Human Resources Legislative Update

New Income Tax Proposals Introduced – Federal Budget 2011

Date: August 17, 2011

On August 16, 2011, the Department of Finance released draft legislative and regulatory proposals to implement a number of key tax measures first introduced by the federal government in Budget 2011, the Next Phase of Canada's Economic Action Plan—A Low-Tax Plan for Jobs and Growth.

In part, "Legislative Proposals Relating to the Income Tax Act and Related Regulations" proposes:

- anti-avoidance rules for Registered Retirement Savings Plans;
- new rules to limit tax deferral opportunities for individual pension plans by imposing minimum annual withdrawal requirements similar to those for Registered Retirement Income Funds and by reducing the tax advantages related to making contributions to an individual pension plan in respect of past service;
- a Volunteer Firefighters Tax Credit, allowing eligible volunteer firefighters to claim a 15% non-refundable tax credit based on an amount of $3,000; and
- extends the dividend stop-loss rules to dividends deemed to be received on the redemption of shares held by certain corporations.

Interested persons and stakeholders may comment upon the proposals by September 16, 2011.

For more information on Budget 2011, please see our *FTR Now* of June 7, 2011, "Federal Budget Reintroduced June 6, 2011".