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PTC Canada Update Bulletin

*****For General Information and Distribution*****

2023 Budget Out

Hello Friends and Clients!

Here we go again; Chrystia Freeland's budget named "*A Made-in-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future*" is another setback with continued deficits, no real tax breaks, and more burdens for you and me. National Post's William Watson said it well: "[*Chrystia Freeland delivers a Joe Biden budget*](#)". Here is some of the main points as outlined from the Video Tax News:

- 1) Expansion of the Canada Dental Benefit to the **Canadian Dental Care Plan**, which will cover **all individuals without dental insurance**, and not just those under the age of 12, by the end of 2023. **Benefits will be reduced** for families with **income over \$70,000** and **eliminated** at income of **\$90,000** or more.
- 2) **Tripling** the size of the **File My Return program** focused on low and fixed-income individuals by 2025.
- 3) New and expanded **green investment credits** (clean hydrogen ranging from 15% to 40%, clean technology manufacturing at 30%, ITC for carbon capture, utilization and storage expansion, clean technology investment expansion). **Labour requirements**, including wage levels and apprenticeship training opportunities, will need to be met to receive the full credits.
- 4) **RDSP** – Qualifying Family Member provisions will be extended until December 31, 2026, and expanded such that a **sibling can open** the RDSP and be the plan holder.
- 5) **RESP** – an **increase** of the maximum **Educational Assistance Payment** in the **first 13 weeks** from \$5,000 to \$8,000 for full-time students and \$2,500 to \$4,000 for part-time students. **Divorced or separated parents** will be able to open **joint RESPs** for their children.
- 6) **Intergenerational Business Transfers** – amendments to ensure that relieving provisions (implemented in Bill C-208 in 2021) will only apply to genuine intergenerational transfers, **requiring** that one of two sets of **conditions be met**:
 - a. immediate business transfer [3 years]; or
 - b. gradual business transfer [5 to 10 years].Each transfer will **require control** by the child, **employment** of the child and **active business** continuing through the relevant term. The amendments will apply to transfers on or after **January 1, 2024**.
- 7) Introduction of **Employee Ownership Trusts** to facilitate business sales to employees, to be **effective in 2024**.

8) **Alternative Minimum Tax (AMT)** will be modified, with the **standard exemption** being **increased from \$40,000 to \$173,000** and the **rate increased from 15% to 20.5%**. **Capital gains** will be **fully included** in minimum taxable income (increased from 80%) and **many deductions and credits** currently allowed for AMT purposes **will be reduced**. These changes would be **effective** for the **2024** tax year.

9) A **one-time Grocery Rebate** will be paid through the GST credit system, in an amount equal to **half of the GST/HST credit** the individual or family is entitled to (a maximum of \$234 for a single individual, or \$306 plus \$81 per child for a two-parent family).

10) The **General Anti-avoidance Rule (GAAR)** will be **expanded** to apply to transactions where **one of the main purposes** is to obtain a **tax benefit**, and to add an **increased focus** on **economic substance**. A **new penalty** and **extended reassessment period** will apply, **unless** the transaction is **disclosed to CRA** in the year of the transactions. Budget 2023 announced a consultation ending May 31, 2023.

For further details check out the [complete budget from the finance department's site](#) with detailed analysis/commentaries from [CBC](#), [CTV](#), [Globe & Mail](#), [National Post](#), [The Rebel](#) and [Video Tax News](#), [Evelyn Jack's Knowledge Bureau](#). More to come in [future newsletters](#)! Always at your tax service,

Neel



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