

SUMMARY OF PROFESSIONAL, TAX AND LEGISLATIVE DEVELOPMENTS

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SUMMARY OF PROFESSIONAL, TAX AND LEGISLATIVE DEVELOPMENTS

- 1. BANK OF CANADA REDUCES OVERNIGHT RATE OF 4¹/₄ PERCENT – SEPTEMBER 4**
 - The Bank of Canada reduced its target for the overnight rate to 4¹/₄ percent. The Bank Rate is correspondingly 4¹/₂ percent and the deposit rate is 4¹/₄ percent. The Bank is continuing its balance sheet normalization policy.
- 2. CRA'S PRESCRIBED LENDING REMAINS AT 5 PERCENT – AUGUST 30**
 - The Canada Revenue Agency announced the prescribed rate for the fourth quarter of 2024 (as of October 1, 2024) on August 30, 2024.
 - The prescribed rate is set each quarter based on the average yield in the first month of the last quarter for Government of Canada three month Treasury Bills, rounded up to the next whole percentage.
- 3. BANK OF CANADA REDUCES OVERNIGHT RATE OF 4¹/₂ PERCENT – July 24**
 - The Bank of Canada reduced its target for the overnight rate to 4¹/₂ percent. The Bank Rate is correspondingly 4³/₄ percent and the deposit rate is 4¹/₂ percent. The Bank is continuing its balance sheet normalization policy.
- 4. GOVERNMENT OF CANADA INTRODUCES CAPITAL GAINS TAX CHANGES – JUNE 10**
 - On June 10, 2024, Deputy Prime Minister and Minister of Finance Chrystia Freeland tabled a Notice of Ways and Means Motion to amend the Income Tax Act.
 - This legislation separated out the proposed changes to capital gains detailed in the April 16 budget.
 - Lifetime Capital Gain Exemption (LCGE) limit is increased to \$1.25 million.
 - Capital gains exclusion rate for individuals increases to 66.7% on the capital gains in a year above \$250,000 (as of June 25, 2024)
 - Capital gains exclusion rate for corporations and trusts increases to 66.7% on the capital gains in a year (as of June 25, 2024)
- 5. BANK OF CANADA REDUCES OVERNIGHT RATE OF 4³/₄ PERCENT – JUNE 5**
 - The Bank of Canada reduced its target for the overnight rate to 4³/₄ percent. The Bank Rate is correspondingly 5 percent and the deposit rate is 4³/₄ percent. The Bank is continuing its balance sheet normalization policy.
- 6. CRA'S PRESCRIBED LENDING REDUCES TO 5 PERCENT – MAY 24**
 - The Canada Revenue Agency announced the prescribed rate for the third quarter of 2024 (as of July 1, 2024) on May 24, 2024.
 - The prescribed rate is set each quarter based on the average yield in the first month of the last quarter for Government of Canada three month Treasury Bills, rounded up to the next whole percentage.
- 7. GOVERNMENT OF CANADA TABLES 2023-24 BUDGET – APRIL 16**
 - On April 16, 2024, Deputy Prime Minister and Minister of Finance Chrystia Freeland tabled the country's fiscal 2023–24 budget.

- The Alternative Minimum Tax (AMT) now includes 80% (instead of 50%) of charitable donations that can be credited.
- Lifetime Capital Gain Exemption (LCGE) limit is increased to \$1.25 million.
- Capital gains exclusion rate for individuals increases to 66.7% on the capital gains in a year above \$250,000 (as of June 25, 2024)
- Capital gains exclusion rate for corporations and trusts increases to 66.7% on the capital gains in a year (as of June 25, 2024)
- The Home Buyers' Plan (HBP) withdrawals from RRSPs are increased from \$35,000 to \$60,000. An additional repayment grace period may be available for home purchases between January 1, 2022, and December 31, 2025.
- A Canadian Entrepreneurs' Incentive reduces the capital gains inclusion rate to 33.3% for qualifying transactions. The lifetime limit will be phased in with \$200,000 every year starting January 1, 2025, until the maximum of \$2 million is reached in 2034. This is in addition to the LCGE.

8. BANK OF CANADA MAINTAINS OVERNIGHT RATE OF 5 PERCENT – APRIL 10

- The Bank of Canada held its target for the overnight rate to 5 percent. The Bank Rate is correspondingly $5\frac{1}{4}$ percent and the deposit rate is 5 percent. The Bank is continuing its quantitative tightening (QT) policy.

9. BANK OF CANADA MAINTAINS OVERNIGHT RATE OF 5 PERCENT – MARCH 6

- The Bank of Canada held its target for the overnight rate to 5 percent. The Bank Rate is correspondingly $5\frac{1}{4}$ percent and the deposit rate is 5 percent. The Bank is continuing its quantitative tightening (QT) policy.

10. CRA'S PRESCRIBED LENDING RATE REMAINS AT 6 PERCENT – FEBRUARY 21

- The Canada Revenue Agency announced the prescribed rate for the second quarter of 2024 (as of April 1, 2024) on February 21, 2024.
- The prescribed rate is set each quarter based on the average yield in the first month of the last quarter for Government of Canada three-month Treasury Bills, rounded up to the next whole percentage.

11. BANK OF CANADA MAINTAINS OVERNIGHT RATE OF 5 PERCENT – JANUARY 24

- The Bank of Canada held its target for the overnight rate to 5 percent. The Bank Rate is correspondingly $5\frac{1}{4}$ percent and the deposit rate is 5 percent. The Bank is continuing its quantitative tightening (QT) policy.

12. BANK OF CANADA MAINTAINS OVERNIGHT RATE OF 5 PERCENT – DECEMBER 6

- The Bank of Canada held its target for the overnight rate to 5 percent. The Bank Rate is correspondingly $5\frac{1}{4}$ percent and the deposit rate is 5 percent. The Bank is continuing its quantitative tightening (QT) policy.

13. CRA'S PRESCRIBED LENDING RATE INCREASES TO 6 PERCENT – NOVEMBER 24

- The Canada Revenue Agency announced the prescribed rate for the first quarter of 2024 (as of January 1, 2024) on November 24, 2023.
- The prescribed rate is set each quarter based on the average yield in the first month of the last quarter for Government of Canada three-month Treasury Bills, rounded up to the next whole percentage.

- 14. BANK OF CANADA MAINTAINS OVERNIGHT RATE OF 5 PERCENT – OCTOBER 25**
 - The Bank of Canada held its target for the overnight rate to 5 percent. The Bank Rate is correspondingly $5\frac{1}{4}$ percent and the deposit rate is 5 percent. The Bank is continuing its quantitative tightening (QT) policy.
- 15. BANK OF CANADA MAINTAINS OVERNIGHT RATE OF 5 PERCENT – SEPTEMBER 6**
 - The Bank of Canada held its target for the overnight rate to 5 percent. The Bank Rate is correspondingly $5\frac{1}{4}$ percent and the deposit rate is 5 percent. The Bank is continuing its quantitative tightening (QT) policy.
- 16. BANK OF CANADA INCREASES OVERNIGHT RATE TO 5 PERCENT – JULY 12**
 - The Bank of Canada increased its target for the overnight rate to 5 percent. The Bank Rate is correspondingly $5\frac{1}{4}$ percent and the deposit rate is 5 percent. The Bank is continuing its quantitative tightening (QT) policy.
- 17. CANADA REVENUE AGENCY RELEASES FORM FOR REPORTING BENEFICIAL OWNERSHIP OF TRUSTS – JUNE 30**
 - The new Schedule 15, Beneficial Ownership Information of a Trust (T3SCH15) must be filed with T3.
 - The form specifies reportable entities as either a natural person, corporation, trust or other.
 - The name, address, date of birth, jurisdiction of residence, and taxpayer identification number must be provided for each reportable entity.
 - Information on contingent beneficiaries must also be provided.
 - This requirement is an effort to reduce aggressive tax planning, tax evasion, and money laundering.
- 18. GOVERNMENT OF CANADA 2022-23 BUDGET RECEIVES ROYAL ASSENT – JUNE 22**
 - Bill C-47, *Budget Implementation Act, 2023, No. 1*, received Royal Assent and became law on June 22, 2023.
- 19. BANK OF CANADA INCREASES OVERNIGHT RATE TO $4\frac{3}{4}$ PERCENT – JUNE 7**
 - The Bank of Canada increased its target for the overnight rate to $4\frac{3}{4}$ percent. The Bank Rate is correspondingly 5 percent and the deposit rate is $4\frac{3}{4}$ percent. The Bank is continuing its quantitative tightening (QT) policy.
- 20. BANK OF CANADA MAINTAINS OVERNIGHT RATE OF $4\frac{1}{2}$ PERCENT – APRIL 12**
 - The Bank of Canada held its target for the overnight rate to $4\frac{1}{2}$ percent. The Bank Rate is correspondingly $4\frac{3}{4}$ percent and the deposit rate is $4\frac{1}{2}$ percent. The Bank is continuing its quantitative tightening (QT) policy.
- 21. GOVERNMENT OF CANADA TABLES 2022-23 BUDGET – MARCH 28**
 - On March 28, 2023, Deputy Prime Minister and Minister of Finance Chrystia Freeland tabled the country's fiscal 2022-23 budget.
 - The Alternative Minimum Tax (AMT) has had some deductions removed. The capital gains inclusion rate is increased to 100% from 80%. Employee stock options will be 100% of the benefit. Donations of publicly listed securities will have 30% of the capital gains taxed. These changes are intended to target high-income individuals.

- The federal AMT rate will increase from 15% to 20.5%. The exemption amount will increase (beginning in 2024) from \$40,000 to \$173,000.
- Changes are introduced to the intergenerational business transfer rules that were changed June 29, 2021, from private member's Bill C-208.
- A grocery rebate was introduced by increasing the maximum Goods and Services Tax credit.
- RESP educational assistance payments (EAP) withdrawals of up to \$8,000 permitted in the first 13 consecutive weeks of enrollment. EAP withdrawals of up to \$4,000 for part-time programs.
- RDSP qualifying family member measure extended to December 31, 2026.

22. CRA'S PRESCRIBED LENDING RATE INCREASES TO 5 PERCENT – MARCH 27

- The Canada Revenue Agency announced the prescribed rate for the second quarter of 2023 on March 27.
- The prescribed rate is set each quarter based on the average yield in the first month of the last quarter for Government of Canada three-month Treasury Bills, rounded up to the next whole percentage.

23. BANK OF CANADA MAINTAINS OVERNIGHT RATE OF 4½ PERCENT – MARCH 8

- The Bank of Canada held its target for the overnight rate to 4½ percent. The Bank Rate is correspondingly 4¾ percent and the deposit rate is 4½ percent. The Bank is continuing its quantitative tightening (QT) policy.

24. BANK OF CANADA INCREASES OVERNIGHT RATE TO 4½ PERCENT – JANUARY 25

- The Bank of Canada increased its target for the overnight rate to 4½ percent. The Bank Rate is correspondingly 4¾ percent and the deposit rate is 4½ percent. The Bank is continuing its quantitative tightening (QT) policy.

25. CRA'S PRESCRIBED LENDING RATE INCREASES TO 4 PERCENT – DECEMBER 12

- The Canada Revenue Agency announced the prescribed rate for the first quarter of 2023 on December 12, 2021. Starting January 1, 2023, the prescribed rate has been 1%.
- The prescribed rate is set each quarter based on the average yield in the first month of the last quarter for Government of Canada three-month Treasury Bills, rounded up to the next whole percentage. Estimates show that the prescribed rate will increase to 5% in Q2 of 2023.

26. BANK OF CANADA INCREASES OVERNIGHT RATE TO 4¼ PERCENT – DECEMBER 7

- The Bank of Canada increased its target for the overnight rate to 4¼ percent. The Bank Rate is correspondingly 4½ percent and the deposit rate is 4¼ percent. The Bank is continuing its quantitative tightening (QT) policy.

27. BILL C-32 DETAILS TAX-FREE FIRST HOME SAVINGS ACCOUNT (FHSA) – NOVEMBER 11

- This registered plan was announced in the 2022 Federal Budget with an outline presented August 9, 2022.
- A first-home buyer may access the FHSA and Home Buyers' Plan (HBP) to purchase a qualifying home.
- A successor holder designation for a deceased spouse.
- On death, the FHSA is paid to beneficiaries and is taxable income to the beneficiaries. If no beneficiaries are listed, then the taxable income is payable to the estate.

- A qualifying test was included based on the ownership of a spouse or common-law partner.
- A deduction denial was added for FHSA fees and on interest incurred on borrowed contributions.

28. BANK OF CANADA INCREASES OVERNIGHT RATE TO 3³/₄ PERCENT – OCTOBER 26

- The Bank of Canada increased its target for the overnight rate to 3³/₄ percent. The Bank Rate is correspondingly 4 percent and the deposit rate is 3³/₄ percent. The Bank is continuing its quantitative tightening (QT) policy.

29. BANK OF CANADA INCREASES OVERNIGHT RATE TO 3¹/₄ PERCENT – SEPTEMBER 7

- The Bank of Canada increased its target for the overnight rate to 3¹/₄ percent. The Bank Rate is correspondingly 3½ percent and the deposit rate is 3¹/₄ percent. The Bank is continuing its quantitative tightening (QT) policy.

30. GOVERNMENT OF CANADA RELEASES OUTLINE FOR TAX-FREE FIRST HOME SAVINGS ACCOUNT – AUGUST 9

- This registered plan was announced in the 2022 Federal Budget.
- Contributions are tax deductible and qualifying withdrawals are tax-free.
- Lifetime limit of contributions is \$40,000.
- Annual contribution limit is \$8,000.
- Full annual limit will start in 2023.
- To make qualifying withdrawals, a taxpayer must not have owned a home in the current calendar year or prior four calendar years, have a written agreement to buy or build a home before October 1 of following year, and the housing unit must be located in Canada.
- Accounts can only be open for a maximum of 15 years.
- Unused funds can be transferred to an RRSP or RRIF.

31. OLD AGE SECURITY (OAS) INCREASED BY 10% FOR THOSE AGE 75 AND OLDER – JULY 21

- Old Age Security (OAS) was permanently increased by 10 percent for seniors aged 75 and over.
- The maximum monthly benefit for those age 75 and older is \$733.51 a month (compared to \$666.83 a month).
- This change was originally announced in the 2021 Federal budget.

32. BANK OF CANADA INCREASES OVERNIGHT RATE TO 2½ PERCENT – JULY 13

- The Bank of Canada increased its target for the overnight rate to 2½ percent. The Bank Rate is correspondingly 2³/₄ percent and the deposit rate is 2½ percent. The Bank is continuing its quantitative tightening (QT) policy.

33. BANK OF CANADA INCREASES OVERNIGHT RATE TO 1½ PERCENT – JUNE 1

- The Bank of Canada increased its target for the overnight rate to 1½ percent. The Bank Rate is correspondingly 1³/₄ percent and the deposit rate is 1½ percent. The Bank is continuing its quantitative tightening (QT) policy.

34. FP CANADA STANDARDS COUNCIL AMENDS STANDARDS OF PROFESSIONAL RESPONSIBILITY – APRIL 20

- The FP Canada Standards Council modified Rule 7 of the Rules of Conduct stating that disclosures to clients regarding how they or their firm is compensated must be made in writing.
- Rule 13 was modified to include that certificants must fulfill their professional responsibilities in a manner that is accessible and understandable to clients. This includes removing barriers to persons with disabilities and those who need accommodation.

KEY FACTS AND FIGURES

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