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On March 22, 2017 the Honourable Bill Morneau, Minister of Finance, presented the 2017 Federal Budget, Building a Strong Middle Class, to the House of Commons.

The Government's fiscal position includes a projected deficit in 2016-2017 of \$23.0 billion, and projected deficits in the coming years as follows: 2017-2018 of \$28.5 billion, 2018-2019 of \$27.4 billion, 2019-2020 of \$23.4 billion, 2020-2021 of \$21.7 billion and 2021-2022 of \$18.8 billion.

The Federal Government notes:

- No change to the personal and corporate tax rates, nor inclusion rate on taxable capital gains.
- An additional \$523.9 million over five years to prevent tax evasion and improve tax compliance.
- Elimination of the public transit credit and home relocation loan deduction.
- Commencing July 1, 2017, ride-sharing services (e.g. UBER, Lyft) will be defined as "taxi businesses" for GST/HST purposes and therefore be required to charge and remit GST/HST.
- Phasing out of the Canada Savings Bond Program.
- Expanding employment insurance benefits for caregivers and certain other groups.
- As part of a new National Housing Strategy, an investment of more than \$11.2 billion in a range of initiatives designed to build, renew and repair Canada's stock of affordable housing.
- More than \$2.2 billion, on a cash basis, to support clean technology research, development, demonstration and adoption as well as to accelerate the growth of clean technology companies.
- Over the next 11 years, new investments of \$7 billion towards early learning and child care.
- An investment of \$828.2 million over five years, starting in 2017-18, to improve the health outcomes of First Nations and Inuit.

	Actual	Projection (in billions of \$)			
	2015 - 16	2016 - 17	2017 - 18	2018 - 19	2019 - 20
Budgetary revenues	295.5	292.1	304.7	315.6	327.7
Program expenses	270.8	290.9	305.4	313.7	319.8
Public debt charges	25.6	24.3	24.7	26.3	28.3
Total expenses	296.4	315.1	330.2	340.0	348.1
Adjustment for risk			(3.0)	(3.0)	(3.0)
Budgetary Balance	(1.0)	(23.0)	(28.5)	(27.4)	(23.4)

Note: Totals may not add due to rounding.

TAX HIGHLIGHTS

- A. Personal Income Tax
- B. Business Income Tax
- C. International Tax
- D. Sales and Excise Tax
- E. Other Measures
- F. Previously Announced Measures



A. Personal Income Tax

Disability Tax Credit – Nurse Practitioners

Budget 2017 proposes to add nurse practitioners to the list of medical practitioners that could certify eligibility for the disability tax credit. A nurse practitioner would be permitted to certify for all types of impairments that are within the scope of their practice.

This measure will apply to disability tax credit certifications made on or after Budget Day.

Medical Expense Tax Credit – Eligible Expenditures

Budget 2017 proposes to clarify the application of the medical expense tax credit so that individuals who require medical intervention in order to conceive a child are eligible to claim the same expenses that would generally be eligible for individuals on account of medical infertility.

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This measure will apply to the 2017 and subsequent taxation years. Additionally, taxpayers will be permitted to adjust any of the preceding ten years' tax returns to claim such expenses.

Consolidation of Caregiver Credits – New Canada Caregiver Credit

Budget 2017 proposes to simplify the existing system of tax measures for caregivers by replacing the existing caregiver credit, infirm dependant credit and family caregiver tax credit with a new Canada caregiver credit. This new credit will extend tax relief to some caregivers who may not currently qualify due to the income level of their dependant.

The amounts for this new credit vary based on who the infirm dependent is. In general, the new credit will mirror the amounts that could have been claimed under the current caregiver credit or infirm dependent credit (both \$6,883 in 2017 for an infirm dependent) and family caregiver tax credit (\$2,150 in 2017).

The Canada caregiver credit will be reduced dollar-for-dollar by the dependant's net income above \$16,163 (in 2017).

Under this new credit, an amount will no longer be available in respect of non-infirm seniors who reside with their adult children.

The Canada caregiver credit will apply for the 2017 and subsequent taxation years. The credit amounts that may be claimed and the income thresholds above which the credit will begin to be phased out will be indexed to inflation for taxation years after 2017.

Mineral Exploration Tax Credit for Flow-Through Share Investors

Budget 2017 confirms the previously announced proposal to extend eligibility for the mineral exploration tax credit for an additional year, to flow-through share agreements entered into on or before March 31, 2018.

Tuition Tax Credit

Budget 2017 proposes to extend the eligibility criteria for the tuition tax credit to fees for an individual's tuition paid to a university, college or other post-secondary institution in Canada for occupational skills courses that are not at the postsecondary level. To provide consistency with the rules for certified educational institutions, the tuition tax credit would be available in these circumstances only if the course is taken for the purpose of providing the individual with skills (or improving the individual's skills) in an occupation and the

individual has attained the age of 16 before the end of the year.

This measure will apply in respect of eligible tuition fees for courses taken after 2016.

Budget 2017 also proposes to extend eligibility as a "qualifying student" to individuals in the specific circumstances described above, who otherwise meet the conditions to be a "qualifying student". Whether or not an individual is a "qualifying student" is relevant for the tax exemption for scholarship and bursary income.

This measure will apply to the 2017 and subsequent taxation years.

Ecological Gifts

Budget 2017 proposes a number of measures in order to better protect gifts of ecologically sensitive land.

For example, Budget 2017 proposes that the requirement to approve recipients be extended, on a gift-by-gift basis, to municipalities and municipal and public bodies performing a function of government. As well, Budget 2017 proposes that private foundations no longer be permitted to receive ecological gifts.

Public Transit Tax Credit

Budget 2017 proposes that the public transit tax credit be eliminated, effective July 1, 2017. Specifically, the cost of public transit passes and electronic fare cards attributable to public transit use that occurs after June 2017 will no longer be eligible for the credit.

Allowances for Members of Legislative Assemblies and Certain Municipal Officers

Budget 2017 proposes to require that non-accountable allowances paid to certain officials be included in income. The reimbursement of employment expenses will remain a non-taxable benefit to the recipient.

These officials are:

- elected members of provincial and territorial legislative assemblies and officers of incorporated municipalities;
- elected officers of municipal utilities boards, commissions, corporations or similar bodies; and
- members of public or separate school boards or of similar bodies governing a school district.

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