

## **Province of Ontario Budget 2007**

### **Business Education Property Taxes**

Today's Ontario budget presented small business owners with a major breakthrough on business property taxes with its commitment to cut business education taxes by \$540 million over 7 years. This should offer relief to more than 500,000 businesses in 321 municipalities across Ontario.

That said, even with this measure the size of this problem remains huge – once cuts are fully implemented business owners will still be paying *nearly 6 times* what similarly valued residential properties attract in education property taxes.

### **Apprenticeship Tax Credit**

The 30 per cent apprenticeship tax credit for small firms was extended to 2012, ultimately worth \$95 million annually in tax relief Apprenticeship Training Tax Credit

The Apprenticeship Training Tax Credit (ATTC) provides businesses with a 25% to 30% refundable tax credit on salaries and wages paid to eligible apprentices who commence employment before January 1, 2008. .

Eligible apprentices must be in their first 36 months of an apprenticeship training program in designated construction, industrial, motive power and service trades.

In addition, six trades will be added to the list of skilled trades that qualify for the ATTC:

- entertainment industry power technicians,
- process operators - power,
- tractor-trailer commercial drivers,
- exterior insulated finish systems mechanics, and
- information technology call centre inside sales and
- customer care agents.

### **Corporate Tax Harmonization**

- Last fall, the Ontario and federal governments signed an agreement to transfer the administration of certain Ontario corporate taxes, including corporate income tax and capital tax, to the Canada Revenue Agency, effective for taxation years ending after 2008.

- A move to a single corporate tax system in Ontario will be good news for Ontario businesses, resulting in a reduced tax compliance burden and eliminating the duplication of time and effort spent on dealing with two different sets of tax rules, tax auditors and forms.
- The budget papers estimate that the tax compliance savings to Ontario businesses would be close to **\$100 million per year**

Ontario has agreed, as part of this process, to harmonize their tax base with the one used for federal income tax purposes. Today's budget proposed further changes to two existing differences as follows:

### **Capital Tax Elimination**

The timing of the elimination of the corporate capital tax has been accelerated.

The capital tax will now be eliminated on July 1, 2010 rather than 2012 (this possibility was announced in last year's budget, if financial conditions allowed).

The capital tax will be eliminated for nearly 14,000 small and medium sized firms in 2008.

### **Ontario R&D Tax Credit**

Currently, Ontario provides a deduction for a portion of the federal investment tax credit (ITC) that relates to scientific research and development (SR&ED) in Ontario.

This deduction will expire for taxation years ending after 2008 and will be replaced with a 4.5% non-refundable tax credit.

Unused tax credits will have a 20 year carryforward period and a 3 year carryback period; however, no carryback is allowed to taxation years ending before 2009.

For more information, check out these great sites:

[www.RBC.com](http://www.RBC.com)

[www.bdodunwoody.com](http://www.bdodunwoody.com)

[www.CFIB.com](http://www.CFIB.com)

[www.ontariobudget.ca](http://www.ontariobudget.ca)