FTR Now

Federal Budget Reintroduced June 6, 2011

Date: June 7, 2011

On June 6, 2011, the Minister of Finance, the Honourable James M. Flaherty, reintroduced the Government of Canada's "Budget 2011, the Next Phase of Canada's Economic Action Plan—A Low-Tax Plan for Jobs and Growth."

In this *FTR Now* we provide a brief overview of the Budget highlights.

As anticipated, the Budget includes all of the measures previously introduced by the Government in March of 2011 prior to the recent federal election. Please refer to our *FTR Now* of March 24, 2011, "Federal Budget 2011" for further details regarding the key Budget initiatives of interest for employers, including:

- the elimination of the mandatory retirement age for federally regulated employers;
- new rules for individual pension plans and RRSPs which, in accordance with the June 6, 2011 Budget announcement, are to come into effect as of March 22, 2011;
- a review of employee profit sharing plans;
- restrictions on increases to employment insurance (EI) premiums and other EI measures for employers, including an expansion of the temporary hiring credit for small businesses and expanded EI benefits under work-sharing agreements;
- a new tax credit for voluntary firefighters;
- confirmation that the federal and provincial finance ministers are working to implement the defined contribution pooled registered pension plan initiative first announced in December 2010;
- continued funding for Labour Canada's Preventative Mediation Program; and
- a commitment to financial literacy initiatives to help Canadians make more informed retirement savings choices.

In addition, the Budget continues to provide for a number of items of general interest to Canadians, such as the limited changes to the taxation of amounts paid in lieu of continued extended health and dental plans and enhancements to the Wage Earner Protection Program in the context of corporate insolvencies and restructurings, the enhanced Guaranteed Income Supplement for Seniors, the Children's Art Tax Credit, an extension to the program designed to assist older workers seeking employment and the further expansion of a number of EI benefit improvement pilot projects.

For more information on this Budget and its implications for your workplace, please contact your regular Hicks Morley Lawyer.

The articles in this Client Update provide general information and should not be relied on as legal advice or opinion. This publication is copyrighted by Hicks Morley Hamilton Stewart Storie LLP and may not be photocopied or reproduced in any form, in whole or in part, without the express permission of Hicks Morley Hamilton Stewart Storie LLP. ©