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Federal Budget- What is in it for me?

By Clinton Orr

On March 19 the Federal government released a budget with a laundry list of benefits. If you are asking yourself: What's in it for me? Well, the budget has a little something for everyone. It must be an election year because this budget seems to have a tax benefit for every voting demographic. It is worthwhile noting that many of the proposed benefits will not be implemented prior to the election this Fall. The budget expects to run a deficit of 19.8 Billion in the upcoming fiscal year, that will push the Federal government's total debt to 705 Billion. The list of new benefits is long, we will cover a few highlights below.

First-Time Home Buyer Incentive: CMHC will assist first-time buyers by offering a shared equity position up to 10% in a newly constructed home or 5% of an existing home. Families with a household income of more than \$120,000 annually won't qualify, and there will be a cap on the value of homes that are eligible. The cap might restrict the ability of residents in cities with high real estate values, like Toronto or Vancouver, from using the program. In addition, the budget proposes to allow homebuyers to borrow a larger amount from their RRSP to buy a home. The maximum withdrawal would increase from \$25,000 to \$35,000.

Canada Training Benefit: The Canada Training Benefit of \$250/year up to a lifetime limit of \$5000 which could be used to refund up to half the costs of taking a course or enrolling in a training program. Also, a new EI Training leave of up to four weeks of income support to take time away from work for training opportunities.

Federal Pharmacare. To make prescription drugs more affordable for Canadians, the government will create the new Canada Drug Agency. Over the next few years the Agency would work with the provinces to develop a plan to coordinate prescription drug purchases. They will also seek to make high-cost drugs for rare diseases more accessible.

Improvements in Retirement Security: The budget proposes changing the annual income threshold to receive the Guaranteed Income Supplement from \$3,500 to potentially \$15,000.

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There are also two new types of annuities being introduced, which focus on addressing longevity risk and providing flexibility in receiving registered plan income. Additionally, an automatic enrolment will be implemented for those who are eligible for CPP benefits after age 70 and have not applied for them yet.

Zero-Emission Vehicles: Buyers of a zero-emissions vehicle under \$45,000 will receive up to \$5,000 in federal incentives. The government will also provide \$130 million over 5 years to expand the network of charging and refueling stations. Businesses that buy zero-emission vehicles will be allowed to write them off completely in the first year.

Digital Subscriptions: A new temporary non-refundable 15% tax credit for eligible digital news subscriptions to claim up to \$500/year. This will be available from the year 2020 – 2024.

The budget is over 450 pages, a detailed review is beyond the scope of this article. In addition to the highlights mentioned above there are proposed benefits for farmers, small business owners, students with loans and a commitment of \$10 Billion over the next 9 years to increase the availability of affordable rental options. It must be an election year, there is truly a proposed benefit for everyone in this budget.

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