

Federal Budget 2015

The budget's key points:

- \$1.4 billion surplus this year, down from \$6.4 billion projected a year ago and \$1.9 billion in November.
- Economy expected to grow by 2 per cent this year.
- Annual contingency fund cut by \$6 billion over next three years.
- TFSA annual limit raised to \$10,000 from \$5,500.
- Small business tax rate cut to 9 per cent from 11 per cent by 2019.
- Accelerated capital cost allowance for industry extended 10 years.
- \$360 million this year to pay for Canada's mission against ISIS.
- Annual hikes of 3 per cent for National Defense, which has let billions in funds lapse in recent years.
- \$18 million this year to fight terrorism – rising to \$91 million in five years.
- \$94.4 million over five years for cyber security.
- SIRC, the CSIS watchdog, sees budget doubled to \$5 million.
- Seniors at age 71 can leave more money in tax-sheltered Registered Retirement Income Funds.
- EI compassionate care benefits extended to 6 months from current 6 weeks.
- Home Accessibility Tax Credit for home renovations for seniors and people with disabilities.
- \$210 million over four years to celebrate Canada's 150th birthday in 2017.
- Interns will be brought under the Canada Labour Code.
- \$1.1 million a year to promote Canadian seal products.
- \$75 million to implement the Species at Risk Act for next three years.

What others are saying:

Huffington Post Canada looked at four different demographic groups to see which households benefit most from measures introduced in the new budget.

Low-Income Single Parents

About one-in-five Canadian families are single parent households. It is anticipated that these families will see some extra cash in their pockets thanks to the doubling of the Universal Child Care Benefit, which will now max out at \$160 per child per month, though it is a fraction of child care costs across the country. The expanded children's fitness tax credits is less likely to benefit low-income parents, who find extracurricular programs difficult to afford in the first place. However, parents might also be able to benefit from new job training initiatives that will increase eligibility for loans.



Retirees

Seniors appear to be the biggest winners in this budget as many baby boomers retire. The document aims to alleviate fears that some people are outliving their savings, especially after the 2008-2009 recession battered retirement funds. The budget relaxes requirements around registered retirement income funds, reducing the minimum withdrawal by about 30 per cent. The doubling of the TFSA limit also benefits seniors, particularly those over 71 who are no longer allowed to contribute to their RRSPs, thereby providing them with a higher after-tax income. Seniors also received a renovation tax credit to help make their homes accessible.



Young City-Dwellers

This is a growing demographic and has been hard hit by economic weakness since the recession, but there was little in the budget to address the issues most affecting them. The doubling of the TFSA to \$10,000 will help some to put aside more money tax-free in order to save more for a first home, education or retirement. However, this only helps those who can put aside more than \$5,500 in savings even as this group continues to pile on debt, largely thanks to student loans and the high cost of housing in many cities. Another potential benefit for urban commuters is promised funding for public transit, but that will not be seen for another two years.



Nuclear Families

The budget contained a number of benefits for this demographic. Two-parent families with young children benefit from the increase in the child care credit as well as a doubling of the fitness tax credit. The greatest benefit to this group is the Family Tax Cut, also known as income splitting, which allows families with children to split their incomes, for a tax credit maxing out around \$2,000. It is most beneficial to families with large gaps in pay, such as those with a stay-at-home parent. But, according to Huffman Post Canada fewer than 20 per cent of couples with children under 18 fit that model.

Here is an overview of comments on the budget:

Those who will benefit:	Areas with less impact:
Commuters caught in big-city gridlock will get major infrastructure dollars to help to start easing that congestion.	The military gets more money, but the extra cash doesn't begin to flow for two years.
In addition to previously announced new child-care benefits and income splitting for couples with children, families will also get increased benefits to care for gravely ill family members.	Foreign aid gets no increase, despite a recent OECD report showing Canada's aid spending is stagnant compared with that of other developed countries.
Small businesses will see their tax rate drop in stages to nine per cent in 2019 from 11 per cent today.	Climate change doesn't even merit a mention in the budget section entitled "Protecting Canada's Environment." The document promises money for species at risk and conservation programs, but nothing new on greenhouse gas emissions.
Farming and fishing families will see their lifetime capital gains exemption rise to \$1 million from \$813,600 today.	Adults who were looking for a fitness tax credit, promised by the Conservatives in 2011, will have to settle for a study of the issue by an expert panel.
The RCMP, the Canadian Security Intelligence Service and the Canada Border Services Agency get \$292.6 million over five years to fight terrorism and enforce the government's new anti-terror law.	The oil and gas industry, once the government's favourite economic driver, gets no mention at all, besides some small tax breaks for the liquefied natural gas industry.
Manufacturers, who get a tax break on machinery and equipment.	

Sources:

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