Human Resources Legislative Update

Ministry of Finance Publishes New Income Tax Proposals For Public Commentary

Date: August 16, 2012

On August 14, 2012, the Ministry of Finance published new legislative proposals relating to the *Income Tax Act* and Regulations for public commentary. The proposals, which are designed to implement a range of Budget-related initiatives announced by the federal government earlier this year, include measures that would, if adopted,

- include an employer's contributions to a group sickness or accident insurance plan in an employee's income to the extent that the contributions are not in respect of wage-loss replacement benefits payable on a periodic basis;
- improve Registered Disability Savings Plans ("RDSPs") following the review of the RDSP program in 2011;
- amend the rules applicable to retirement compensation arrangements to prevent certain schemes designed to inappropriately reduce tax liabilities;
- amend the rules applicable to Employee Profit Sharing Plans to discourage excessive contributions for employees with a close tie to their employer through the imposition of a special tax on excessive allocations to specified employees; and
- phase out the Overseas Employment Tax Credit.

Members of the public are invited to comment on the draft legislative proposals by September 13, 2012.

For more information on the federal Budget 2012, see our *FTR Now* of March 30, 2012, "Federal Budget 2012 – Highlights for Employers."