Crowe Soberman

Federal Budget 2018

YES TO GENDER BALANCE
NO TO ECONOMIC BALANCE

TAX PROPOSAL REFORM

TAX ON SPLIT INCOME

A green light has been given for the Tax on Split Income (TOSI) proposal. The Government is moving forward with the rules on income splitting effective January 1, 2018.

PASSIVE INVESTMENT INCOME

Putting on the breaks for Passive Investment Income - it will not be subject to effective tax rate of 73%. Government not moving forward with proposed passive income regime.

CLEAN ENERGY

Extension of accelerated capital cost allowance to

2025

for certain clean energy property.

TAX EVASION CLAMP DOWN

To combat tax evasion, the Government is committing to investing a further

$90.6M

DO NOT CROSS • POLICE LINE • DO NOT CROSS

DO NOT CROSS • DO NOT CROSS

TOBACCO AND CANNABIS TAXES GO UP IN SMOKE

Tobacco taxes to increase IMMEDIATELY

Special license from the CRA

Taxes on cannabis will remain low

Certain medical products exempt from excise duties

Additional funding to educate public on risks associated with cannabis use

LIFT OFF

For Science & Research Investments

$3.2 billion to be spent over the next five years on science and research.

Goal is to develop Canada ’s high-tech, high-skilled sector.

New money to support the next generation of researchers and increase women in STEM.

INTRODUCING

TWO REFUNDABLE TAX ACCOUNTS

1 **ELIGIBLE RDTOH**

Refundable taxes paid on eligible portfolio dividends.

2 **NON-ELIGIBLE RDTOH**

Refundable taxes paid on investment income and non-eligible portfolio dividends.

FILING DEADLINES

Filing deadlines for reporting on foreign affiliates of taxpayers (form T1134) will be shortened.

6 months

6 Months After Year End

reporting period for taxation years after 2019

15 months

15 Months After Year End

reporting period for taxation years up to 2019

SMALL BUSINESS TAX REFORM

Associated groups of companies with investment income of $50,000 will see a reduction in their ability to have active business income taxed at the low corporate tax rate.

At $150,000 of investment income all business income will be subject to 26.5% (in Ontario).

BUT...

Tax deferral opportunity still exists when corporate earnings are not distributed. How much?*

40%	27%	27%
Business income taxed at low corporate tax rate - no passive income	Business income taxed at general corporate tax rate - no passive income	Business income where associated group's passive income is greater than $150,000

*assumes individual taxed at highest marginal tax rate in Ontario.

GST/HST & INVESTMENT LIMITED PARTNERSHIPS

GST

HST

Government will proceed with the September 8 , 2017 GST/HST draft legislative and regulatory proposals with some minor changes. Applies to general partners who render management or administration services to limited partnerships that are promoted to investors primarily to hold financial instruments.

GIRL POWER.

Pay equity legislation for federal employers is expected to narrow the pay gap between men and women by 3 cents on the dollar.

Over $86 million set aside to tackle gender-based violence over five years.

Creating a new Centre for Gender, Diversity and Inclusion Statistics.

Expanding Status of Women Canada to make it a full stand-alone federal department.

NEW EI PARENTAL SHARING BENEFITS

Either parent may take up to 35 weeks of parental leave.

Five additional weeks of “use-it-or-lose-it” parental leave.

Parents may share the combined 40 weeks, so long as one parent does not exceed 35 weeks.

FAMILY FIRST.

QUESTIONS?

Your Crowe Soberman advisor is here to help.
Visit www.crowesoberman.com to learn more.

While this infographic provided general information, Crowe Soberman recommends that you speak with your tax advisor before taking specific tax planning steps.

Information is current to February 27, 2018.

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