



2018 ONTARIO BUDGET HIGHLIGHTS

On March 28, 2018, the Liberal Ontario government tabled its final budget prior to the upcoming June 2018 provincial election. Entitled "A Plan for Care and Opportunity," the budget contains a number of tax measures that could affect you and your family.

Tax Measures Explained

Simplifying Ontario's personal income tax

Starting in the 2018 tax year, Ontario proposes to simplify the province's personal income tax calculation by:

- Eliminating the province's 20% and 56% surtaxes
- Replacing the surtaxes with new tax rates and brackets

Budget 2018 indicated that over 83% of Ontario's 11 million tax filers would not see any increase in their personal income tax (PIT) as a result of the proposed changes, and many would pay less tax.

See the table below for current and proposed 2018 PIT rates and brackets.

Current* (Including Impact of Surtax)		Proposed (No Surtax)
5.05% \$0 to \$42,960	>	5.05% \$0 to \$42,960
9.15% (no surtax) \$42,960 to \$85,923	>	9.15% \$42,960 to \$71,500
10.98% (includes 20% surtax) \$42,960 to \$85,923	>	11.00% \$71,500 to \$82,000
14.27% (includes 56% surtax) \$42,960 to \$85,923	>	13.50% (no surtax) \$82,000 to \$92,000
17.41% (includes 56% surtax) \$85,923 to \$150,000	>	17.50% (no surtax) \$92,000 to \$150,000
18.97% (includes 56% surtax) \$150,000 to \$220,000	>	19.00% (no surtax) \$150,000 to \$220,000
20.53% (includes 56% surtax) greater than \$220,000	>	20.53% (no surtax) greater than \$220,000

*Tax rates shown in the first column represent the impact of the surtax on Ontario's statutory PIT rates (5.05%, 9.15%, 11.16%, 12.16%, and 13.16%, respectively). Surtax is calculated based on preliminary Ontario tax – that is, Basic Ontario Tax (statutory tax rates applied to taxable income) after non-refundable tax credits. A 20 per cent surtax rate applies to Ontario tax between \$4,638 and \$5,936, and a surtax rate of 56 per cent applies to Ontario tax greater than \$5,936. For someone claiming only the BPA, the 20 per cent surtax rate begins to apply at taxable income of \$75,653; the 56 per cent surtax rate begins to apply at \$89,134. Source: 2018 Ontario Budget

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Paralleling federal measures for private corporations

The Ontario government will introduce parallel measures to those announced by the federal government related to income sprinkling and passive investment income. Also, it will close tax loopholes associated with the use of sophisticated financial instruments and structured share repurchase transactions by certain Canadian financial institutions to realize artificial tax losses.

Pharma, health and child care

Support for seniors

Starting in August 2019, OHIP+ will be expanded to seniors, eliminating the annual deductible and co-payment for seniors under the Ontario Drug Benefit (ODB) program. Seniors' prescription medications funded through the ODB program will be free regardless of income. Starting in 2019, there will also be a new Seniors' Healthy Home Program, which will provide a benefit of up to \$750 annually for eligible households led by seniors 75 and over.

New Ontario drug and dental program

Starting in summer 2019, a new program will reimburse up to 80% of eligible prescription drug and dental expenses for individuals and their families who do not have coverage from an extended health plan.

Child care for preschool-aged children

Beginning in September 2020, Ontario will implement free licensed child care for preschool-aged children from the age of two-and-a-half until they are eligible for kindergarten. The government indicates that an average Ontario family with a preschool-aged child could save over \$17,000.

Getting Advice

Reviewing your tax plan? We encourage you to talk to us. Speak to your Financial Advisor or contact investor services at **1 800 608 7707**.

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