

Seeing green

Budget 2022 rolls out housing and climate-friendly incentives, tightens up tax loopholes and extends the small business deduction for medium-sized CCPCs.

Key business and personal tax highlights include: proposals to make first-time home-buying more affordable, help to current owners (as do) in their homes, tax incentives for clean energy products and technology, as well as a new small business deduction limit range (\$10-\$50 million), benefiting larger corporate groups.

Scroll on to discover the tax impacts of the 2022 federal budget.



Budget 2022 does not propose changes to Canada's:

- Capital gains tax rate
- Personal tax rate
- Corporate tax rate*

But speaking of corporate tax rates...

Good news for businesses and family transfers

Not-so-small businesses can now access small-biz deductions



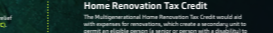
Intergenerational transfers: Not set in stone... yet

Rules that stop "surplus stripping" (converting dividends into capital gains that are taxed less), can hinder genuine share transfers between family members. Bill C-208 provided an exception to these rules, but it's soon to be less exceptional:

- Tightening of the exceptions is coming
- Fortunately, public consultations on the exceptions are extended

Help for homeowners

Buying a new home



Home Accessibility Tax Credit doubles

The Home Accessibility Tax Credit is a non-refundable tax credit for individuals eligible to claim the Disability Tax Credit.

Budget 2022 proposes to increase the Home Accessibility Tax Credit from \$1,500 to a maximum refundable credit of \$3,000

Staying at home

Multigenerational Home Renovation Tax Credit

The Multigenerational Home Renovation Tax Credit would aid with expenses for renovations, which create a secondary unit to permit an eligible person (a senior or person with a disability) to live with a qualifying relation, valued at:

15% of eligible expenses to a maximum refundable credit of \$7,500

Green lighting climate-friendly incentives

The budget message is clear: "go" forward with clean tech... not fossil fuels.

Boost battery production

Speaking of new tax credits, meet the CMETC (Critical Mineral Exploration Tax Credit) for investors in mining flow-through entities of specified minerals used in battery and permanent magnet production:

- Equal to 30% of eligible expenditures
- Recovered via flow-through shares
- Starts: day after budget day
- Ends: on/ before Mar. 21, 2027

While... reducing oil, gas and coal activities

Investment tax credit alert! As of Jan. 1, 2022, the new CCUS refundable tax credit is available on eligible expenses of tech that captures, uses or stores carbon dioxide (CO₂).

- Personal services
- Rental of immovable property
- Rental of means of transportation
- Sale of goods

Don't flip out... but flipping homes just got harder

Because profits from flipped properties are being improperly reported as capital gains, there's a new deeming rule. Profits from residential property sales = business income:

- If owned less than 12 months
- Includes rental buildings
- Principal Residence Exemption not available
- Applies to sales on or after Jan. 1, 2023

Time's up for some tax deferral advantages

Companies that used tax plans to avoid qualifying as a CCPC (Canadian-controlled private corporation), in order to defer tax on passive income, may be deemed a "Substantive CCPC":

- Taxed in the same manner as regular CCPCs
- Applies to tax years ending on/after budget day

Digital platforms must report to CRA

Like many other countries that want digital platform operators to report, as of 2024, Canada will require these operators to report income earned on their platform, such as:

- Personal services
- Rental of means of transportation
- Rental of immovable property
- Sale of goods

Tax loopholes are getting tighter

They're looking for more business income tax dollars...

Good news extends beyond business to personal tax breaks as well

Meanwhile, there are budget considerations for the environment too

You know it couldn't ALL be good news though...

Contact your Baker Tilly advisor to discuss how Budget 2022 could impact your business.

While this infographic provides general planning parameters, Baker Tilly Canada recommends you seek professional advice before taking specific tax planning steps.

