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Federal Government Tables 2023 Budget

Date: March 29, 2023

On March 28, 2023, the federal government tabled its 2023 budget, "A Made-in-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future."

The Budget covers a wide array of initiatives. While health and dental care, efforts to make life more affordable, and investments in green energy are key areas of focus, the Budget includes several proposals that will be of interest to employers, pension plan administrators and human resources professionals.

Of particular interest are the following proposals:

- A proposal to amend the *Canada Labour Code* (*CLC*) to prohibit the use of replacement workers during strikes or lockouts in federally regulated workplaces, including provisions to address the continuation of services during work stoppages for reasons of public health and safety.
- Proposed amendments to the *CLC* to provide enhanced protections for gig workers in the federal sector to prevent employee misclassification.
- Proposed amendments to the *CLC* to create a new leave for federally regulated workers who experience pregnancy loss (including birth parents, as well as parents who are planning to have a child through adoption or surrogacy), and to improve eligibility in relation to the existing leave related to the death or disappearance of a child.
- Further progress on the commitment to expand access to dental care to Canadians under the new Canadian Dental Care Plan, which will provide dental coverage for uninsured Canadians with annual family income of less than $90,000. Related proposed legislation will compel employers and employer pension plans to report dental coverage offered to their employees on T4 and T4A income tax forms.
- Proposed amendments to the *Income Tax Act* that ensure fees or premiums currently paid for the purposes of securing a letter of credit or surety bond for a Retirement Compensation Arrangement that is supplemental to a registered pension plan will not be subject to a triggered 50% refundable tax. The Budget also proposes to allow employers to request a refund of previously remitted refundable taxes for certain fees.
- Proposed amendments to the *Pension Benefits Standards Act, 1985* and the *Pooled Registered Pension Plans Act* introducing a new framework for variable payment life annuities and other technical amendments.
- Measures to protect Canadians from risks associated with crypto assets, including requiring federally regulated pension funds to disclose their crypto-asset exposure to the Office of the Superintendent of Financial Institutions.

The Budget also confirms the government's intention to implement previously discussed legislative proposals related to fixing contribution errors in defined contribution pension plans, borrowing by defined benefit pension plans, and reporting requirements for Registered Retirement Savings Plans and Registered Retirement Income Funds.

There are few details set out in the Budget for some of the initiatives noted above, and we are awaiting the release of the corresponding Budget Bill(s). We will provide a more detailed summary of the key employment, labour, pension and benefits-related initiatives in the coming days as more information becomes available.

Should you have any questions about the Budget, please contact your regular Hicks Morley lawyer.