem interest to accrue on a prescribed debt obligation, which includes a typical linked note.

A specific rule provides that interest accrued to the date of sale of a debt obligation is included in the income of the vendor for the year in which the sale occurs. However, some investors, who hold their linked notes as capital property, sell them prior to the determination date to, in effect, convert the return on the notes from ordinary income to capital gains, only 50% of which is included in their income. These investors take the position that no amount in respect of the return on a linked note is accrued interest on the date of sale of the note for the purposes of this specific rule. On that basis, such investors include the full amount of the return on a linked note in the proceeds of disposition and claim the return on the note as a capital gain.

Budget 2016 proposes to amend the Income Tax Act so that the return on a linked note retains the same character whether it is earned at maturity or reflected in a secondary market sale. Specifically, a deeming rule will apply for the purposes of the rule relating to accrued interest on sales of debt obligations. This deeming rule will treat any gain realized on the sale of a linked note as interest that accrued on the debt obligation for a period commencing before the time of the sale and ending at that time. An exception will be provided where a portion of the return on a linked note is based on a fixed rate of interest. In that case, any portion of the gain that is reasonably attributable to market interest rate fluctuations will be excluded.

This measure will apply to sales of linked notes that occur after September 2016.

RETIREMENT MEASURES

Canada Pension Plan enhancements

Budget 2016 proposes to launch consultations in the coming months to give Canadians (except workers in Quebec who contribute to the Quebec Pension Plan) an opportunity to share their views on enhancing the Canada Pension Plan. In December 2015, the Government began discussions on enhancing the Canada Pension Plan with provinces and territories with the goal of being able to make a collective decision before the end of 2016.

Restoring Old Age Security eligibility ages

Budget 2016 proposes to cancel the provisions in the Old Age Security Act that increase the age of eligibility for Old Age Security and Guaranteed Income Supplement benefits from 65 to 67 and Allowance benefits from 60 to 62 over the 2023 to 2029 period.

Support for senior couples living apart

Budget 2016 proposes to introduce amendments to the Old Age Security Act that will ensure that couples who receive Guaranteed Income Supplement and Allowance benefits and have to live apart for reasons beyond their control (such as a requirement for long-term care) will receive higher benefits based on their individual incomes. Legislation is already in place to allow for senior couples who are both Guaranteed Income Supplement recipients to receive benefits based on their individual incomes if the couple is living apart for reasons beyond their control.

Increasing the Guaranteed Income Supplement for single seniors

Budget 2016 proposes to increase the Guaranteed Income Supplement top-up benefit by up to $947 annually starting in July 2016, to support those seniors who rely almost exclusively on Old Age Security and Guaranteed Income Supplement benefits. Single seniors with annual income (other than Old Age Security and Guaranteed Income Supplement benefits) of about $4,600 or less will receive the full increase of $947. Above this income threshold, the amount of the increased benefit will be gradually reduced and will be completely phased out at an income level of about $8,400.

CORPORATE TAX MATTERS

Corporate income tax rates

There were no changes proposed to any corporate income tax rates for 2016. The table below shows federal tax rates and the small business limit for 2016.

Category	2016 tax rates
General rate	15%
Manufacturing & processing rate	15%
Small business rate	10.5%
Small business limit	$500,000
Investment tax rate (CCPC)	38.67%

Budget 2016 proposes the small business tax rate remain at 10.5% after 2016. Previously, Budget 2015 had proposed to reduce the small business tax rate from 11% to 9.0% over 2015-2019. In order to preserve the integration of the personal and corporate income tax systems, Budget 2016 also proposes to maintain the current gross-up factor of 17% and the dividend tax credit rate of 10.5% applicable to non-eligible dividends as well.

Multiplication of the small business deduction

Budget 2016 proposes changes to address concerns about partnership and corporate structures that inappropriately multiply access to the small business deduction.

Partnerships

The specified partnership income rules in the Income Tax Act are intended to eliminate the multiplication of the small business deduction in respect of a partnership of corporations that are not associated with each other. In such a case, a single business limit applies with respect to the partnership's business. In the absence of these rules, each Canadian

Controlled Private Corporation (CCPC) that is a member of a partnership could claim a separate small business deduction of up to $500,000 in respect of the portion of the partnership's active business income allocated to it.

Some taxpayers have implemented structures to circumvent the application of the specified partnership income rules. Budget 2016 proposes to extend the specified partnership income rules to partnership structures in which a CCPC provides (directly or indirectly) services or property to a partnership during a taxation year of the CCPC where, at any time during the year, the CCPC or a shareholder of the CCPC is a member of the partnership or does not deal at arm's length with a member of the partnership.

These measures will apply to taxation years that begin on or after Budget Day. However, an actual member of a partnership will be entitled to notionally assign all or a portion of the member's specified partnership income limit in respect of their taxation year that begins before and ends on or after Budget Day.

Corporations

Similar tax planning could also utilize a corporation to multiply access to the small business deduction. Such multiplication could occur in circumstances where a CCPC earns active business income from providing services or property (directly or indirectly) to a private corporation during the CCPC's taxation year when, in the taxation year, the CCPC, one of its shareholders, or a person who does not deal at arm's length with such a shareholder has a direct or indirect interest in the private corporation.

Budget 2016 proposes to amend the Income Tax Act to address such corporate structures. A CCPC's active business income from providing services or property (directly or indirectly) in its taxation year to a private corporation will be ineligible for the small business deduction where, at any time during the year, the CCPC, one of its shareholders, or a person who does not deal at arm's length with such a shareholder has a direct or indirect interest in the private corporation. This ineligibility for the small business deduction will not apply to a CCPC if all or substantially all of its active business income for the taxation year is earned from providing services or property to arm's length persons other than the private corporation.

Avoidance of the business limit and the taxable capital limit

The associated corporation rules in the Income Tax Act are relevant for applying both the $500,000 business limit and the $15 million taxable capital limit to CCPCs.

There is a special rule, in S. 256(2), under which two corporations that would not otherwise be associated will be treated as associated if each of the corporations is associated with the same third corporation. Since the $15 million taxable capital limit is based on the capital of associated corporations, none of the corporations is eligible to claim the small business deduction if the total taxable capital of the three corporations exceeds $15 million.

There is an exception to this special rule: two corporations that are associated because they are associated with the same third corporation will not be treated as being associated with each other if the third corporation is not a CCPC or, if it is a CCPC, it elects not to be associated with the other two corporations for the purpose of determining entitlement to the small business deduction. The effect of this exception is that the third corporation cannot itself claim the small business deduction, but the other two corporations may each claim a $500,000 small business deduction subject to their own taxable capital limit.

The above exception does not affect the associated corporation status for the purpose of another rule that treats a CCPC's investment (e.g. interest and rental) income as active business income eligible for the small business deduction if that income is derived from the active business of an associated corporation. Accordingly, two corporations may not be associated for the purpose of claiming the maximum small business deduction while retaining the ability to treat investment income that one receives from the other as active business income.

CCPCs that are currently misusing the election to multiply their small business deduction are being challenged by the Government under a specific anti-avoidance rule. However, any such challenge could be time-consuming and costly, the Government is introducing specific legislative measures to ensure that the appropriate tax consequences apply.

Budget 2016 proposes to amend the Income Tax Act to ensure that investment income derived from an associated corporation's active business will be ineligible for the small business deduction and be taxed at the general corporate income tax rate where the exception to the deemed associated corporation rule applies. In addition, where this exception applies, the third corporation will continue to be associated with each of the other corporations for the purpose of applying the $15 million taxable capital limit. This measure will apply to taxation years that begin on or after Budget Day.

Eligible capital property

Budget 2014 announced a consultation on the conversion of eligible capital property (ECP) into a new class of depreciable property. The Department of Finance's intentions were to simplify the tax compliance burden for affected taxpayers. Over the years, the ECP regime has become increasingly complicated and many stakeholders suggested its complexity could be significantly reduced if the ECP regime was replaced with a new class of depreciable property to which the capital cost allowance rules would apply.

Budget 2016 proposes to repeal the ECP regime, replace it with a new capital cost allowance class available to businesses and provide rules to transfer taxpayers' existing cumulative eligible capital pools to the new capital cost allowance class.

Small business deduction consultations

Budget 2015 announced a review of the circumstances in which income from a business, the principal purpose of which is to earn income from property, should qualify as active business income and therefore potentially be eligible for the small business deduction. The small business deduction is available on up to $500,000 of active business income of a CCPC. Active business income does not include income from a "specified investment business," which generally derives income from property. A "specified investment business" does not include a business that has more than five full-time employees, which means income earned from such a business with more than five full-time employees may be eligible for the small business deduction.

The examination of the active versus investment business rules is now complete. The Government is not proposing any modifications to these rules at this time.

Distributions and transfers of life insurance

Life insurance proceeds received as a result of the death of an individual insured under a life insurance policy (a "policy benefit") are generally not subject to income tax. A private corporation may add the amount of a policy benefit it receives to its capital dividend account, which consists of certain non-taxable amounts. A private corporation may elect to pay a dividend as a capital dividend to the extent that the corporation's capital dividend account has a positive balance. Capital dividends are received tax-free by shareholders. A similar rule applies for partnerships with respect to the adjusted cost base of a partner's interest in a partnership.

In the life insurance context, only the portion of the policy benefit received by the corporation or partnership that is in excess of the policyholder's adjusted cost basis of the policy (the "insurance benefit limit") may be added to the capital dividend account of a corporation or to the adjusted cost base of a partner's interest in a partnership. Some taxpayers have structured their affairs so that the insurance benefit limit may not apply as intended, resulting in an artificial increase in a corporation's capital dividend account balance. A similar result could be achieved under the rules for computing the adjusted cost base of a partner's interest in a partnership. This planning may allow such taxpayers to avoid income tax on dividends payable by a private corporation or on gains from the disposition of a partnership interest eroding the tax base.

Budget 2016 proposes to amend the Income Tax Act to ensure that the capital dividend account rules for private corporations and the adjusted cost base rules for partnership interests apply as intended. This measure will provide that the insurance benefit limit applies regardless of whether the corporation or partnership that receives the policy benefit is a policyholder. The measure will also introduce information-reporting requirements that will apply where a corporation or partnership is not a policyholder but is entitled to receive a policy benefit. This measure will apply to policy benefits received as a result of a death that occurs on or after March 22, 2016.

Likewise, where a policyholder disposes of an interest in a life insurance policy to an arm's length person, the fair market value of any consideration is included in computing the proceeds of the disposition. In contrast, where a policyholder disposes of such an interest to a non-arm's length person, a special rule (the "policy transfer rule") deems the policyholder's proceeds of the disposition, and the acquiring person's cost, of the interest to be the amount that the policyholder would be entitled to receive if the policy were surrendered (the "interest's surrender value").

Where the policy transfer rule applies, the amount by which any consideration given for the interest exceeds the interest's surrender value is not taxed as income under the rules that apply to dispositions of interests in life insurance policies. In addition, this excess will ultimately be reflected in the policy benefit under that policy. Where the policy benefit is received by a private corporation, it can be paid tax-free to that corporation's shareholders. Where this is the case and consideration to acquire the interest was not recognized under the policy transfer rule, the amount of the excess is effectively extracted from the private corporation a second time as a tax-free, rather than as a taxable amount. Similar concerns also arise in the partnership context and where an interest in a policy is contributed to a corporation as capital.

Budget 2016 proposes amendments to the Income Tax Act to ensure that amounts are not inappropriately received tax-free by a policyholder as a result of a disposition of an interest in a life insurance policy. The amendments will apply to dispositions that occur on or after March 22, 2016.

OTHER PROPOSALS AND MEASURES

Sales and excise tax measures

Medical and assistive devices that are specifically designed to assist an individual in treating or coping with a chronic disease or illness or a physical disability are generally zero-rated under GST/HST. Zero-rating means that suppliers do not charge purchasers GST/HST on these medical devices. Budget 2016 proposes to add the following to the list of zero-rated medical devices:

- Insulin pens
- Insulin pen needles
- Intermittent urinary catheters

Existing medical devices eligible for zero-rating are listed in the GST/HST legislation.

This measure will apply to supply purchases made after Budget Day.

Status of outstanding tax measures

Budget 2016 confirms the Government's intention to proceed with the following tax and related measures:

- Legislative proposals on the income tax rules for certain trusts and their beneficiaries (draft legislative proposals were released for comment on January 15, 2016); and
- Common reporting standard established by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of financial information between tax authorities.

The following measures would close tax loopholes and improve the integrity of the tax system, relieve taxpayers of certain tax consequences or improve the administration of the tax system:

- Conversion of capital gains into tax-deductible inter-corporate dividends (S. 55). Budget 2015 proposed to amend S. 55 so that it is applicable in cases where one of the purposes of a dividend is to effect a significant reduction in the fair market value of any share or a significant increase in the total cost of properties of the dividend recipient. As well, Budget 2015 proposed other amendments to S. 55 with respect to stock dividends and related party share redemptions.
- Alternative arguments in support of an assessment;
- Repeated failure to report income penalty;
- Sharing of taxpayer information within the Canada Revenue Agency to facilitate the collection of certain non-tax debts; and
- Sharing of information with the Office of the Chief Actuary.

Charities and non-profit organizations

Budget 2016 announced the Government's intention not to proceed with tax measures announced in Budget 2015 that would provide an exemption from capital gains tax for certain dispositions of private corporation shares or real estate where cash proceeds from the disposition are donated to a registered charity or other qualified donee within 30 days.

Various other tax measures

Budget 2016 proposes various other measures that are applicable to specific industry sectors, large business enterprises, and international transactions.

WE CAN HELP

Your Assante advisor can help you assess the impact of these proposals on your personal finances or business affairs, and show you ways to take advantage of their benefits or ease their impact. The resources available to you and your advisor include Assante Private Client's Wealth Planning Group, a multi-disciplinary team of accountants, lawyers and financial planners.

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