



CESTNICK

TAX MATTERS

Is there money in this new federal budget for you?

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It appears that the federal Liberals don't view winning the next election as a slam dunk. Just check out the spending promises in this week's federal budget, which targets just about every group you can imagine. It seems that the Liberals are wanting to spend their way into the hearts of Canadians. Is there money in this budget for you? Let's look at some key measures, and tips that flow from them.

SENIORS

If you're aged 75 or older by the end of June, 2022, the government plans to make a one-time payment under the Old Age Security (OAS) system of \$500 to you this August. In addition, your monthly payments will be increased by 10 per cent starting in July, 2022.

The maximum OAS monthly benefit today is \$618, or \$7,421 for the 12 months from July, 2021, to June, 2022. A 10-per-cent increase in July of next year should see many seniors receive more than \$740 more annually in benefits. If your income exceeds

\$79,845 in 2021, your OAS benefits will be reduced and will disappear at an income level of \$129,260.

Tips to consider: If you do receive these additional funds but don't need the money, consider investing it in a tax-free savings account (TFSA), since those dollars can grow tax-free and will pass to your heirs tax-free upon death. Or consider contributing to a registered education savings plan (RESP) for a grandchild where the government may kick in additional funds (the Canada Education Savings Grant) to help toward an education.

The federal budget's new tax on luxury cars is just a smokescreen

As shopping habits change, Ottawa targets credit card swipe fees

STUDENTS

Last week I wrote about tax ideas for students. This week's federal budget has made life even easier for some of them. Currently, the government offers a

waiver of interest accruing on Canada Student Loans and Canada Apprentice Loans, and the budget is extending this until March 31, 2023. In addition, there is currently assistance for those earning \$25,000 a year or less who may have trouble repaying their student loans. The budget increases this threshold so that anyone earning \$40,000 or less won't have to make payments on these loans.

Tips to consider: Since you're able to claim a tax credit for interest on qualifying student loans, these loans should generally be the last debt you pay off. Credit cards or other high-interest debt should be paid off first.

INVESTORS

If you're not yet familiar with the term "impact investing," you'll likely hear these words more in the future. This describes a type of investing that looks for not only financial returns, but also a return for society. The federal government is getting in on the action, too. The budget announced that, in the next year, Ottawa will issue Green Bonds, which will allow investors to own government bonds whose proceeds will be used to finance government programs to fight climate change and protect the environment. The bonds could fund, for example, green infrastructure, cleantech innovations, nature conservation and similar efforts.

Tips to consider: If you don't know much about impact investing, but are interested in the concept, do some research and explore opportunities. Check out www.openimpact.ca as a place to start.

BUSINESS OWNERS

If you operate a business through a Canadian-controlled private corporation (CCPC) then your business will be able to purchase many types of capital assets and fully expense these in the year of purchase – to a maximum of \$1.5-million a year. The rule applies to assets purchased on or after April 19, 2021, and before 2024. Any spending over the \$1.5-million threshold can be deducted under the normal capital cost allowance (CCA) rules. There are some restrictions, so speak to a tax pro for more details.

Tips to consider: It could make sense to accelerate the purchase of certain assets to take advantage of these rules. There are also other budget measures that can help businesses hire workers, obtain financing, or procure government contracts – so check these out in the budget documents at www.canada.ca.

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