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### Our Office

It is with mixed emotions we say goodbye to our receptionist Melissa Gruber as she moves away from Calgary. After being part of our team for over 12 years, we are sad to see her leave but wish Melissa all the best in her future endeavours. Thank you Melissa for being such an important part of our team!!

Taking over at reception will be Nikki Miller. Nikki's professionalism and positive attitude are a great addition to our team and we can't wait for you to meet her.

### Office Hours

Our new office hours are Monday to Friday from 8:00am to 4:00pm. We will still remain closed over lunch hour from 12:00pm to 1:00pm. Please also note that during the months of July and August our office will be closed on Fridays.

## 2022 Federal Budget Highlights

### What Was Expected?

There were a fair amount of rumours and discussion leading up to this year's federal budget and most of it surrounded possibly significant personal tax changes. Changes that would increase tax revenues in an effort to minimize the growing federal deficit and debt. Specifically, possible changes to how they treat principal residence dispositions, introduction of an estate tax, tax rate increases and changes to the capital gains inclusion rate. In the end, none of these items were addressed or even mentioned in this year's budget. Whew!

### What Was Addressed?

Let's start with some of the larger items that are not tax or small business related. The government, as expected in part due to the confidence-and-supply agreement with the NDP party, is promising to spend \$5.3 billion over five years on a national dental care program. Defence spending

will increase by \$8 billion over the next five years as well. And over \$15 billion will be spent over the next six years to support Indigenous families and communities.

### Tax and Small Business Changes

#### Personal measures

- Tax-free first time home savings account allows tax deductible contributions of up to \$8,000 annually and up to \$40,000 in total. All withdrawals to purchase a first home would not be taxable.
- Home accessibility tax credit is to be doubled to \$20,000 as a non-refundable tax credit.
- Home buyers' tax credit is to be doubled to a total of \$1,500 (net) for eligible home buyers.
- Multigenerational home renovation tax credit for up to \$50,000 of eligible expenses.



## 2022 Federal Budget Highlights

- Residential property flipping rules to deem all gains from disposition of residential property owned less than 12 months to be on account of business income rather than a capital gain.
- Foreign buyer property ban for people who are not Canadian citizens for a period of two years.
- Changes to the small business deduction to broaden access for corporations with taxable capital between \$10 million and \$50 million (previously \$15 million).
- Bank and life insurance groups to pay a one-time 15% tax on taxable income in excess of \$1 billion. Also a 1.5% additional tax on income greater than \$100 million from 2022 and forward.
- Various tax credits for a more green economy such as carbon capture, utilization and storage.

### *Business and other misc. measures*

## Canada Revenue Agency (CRA)

### **CRA My Account**

CRA has recently indicated that they will be switching all notice of assessments (and reassessments) to electronic delivery. Therefore, we strongly suggest that everyone take time to sign up for CRA My Account this year. Paper copies will no longer be mailed upon filing your personal tax return. A definitive date was not given but the change is expected later in 2022.

### **Trust Reporting Rules**

New enhanced trust reporting rules were to be in effect for years ending December 31, 2021 forward. However, these new proposed rules were not enacted into law by way of receiving royal assent in time for the 2021 trust years. On February 4, 2022, draft legislation was released proposing the changes will apply for year ends ending after December 31, 2022.

### **CRA Instalments**

Generally, you are required to pay tax instalments if you owed more than \$3,000 in the prior year. If you choose not to make the required tax instalments, penalties and interest will be charged by CRA. Upon filing your tax return, CRA will send you instalment reminders and if you have any questions in regards to the required instalments, please contact us directly to discuss.

## Don't Forget!!

A reminder that CRA now requires all personal tax returns to include information on disposition of your principal residence in the year of disposition. Although there is often no tax effect on the disposition, failure to report this information on your personal tax return can result in a non-compliance penalty of up to \$8,000.

## Income Splitting Techniques

There are a few ways to reduce your family's overall tax burden with these few options.

1. Income splitting through prescribed interest rate loans. This involves loaning money to a family member at the prescribed interest rate of 2% and the lower income earning family member invests this amount to take advantage of their lower tax rates.
2. Paying a reasonable salary to family members. Again, taking advantage of the lower tax rates but this also comes with other non-tax related benefits.
3. Spousal RRSP contributions. Contributing directly into your spouses RRSP to take advantage of your spouse's lower tax rates in the future.



## Did you know.....

### Donations in Kind

Did you know that donating publicly traded securities to a registered charity has more tax benefits than donating cash? Not only do you avoid the capital gain on your tax return, the donation receipt is issued at the full fair market value of the security at the time of donation.

### Estate Planning

It is never too early to start thinking of estate planning. This includes ensuring you have a will, estate freezes, tax efficient annual withdrawals from the corporation, etc. Planning in advance will help mitigate possible significant tax consequences, which in turn, results in overall reduced wealth transfer. Contact us if you would like to discuss your estate planning needs.

### InFocus Portal

As an extra layer of security, we now offer a secure portal option for downloading and uploading your files. Please contact our office if you would like to set up your own portal and get started.

## Key Rates and Interesting Facts:

- Alberta's 2022 corporate tax rate for small active business income with earnings less than \$500,000 remains unchanged and is a combined rate of 11% (9% federal and 2% Alberta). Active business income that exceeds \$500,000, or is not eligible for the small business rate, is taxed at 23% combined (15% federal and 8% Alberta).
- The 2022 combined personal tax rates in Alberta also remain unchanged – See table below. Contact us directly for rates of other provinces.
- Did you know that by 2026, the greatest intergenerational transfer in the history of Canada will occur by approximately \$1 trillion being passed on by baby boomers to the next generations (approximately \$30 trillion in the US).
- The new “luxury tax” on boats, planes and cars is expected to generate \$779 million in new tax revenue over a 5 year period and could cost the industry/economy \$2.8 billion over the same time period.

Alberta (AB) Personal Income Tax Brackets and Tax Rates			
2022 Taxable Income	2022 Tax Rates	2021 Taxable Income	2021 Tax Rates
first \$131,220	10%	first \$131,220	10%
over \$131,220 up to \$157,464	12%	over \$131,220 up to \$157,464	12%
over \$157,464 up to \$209,952	13%	over \$157,464 up to \$209,952	13%
over \$209,952 up to \$314,928	14%	over \$209,952 up to \$314,928	14%
over \$314,928	15%	over \$314,928	15%

Combined Federal & Alberta Tax Brackets and Tax Rates									
2022 Taxable Income	2022 Marginal Tax Rates				2021 Taxable Income	2021 Marginal Tax Rates			
	Other Income	Capital Gains	Canadian Dividends			Other Income	Capital Gains	Canadian Dividends	
			Eligible	Non-Eligible				Eligible	Non-Eligible
first \$50,197	25.00%	12.50%	2.57%	15.86%	first \$49,020	25.00%	12.50%	2.57%	15.86%
over \$50,197 up to \$100,392	30.50%	15.25%	10.16%	22.18%	over \$49,020 up to \$98,040	30.50%	15.25%	10.16%	22.18%
over \$100,392 up to \$131,220	36.00%	18.00%	17.75%	28.51%	over \$98,040 up to \$131,220	36.00%	18.00%	17.75%	28.51%
over \$131,220 up to \$155,625	38.00%	19.00%	20.51%	30.81%	over \$131,220 up to \$151,978	38.00%	19.00%	20.51%	30.81%
over \$155,625 up to \$157,464	41.38%	20.69%	25.17%	34.70%	over \$151,978 up to \$157,464	41.32%	20.66%	25.09%	34.63%
over \$157,464 up to \$209,952	42.38%	21.19%	26.55%	35.85%	over \$157,464 up to \$209,952	42.32%	21.16%	26.47%	35.78%
over \$209,952 up to \$221,708	43.38%	21.69%	27.93%	37.00%	over \$209,952 up to \$216,511	43.32%	21.66%	27.85%	36.93%
over \$221,708 up to \$314,928	47.00%	23.50%	32.93%	41.16%	over \$216,511 up to \$314,928	47.00%	23.50%	32.93%	41.16%
over \$314,928	48.00%	24.00%	34.31%	42.31%	over \$314,928	48.00%	24.00%	34.31%	42.31%

We look forward to seeing everyone soon, and finally in person. Thank you and have a great summer!