2018 Federal Budget Bulletin

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Measures for Individuals

Registered Disability Savings Plan – Qualifying Plan Holders

Currently, for an adult individual whose capacity is in doubt, the plan holder for the individual's Registered Disability Savings Plan (RDSP) must be the individual's appointed legal representative. A temporary Federal measure exists to also allow a qualifying family member (i.e., a parent, spouse or common-law partner) to be the plan holder of the individual's RDSP. This measure is legislated to expire at the end of 2018.

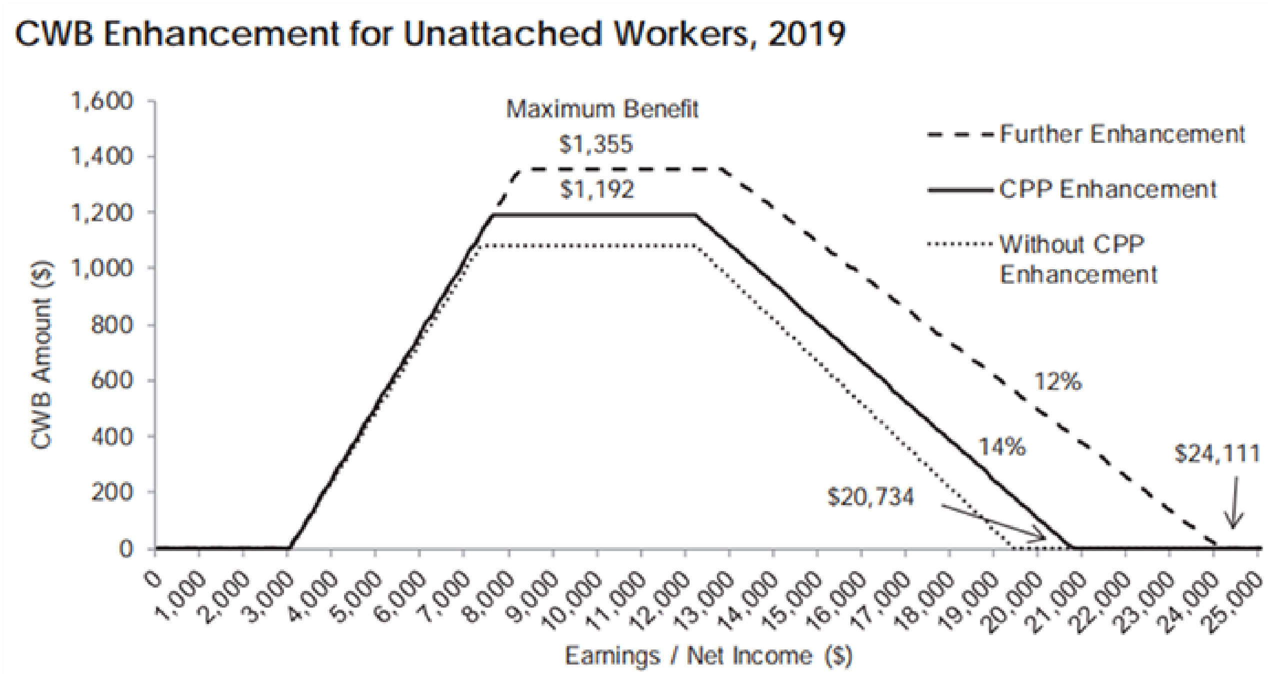
Budget 2018 proposes to extend the temporary measure by five years, to the end of 2023. A qualifying family member who becomes a plan holder before the end of 2023 could remain the plan holder after 2023.

Canada Workers Benefit

The Working Income Tax Benefit, a refundable tax credit that supplements the earnings of low-income Canadian workers, will be renamed the Canada Workers Benefit.

Budget 2018 intends to increase the support to recipients of the new Canada Workers Benefit (CWB). Specifically, Budget 2018 proposes that, for 2019, the amount of the benefit be equal to 26% of each dollar of earned income in excess of $3,000 to a maximum benefit of $1,355 for single individuals without dependents and $2,335 for families (couples and single parents). The benefit will be reduced by 12% of adjusted net income in excess of $12,820 for single individuals without dependents and $17,025 for families.

The chart below on the following page highlights the proposed enhancement of the Canada Workers Benefit in 2019 for a single individual without dependents.



Increased benefits will also be available to individuals eligible for the Disability Tax Credit who receive the Canada Workers Benefit disability supplement. This measure will apply as of 2019 and will be indexed to inflation.

Deductibility of Employee Contributions to the Enhanced Portion of the Quebec Pension Plan

In 2017, the Government of Quebec announced that the Quebec Pension Plan (QPP) would be enhanced similar to the previously announced Canada Pension Plan (CPP) enhancements. The CPP enhancements permit a tax deduction for employee contributions to the enhanced CPP (while tax credits are available on the base CPP). Contributions to the enhanced portion of the CPP will begin in 2019 and will be fully phased in by 2025.

To provide consistent income tax treatment of CPP and QPP contributions, Budget 2018 proposes to provide a deduction for employee contributions to the enhanced portion of the QPP (as the enhanced portion of employee CPP and QPP contributions will be deductible for Quebec income tax purposes). Since contributions to the enhanced portion of the QPP will begin to be phased in starting in 2019, this measure will apply to the 2019 and subsequent taxation years.

Canada Child Benefits

Budget 2016 introduced the Canada Child Benefit, replacing the previous child benefit system, which consisted of the Canada Child Tax Benefit, the National Child Benefit supplement and the Universal Child Care Benefit. Foreign-born status Indians who are neither Canadian citizens nor permanent residents are eligible for certain programs and services, including the new Canada Child Benefit. However, these individuals were not eligible under the previous system of child benefits.

Budget 2018 proposes that such individuals be made retroactively eligible for the Canada Child Tax Benefit, the National Child Benefit supplement and the Universal Child Care Benefit, where all other eligibility requirements are met. The retroactive proposal applies from the 2005 taxation year to June 30, 2016.

Building a Secure Retirement

Starting in 2019, the federal government will begin to phase in the CPP Enhancement, which will provide more money for Canadians when they retire. The government also intends to take the following actions for 2019:

- Increase retirement benefits under the CPP Enhancement both for parents who take time off work to care for young children, and for persons with severe and prolonged disabilities
- Raise survivor's pensions for individuals under age 45 who lose their spouse, by providing a full survivor's pension instead of the current reduced pension that is linked to the age of the widow or widower.
- Provide a top-up disability benefit to retirement pension recipients under the age of 65 who are disabled and meet eligibility requirements.
- Increase the death benefit to its maximum value of $2,500 for all eligible contributors.

Medical Expense Tax Credit – Eligible Expenditures

The Medical Expense Tax Credit (METC) is a 15% non-refundable tax credit that is available (for 2018) on qualifying medical expenses in excess of the lesser of $2,302 and 3% of the individual's net income. The METC currently provides tax relief in respect of certain expenses incurred for an animal specially trained to assist a patient in coping with a number of impairments.

Budget 2018 proposes to expand the list of eligible expenses for the METC where they are incurred in respect of an animal specially trained to perform tasks for a patient with a severe mental impairment in order to assist them in coping with their impairment. This measure will apply in respect of eligible expenses incurred after 2017.

Mineral Exploration Tax Credit

The 15% Mineral Exploration Tax Credit helps junior mineral exploration companies raise capital by providing an incentive to individual investors in flow-through shares issued to finance grassroots mineral exploration. This credit is in addition to the deduction provided to the investor for the exploration expenses "flowed through" from the company that issues the shares. The credit is scheduled to expire on March 31, 2018. Budget 2018 proposes to extend the credit for an additional year, until March 31, 2019.

Improving Access to the Canada Learning Bond

The Canada Learning Bond and Canada Education Savings Grant are contributions that the Government of Canada makes to Registered Education Savings Plans (RESPs) to help Canadians save for a child's education after high school. Building on Budget 2017 measures, the Government of Canada is working with the Province of Ontario to integrate RESP referrals into the Ontario online birth registration service. This means more children from low-income families will be able to access the Canada Learning Bond. Parents will be able to open an RESP at the same time as they apply for other services under the Ontario online birth registration service and receive the Canada Learning Bond immediately.