



Canadian tax alert

2013 Ontario budget highlights

May 2, 2013

Budget highlights

Minister of Finance Charles Sousa presented his 2013 budget this afternoon. The following is a summary of the tax highlights contained in the budget.

Fiscal/Economic outlook

- The 2013 Budget anticipates a provincial deficit for fiscal 2012-13 of \$9.8 billion, which is projected to be \$5.0 billion lower than outlined in the 2012 Budget.
- A provincial deficit of \$11.7 billion is projected in 2013-14, \$10.1 billion in 2014-15, \$7.2 billion in 2015-16 and a balanced budget by 2017-18.
- The Ministry of Finance is projecting real GDP growth of 1.5% in 2013, 2.3% in 2014, 2.4% in each of 2015 and 2016.

Measures concerning business

- To improve the Employer Health Tax (EHT) relief for small employers, the Budget proposes to increase the \$400,000 annual payroll exemption from the EHT to \$450,000 and index this amount for inflation. Beginning January 1, 2014, the exemption is proposed to be eliminated for private-sector employers with annual payrolls over \$5 million. Groups of associated employers would continue to have to share the exemption and aggregate their payrolls for purposes of determining eligibility for the exemption.
- Introduced in 2004, the Apprenticeship Training Tax Credit (ATTC) is a 35 to 45 percent refundable tax credit on salaries and wages paid to eligible apprentices. To better target the ATTC and improve completion rates among ATTC-eligible trades, the Budget proposes to no longer allow certain apprenticeship trades in Information Technology to be eligible for the ATTC after March 31, 2014.
- Effective April 1, 2014, the Budget proposes to eliminate the biodiesel exemption from the 14.3 cent per litre tax under the *Fuel Tax Act*. Furthermore, the government proposes to consult with stakeholders on a provincial mandate for greener diesel fuels.
- Ontario proposes to introduce new disclosure rules that would require taxpayers to report aggressive tax avoidance transactions that try to avoid Ontario tax similar to the rules introduced by the federal government in November 2012. In addition, Ontario will continue to work with the federal government to identify further opportunities to strengthen the integrity of the tax system.

The future of Canada

- Deloitte is Canada's largest tax practice and a global tax firm with a unique perspective on competitive tax policy and the key drivers of national prosperity.
- With the right tax policy, we believe that Canada can be more productive and globally competitive. The key lies in creating a tax ecosystem capable of fostering innovation and investment while supporting the objective of a balanced budget.
- **The future of productivity**
- **Deloitte's policy submissions**

- In reference to the exploration and production of minerals in Ontario, the government reiterated its 2012 Budget announcement to work with stakeholders over the next several months in reviewing the current system to ensure Ontario receives fair compensation for its non-renewable resources.
- To promote entrepreneurship and innovation, the Budget proposes to implement a Commercialization and Innovation Voucher pilot program to help entrepreneurs and small businesses to access innovation, productivity, and commercialization services provided by Ontario's research institutions.
- To strengthen Ontario's venture capital industry, Ontario will work with the federal government to create a new venture capital fund of up to \$300 million in partnership with the private sector.
- The Budget announced a panel to evaluate the sustainability and effectiveness of Ontario's refundable tax credits and direct funding programs.
- A number of proposals announced in the federal budget will be adopted by Ontario including those related to the extension of the accelerated capital cost allowance (CCA) for manufacturing and processing machinery and equipment; the dividend tax credit; the lifetime capital gains exemption on qualified small business shares and qualified farm or fishing property; restricted farm losses; the deduction for safety deposit boxes; corporate and trust loss trading; mining expenses; accelerated CCA for clean energy generation equipment; and character conversion transactions and leveraged life insurance arrangements.

Measures concerning individuals

- The Ontario Trillium Benefit (OTB), which combined the Ontario Sales Tax Credit, Ontario Energy and Property Tax Credit and Northern Ontario Energy Credit, was introduced in the 2011 Budget to better match the payment of these refundable tax credits to when people incur expenses. Since July 2012, the OTB has been paid monthly to individuals. Beginning in 2014, the government is proposing to allow each recipient the choice of receiving either monthly payments or a single payment after the benefit year has ended.
- For purposes of the Ontario Sales Tax Credit, amendments will be introduced to clarify that the involuntary separation provisions for spouses and common-law partners who live apart for medical reasons does not apply.

Sales tax measures

- The budget proposes to repeal the sunset date of June 30, 2013 for the amendment to the Retail Sales Tax Act to allow the government to withhold clearance certificates for sales that fall under the Bulk Sales Act until tax debts under various statutes are paid or secured.

Other tax measures

- The government intends to expand the use of its automated risk assessment system to identify tax accounts that pose the highest risk of lost taxes to Ontario and focus its audit efforts.
- Amendments will be proposed to various other statutes and other technical amendments are proposed to various other statutes, including amendments to the following: Corporation Tax Act, Income Tax Act, Taxation Act, 2007, Employer Health Tax Act, Fuel Tax Act, Gasoline tax Act, Land Transfer Tax Act, Mining Tax Act, Provincial Land Tax Act, 2006, Retail Sales Tax Act, and the Tobacco Tax Act.

For further details, we refer you to the [Ministry of Finance website](#).

Contacts

Canadian managing partner, Tax

Heather Evans

416-601-6472

National tax policy leader

Albert Baker

416-643-8753

Atlantic

Brian Brophy

709-758-5234

Quebec

Judith Bellehumeur

514-393-6512

Denis de la Chevrotière

819-797-7419

Ontario

Mark Noonan

613-751-6688

David Mason

613-751-6685

Toronto

Tony Ancimer

416-601-5945

Derek George

416-643-8431

Prairies

Larry Bookman

306-343-4409

Alberta

Trevor Bell

403-267-1880

British Columbia

Etienne Bruson

604-640-3175

[Home](#) | [Security](#) | [Legal](#) | [Privacy](#)

2 Queen Street East, Suite 1200
Toronto, ON M5C 3G7 Canada

© Deloitte LLP and affiliated entities.

This publication is produced by Deloitte LLP as an information service to clients and friends of the firm, and is not intended to substitute for competent professional advice. No action should be initiated without consulting your professional advisors. Your use of this document is at your own risk.

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte operates in Quebec as Deloitte s.e.n.c.r.l., a Quebec limited liability partnership.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

www.deloitte.ca

Unsubscribe

 **Deloitte RSS feeds**

Please add "@deloitte.ca" to your safe senders list to ensure delivery to your inbox and to view images.