

# 2018 2019 CANADA'S BUDGET

The Federal government's budget on February 27, 2018 introduced changes that may affect your individual and family finances.

## REFLECTIONS SINCE THE LAST BUDGET\*

Canadian Dollar vs. the U.S. Dollar

**78.49¢**  
@2018 BUDGET  
27 Feb 2018

**74.85¢**  
@2017 BUDGET  
22 Mar 2017

S&P/TSX Composite

**15,671.15**  
@2018 BUDGET  
27 Feb 2018

**15,348.46**  
@2017 BUDGET  
22 Mar 2017

Oil Price per barrel in \$USD

**\$63.01**  
@2018 BUDGET  
27 Feb 2018

**\$48.27**  
@2017 BUDGET  
22 Mar 2017

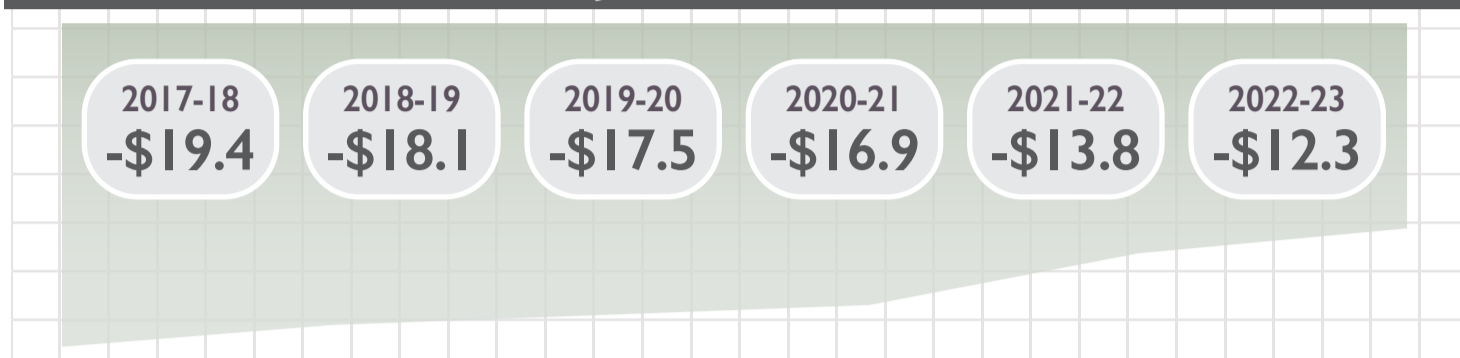
Canada Unemployment Rate

**5.90%**  
@2018 BUDGET  
Jan 2018

**6.6%**  
@2017 BUDGET  
Feb 2017

\* PERIOD BETWEEN 22 MAR 2017 - 27 FEB 2018

## PROJECTED DEFICIT



DEFICIT MEASURED IN BILLIONS.

## HIGHLIGHTS



### EI PARENTAL SHARING BENEFIT

Starting in June 2019, EI parental benefits can be extended by an additional 5 to 8 weeks when both parents agree to share parental leave.



### CANADA CHILD BENEFIT

The Canada Child Benefit will be indexed to inflation starting July 2018.



### EI CAREGIVERS BENEFIT

This benefit is extended to include maternity and sickness benefits.



### REPORTING REQUIREMENTS FOR TRUSTS

Certain Trusts will be required to report the identity of all trustees, beneficiaries and settlors for tax returns filed for the 2021 tax year and beyond.



### CANADA WORKERS BENEFIT

The working income tax benefit, a refundable tax credit supplementing low-income workers, will be enhanced and renamed the Canada Workers Benefit.



### REGISTERED DISABILITY SAVINGS PLANS

The measure that permits certain family members to be the plan holder of an RDSP for adults who might not be able to enter into contracts has been extended to the end of 2023.



### QUEBEC PENSION PLAN

Amendments are proposed to provide a deduction for employee contributions to the enhanced portion of the QPP. This will apply to the 2019 and subsequent tax years.



### CPP ENHANCEMENT

CPP Enhancement will provide more money for Canadians when they retire, including increased retirement benefits both for parents who take time off work to care for young children, and for persons with prolonged disabilities.



### RESPS AND CANADA LEARNING BOND

Parents in Ontario will be able to open an RESP at the same time as they apply for other services under the online birth registration service to allow eligible children to receive the Canada Learning Bond.

## SMALL BUSINESS HIGHLIGHTS

**WOMEN ENTREPRENEURS**  
\$1.65 billion over three years is committed to new financing for women entrepreneurs through the Business Development Bank of Canada and Export Development Canada.



**PASSIVE INVESTMENT INCOME**  
Access to the lower small business tax rate will be gradually reduced for corporations that earn more than \$50,000 in annual income from passive investments.

**REFUNDS FROM DIVIDENDS**  
Private corporations will no longer be able to obtain refunds of taxes paid on investment income while distributing dividends from income taxed at the general corporate rate.



**INCOME SPRINKLING**  
The budget confirms income tax measures released on December 13, 2017, that limit the ability of small-business owners to distribute, or "sprinkle" income, to family members.

## TAX RATES



### PERSONAL TAX RATES

There are no changes to individual income tax rates or tax bracket.



### CORPORATE TAX RATES

The budget confirms the reductions in the small business rates announced in October 2017, from 10.5% to 10.0% in 2018, and 9.0% in 2019.



### CAPITAL GAINS INCLUSION RATE

The capital gains inclusion rate remains at 50%.

**Contact us to discuss how these changes may impact your financial plan.**



**Investment Planning Counsel®**

FINANCIAL SOLUTIONS FOR LIFE

Sources: Budget highlights | Bank of Canada Exchange Rates | Crude oil prices | S&P/TSX Composite Index Unemployment Rate February 2017 | Unemployment Rate January 2018 | Federal Deficit

This report is provided for informational purposes only and should not be construed as specific legal, lending, or tax advice. Individual circumstances and current events are critical to sound planning; anyone wishing to act on the information in this report should consult with his or her investment advisor and tax specialist. The information and any statistical data contained herein were obtained from sources that we believe to be reliable and accurate at the time of publishing. Date of publication: February 28, 2018. IPC is not liable for any errors or omissions.

Trademarks owned by Investment Planning Counsel Inc. and licensed to its subsidiary corporations. Investment Planning Counsel is a fully integrated Wealth Management Company. Mutual Funds available through IPC Investment Corporation and IPC Securities Corporation. Securities available through IPC Securities Corporation, a member of the Canadian Investor Protection Fund. Insurance products available through IPC Estate Services Inc. & PPI Solutions. Infographic designed by Ativa Interactive. © Copyright 2018. All Rights Reserved.