



TAX HIGHLIGHTS FROM THE 2021 FEDERAL BUDGET

Canada’s Finance Minister, the Honourable Chrystia Freeland, tabled the 2021 federal budget on April 19, 2021.

The COVID-19 pandemic brought about the deepest and fastest recession, worldwide, since the Great Depression, having an unprecedented impact on the Canadian labour market, with more than 3 million Canadians losing their jobs and another 2.5 million Canadians working significantly reduced hours—representing about 30 per cent of the pre-pandemic workforce. The budget was aimed at addressing COVID-19 relief and ensuring the Canadian economy was well positioned for growth after the pandemic.

After accounting for Budget 2021 measures, the budgetary balance is expected to show a deficit of \$354.2 billion in 2020-21, improving to \$154.7 billion in 2021-22, and gradually declining to a deficit of \$30.7 billion in 2025-26, or approximately one per cent of GDP. The federal debt is expected to peak at 51.2 per cent of GDP in 2021-22 before declining to 49.2 per cent of GDP in 2025-26.

The budget announces the extension of COVID-19 relief programs along with the introduction of the new Canada Recovery Hiring program, establishes the Canada-wide Early Learning and Child Care System, introduces a luxury tax for personal use of luxury cars, boats and personal aircrafts and implements a tax of 3% on revenue from digital services.

The following is a summary of significant tax and program changes announced in the budget. Please note that the changes are proposals until passed by the federal government.

PERSONAL TAX MATTERS

Personal income tax rates and tax brackets

There were no proposed changes to personal income tax rates. For 2021, federal personal income tax rates are as follows:

Taxable income range	2021 TAX RATES			
	Other income	Capital gains	Eligible dividends	Non-eligible dividends
First \$49,020	15.0%	7.5%	0.0%	6.9%
\$49,021-\$98,040	20.5%	10.3%	7.6%	13.2%
\$98,041-\$151,978	26.0%	13.0%	15.2%	19.5%
\$151,979-\$216,511	29.0%	14.5%	19.7%	23.0%
\$216,512 and over	33.0%	16.5%	24.8%	27.6%

The table below shows the highest marginal federal tax rates for various types of income in 2021.

TYPE OF INCOME	2021 TAX RATES
Regular income	33.0%
Capital gains	16.5%
Eligible dividends	24.8%
Non-eligible dividends	27.6%

Extensions of COVID-19 relief programs

The budget extended several programs aimed at providing Canadians relief from the economic fallout of the COVID-19 pandemic including:

- Extending the **Canada Emergency Wage Subsidy (CEWS)**, which provides eligible employers who have experienced a drop in revenue during COVID-19 a subsidy to cover part of employee wages. It is currently set to expire in June of 2021. The budget proposes to extend the program to September 25, 2021. It is also proposed to gradually decrease the subsidy rate, beginning July 4, 2021 to phase out the program as vaccinations are completed. The budget also provides that any publicly listed corporation receiving this subsidy and found to be paying its top executives more in 2021 than it did in 2019 will be required to repay the equivalent in wage subsidy amounts received for any qualifying period starting after June 5, 2021 and up to the end of the wage subsidy program.
- The **Canada Emergency Rent Subsidy (CERS)** provides eligible organizations with subsidies for rent, mortgage, and other expenses. Lockdown support provides organizations eligible for the rent subsidy with additional support if they are subject to a lockdown order or must significantly restrict their business activities under a public health order. These two programs are to be extended until September 25, 2021. As with the CEWS, beginning July 4, 2021 the rate of the rent subsidy will be gradually decreased. However, the government has reserved the ability to extend the program until November 20, 2021 if it be required.
- The **Regional Relief and Recovery Fund** and **Indigenous Business Initiative** provide interest-free partially forgivable loans to Aboriginal and some regional businesses. The application deadline for support under both programs is extended to June 30, 2021.
- The **Canada Recovery Benefit (CRB)** gives income support to employed and self-employed individuals who are directly affected by COVID-19 and are not entitled to Employment Insurance (EI) benefits. The budget proposes to provide up to 12 additional weeks of CRB to a maximum of 50 weeks. The first four of these additional 12 weeks will be paid at \$500 per week, the remaining eight weeks will be paid at a lower amount of \$300 per week claimed. All new claimants after July 17, 2021 will also receive the \$300 per week benefit up to September 25, 2021.
- The **Canada Recovery Caregiving Benefit (CRCB)** which provides income support to employed and self-employed individuals who are unable to work because they must care for their child under 12 years old or a family member who needs supervised care is proposed to be extended for an additional 4 weeks to a maximum of 42 weeks, at \$500 per week in the event that caregiving options are not sufficiently available. The budget also will provide authority for the government to extend the programs as well as regular EI benefits until no later than November 20, 2021 should it be required.

If a COVID-19 benefit amount is repaid, the taxpayer claims a deduction in the year of repayment. The budget proposes to allow the option to request an adjustment to a tax return for the year that the COVID-19 benefit was received. This option will be available for benefit amounts repaid any time before 2023.

The budget also proposes that any COVID-19 benefits paid to an individual who resides in Canada but are considered non-residents of Canada for tax purposes will be taxable in Canada in a manner similar to employment and business income earned in Canada.

The budget also proposes changes to the **Employment Insurance program (EI)** including:

- A 420-hour entrance requirement for regular and special benefits, with a 14-week minimum entitlement for regular benefits, and a new common earnings threshold for fishing benefits.
- Support multiple job holders and those who switch jobs to improve their situation as the recovery firms up, by ensuring that all insurable hours and employment count towards a claimant's eligibility, as long as the last job separation is found to be valid.
- Allow claimants to start receiving EI benefits sooner by simplifying rules around the treatment of severance, vacation pay, and other monies paid on separation.
- Extend the temporary enhancements to the Work-Sharing program such as the possibility to establish longer work-sharing agreements and a streamlined application process.
- Funding of \$3.0 billion over five years, starting in 2021-22, and \$966.9 million per year ongoing to enhance sickness benefits from 15 to 26 weeks.
- In addition, temporary eligibility for fishers who submitted EI claims for the Winter of 2021 are extended and a seasonal pilot project for an additional year, until October 2022, for regions in Atlantic Canada, Quebec and the Yukon.

Establishing Canada-wide Early Learning and Child Care System

A center piece of the budget is the proposed establishment of Canada-wide early learning and childcare. The government's goal is to ensure that all families have access to high-quality, affordable and flexible early learning and childcare with an overall goal of bringing fees for regulated childcare down to \$10 per day on average within the next five years. By the end of 2022, the government is aiming to achieve a 50 per cent reduction in average fees for regulated early learning and childcare. These targets would apply everywhere outside of Quebec where prices are already affordable. The budget proposes new investments totaling up to \$30 billion over the next 5 years, and \$8.3 billion ongoing for these programs as well as expanding and improving after-school care programs.

It is also proposed to provide \$29.2 million over two years, starting in 2021-22, to Employment and Social Development Canada through the Enabling Accessibility Fund to support childcare centers as they improve their physical accessibility to assist families with children with disabilities. This funding will support improvements such as the construction of ramps and accessible doors, washrooms, and play structures.

Opportunities for Canada's Youth

Several proposals in the budget are aimed at reducing the burden for Canada's youth, including:

- The government proposes to introduce legislation that would extend the waiver of interest accrual on Canada Student Loans and Canada Apprentice Loans until March 31, 2023.
- The threshold for repayment assistance is proposed to be increased to \$40,000 for borrowers living alone. For students from larger households the threshold will be modified to match the Canada Student Grants. The eligibility for repayment will be indexed to inflation.
- During the pandemic the federal government introduced a program doubling Canada Student Grants for the 2020-2021 school year, providing an additional \$2,600 on average of non-repayable aid to students in financial need. This doubling is to be extended until the end of July 2023. The budget also signaled the government's intention to enhance grants and repayment provisions for students with persistent or prolonged disabilities which are not necessarily permanent.
- The Student Work Placement program will be increased to provide employers up to 75% of a student's wage, or up to \$7,500 per student and will also increase the number of employers who may access the program.
- Extending the \$1,600 adult learner top-up to the full-time Canada Student Grant for an additional two school years until July 2023. Additionally, the government intends to make permanent the flexibility to use current year income instead of the previous years to determine eligibility for Canada Student Grants.

Federal Minimum Wage Rate

In addition to the above programs, the budget proposes to increase the minimum wage to \$15 per hour in the federally regulated private sector, indexed to inflation. Where a provincial or territorial minimum wage is higher than \$15, the higher wage will prevail.

Canada Workers Benefit (CWB)

The income level at which benefits start under the CWB, a refundable tax credit for low income individuals and families will be reduced to \$22,944 for single individuals without children and to \$26,177 for families. It is also proposed that a secondary family earner may exclude up to \$14,000 of their working income when income-testing for this benefit.

Increased Old Age Security for Canadians 75 and Over

Given that many seniors are living longer and relying on monthly benefits to afford retirement, Budget 2021 proposes the following two measures:

- Provide a one-time payment of \$500 in August 2021 to OAS pensioners who will be 75 or over as of June 2022.
- Introduce legislation to increase regular OAS payments for pensioners 75 and over by 10 per cent on an ongoing basis as of July 2022. This would provide additional benefits of \$766 to full pensioners in the first year, and indexed to inflation going forward.

Statutory funding authority would be sought to make the one-time payment. Changes to the *Old Age Security Act* would be made to implement the benefit increase as of July 2022, and to exempt the one-time payment from the definition of income for the Guaranteed Income Supplement.

Luxury Tax

Budget 2021 proposes to introduce a luxury tax, effective January 1, 2022, on the retail sale, for personal use, of luxury cars and personal aircraft with a retail price of over \$100,000, and boats, for personal use, over \$250,000.

Luxury cars will include all new passenger vehicles suitable for personal use equipped to accommodate less than 10 passengers. Certain vehicles such as: motorcycles, certain off-train vehicles, snowmobiles, racing cars (solely owned for on/off track racing), motor homes, construction vehicles, farm vehicles, commercial heavy-duty vehicles (truck, cargo vans) and public sector vehicles (ambulances, buses and police cars) are not subject to the luxury tax.

Aircraft will include all new typically suitable for personal use aero-planes, helicopters and gliders. A large aircraft with a certified maximum carrying capacity of more than 39 passengers, or smaller aircrafts used in certain commercial activities (public transportation) or by public sector (police, military, air ambulance or rescue) will not be subject to the luxury tax.

Boats will include new yachts, recreational motorboats and sailboats suitable for personal use. Smaller personal watercraft (water scooters), floating homes, commercial vessels, ferries and cruise ships would not be subject to the tax.

For vehicle and aircraft priced over \$100,000, the amount of tax would be the lesser of:

- a) 10% of the full value of the vehicle or the aircraft, or
- b) 20% of the value above \$100,000

For boats priced over \$250,000, the amount of tax would be the lesser of:

- a) 10% of the full value of the vehicle or the boat, or
- b) 20% of the value above \$250,000

GST/HST will be applied on the final price, inclusive of the proposed luxury tax. Additional information regarding this measure is expected to be released in coming months.

Non-Resident owned Unproductive Residential Property Tax

Budget 2021 announces the government's intention to implement a national, annual 1% tax on the value of non-resident, non-Canadian owned residential real estate that is considered to be vacant or underused.

The tax would be effective as of January 1, 2022. The proposal will require all owners, other than Canadian citizens or permanent residents of Canada, to file a declaration as to the current use of the property, with significant penalties for failure to file.

The government is expected to release a consultation paper to provide stakeholders additional opportunity to comment on the parameters of the proposed tax.

Improved Access to the Disability Tax Credit

The Disability Tax Credit (DTC) is a non-refundable tax credit that is intended to recognize the impact of non-itemizable disability-related costs on the ability to pay tax. For 2021, the value of the credit is \$1,299.

To be eligible for the DTC, an individual must have a certificate confirming that they have a severe and prolonged impairment in physical or mental functions. The effects of the impairment must be such that, even with appropriate devices, medication and therapy, the individual is blind or is:

- markedly restricted in their ability to perform a basic activity of daily living, or would be so restricted were it not for certain therapy (commonly referred to as 'extensive life-sustaining therapy'); or
- significantly restricted in their ability to perform more than one basic activity of daily living where the cumulative effect of those restrictions is comparable to being markedly restricted in a basic activity of daily living.

For these purposes, the *Income Tax Act* recognizes the following basic activities of daily living: walking; feeding or dressing oneself; mental functions necessary for everyday life; speaking; hearing; eliminating bodily waste; and, for the purposes of the 'significantly restricted' test noted above, includes seeing.

Budget 2021 proposes to:

- Update the list of mental functions of everyday life that is used for assessment for the DTC.
- Recognize more activities in determining time spent on life-sustaining therapy and to reduce the minimum required frequency of therapy to qualify for the DTC.

These proposed changes would apply to the 2021 and subsequent taxation years, in respect of DTC certificates filed with the Minister of National Revenue on or after Royal Assent.

Enhanced Northern Residents Deduction

Individuals who live in prescribed northern areas of Canada for at least six consecutive months beginning or ending in a taxation year may claim the Northern Residents Deductions in computing their taxable income for that year. These include both a residency component and a travel component.

Budget 2021 proposes to expand access to the travel component of the Northern Residents Deductions, effective 2021 and subsequent taxation years.

Postdoctoral Fellowship Income

Postdoctoral fellowship income generally does not qualify for the scholarship exemption from income tax. Although fully included in taxable income, and similar in nature to employment income, postdoctoral fellowship income does not currently qualify as 'earned income' for the purpose of determining an individual's contribution limit for a registered retirement savings plan (RRSP).

Budget 2021 proposes to include postdoctoral fellowship income in 'earned income' for RRSP purposes. This measure would apply in respect of postdoctoral fellowship income received in the 2021 and subsequent taxation years. The measure would also apply in respect of postdoctoral fellowship income received in the 2011 to 2020 taxation years, where the taxpayer submits a request in writing to the Canada Revenue Agency for an adjustment to their RRSP room for the relevant years.

CORPORATE TAX MATTERS

Corporate income tax rates

Apart from a temporary measure to reduce corporate income tax rates for qualifying zero-emission technology manufacturers (see details in the relevant section below), there were no proposed changes to federal corporate income tax rates or the small business limit for 2021. The table below shows federal tax rates and the small business limit for 2021.

Category	2021 tax rates
General rate	15.0%
Manufacturing & processing rate	15.0%
Small business rate	9.0%
Small business limit	\$500,000

New Canada Recovery Hiring Program

Budget 2021 proposes to introduce the new Canada Recovery Hiring Program for eligible employers that continue to experience qualifying declines in revenues relative to before the pandemic. The proposed subsidy, up to 50% on the incremental remuneration paid to eligible employees, would offset a portion of the extra costs employers take on as they reopen, either by increasing wages or hours worked, or hiring more staff. This support would only be available for active employees and will be available from June 6 to November 20, 2021. Eligible employers would claim the higher of the Canada Emergency Wage Subsidy or the new proposed subsidy.

Immediate Expensing

The capital cost allowance (CCA) system determines the deductions that a business may claim each year for income tax purposes in respect of the capital cost of its depreciable property. With some exceptions, depreciable property is divided into CCA classes and a CCA rate for each class of property is prescribed in the *Income Tax Regulations*.

Budget 2021 proposes to provide temporary immediate expensing in respect of certain property acquired by a Canadian-Controlled Private Corporation (CCPC). This immediate expensing would be available for 'eligible property' acquired by a CCPC on or after Budget Day and that becomes available for use before January 1, 2024, up to a maximum amount of \$1.5 million per taxation year. The immediate expensing would only be available for the year in which the property becomes available for use. The \$1.5 million limit would be shared among associated members of a group of CCPCs. The limit would be prorated for taxation

years that are shorter than 365 days. The 'half-year rule' would be suspended for property for which this measure is used. For those CCPCs with less than \$1.5 million of eligible capital costs, no carry-forward of excess capacity would be allowed.

Eligible property under this new measure would be capital property that is subject to the CCA rules, other than property included in CCA classes 1 to 6, 14.1, 17, 47, 49 and 51, which are generally long-lived assets.

This measure would apply for eligible property that is acquired on or after Budget Day and that becomes available for use before 2024.

Improved Canada Small Business Financing Program

Budget 2021 proposes to improve the Canada Small Business Financing Program through amendments to the Canada Small Business Financing Act and its regulations. These proposed amendments are projected to increase annual financing by \$560 million and include:

- Expanding loan class eligibility to include lending against intellectual property and start-up assets and expenses.
- Increasing the maximum loan amount from \$350,000 to \$500,000 and extending the loan coverage period from 10 to 15 years for equipment and leasehold improvements.
- Expanding borrower eligibility to include non-profit and charitable social enterprises.
- Introducing a new line of credit product to help with liquidity and cover short-term working capital needs.

Rate Reduction for Zero-Emission Technology Manufacturers

Budget 2021 proposes a temporary measure to reduce corporate income tax rates for qualifying zero-emission technology manufacturers. The reduced applicable tax rates on eligible zero-emission technology manufacturing and professing income would be 7.5% (otherwise taxed at 15% general corporate tax rate) and 4.5% (otherwise taxed at 9% small business tax rate).

Capital Cost Allowance for Clean Energy Equipment

In 2018, the government implemented a time-limited measure allowing businesses to immediately write off the full cost of investments in certain clean energy technologies.

Budget 2021 proposes to expand the list of eligible equipment to include used in pumped hydroelectric energy storage, renewable fuel production, hydrogen production by electrolysis of water, and hydrogen refueling. Certain existing restrictions related to investments in water current, wave and tidal energy, active solar heating, and geothermal energy technologies would also be removed.

Film or Video Production Tax Credit

The Canadian Film or Video Production Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC) are refundable tax credits of 25% and 16%, respectively, available on qualified labour expenditures with respect to certified productions of films or videos.

Budget 2021 proposes to temporarily extend certain timelines to incur qualified expenditures, submit completion certificate and meet other requirements to apply for the credits.

These measures would be available in respect of productions for which eligible expenditures were incurred by taxpayers in their taxation years ending in 2020 or 2021.

Digital Tax

Budget 2021 proposes measures to implement a tax of 3% on revenue from digital services that rely on data and content contributions from Canadian users. The tax would apply to large businesses with gross revenue of 750 million euros or more. The tax would apply as of January 1, 2022, until an acceptable multilateral agreement on cross-border digital taxation comes into effect.

Limit on Excessive Interest Deduction

Budget 2021 proposes to restrict the amount of interest certain business can deduct from income for tax purposes. It is proposed that starting 2023, the amount of interest that certain businesses can deduct be limited to 40 per cent of their earnings (tax EBITDA) in the first year of the measure and 30 per cent thereafter.

The new rules would also apply to trusts, partnerships and Canadian branches of non-resident taxpayers. Certain small businesses (e.g. Canadian controlled private corporation with less than \$15 million of taxable capital employed in Canada) and entities with net interest expense of \$250,000 or less will be exempt from these rules.

The government expects to release draft legislation this summer and will seek stakeholder input on the new rules.

Preventing Cross-border Tax Schemes

Hybrid mismatch arrangements are structures that exploit differences in the income tax treatment of business entities or financial instruments under the law of two or more countries to effectively earn income that is not taxed in any country.

Budget 2021 proposes to amend the Income Tax Act to eliminate the tax benefits of hybrid mismatch arrangements.

These proposals would be implemented in stages starting July 1, 2022.

Mandatory Disclosure Rules

Budget 2021 proposes to launch public consultation to enhance Canada's income tax mandatory disclosure rules. Government believes that it is important to obtain timely information on arrangements that involve aggressive tax planning and to curtail tax evasion.

This consultation will address changes to the Income Tax Act's reportable transaction rules, a new requirement to report notifiable transactions, and a new requirement for specified corporations to report uncertain tax treatments.

Imposition of significant financial penalties are proposed on the taxpayer and advisors who will report a reportable transaction or notifiable transaction. Similarly, corporations required to report uncertain tax positions may face penalties if they fail to report such position.

Improving Transfer Pricing Rules

The government intends to consult on Canada's transfer pricing rules to ensure that any shortcomings in the current transfer pricing rules do not encourage inappropriate shifting of corporate income tax out of Canada, artificially reducing corporate taxes owed in Canada.

Application of GST/HST to E-Commerce

In its Fall Economic Statement 2020 the Government introduced measures to ensure that GST/HST applies to various e-commerce businesses. The statement proposed requirements to register, collect and remit GST/HST on:

- Non-resident vendors supplying digital products or services to consumers in Canada.
- Distribution platform operators in respect of sales of goods shipped from a fulfillment warehouse in Canada.
- Supplier of short-term accommodations supplied in Canada through an accommodation platform.

The measures are expected to come into force on July 1, 2021.

Budget 2021 proposes amendments to these proposals, which take into consideration comments received from stakeholders. These amendments are intended to ensure that the proposals operate effectively and to clarify the application of certain provisions.

Threshold to support Input Tax Credit (ITC) Claim

Budget 2021 proposes measures to amend certain information requirements for businesses that claim input tax credits to recover the GST/HST that they pay in respect of goods and services used as inputs in their commercial activities.

The information requirements for these documents are graduated, with progressively more information required when the amount paid or payable in respect of a supply equals or exceeds thresholds of \$30 or \$150. To simplify tax compliance for businesses, Budget 2021 proposes to increase the current ITC information thresholds to \$100 (from \$30) and \$500 (from \$150), and to allow billing agents to be treated as intermediaries for purposes of the ITC information rules.

These measures would come into force on the day after Budget Day.

GST New Housing Rebate

Budget 2021 proposes to remove the condition that where two or more individuals buy a new home together, each of them must be acquiring the home for use as their primary place of residence. Instead, the proposal allows for the GST New Housing Rebate as long as the new home is acquired for use as the primary place of residence of any one of the purchasers. The measure applies to agreements of purchase and sale entered for purchasing a new home after budget day.

OTHER PROPOSALS

Taxes Applicable to Registered Investments

Certain categories of registered investments (e.g., mutual fund trusts, mutual fund corporations and institutional investment funds) must have a minimum number of investors. A registered investment (RI) that is not sufficiently widely held (e.g., a trust that does not have the 150 unit holders required to qualify as a mutual fund trust) is limited to holding investments that would be qualified investments for the types of registered plans for which it is registered. For example, if a trust or corporation is a registered investment for RRSPs, it can hold only investments that are qualified investments for an RRSP.

If an RI that is subject to this investment restriction holds property that is not a qualified investment for the type of registered plans for which it is registered, the RI is liable to pay a 1% monthly tax under Part X.2 of the Income Tax Act. Budget 2021 proposes a relief for the RI by pro-rating the tax based on the proportion of shares or units of the RI that are held by investors that are themselves subject to the qualified investment rules. For example, where only 20% of an RI's units are held by registered plans, and 80% of its units are held by individuals via their non-registered accounts, the monthly tax imposed under Part X.2 would now be 0.2% of the value of each non-qualified investment of the RI.

This measure would apply to taxes imposed under Part X.2 of the Income Tax Act in respect of months after 2020, or for taxpayers who's liability in respect of months before 2021 has not been determined by the CRA as of the budget date.

Excise Duty on Tobacco

Budget 2021 proposes to increase the tobacco excise duty rate by \$4 per carton of 200 cigarettes, along with corresponding increases to the excise duty rates for other tobacco products.

Inventories of cigarettes held by certain manufacturers, importers, wholesalers and retailers at the beginning of the day after Budget Day would be subject to an inventory tax of \$0.02 per cigarette (subject to certain exemptions). Taxpayers would have until June 30, 2021 to file a return and pay the cigarette inventory tax. This measure comes into force on the day after Budget Day.

Excise Duty on Vaping Products

Budget 2021 announces the government's intention to introduce a new taxation framework for the imposition of excise duties on vaping products in 2022.

The Government of Canada will work with any provinces and territories that may be interested in a federally coordinated approach to taxing these products. The government also invites input from industry and stakeholders on these proposals to help ensure the effective imposition and collection of excise duties on vaping products.

Electronic Filing and Certification of Tax and Information Returns

To improve the administration of, and compliance with, the tax system, Budget 2021 proposes various amendments to the *Income Tax Act*, *Income Tax Regulations*, *Excise Tax Act*, *Excise Act, 2001*, *Tax Rebate Discounting Act*, *Air Travellers Security Charge Act*, Part 1 of the *Greenhouse Gas Pollution Pricing Act*, and *Electronic Filing and Provision of Information (GST/HST) Regulations*. These proposed measures would improve the Canada Revenue Agency's (CRA) ability to operate digitally while also enhancing security.

Tackling Tax Avoidance and Evasion, and Strengthening the CRA

Similar to prior years, the Budget proposes additional spending to strengthen the CRA's ability to crack down on complex tax schemes, increase collaboration with international partners, ultimately bring offenders to justice, and enhance the CRA's ability to collect outstanding debts.

The government plans on funding new initiative and extending existing programs, including:

- Increasing GST/HST audits of large businesses where risk assessment models have found the greatest risk of non-compliance.
- Modernizing the CRA's risk assessment process to prevent unwarranted and fraudulent GST/HST refund and rebate claims at the outset and improve the ability to issue refunds for compliant businesses as quickly as possible.
- Enhancing capacity to identify tax evasion involving trusts and provide better service to executors and trustees.
- Improving the CRA's ability to collect outstanding taxes.

Previously Announced Measures

Budget 2021 confirms the government's intention to proceed with the following previously announced tax and related measures, as modified to take into account consultations and deliberations since their release:

- Anti-avoidance rules consultation and the income tax measures announced on November 30, 2020 in the Fall Economic Statement in respect of:
 - registered disability savings plans;
 - employee stock options; and
 - patronage dividends paid in shares.
- Legislative proposals announced on November 27, 2020 to facilitate the conversion of Health and Welfare Trusts to Employee Life and Health Trusts.
- The income tax measure announced on December 9, 2019 to increase the Basic Personal Amount to \$15,000 by 2023.
- Legislative proposals released on July 30, 2019 to implement Budget 2019 income tax measures in respect of:

- multi-unit residential properties;
 - permitting additional types of annuities under registered plans;
 - pensionable service under an individual pension plan;
 - the allocation to redeemer's methodology for mutual funds;
 - character conversion transactions;
- Income tax measures announced in Budget 2018 to implement enhanced reporting requirements for certain trusts to provide additional information on an annual basis.

WE CAN HELP

Your financial advisor can help you assess the impact of these proposals on your personal finances or business affairs and show you ways to take advantage of their benefits or ease their impact.

For more information, we encourage you to speak to your advisor and visit [ci.com](https://www.ci.com)

This communication is published by CI Global Asset Management ("CI GAM"). Any commentaries and information contained in this communication are provided as a general source of information and should not be considered personal investment advice. Facts and data provided by CI GAM and other sources are believed to be reliable as at the date of publication. Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI GAM has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document. Information in this communication is not intended to provide legal, accounting, investment or tax advice, and should not be relied upon in that regard. Professional advisors should be consulted prior to acting on the basis of the information contained in this communication. You may not modify, copy, reproduce, publish, upload, post, transmit, distribute, or commercially exploit in any way any content included in this communication. You may download this communication for your activities as a financial advisor provided you keep intact all copyright and other proprietary notices. Unauthorized downloading, re-transmission, storage in any medium, copying, redistribution, or republication for any purpose is strictly prohibited without the written permission of CI GAM. CI Global Asset Management is a registered business name of CI Investments Inc.

©CI Investments Inc. 2021. All rights reserved.

Published April 20, 2021