

Tax Alert

A checklist of changes

Tax promises from the Conservative election platform

With the 2008 federal election now in the history books, it's a good time to look at the tax-related promises contained in Stephen Harper's plan for Canadians, "The True North Strong and Free."

The plan, released on 7 October 2008, includes a number of commitments to individuals and corporations. While it contains no timetable for the measures, we can expect many of these matters to be addressed in either the coming Throne Speech or Economic Statement.

In addition to the commitments outlined in the plan, a government press release reiterated: "A Conservative government will not be raising taxes. We will not impose a carbon tax. We will not cancel planned tax reductions for business."

Following is a rundown of the proposed tax measures. In future Tax Alerts, we'll track the government's progress with these plans.

Personal tax

- ▶ A new spousal income-splitting measure for one spouse who is not working full-time to care for a disabled family member (s)
- ▶ Rollover of the proceeds of a deceased person's RRSP or RRIF to the registered disability savings plan (RDSP) of a financially dependent infirm child or grandchild
- ▶ First-time homebuyer tax credit of up to \$5,000 of eligible closing costs on the purchase of a new home
- ▶ RESPs by charities and not-for-profit organizations, in partnership with parents, for children from low-income families
- ▶ Fully index the \$100/month universal child care benefit to inflation
- ▶ Tax exemption of the \$100/month universal child care benefit for single parents
- ▶ A \$1,000 increase in the age credit amount
- ▶ Reduction from 85% to 50% of the inclusion rate applied on US social security payments for Canadians who were receiving these payments prior to 1 January 1996
- ▶ Indexing for inflation of the lifetime capital gains exemption
- ▶ A new, refundable tax credit on up to \$500 of eligible fees for children under 16 who participate in eligible arts or cultural activities (e.g., music lessons, drama or art classes)
- ▶ Making the children's fitness tax credit refundable



Corporate tax

- ▶ Increase in the small business eligibility threshold to \$500,000
- ▶ Extension of the “super” flow-through share incentive for mining
- ▶ No reintroduction of the Bill C-10 proposals to change film and video tax credit eligibility

Excise tax

- ▶ Reduction of the federal excise tax on diesel and aviation fuel from 4 cents/litre to 2 cents/litre

Customs duties

- ▶ Abolition of tariffs on a wide range of imported machinery and equipment
- ▶ Continuation of the pursuit of bilateral and regional free trade agreements

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