



Sunil and Nita LLP

Tax and Business Advisors Chartered Professional Accountants

March Newsletter



2018 Federal Budget Highlights!

As expected, yesterday's 2018 federal budget was big on gender equality. The budget aimed to encourage greater participation of women in the work force. We think it's about time that we recognize the importance of women in socio economic growth of our country. There are also

some small initiatives to help small businesses and entrepreneurs. However, the real impact is unclear at this time. Below are few changes for personal income tax:

- Parental Leave – under new rule, year-long parent leave, parents can share up to 40 weeks of leave as long as second parents takes at least five weeks of leave to take care of new born.
- Medical Expense Tax Credit – The medical expense tax credit will be expanded to include trained animal to perform tasks for a patient suffering with a severe mental impairment. However, the expenses will not be eligible if animal is there to provide comfort or emotional support.
- Canada Worker benefit – This refundable credit is re-named from the Working Income Tax Benefit. The benefit will be increased (effective 2019) to help low – income Canadians
- Canadians may claim the charitable donations tax credit for donation made to registered universities outside Canada.

Small Business Corporation Tax Changes:

- Passive Income – As we know active business income is taxed at lower rate as compared to the personal income tax rates. The rationale behind lower corporate tax rate is that businesses will reinvest the tax savings back in to the business to promote overall growth in Canadian economy. Now government wants a bigger share of Tax in your passive income (i.e. income from investments). Under new budget, the Small Business Deduction limit will be reduced if your corporation earned investment income between \$50,000 and \$150,000. In other words, don't worry if your corporation investment income is less than \$50,000.
- The budget also proposed to limit tax advantage that currently small private

corporations are enjoying by recovering refundable taxes on the payment of dividends

- Accelerated depreciation on investment in specific clean energy generation
- Small business tax rate decrease from 10.5% to 10% effective January 1, 2018 and to 9% effective January 1, 2019



Important dates

- * .March 1 - RRSP Contribution deadline
- * March 15 - First 2018 tax instalment due
- * April 30 - 2017 Personal Tax return due including foreign reporting

[Click here to get 2017 Tax Return Check List](#)



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SUITE 12, OAKVILLE, ON L6K 0J3, CA

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