

2009 BUDGET HIGHLIGHTS

- Government to increase spending over next 5 years on infrastructure projects with federal budget deficit increasing from \$1.1 billion in fiscal year 2008-2009 through to 2010-2011 and hopefully returning to small surpluses starting in 2013-2014.
- Up to \$200 billion in federal financing available for credit markets to improve financing for consumers and businesses.
- The federal government will work with willing partners (not Quebec or Alberta at this time) to establish a Canadian securities regulator that respects constitutional jurisdictions and regional interests and expertise.
- The creation of the Home Renovation Tax Credit or (HRTC). It will provide a 15% credit on eligible work valued at more than \$1,000.00 but less than \$10,000.00. Certain items won't qualify such as appliances or furniture. This credit is temporary and only applies to work starting before February 1, 2010. The maximum credit would be \$1,350.00.
- The first-time home owner's plan where you can remove funds from an RRSP to use as a down-payment has increased to \$25,000.00 from \$20,000.00. It still must be repaid over 15 years or there will be tax consequences. However, the government did introduce a tax credit for first time home buyers to help offset such costs as closing fees and land transfer taxes. The credit will provide up to \$750.00 in federal tax relief.
- There will also be new money injected into the ecoENERGY Retrofit program which gives grants of up to \$5,000.00 to owners who have improved the energy efficiency of their properties ie. a more energy efficient furnace or hot water heater.
- Personal exemption allowed before taxes are applicable will rise from \$10,3200.00 from \$9,600.00.
- EI will be increased another 5 weeks.
- Lower and middle-income families will be paying less income tax (federal only). The upper personal tax limits of both the first and second tax brackets are to be increased by 7.5%. In other words you would have to make \$40,726.00 before the lowest rate of income tax would kick in at 15%.
- The age credit will be increased. This is a non-refundable credit and is available to Canadians who are 65 years or older and is calculated by multiplying the age amount by 15%. If net income exceeds \$32,312, then the credit starts to get phased out. The budget proposes that the amount on which the age credit is based be increased to \$6,4908.00. The phase-out calculated at a 15% rate, means that the age credit is fully phased out when net income reaches \$75,032.00

- RRSP/RRIF losses which occur between the time of death and actual dispersal will now be gone. In other words the fair market value(FMV) will be calculated at the time of death on not on the actual proceeds. This prevents beneficiaries from paying tax on amounts which no longer exist.
- Small businesses will allow the lower rate of federal tax to start at \$500,000.00 up from \$400,000.00.
- The 2009 budget proposes a temporary 100% tax depreciation rate for eligible computers and software acquired after January 28th, 2009 and before February 2011. This write-off will not be subject to the “half-year rule” which generally restricts the amount of tax depreciation that can be claimed to half the normal amount in the year of purchase.