

May 2015 Issue 32

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2015 Budgets Measures That May Affect You Personally

The 2015 Budget season is drawing to a close—at the time of writing, only the Manitoba, Prince Edward Island, and the Newfoundland and Labrador budgets had yet to be presented. Most of the provinces have had to tighten their belts somewhat as a result of the lagging economic recovery, exacerbated by the impact that falling oil prices have had on the economy as a whole. This privation manifests itself more so in the spending cuts the provinces have made to a multitude of programs than in tax policy changes. While updates to taxation policy have generally been minimal, there have been a few notable revisions.

Federal

The federal Budget contained no personal tax rate changes.

Lifetime Capital Gains Exemption

For the disposition of qualified farm and fishing property, the federal government follows the lead of Quebec and proposes to increase the lifetime capital gains exemption from the current \$813,600 to \$1 million. This budget proposal will be effective for qualifying dispositions after April 20, 2015.

Tax Free Savings Account (TFSA) Increase

The 2015 Budget proposes to increase the TFSA dollar limit from \$5,500 to \$10,000, effective as of

January 1, 2015. In addition, the TFSA dollar limit will no longer be indexed for inflation.

Home Accessibility Tax Credit

Budget 2015 introduces a new federal Home Accessibility Tax Credit on certain home renovation expenditures for “qualifying individuals” or “eligible individuals”. The tax credit equals 15% of “qualifying expenditures” incurred in a taxation year in respect of an “eligible dwelling”, up to a maximum expenditure of \$10,000, effective for 2016 and subsequent taxation years.

Minimum Withdrawals from a Registered Retirement Income Fund (RRIF)

Budget 2015 proposes to reduce the required minimum withdrawal amount for RRIFs to better reflect long-term historical real rates of return and expected inflation. Withdrawal amounts will be based on a 5% nominal rate of return and 2% rate of inflation indexing, and will lower the minimum withdrawal at age 71 from 7.38% to 5.28%, and from 20% at age 94 to 18.79%. The rate will remain unchanged for those individuals over the age of 95 and under the age of 71. These changes are proposed to take effect January 1, 2015.

Other

Other items of a personal nature announced in Budget 2015 include:

- some relaxation of rules respecting the repeated failure to report income penalty;
- the proposal of the transfer of education credits being taken into account in calculating the new Family Tax Cut Credit introduced effective January 1, 2015;
- the eligibility of certain private company shares and real estate for tax-exempt capital gains treatment if donated to charity;
- the eligibility for the donation tax credit of gifts to certain foreign charitable foundations ; and
- the allowance of registered disability savings plans to appoint a qualifying family member to become the plan holder for an extended period to the end of 2018—this provision had been set to expire at the end of 2016.

New Brunswick

Personal tax rate changes

The current top provincial tax rate of 17.84% will increase to 21% for taxable income between \$150,000 and \$250,000, and to 25.75% for taxable income in excess of \$250,000.

Credit changes

The following tax credit changes were introduced.

- A new Seniors' Home Renovation Tax Credit will be introduced for the 2015 taxation year.
- The Small Business Investor Tax Credit rate for individuals will increase from 30% to 50%.
- The dividend tax credit rate for non-eligible dividends will decrease from 5.3% to 4%.

Nova Scotia

The Nova Scotia Budget contained no personal tax rate changes.

Credit changes

The following tax credit changes were introduced.

- The Healthy Living Tax Credit will be eliminated for the 2015 and subsequent taxation years.

- The rate for the Provincial Dividend Tax Credit for non-eligible dividends will be reduced from 5.87% to 3.5%.

Quebec

The Quebec Budget contained no personal tax rate changes.

Credit changes

The following tax credit changes were introduced.

- The Experienced Workers Tax Credit will be enhanced beginning in 2016 by lowering the age of eligibility from 65 to 63 and gradually increasing the amount of exempt income from the current \$4,000 up to \$10,000 in 2018 for workers aged 65 and over.
 - A "tax shield" will be introduced to help offset the effect of a loss of economic tax benefit for low to middle-income households when revenue increases.
 - The eligible age for the Age Tax Credit will be increased gradually from 65 in 2015 (by one year each year) to age 70 in 2020, which means that if you are 64 this year, you will not qualify for this credit until you reach age 70 in 2021.
 - The operating terms of the Solidarity Tax Credit will be amended by changing the terms of the plan so that the amount of entitlement is calculated annually, even though the benefit will be paid monthly or quarterly depending upon the circumstances.
- ### *Other*
- The burden of the Health Contribution Levy will be reduced commencing in 2017—the maximum contributions will be \$800 in 2017, \$600 in 2018, and it will be eliminated entirely in 2019.
 - A new assistance program will be introduced that will partially offset the burden of significant municipal tax increases for seniors over the age of 65 who are long-time home owners.

Ontario

The Ontario Budget contained no personal tax rate changes.

Other

- A new levy of 3 cents per liter will be imposed on beer sales starting in November 2015.
- Ontario will follow the federal changes to the taxation of trusts, which take effect after 2015.
- Northern Ontario provincial land tax will be gradually increased.
- The hydro Debt Retirement Charge will be eliminated for residential users.

Saskatchewan

The Saskatchewan Budget contained no personal tax rate changes.

Credit changes

The following tax credit changes were introduced.

- The Graduate Retention Program will become a non-refundable tax credit, and post-secondary graduates who stay in Saskatchewan will now have up to 10 years, instead of 7, to use the tax reduction.
- The Active Families Benefit will now be income-tested and available to families with net incomes below \$60,000.

Alberta**Personal tax rate changes**

Two new tax brackets of \$100,000 and \$250,000 will be phased in starting January 1, 2016, as follows.

- For the 2016 taxation year, taxable income over \$100,000 (but less than \$250,000) will be subject to a provincial income tax rate of 10.5%, rising to 11% in 2017, and topping off at 11.5% in 2018.
- Income over \$250,000 will be taxed at 11% for 2016, 11.5% for 2017, and 12% for 2018.
- From 2019 onwards, all income over \$100,000 will be taxed at 11.5%.
- Income less than \$100,000 will remain subject to the 10% provincial income tax.

Credit changes

The following tax credit changes were introduced.

- The Charitable Donations Tax Credit rate will be lowered from 21% to 12.75% for 2016 and the following years (although Premier Jim Prentice recently announced that the government would reverse this decision and the credit rate would remain unchanged).
- Effective July 1, 2015, a new, progressive Health Care Contribution Levy will apply to all individuals with taxable income over \$50,000 which increases in \$200 increments as income rises, to a maximum charge of \$1,000.
- Alberta Family Employment Tax Credit payments will increase to a maximum of \$754 for one child, \$1,439 for two children, \$1,850 for three children, and \$1,987 for four or more children.
- A new refundable tax credit—the Alberta Working Family Supplement—was introduced, which comes into effect July 1, 2016 for working families earning between \$2,760 and \$41,220, and provides a maximum annual benefit of \$1,100 for families with one child, plus \$550 for each additional child, up to a maximum annual benefit of \$2,750.

British Columbia

The British Columbia Budget contained no personal tax rate changes.

Credit changes

The following tax credit changes were introduced.

- The B.C. tax reduction credit is increased from \$412 to \$432, the credit phase-out threshold is increased from \$18,327 to \$19,000, and the credit phase-out rate is increased from 3.2% to 3.5% of net income.
- A new non-refundable Children's Fitness Equipment Credit is available, which will provide a benefit of up to \$12.65 per child for fitness equipment purchases.
- A new non-refundable B.C. Education Coaching Tax Credit of up to \$500 is available to teachers and teaching assistants who carry out at least ten hours of extracurricular coaching activities in the tax year.

Other

- Child support payments will be fully exempted from income assistance calculations.

Northwest Territories

The Northwest Territories Budget contained no personal tax changes.

Nunavut

The Nunavut Budget contained no personal tax changes.

Yukon***Personal tax rate changes***

Effective for 2015, individual income tax rates are reduced and the surtax of 5% on Yukon tax in excess of \$6,000 is repealed, and a new tax bracket, applying to incomes over \$500,000, is being introduced.

Credit changes

The following tax credit changes were introduced.

- The Political Contribution Tax Credit will increase on an ongoing basis to match the federal limits.
- The Yukon Children's Fitness Credit is revised and the amount is increased to match the federal credit.

Manitoba

As of the date of the composition of this article, Manitoba had yet to present its 2015-2016 Budget.

Newfoundland and Labrador

As of the date of the composition of this article, Newfoundland and Labrador had yet to present its 2015-2016 Budget.

Prince Edward Island

As of the date of the composition of this article, Prince Edward Island had yet to present its 2015-2016 Budget.