

SLATER FINANCIAL GROUP

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Three must-know in the Federal budget

In this month's newsletter, we discuss three new tax measures that will affect Canadian taxpayers.

Reminder: [Click here to view](#) our recent webinar with Tax & Estate Specialist Jamie Golombek.

Three new tax measures that may affect you:

As you may know, the government tabled the federal budget on Tuesday, March 28 and our tax experts were there to explore how it may impact you.

Hot off the press: The 2023 federal budget report is now available and we have provided a short video to help you understand what it means for you. [Click here.](#)

Watch Jamie Golombek discuss the 2023 Federal Budget: [Click here](#)

Read the full Federal Budget: [click here](#)



2023 federal budget

March 28, 2023

Jamie Golombek
Managing Director, Tax and Estate Planning, CIBC Private Wealth

The 2023 federal budget (the "Budget") included a number of tax measures that will affect Canadian taxpayers. This report, which was prepared from within the Budget lock-up in Ottawa, focuses on some of the tax measures that may be of most interest to individuals and business owners.

The grocery rebate

The Goods and Services Tax Credit (GSTC) helps to offset the cost of paying GST on purchases of goods and services for low- and modest-income Canadians. The credit is paid quarterly in January, April, July and October, and is indexed to inflation each benefit year, which runs from July through June. The GSTC is non-taxable and income-tested.

The amount of GSTC you receive depends on your income and family size. For the current benefit year, which began July 2022 and runs through June 2023, single Canadians without kids receive a total of \$306 (ignoring the November 2022 top-up). Married or common-law couples receive \$612 while single parents receive \$467. Recipients with kids get \$161 for each child under age 19.

That said, only those with lower incomes get the full GSTC. To receive the full amount for the 2022-23 benefit year, your family income must have been less than \$39,636 in 2021. Above this income level, the GSTC is gradually reduced as income rises and the full phase-out depends on family type.

The GSTC is indexed to inflation, but it's done on a lagging basis. For the current benefit year, the value of the GSTC grew by 2.4% based on the average consumer price index during October 2022 to September 2021. As a result, the sharp rise in inflation in 2022 is not yet reflected in the GSTC payments currently being distributed.

To help lower-income Canadians with increasing costs, particularly with the rising cost of food, the Budget proposed an increase to the maximum GSTC amount for January 2023, to be known as the "grocery rebate." Eligible individuals will receive an additional GSTC amount equal to twice the amount received for January 2022, which would be paid "as soon as possible following the passage of legislation." The maximum additional amount under the grocery rebate would be \$153 per adult, \$61 per child, and \$61 for the single supplement.

Alternative minimum tax

The Alternative Minimum Tax (AMT) system imposes a minimum level of tax on taxpayers who claim certain tax deductions, exemptions or credits to reduce the tax that they owe to very low levels. Under the AMT system, there is a parallel tax calculation that allows fewer deductions, exemptions, and credits than under the ordinary income tax calculation.

An individual pays the AMT or regular tax, whichever is higher. Additional tax paid as a result of the AMT can be carried forward for 7 years to be used to offset regular tax to the extent that regular tax exceeds AMT in those 7 years.

The current AMT calculation applies a flat 15% tax rate with a standard \$40,000 exemption amount instead of the usual progressive tax rates.

2023 Federal Budget | 1

#1: Alternative minimum tax (AMT)

To expand the AMT to more high-income individuals, several changes will be made to the calculation of AMT, beginning in 2024.

The changes include broadening the AMT base by further limiting tax preferences (such as exemptions, deductions, and credits), increasing the AMT exemption, and raising the AMT rate.

We will keep you updated when more information is stated to be provided beginning in 2024.

#2: Intergenerational share transfers

In June 2021, Bill C-208 introduced an exception to the surplus stripping rules to facilitate legitimate intergenerational business transfers.

A proposal was made to further amend these rules to ensure that they apply only where a genuine intergenerational business transfer takes place.

This would take effect for transactions that occur starting in 2024.

#3 Employee ownership trusts (EOTs)

An EOT is a form of employee ownership where a trust holds shares of a corporation for the benefit of the corporation's employees.

To launch EOTs in Canada, amendments to the Income Tax Act are required. The budget defines an EOT and sets out proposed rules on how an EOT will operate.

The EOT amendments are to be effective as of January 1, 2024.

Access your tax slips online

Navigate to [Wood Gundy Online](#), for access to your tax slips.

Note: ICS/AMA Annual Fee summary, ICS/AMA Realized gains/losses report and T3 from mutual fund company are mailed out separately and not available on Wood Gundy Online.

Reach out to us

At [Slater Financial Group](#), we're happy to speak with your or your family members, friends or colleagues trying to navigate many of these details. In addition, our clients have the benefit of tapping into the many resources available to us here at CIBC.

Did you miss our "Death and Taxes" webinar with Jamie Golombek?

Click here to watch (link is broken)



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