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## Certainty with New Changes

Posted on: May 9, 2016

As you may recall, our December Newsletter discussed some of the changes that were coming in regards to Income Tax and Investment Savings Plans. At that time, we didn't have all the details and only knew that there would be change to legislation.

We quickly found out that the Tax Free Savings Account limit was going to go back down to \$5,500 per year. We also discovered that there would be new Income Tax Brackets (both Federally and here in Alberta) as well as a drop in taxation on the portion of income between \$45,282 and \$90,563. That federal tax bracket fell from 22% to 20.5%.

We discovered that the new Income Splitting mechanism will only be available in 2015 and 2016. It will not be available going forward. A big surprise came with the last Federal Budget where it was revealed that switches between Corporate Class Mutual Funds would now trigger a Capital Gain or Loss. For advisors like myself, this is frustrating news as Corporate Class Funds allowed us to defer taxation until the funds were sold. This make Non-Registered Portfolio Re-balancing a little bit more difficult going forward.

One of the more confusing topics in the new Budget was in regards to Child Benefits. The new Canada Child Benefit will replace the old UCCB and will require some calculations to find out what your family will receive. While the new program will be Tax Free, it won't be the same for all families. The benefit is now based on how many children your family has, what ages they are and how much your family income is.

The government has created a very detailed calculator that can give you a pretty good estimation of what you'll received. It can be located at [www.cra-arc.gc.ca/bnfts/clcltr/cfbc-eng.html](http://www.cra-arc.gc.ca/bnfts/clcltr/cfbc-eng.html) [1]. There are also more simple calculators available elsewhere online.

Outside of the latest budget, we've also seen a lot of changes in the Private Investment market. New rules will limit how much investors can put into Exempt Market Securities and some products will only be available to Accredited Investors going forward. This will likely change the landscape of Alternative Investments but for those who already limit their exposure to Exempt Securities, they won't be affected a whole lot.

With all of the new changes that have happened in 2016 and all the new disclosure obligations on the horizon starting in 2017, there is a lot to talk about. I've already had conversations about these changes with a number of clients but if we haven't talked about them yet, please feel free to give us a call!

Bryce A. Borden

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[tax planning](#) [4]

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