

Harper Government Tables Notice of Ways and Means Motion to Implement Tax Measures in Economic Action Plan 2014

October 10, 2014 - Ottawa, Ontario - Department of Finance

The Government today tabled in the House of Commons a detailed Notice of Ways and Means Motion to implement tax provisions in Economic Action Plan 2014, as well as other measures.

The Notice of Ways and Means Motion includes the following measures:

Personal Income Tax

- Extending the intergenerational rollover and lifetime capital gains exemption for farming and fishing businesses.
- Permitting income contributed to an amateur athlete trust to qualify as earned income for Registered Retirement Savings Plan contribution limit purposes, with a three-year retroactive application.
- Including in the definition of "split income" income from a business or property that is paid or allocated to a minor child from a partnership or trust where a person related to the child is engaged in the activities of the partnership or trust to earn that income.
- Eliminating graduated rate taxation for trusts and certain estates with an exception for cases involving testamentary trusts whose beneficiaries include individuals eligible for the Disability Tax Credit.
- Allowing greater flexibility in the income tax rules for recognizing charitable donations made by will or on death.

Business Income Tax

- Expanding eligibility for the accelerated capital cost allowance for clean energy generation and energy conservation equipment under Class 43.2 to include water-current energy equipment and a broader range of equipment used to gasify eligible waste.
- Extending the tax deferral provision with respect to breeding animals to include bees, and horses over 12 months of age that are kept for breeding.

International Taxation

- Better circumscribing an existing exception from the "investment business" definition in the foreign accrual property income regime by introducing additional conditions for the application of the exception.
- Adjusting Canada's foreign accrual property income rules in order to address offshore insurance swap transactions and ensure that income derived directly or indirectly from the insurance of Canadian risks is taxed appropriately.

- Addressing back-to-back loan arrangements involving an intermediary by adding a specific anti-avoidance rule in respect of withholding tax on interest payments, and modifying an existing anti-avoidance rule in the thin capitalization rules.

Other Measures

The Notice of Ways and Means Motion also includes other income tax and sales tax measures that were not included in Economic Action Plan 2014:

- Doubling the Children's Fitness Tax Credit to \$1,000 and making it refundable.
- Modernizing the life insurance policy exemption test.
- Amending the foreign affiliate dumping rules to ensure the rules apply in appropriate circumstances and, where applicable, provide appropriate results.
- Amending the definition "non-qualifying country" in the foreign affiliate rules to:
 - exclude from this definition those countries or other jurisdictions for which the Convention on Mutual Administrative Assistance in Tax Matters is in force and effect; and
 - avoid unintended tax consequences with respect to the British Overseas Territory of the British Virgin Islands, which is now a jurisdiction that has a comprehensive tax information exchange agreement with Canada.
- Ensuring that Pooled Registered Pension Plans are subject to similar Goods and Services Tax/Harmonized Sales Tax treatment as Registered Pension Plans.
- Better accommodating the use of partnerships in the foreign affiliate rules.
- Revising the base erosion rules to more appropriately apply to certain securities transactions and funding arrangements involving foreign affiliates of Canadian banks.
- Modernizing the rules applying to international shipping corporations.
- Providing for the appropriate taxation of taxpayers that invest in certain Australian trusts.
- Improving the operation of the Canadian Film or Video Production Tax Credit.
- Extending the existing credit for interest paid on government-sponsored student loans to interest paid on a Canada Apprentice Loan.

More details on these measures can be found in the Notice of Ways and Means Motion.

Quick Facts

- Since the Harper Government introduced Canada's Economic Action Plan to respond to the global recession, Canada has recovered both more than all of the output and all of the jobs lost during the global recession.
- The Canadian economy has posted one of the strongest job creation records in the Group of Seven (G-7) over the recovery, with nearly 1.2 million jobs created since July 2009.
- Over 80% of the jobs created since July 2009 are full-time positions, nearly 80% are in the private sector and over 65% are in high-wage industries.
- Real gross domestic product is significantly above pre-recession levels—the best performance in the G-7.

Quote

"Canada's Economic Action Plan builds on our Government's record of keeping taxes low for families and businesses. Our Government's plan for jobs and growth is creating opportunities right across the country. It is keeping Canada on track to return to balanced budgets in 2015 so that we can continue to lower taxes and promote long-term prosperity for Canadians."

– *Joe Oliver, Minister of Finance*

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Additional Links

- [Economic Action Plan 2014](#)

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