

The following is a summary of the personal and corporate tax measures introduced today by the Government of Canada in the 2009 Budget.

Personal

1. The basic personal tax credit will increase for the 2009 tax year to \$10,320 from \$9,600 in 2008. Further, the upper limits of the first two income tax brackets will increase by 7.5% each. The upper limit of the first income tax bracket will increase to \$40,476 in 2009 from \$37,885 in 2008. The upper limit of the second income tax bracket will increase to \$81,452 from \$75,769. Savings for an individual with income in excess of \$82,000 will be \$284.
2. The government introduces a Home Renovation Tax Credit for renovations to a principal residence. This is a 15% non-refundable tax credit for home renovations greater than \$1,000 and less than \$10,000 for a maximum tax credit of \$1,350.
3. The Working Income Tax Benefit will be enhanced. Specifics have not been released at this time.
4. The Age Credit available to taxpayers 65 years and older will be increased by \$1,000, for a tax savings of \$150.
5. First-time home buyers will be eligible for a First-Time Home Buyer's Tax Credit for qualifying home purchases after January 27, 2009. The tax credit is a non-refundable tax credit available to first-time home buyers who purchase a qualifying home. Total savings will be a maximum of \$750. Home purchases by a taxpayer who is eligible for a disability tax credit may also be eligible for this tax credit.
6. The amount a taxpayer can withdraw from his/her RRSP as a first-time home buyer will increase to \$25,000 from \$20,000 for withdrawals made after January 27, 2009 under the Home Buyer's Plan.
7. The Mineral Exploration Tax Credit will be extended for another year. The 15% tax credit on mineral exploration expense is available to taxpayers who invest in certain "flow through" shares.
8. The income level at which the phase-out of the Child Tax Benefit starts will increase to \$40,726.
9. Employment Insurance benefits will be extended by five weeks for the next two years. Employment Insurance premium rates will also be frozen for the next two years.
10. The government will develop options to provide self-employed Canadians with access to EI maternity and parental benefits.
11. Where a deceased annuitant's RRSP or RRIF has decreased in value prior to the final distribution of the property in the RRSP or RRIF, the amount of the post-death decrease in value will be permitted to be carried back and deducted against the year of death RRSP or RRIF income inclusion.

Corporate

1. The Small Business Limit, which is the amount of corporate income that may be taxed at the low corporate tax rate, will be increased to \$500,000 from \$400,000, effective January 1, 2009.
2. The \$3 million SR&ED expenditure limit will be reduced when taxable income in the prior year exceeds \$500,000, and is fully eliminated at taxable income of \$800,000 or higher.
3. Computers and related equipment will be eligible for a 100% CCA rate for purchases made after January 27, 2009 and before February 2011. The half-year rule will not apply.
4. Manufacturing and processing equipment purchases in 2010 and 2011 will be eligible for the 50% straight-line accelerated CCA treatment. The half-year rule will apply.
5. Effective for their 2010 tax years, corporations with gross annual revenues in excess of \$1 million will be required to file their income tax return electronically. Penalties are introduced if the income tax return is not filed in the correct format.

Please contact our office if you have any questions concerning the 2009 Budget or any other matters. We will have additional 2009 Budget materials on our website shortly.