Raymond Chabot Grant Thornton

2021 Federal Budget: Ottawa in Recovery and Election Mode

Tax Bulletin

Federal Budget, April 19, 2021

This first budget from the Canada's Finance Minister of the Liberal minority government is part of an economic stimulus ... and green plan! With a general election potentially looming, the Minister of Finance, the Honourable Chrystia Freeland, is keeping the floodgates of economic aid open with a three-year, $100 billion stimulus plan, but without any short-term measures to put public finances in order.

This translates into several important investments to the benefit of numerous taxpayers, especially SMEs, the country's economic driving force.

Recovery stimulus: A few key measures

Emergency Business Support

Measures for businesses include extending the Canada Emergency Wage Subsidy, Canada Emergency Rent Subsidy and Lockdown Support to September 25, 2021. In addition to the previously announced extension of the Canada Emergency Business Account, these extensions represent $12.1B in additional support.

Recovery Hiring Program

Furthermore, the government is creating a Recovery Hiring Program which will run from June to November 2021 and provide $595M to make it easier for businesses to hire back laid-off workers or to bring on new ones.

Canada Digital Adoption Program

The federal government is injecting $4B to help some 160,000 Canadian SMEs invest in new technologies and innovation. The Canada Digital Adoption Program will also provide businesses with the advice and help they need to get the most out of these new technologies. The program will make it possible to train 28,000 Canadians – a Canadian technology corps – and send them out to work with SMEs.

Zero Net Accelerator

In terms of green recovery, the budget is proposing an unprecedented $5G investment over seven years, starting in 2021-2022, in Net Zero Accelerator. This support is on top of the $3B announced by the government to encourage even more businesses to invest in reducing their greenhouse gas emissions.

Some tax measures

With respect to the capital cost allowance, the budget is authorizing the immediate expensing of up to $1.5M of eligible investments by Canadian-controlled private corporations for each of the next three years. These significant deductions will help 325,000 businesses make essential investments and achieve overall savings of $2.2B in the next five years.

Tax on digital services and luxury goods

The budget is also proposing to introduce a Digital Services Tax to ensure the services pay their fair share. This 3% tax would apply on revenue from digital services that rely on Canadian data and content. This measure would make it possible to raise $3.4B in revenue over five years beginning this year.

A new luxury tax is introduced. The tax would apply to the purchase of automobiles and private aircraft worth more than $100,000 and pleasure boats worth more than $250,000. This should bring in tax revenue of $604M over the next five years.

Public finances: Situation and prospects

The 2020-2021 deficit is now $354.6B, whereas it was expected to be $154.7B by the end of 2021-2022. The budget is not expected to be balanced in the medium term and the deficit for fiscal 2025-2026 could be $30.7B, that is slightly less than the pre-pandemic deficit of $39.4B in March 2020. The federal debt would rise from $1,079B to $1,411B by 2026.

Raymond Chabot Grant Thornton had recommended in its pre-budget recommendations, bold tax measures that would apply temporarily to increase the collection of unrealized taxes at a lower rate, thereby enabling the government to collect additional income on the near future, without increasing Canadian taxpayers' taxes. The funds could be allocated to reducing the pandemic debt.

For more information on the tax measures announced in the 2021 federal budget, please read the following pages.

BUSINESSES

	CURRENT MEASURES	PROPOSED MEASURES
Canada Emergency Wage Subsidy (CEWS)		
Extension of the CEWS		
Addition of eligibility periods	▪ March 15, 2020 to June 5, 2021 – 16 four-week periods	▪ Extended to September 25, 2021 – Four additional periods ▪ Potential extension to November 20, 2021, as necessary
Review of eligibility criteria	▪ Drop in revenue > 0%	▪ Drop in revenue > 10% – Applicable as of July 4, 2021
Progressive elimination of the CEWS		
Active employees	▪ Maximum rate until June 5, 2021: 75% – Base rate: 40% – Top-up: 35% ▪ Maximum per employee: $847/week	▪ June 6 to July 3, 2021: – Maximum rate: 75% (base 40%, top-up 35%) – Maximum per employee: $847/week ▪ July 4 to July 31, 2021: – Maximum rate: 60% (base 35%, top-up 25%) – Maximum per employee: $677/week ▪ August 1 to August 28, 2021: – Maximum rate: 40% (base 25%, top-up 15%) – Maximum per employee: $452/week ▪ August 29 to September 25, 2021: – Maximum rate: 20% (base 10%, top-up 10%) – Maximum per employee: $226/week
Furloughed employees	▪ CEWS equal to the lesser of: – Remuneration paid – The higher of: • $500 • 55% of base remuneration (max. $595) ▪ Repayment of employer-paid contributions	▪ Measures maintained at the same terms until August 28, 2021
Addition of a repayment obligation	▪ None	▪ Repayment obligation for a listed corporation if the overall executive remuneration for the 2021 calendar year is greater than that of 2019 ▪ Repayment equal to the lesser of: – CEWS for active employees for eligibility periods starting after June 5, 2021 – Amount of executive remuneration for the 2021 calendar year that is greater than for 2019

BUSINESSES

	CURRENT MEASURES	PROPOSED MEASURES
Canada Emergency Rent Subsidy and Lockdown Support (CERS)		
Extension of the CERS		
Addition of eligibility periods	▪ September 27, 2020 to June 5, 2021 – Nine four-week periods	▪ Extended to September 25, 2021 – Four additional periods ▪ Potential extension to November 20, 2021, as necessary
Review of eligibility criteria	▪ Drop in revenue > 0%	▪ Drop in revenue > 10% – Applicable as of July 4, 2021
Gradual elimination of CERS	▪ Maximum rate: 90% – Base rate: 65% – Lockdown support: 25%	▪ Base rate is gradually reduced – June 6 to July 3, 2021: 65% – July 4 to July 31, 2021: 60% – August 1 to August 28, 2021: 40% – August 29 to September 25, 2021: 20% ▪ Lockdown support unchanged at 25%
Canada Recovery Hiring Program		
Introduction of a new subsidy	▪ None	▪ New subsidy for eligible employers whose revenue declined by more than: – June 6 to July 3, 2021: 0% – Other periods: 10% ▪ Subsidy equal to the incremental remuneration paid to eligible employees (excluding furloughed employees) for the eligibility period, multiplied by the applicable rate, that is: – June 6 to July 3, 2021: 50% – July 4 to July 31, 2021: 50% – August 1 to August 28, 2021: 50% – August 29 to September 25, 2021: 40% – September 26 to October 23, 2021: 30% – October 24 to November 20, 2021: 20% ▪ Incremental remuneration – Excess of eligible remuneration paid for the period over remuneration paid for the reference period, that is March 14 to April 10, 2021 – Maximum $1,129/week/employee ▪ Eligible employer – Same employer as for CEWS purposes (excluding a for-profit corporation that is not a Canadian-controlled private corporation) ▪ Cannot be combined with the CEWS – Only one subsidy can be claimed for an eligibility period

BUSINESSES

	CURRENT MEASURES	PROPOSED MEASURES
Capital cost allowance (CCA)		
100% deduction in the first year in respect of certain property acquired by a Canadian-controlled private corporation	▪ 100% deduction in the first year for property in classes 43.1, 43.2, 53, 54 and 55 that is available for use before 2024 ▪ Variable CCA rate for other classes	▪ 100% deduction in the first year for property in classes other than 1-6, 14.1, 17, 47, 49 and 51 – Only available in year property is available for use – No half-year rule ▪ Annual limit of $1.5M for a group of associated corporations – Without taking property in classes 43.1, 43.2, 53, 54 and 55 into account – Unused limit cannot be carried forward ▪ Election by taxpayer of the classes for which this measure applies ▪ Some restrictions apply ▪ Applicable to property acquired as of April 19, 2021 and available for use before 2024
CCA for clean energy equipment		
Expansion of property eligible for classes 43.1 and 43.2	▪ Accelerated CCA for clean energy production equipment included in classes 43.1 and 43.2	▪ Eligibility expanded to certain goods in the following classes: – Pumped hydroelectric storage equipment – Water current, wave or tidal energy technologies – Active solar heating, ground source heat pump and geothermal energy systems used to heat a swimming pool – Equipment used to produce fuel from specified waste material or carbon dioxide – Hydrogen production by electrolysis of water – Hydrogen refuelling equipment ▪ Applicable to property acquired and available for use as of April 19, 2021
Addition of restrictions regarding certain property included in classes 43.1 and 43.2	▪ Various eligibility criteria applicable to property in classes 43.1 and 43.2	▪ Addition of new restrictions regarding the eligibility the following property: – Specified waste-fuelled electrical generation systems – Specified waste-fuelled heat production systems – Gas generating production equipment ▪ Applicable to property that is available for use after 2024

BUSINESSES

	CURRENT MEASURES	PROPOSED MEASURES
Withdrawal of certain property included in classes 43.1 and 43.2	▪ N/A	▪ The following classes of property are no longer eligible: – Fossil-fuelled cogeneration systems – Fossil-fuelled enhanced combined cycle systems ▪ Applicable to property that is available for use after 2024
Interest deduction		
Introduction of a new rule limiting the interest deduction	▪ Thin capitalization rules: – Deductibility of interest on debt due to specified non-resident is limited where the debt/equity ratio is greater than 1.5/1 – Non-deductible portion of interest deemed to be a dividend subject to non-resident withholding ▪ No general rule limiting the deductibility of interest for Canadian entities to the extent the interest is paid for the purpose of earning income	▪ Current thin capitalization rules maintained and introduction of a new "earnings-stripping" rule ▪ Deductibility of interest limited to a fixed ratio of tax EBITDA, that is: – 40% for taxation years beginning as of January 1, 2023 but before 2024 – 30% for taxation years beginning as of January 1, 2024 ▪ Tax EBITDA: taxable earning before interest expenses and income, income taxes and depreciation – Payments economically equivalent to interest and other financing-related expenses treated as interest – Non-deductible interest under current tax rules excluded – Intercompany interest (income and expense) of a Canadian group excluded ▪ Applicable to corporations, trusts, partnerships and Canadian subsidiaries of non-resident taxpayers, excluding the following entities: – Canadian-controlled private corporations if the taxable capital used in Canada is less than $15M for the associated group – Groups of corporations and trusts whose aggregate net interest expense among their Canadian members is $250,000 or less ▪ Details – Possibility of transferring unused capacity to deduct interest within a Canadian group – Possibility of carrying denied interest deduction back 3 years and forward 20 years – "Group ratio" based on group's book EBITDA allowing for a deduction greater than the fixed ratio

BUSINESSES

	CURRENT MEASURES	PROPOSED MEASURES
		▪ Applicable to current borrowings and new borrowings for taxation years beginning as of January 1, 2023 – Anti-avoidance rule to prevent postponing application of the measure or the fixed ratio of 30%
Income of zero-emission technology manufacturers		
Temporary reduction of the income tax rate	▪ Tax rate applicable to business income: – General rate: 15% – Rate for income eligible for the small business deduction (SBD): 9%	▪ Reduction of the tax rates applicable on eligible zero-emission technology manufacturing and processing income – General rate: 7.5% – Rate on income that is eligible for the SBD: 4.5% ▪ At least 10% of the gross revenue from all active businesses carried on in Canada must be derived from eligible activities ▪ Applicable for taxation years beginning after 2021 – Progressive elimination of the measure from 2029 to 2032
Canadian film or video production tax credits		
Temporary extension of some deadlines	▪ 24-month period to: – Incur qualifying expenditures (before the date that principal photography begins) – Submit a certificate of completion to the Canadian Audiovisual Certification Office • Possible 18-month extension in this respect – Broadcast the production in Canada following completion (in accordance with a written agreement with a distributor or broadcaster)	▪ Period extended from 24 months to 36 months – Applicable in addition to the current 18-month extension to submit the certificate of completion ▪ Applicable to productions for which eligible expenditures were incurred in taxation years ending in 2020 or 2021
Film or video production services tax credit		
Temporary extension of deadline	▪ 24-months to achieve total expense thresholds	▪ Period extended from 24 months to 36 months ▪ Applicable to productions for which eligible expenditures were incurred in taxation years ending in 2020 or 2021

Mandatory disclosure rules		
Expansion of mandatory disclosure of an avoidance transaction	▪ Mandatory disclosure of an avoidance transaction bearing at least two of the following three hallmarks: – Fees of the advisor/promoter conditional on, or related to, the amount of the tax benefit from transaction or its success – Transaction subject to a confidentiality clause – Transaction with a contractual protection	▪ Mandatory disclosure now applicable to a transaction bearing only one of the three hallmarks ▪ Avoidance transaction extended under these rules to include any transaction where on of the main purposes is to obtain a tax benefit
New "notifiable transaction" disclosure requirement	▪ Mandatory disclosure of specified transactions for Quebec tax purposes ▪ No equivalent federal mandatory disclosure	▪ Proposed introduction of a mandatory disclosure applicable to taxpayers who implement a "notifiable transaction" and to promoters and advisors who offer such a scheme ▪ Notifiable transaction: transaction whose facts patterns and outcomes are essentially similar to transactions described by the minister as notifiable transactions (list and details to come)
New requirement to report uncertain tax treatments	▪ None	▪ Requirement for corporations to report uncertain tax treatments where: – The corporation (resident or non-resident) is required to file a tax return in Canada – Corporation has at least $50M in assets (threshold applicable to each corporation) – The corporation, or a related corporation, has audited financial statements prepared in accordance with IFRS or other country-specific GAAP relevant for domestic public companies (e.g., U.S. GAAP). – Uncertainty is reflected in those audited financial statements (i.e., the entity concluded it is not probable that the tax authority will accept an uncertain tax treatment and thus, it is probable that the entity will receive or pay amounts relating to the uncertain tax treatment).
Proposed effective date of the proposed measures	▪ N/A	▪ Entry into force scheduled for 2022, after the end of the current consultation on these measures

Measures to counter hybrid mismatch arrangements in international tax		
New rules to address hybrid arrangements	▪ Existence of certain rules in Canada that can be used to fight against hybrid mismatch arrangements, that is cross-border tax avoidance structures that exploit differences in the income tax treatment of business entities or financial instruments under the laws of two or more countries to produce mismatches in tax results	▪ Proposed introduction of a plan to address: – Schemes that produce mismatches due to different legislation in various jurisdictions (double deduction, deduction and non-inclusion in the other jurisdiction) – Imported mismatches (deduction mechanisms in one country without inclusion in the other) ▪ Rules to neutralize mismatches through the: – Non-deductibility of a payment in Canada or conversely – Inclusion in income (if it is a dividend, it could be non-deductible)
Timing	▪ N/A	▪ Publication of proposed legislation for comment expected in 2021 for application as of July 1, 2022 for phase 1 (rules to neutralize the effect of inclusion/non-inclusion) ▪ Publication of proposed legislation for comment expected after 2021 for application in 2023 at the earliest for phase 2 (rules regarding other types of mismatches)

INDIVIDUALS

	CURRENT MEASURES	PROPOSED MEASURES
Disability Tax Credit		
Expansion of eligibility for the credit		
Mental functions necessary for everyday life	▪ Eligibility for the credit is based on the taxpayer's limitations, in particular, regarding the mental functions of everyday life	▪ Expansion of the mental functions considered to be necessary for everyday life ▪ Applicable as of 2021
Life-sustaining therapy	▪ Some life-sustaining therapy qualifies for the credit ▪ Requirement for the therapy to be administered at least three times a week	▪ Expansion of activities for the purposes of life-sustaining therapy ▪ Reduction of required frequency for the administration of therapy to two times a week ▪ Applicable as of 2021
Canada Workers Benefit (CWB)		
Enhancement of the CWB	▪ Refundable tax credit calculated on eligible earned income: – Rate: 26% ▪ Phase-out threshold: – Single individuals without dependants: $13,194 – Families: $17,522 – Phase-out rate 12% ▪ Supplement available to individuals who are eligible for the Disability Tax Credit	▪ Credit rate increased to 27% ▪ Phase-out threshold increased to: – Single individuals without dependants: $22,944 – Families: $26,177 – Phase-out rate: 15% ▪ Corresponding increase to the disability supplement phase-out thresholds ▪ Introduction of a "second earner exemption" to reduce the effect of phase-out based on income, for couples where both spouses benefit from the CWB
Northern residents' deductions		
Deduction broadened	▪ Deduction for individuals who live in prescribed northern areas for at least six consecutive months, calculated using two components: – Travel – Residence	▪ Expansion of the travel component to provide for the deduction of a maximum amount equivalent to one of the following amounts, for the taxpayer and eligible family members: – The amount of employer-provided travel benefits the taxpayer received in respect of travel by that individual – A $1,200 standard amount that may be allocated across eligible trips taken by that individual ▪ Certain limits and conditions apply ▪ Applicable as of 2021

INDIVIDUALS

	CURRENT MEASURES	PROPOSED MEASURES
Benefits related to COVID-19		
Deduction of amounts repaid	▪ Benefit deductible in the year it is repaid ▪ Benefits in question: – Canada Emergency Response Benefit (CERB)/Employment Insurance Emergency Response Benefit (EIERB) – Canada Emergency Student Benefit (CESB) – Canada Recovery Benefit (CRB) – Canada Recovery Sickness Benefit (CRSB) – Canada Recovery Caregiving Benefit (CRCB)	▪ Possibility of claiming the deduction in the year the benefit is received – Adjustment required if repayment is received after return is filed ▪ Applicable to amounts repaid before 2023
Individuals deemed to be non-residents	▪ N/A	▪ Covid-19 benefits, including similar provincial or territorial benefits received by a Canadian resident taxable in Canada, even for an individual who is deemed to be a non-resident
Postdoctoral Fellowship Income		
Inclusion for purposes of the RRSP contribution limit	▪ Taxable postdoctoral fellowship income – Not considered to be earned income for purposes of determining the RRSP contribution limit	▪ Fellowship income included for purposes of determining the RRSP contribution limit ▪ Applicable as of 2021 – Possibility to submit a request to the CRA to apply the measure retroactively to the 2011 to 2020 taxation years
Old Age Security (OAS) benefits		
Increase for seniors age 75 and older	▪ None	▪ One-time taxable payment of $500 paid to OAS pensioners who will be 75 and over as of June 2022 – Payable in August 2021 ▪ 10% increase in the maximum amount of OAS benefits for pensioners age 75 and over as of July 1, 2022

COMMODITY TAXES AND OTHER MEASURES

	CURRENT MEASURES	PROPOSED MEASURES
Tax on Select Luxury Goods		
Introduction of a new tax	▪ None	▪ New retail sales tax applicable to the following new goods: – Luxury cars and personal aircraft (airplanes, helicopters and gliders) with a sale price over $100,000 – Boats (sail boats, yachts, etc.) for personal use with a sale price over $250,000 ▪ Exclusions: – Motorcycles and certain off-road vehicles (such as all-terrain vehicles and snowmobiles) – Racing cars – Motor homes ("recreational vehicles" or "RVs") ▪ Tax equal to the lesser of: – 10% of the full value of the good – 20% of the value above $100,000 or $250,000, depending on the good ▪ Applicable as of January 1, 2022 (details to come)
Application of the GST/HST to E-commerce		
Various technical adjustments and clarifications to previously proposed rules	▪ Various measures proposed for the application of GST/HST to the digital economy, in particular regarding the supply of: – Cross-border digital products and cross-border services – Platform-based short-term accommodation – Goods supplied through fulfillment warehouses	▪ Various rules to clarify the proposed measures, in particular to: – Limit the liability of a platform operator – Provide for GST rebate for audio books for public libraries and similar institutions – Exclude the sale of digital products or services not subject to GST/HST (e.g.: zero-rated sales) for purposes of determining if a person is required to register under the simplified framework – Provide the Minister of National Revenue the authority to register a person that the Minister believes should be registered under the simplified framework.

COMMODITY TAXES AND OTHER MEASURES

	CURRENT MEASURES	PROPOSED MEASURES
Digital Services Tax		
Proposed introduction of a new tax	▪ None	▪ 3% tax on revenue (above a certain threshold) from certain digital services reliant on the engagement, data and content contributions of Canadian users, including the following: – Online market places – Social media – Online advertising – Sale or licensing of data gathered from users ▪ Applicable to an entity (or group of entities) that meets both following thresholds: – Global revenue of €750 or more during the previous calendar year – Revenue associated with Canadian users of more than $20M in the particular calendar year ▪ Provisional measure that would be applicable as of January 1, 2022 until an acceptable multilateral approach comes into effect with respect to the implicated businesses – Legislative proposals to come for consultation purposes, in particular with the provinces
GST/HST input tax credit (ITC) claims		
Information requirements to support ITC claims	▪ Applicable thresholds with respect to information requirements to support ITCs, depending on the supply amount: – Less than $30 – $30 to $149.99 – $150 and over ▪ Billing agents cannot provide their own registration number and/or business name as part of the required ITC information	▪ Increase in information thresholds: – Less than $100 – $100 to $499.99 – $500 and over ▪ Allow billing agents to be treated as intermediaries for purposes of the ITC information rules ▪ Applicable as of April 20, 2021

COMMODITY TAXES AND OTHER MEASURES

	CURRENT MEASURES	PROPOSED MEASURES
GST New Housing Rebate		
Changes to eligibility conditions	▪ Two or more individuals who buy a new home together must be acquiring the home for use as their primary place of residence or the primary place of residence of a relation to be entitled to the GST rebate	▪ Change the conditions so the rebate is available provided the new home is acquired for use as the primary place of residence of one of the purchasers or a relation of one of the purchasers – Also applies to owner-built homes, co-op housing shares and homes constructed on leased land ▪ Applicable to a supply made under an agreement of purchase and sale entered into after April 19, 2021 or when construction or substantial renovations are substantially completed after that date
Rebate of excise tax for goods purchased by provinces		
Proposed introduction of a mutual election mechanism	▪ Federal tax rebate available when a province purchases or imports fuels, air conditioners in automobiles and fuel inefficient vehicles for its own use ▪ Rebate to province or vendor	▪ Only the vendor may claim the rebate if there is a joint election with the province – If no election, only the province may claim the rebated ▪ Applicable to goods purchased or imported by a province on or after January 1, 2022
Excise duty on tobacco		
Increase in excise duties	▪ Cigarettes (per 5): \$0.62725 ▪ Tobacco sticks: \$0.12545 ▪ Tobacco (per 50 g): \$7.84062 ▪ Cigars (per 1,000): \$27.30379 plus the greater of: – \$0.09814 per cigar – 88% of the sale price or duty-paid value	▪ Cigarettes (per 5): \$0.72725 ▪ Tobacco sticks: \$0.14545 ▪ Tobacco (per 50 g): \$9.09062 ▪ Cigars (per 1,000): \$31.65673 plus the greater of: – \$0.11379 per cigar – 88% of the sale price or duty-paid value ▪ Tax on inventories of cigarettes held on April 20, 2021: \$0.02 per cigarette (subject to certain exemptions) – Payable by June 30, 2021 ▪ Applicable as of April 20, 2021
Electronic filing and certification of tax and information returns		
Review of default method of correspondence	▪ Optional or required paper copy of the following documents – Individuals' notices of assessment – Correspondence with businesses	▪ Default method electronic for: – Notices of assessment (if the return is filed electronically) – Correspondence with businesses using My Business Account ▪ Applicable as of the date the bill is assented to
T4A and T5 information returns	▪ Paper copy mailed to beneficiary	▪ Electronic copy possible without the taxpayer's authorization ▪ Applicable to information returns send after 2021

COMMODITY TAXES AND OTHER MEASURES

	CURRENT MEASURES	PROPOSED MEASURES
Electronic filing thresholds *Tax Preparers*	▪ Mandatory electronic filing when: – More than 10 tax returns of corporations – More than 10 tax returns of individuals (other than trusts)	▪ Mandatory electronic filing when: – More than 5 tax returns of corporations – More than 5 tax returns of individuals (including trusts) ▪ Applicable as of 2022
Filer of information returns	▪ Mandatory electronic filing when 50 returns of a particular type of information return are filed	▪ Mandatory electronic filing when more than 5 returns of a particular type of information return are filed ▪ Applicable as of 2022
Corporations	▪ Mandatory electronic filing for corporations with annual gross income is more than $1M, except: – Insurance corporations – Non-resident corporations – Corporations that file a return in a functional currency – Tax exempt corporations	▪ Withdrawal of the $1M threshold ▪ Applicable for taxation years beginning after 2021
GST/HST Registrants	▪ Mandatory electronic filing when annual taxable supplies in Canada over $1.5M	▪ Withdrawal of the $1.5M threshold ▪ Not applicable to charities or selected listed financial institutions ▪ Applicable for reporting periods beginning after 2021
Electronic payments Payments under the *Income Tax Act*	▪ None	▪ Electronic payments for remittances over $10,000 ▪ Applicable to payments made as of January 1, 2022
GST and HST payments	▪ Mandatory payment at a financial institution for a remittance of at least $50,000	▪ Mandatory payment at a financial institution for a remittance of at least $10,000 ▪ Applicable to payments made as of January 1, 2022
Handwritten signatures	▪ Handwritten signatures required on certain prescribed forms (including the T183, T183CORP and T2200)	▪ Elimination of the handwritten signature requirement ▪ Applicable as of the date the bill is assented to
Charities		
Revocation of the registration of a terrorist entity	▪ Revocation of a terrorist entity possible by following an administrative process ▪ Revocation possible when an ineligible individual is in the organization	▪ Immediate revocation of an organization possible immediately upon its listing as a terrorist entity under the Criminal Code ▪ Expansion of the concept of ineligible individual to include an individual who is connected to a terrorist entity ▪ Applicable as of the date the bill is assented to

COMMODITY TAXES AND OTHER MEASURES

	CURRENT MEASURES	PROPOSED MEASURES
False statements	▪ Revocation of the registration where a false statement is made for the purpose of obtaining the organization's registration	▪ Addition of measures where a false statement is made for the purpose of obtaining the organization's registration: – Possibility of suspending the authority to issue receipts – Possibility of revoking registration ▪ Applicable as of the date the bill is assented to
Trust or corporation that qualifies as an investment for registered plans (RRSPs, etc.)		
Amendment of the tax on non-qualified investments	▪ Tax of 1% per month on the fair market value of non-qualified investments	▪ Tax of 1% pro-rated based on the proportion of units or shares of the registered investment held by investors that are themselves subject to the qualified investment rules ▪ Applicable in the following months: – Months after 2020 – Months prior to 2021 for taxpayers who have a tax liability that has not been determined by the CRA as of April 19, 2021
Avoidance of tax debts		
Expansion of the anti-avoidance measure	▪ Possible recovery of an existing tax liability on the transfer of property to a non-arm's length person for insufficient consideration	▪ Application of the expanded rule to the following situations: – Series of transactions undertaken so that a tax debt crystallizes after the end of the taxation year in which the property transfer occurs – Avoidance of non-arm's length status – Series of transactions to reduce the value of the transferred property
Introduction of a penalty for planners and promoters	▪ None	▪ Penalty equal to the lesser of: – 50% of the avoided tax – $100,000 plus the promoter's or planner's compensation
Application	▪ N/A	▪ Applicable to transfers of property occurring after April 19, 2021
Audit authorities		
Expansion of authority	▪ Limitation of the audit authority following a court decision	▪ Possibility for CRA officials to require that persons answer all relevant questions in the form specified by them ▪ Application as of the date the bill is assented to