



Insights



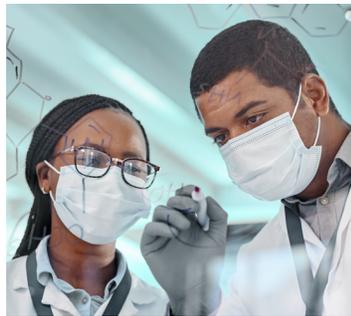
Tax

# Preparing for Canada's 2021 federal election

What the main parties are saying about tax



After a prolonged period of economic disruption, many Canadian business owners want to understand the main political parties' tax platforms. Grant Thornton LLP has prepared an overview of what to expect.



This information sheet is rendered as of September 13, 2021, and we undertake no, and hereby disclaim any, obligation to update this information sheet or to address any circumstances, changes in or any new developments which might affect the matters set forth herein.

#### 2021 Election platform sources

Conservative Party of Canada "Canada's recovery plan," 2021, <https://cpcassets.conservative.ca/wp-content/uploads/2021/08/16102359/f8279981721e07a.pdf>

New Democrats Party "Ready for better," 2021, [http://xfer.ndp.ca/2021/Commitments/Ready%20for%20Better%20-%20NDP%202021%20commitments.pdf?\\_gl=1\\*1omaskx\\*\\_ga\\*MTQzMDkwMTEyNi4xNjI5NzE1Mjk1\\*\\_ga\\_97QLYMLC56\\*MTYyOTc1MzAwMi4yLjEuMTYyOTc1MzAwMy4w](http://xfer.ndp.ca/2021/Commitments/Ready%20for%20Better%20-%20NDP%202021%20commitments.pdf?_gl=1*1omaskx*_ga*MTQzMDkwMTEyNi4xNjI5NzE1Mjk1*_ga_97QLYMLC56*MTYyOTc1MzAwMi4yLjEuMTYyOTc1MzAwMy4w)

Liberal Party of Canada "Forward. For Everyone." 2021, <https://liberal.ca/wp-content/uploads/sites/292/2021/09/Platform-Forward-For-Everyone.pdf>

Green Party of Canada "Be Daring," 2021, [https://www.greenparty.ca/sites/default/files/platform\\_2021\\_en\\_web\\_-\\_20210907.pdf](https://www.greenparty.ca/sites/default/files/platform_2021_en_web_-_20210907.pdf)

# COVID -19 recovery



| Liberal  | Conservative   | NDP   | Green   |
|--|--|---|---|
| <ul style="list-style-type: none"> <li>• Extend the Canada Recovery Hiring Program to March 31, 2022</li> <li>• Provide tourism industry with temporary wage and rent support up to 75% of their expenses between September 2021 and May 31, 2022</li> <li>• Launch Arts and Culture Recovery Program, matching ticket sales to compensate for reduced capacity</li> <li>• Extend COVID-19-related insurance coverage for media production stoppages from March 31 - December 31, 2022</li> <li>• Implement a transitional support program to provide emergency relief to out-of-work workers from the creative industry</li> <li>• Implement a temporary Canada Recovery Dividend, paid by banks and insurance companies with earnings over \$1B over the next four years of Canada's recovery</li> <li>• Introduce a tax credit to help small businesses invest in better ventilation</li> </ul> | <ul style="list-style-type: none"> <li>• Canada Job Surge Plan pays up to 50% of the salary of net new hires for six months after CEWS has expired</li> <li>• Canada Investment Accelerator offers a 5% investment tax credit for any capital investment made in 2022 and 2023—refundable for small businesses on the first \$25K</li> <li>• Rebuild Main Street Tax Credit provides a 25% tax credit on up to \$100K for personal investments into a small business over the next two years</li> <li>• Main Street Business Loan offers up to \$200K for small and medium sized businesses in hospitality, retail and tourism—up to 25% is forgivable</li> <li>• GST holiday for one month in fall 2021 on all retail purchases</li> <li>• 50% rebate when dining in from Monday to Wednesday for one month</li> <li>• Explore and Support Canada initiative provides a 15% tax credit for vacation expenses in Canada up to \$1,000 per person</li> <li>• Invest \$250M over two years to a new Canada Job Training Fund, which provides grants for certain job creation projects</li> </ul> | <ul style="list-style-type: none"> <li>• Wage and rent subsidies will be prolonged “until small businesses can fully reopen”</li> <li>• Introduce long-term hiring incentive for the employers to pay their portion of EI and CPP for new or rehired staff</li> <li>• “Go after” companies that received wage subsidies and carried out stock buybacks or paid out dividends and executive bonuses</li> </ul> | <ul style="list-style-type: none"> <li>• Extension of wage and rent subsidies until COVID-19 restrictions are “fully lifted”</li> <li>• Reintroduce the Canada Emergency Student Benefit (CESB), which provides eligible post-secondary students \$2,000 per month retroactively from May 1, 2021 until the pandemic is over</li> </ul> |

# Business



## Corporate income tax rates

| Liberal  | Conservative  | NDP   | Green  |
|--|---|---|--|
| <ul style="list-style-type: none"><li>• Raise the federal general corporate income tax rate paid by banks and insurance companies by three percentage points to 18% on earnings over \$1B</li><li>• Implement a global minimum tax requiring the parent company to pay a “top-up tax” if income made further down the ownership chain has been taxed below the global minimum rate</li></ul> | <ul style="list-style-type: none"><li>• “Patent box” regime: halve tax rates on income earned from patents on “innovative products” developed in Canada</li><li>• Vow to not sign a global minimum tax rate at the G7</li></ul> | <ul style="list-style-type: none"><li>• Propose COVID-19 excess profit tax of 15% on “large corporate windfall profits”</li><li>• Increase the federal general corporate income tax rates by 3% to 18%</li><li>• Implement tax on web giants (e.g., Netflix, Facebook, Google) that do not currently pay Canadian tax</li></ul> | <ul style="list-style-type: none"><li>• General corporate tax rate increased from 15% to 21%</li><li>• Impose a 5% surtax on commercial bank profits</li><li>• Freeze the federal small business tax rate at 9%</li><li>• Impose a 0.5% tax on all financial transactions in Canada, such as the sale of stocks and bonds</li><li>• Implement a global minimum tax</li></ul> |



## Other corporate income tax measures

| Liberal   | Conservative   | NDP  | Green  |
|---|--|--|--|
| <ul style="list-style-type: none"><li>• Tax credit for small businesses who make improvements to ventilation</li><li>• Reform SR&amp;ED program to reduce red tape and the need for consultants</li></ul> | <ul style="list-style-type: none"><li>• Create a tax credit to encourage established Canadian companies to buy from innovative Canadian start-ups</li><li>• Double Apprenticeship Job Creation Tax Credit from 10% to 20% for the next three years</li><li>• Reduce administrative time and costs of SR&amp;ED program by moving responsibility away from CRA to separate government department and simplify process</li><li>• Introduce a tax credit for 25% of the cost of additional mental health coverage for the first three years when added to employee benefit plans</li><li>• Revisit the stock option rules applicable to both private and public companies</li></ul> | <ul style="list-style-type: none"><li>• Eliminating the “CEO stock option deduction”</li></ul> | <ul style="list-style-type: none"><li>• Disallow Canadian companies from deducting the cost of advertising on foreign-owned sites</li><li>• Eliminate the 50% meals and entertainment deduction</li><li>• Eliminate all fossil fuel subsidies, including the accelerated Capital Cost Allowance on liquefied natural gas (LNG) and tax write-offs for oil and gas wells, coal mining exploration and development, flow-through share deductions for coal, oil and gas projects, and oil and gas properties</li></ul> |





## Sales and excise tax

| Liberal  | Conservative  | NDP  | Green  |
|--|---|--|--|
| <ul style="list-style-type: none"><li>Place luxury tax on new cars and private aircraft worth at least \$100K</li><li>Introduce a vaping tax</li></ul> | <ul style="list-style-type: none"><li>Eliminate escalator tax on alcohol (automatic excise tax increases on beer, wine and spirits every year, forever)</li><li>Include a 3% digital services tax on Canadian gross revenue of foreign tech companies not paying corporate income tax in Canada</li></ul> | <ul style="list-style-type: none"><li>Place luxury goods tax on yachts, private jets, and other yet-to-be-determined items</li></ul> | <ul style="list-style-type: none"><li>Place a luxury goods tax on planes and luxury cars, and other yet-to-be-determined items</li><li>Require transnational e-commerce companies to register, collect and remit taxes where product or service is consumed in Canada</li><li>Eliminate federal sales tax on new and used electric and zero-emission vehicles</li><li>Eliminate sales tax on rural and intercity public transport</li><li>Eliminate GST on all construction costs related to childcare spaces</li><li>Add 10% tax on sugary drinks and ban advertising of sugary drinks to minors</li><li>Allocate 1% of GST to housing and other municipal infrastructure to provide consistent funding</li></ul> |



# Personal



## Personal income taxes

| Liberal   | Conservative  | NDP   | Green   |
|---|---|---|---|
| <ul style="list-style-type: none"><li>Impose a 15% minimum tax on top bracket taxpayers, limiting their ability to reduce their tax liability with “excessive deductions and credits”</li></ul> | <ul style="list-style-type: none"><li>No details released</li></ul> | <ul style="list-style-type: none"><li>Increase the top marginal tax rate by two points to 35%</li><li>Introduce 1% wealth tax on household wealth over \$10 million</li></ul> | <ul style="list-style-type: none"><li>Introduce a 1% tax on families with over \$20 million in net wealth</li></ul> |



## Capital gains

| Liberal   | Conservative  | NDP  | Green  |
|---|---|--|--|
| <ul style="list-style-type: none"><li>No details released</li></ul> | <ul style="list-style-type: none"><li>Reduce capital gains tax when the company owner sells shares to an Employee Ownership Trust</li><li>Defer capital gains tax when rental property is sold, and proceeds reinvested in rental housing</li></ul> | <ul style="list-style-type: none"><li>Increase capital gains inclusion rate to 75%</li></ul> | <ul style="list-style-type: none"><li>Eliminate the preferential tax treatment for employee stock options and capital gains, which are taxed at one half of personal income</li><li>Tax capital gains at 100% instead of 50%</li></ul> |



## Other personal tax measures

| Liberal   | Conservative   | NDP   | Green  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>• Introduce a 15% tax credit to cover home appliance repair costs up to \$500</li> <li>• Provide health care professionals a one-time tax deduction of up to \$15K over their first three years of practice</li> <li>• Double the Home Accessibility Tax Credit to \$20K on renovation expenses</li> <li>• Increase the refundable Eligible Educator School Supply tax credit from 15% to 25% on up to \$1,000 of supply purchases</li> <li>• Make the Canada Caregiver Credit refundable</li> <li>• Extend the simplified Home Office Expense deduction for 2 more years and increase it from \$400 to \$500</li> <li>• New Labour Mobility Tax Credit of up to \$600/year for workers in the building and construction trades for travel and temporary relocation expenses</li> <li>• Introduce a Career Extension Tax Credit for seniors continuing to work past 65 and earning a minimum of \$5K, providing a tax credit of up to \$1,650</li> </ul> | <ul style="list-style-type: none"> <li>• Construction Mobility Tax Credit allows construction workers to deduct up to \$4K per year of temporary relocation expenses</li> <li>• Reduce the number of hours to qualify for the Disability Tax Credit and the Registered Disability Savings Plan from 14 to 10 hours per week</li> <li>• Increase the limit of the Home Accessibility tax credit from \$10K per dwelling to \$10K per qualifying individual living in the dwelling</li> <li>• Medical Expense Tax Credit expanded to include home care for seniors who live in a group home</li> <li>• One personal tax return for both federal and Quebec purposes</li> </ul> | <ul style="list-style-type: none"> <li>• Make Canada Caregiver Tax Credit refundable</li> <li>• Artists and cultural workers: Income tax “averaging”</li> <li>• “Expand” Volunteer Firefighters and Search and Rescue Tax Credit (currently up to \$450 non-refundable credit)</li> <li>• Rural and Northern community: tax credit to encourage graduates to work in these communities</li> </ul> | <ul style="list-style-type: none"> <li>• Make Canada Caregiver Tax Credit refundable</li> <li>• Make Disability Tax Credit refundable</li> <li>• Home Accessibility Tax Credit: increase limit from \$10K per household to \$10K per individual</li> </ul> |

# Tax administration and enforcement



| Liberal  | Conservative   | NDP  | Green  |
|--|--|--|--|
| <ul style="list-style-type: none"> <li>• “Modernizing” the GAAR (General Anti Avoidance Rule) to focus on economic substance</li> <li>• Place restrictions on financial institutions and other federally regulated entities to limit their use of tiered structures to move profits to low-tax jurisdictions</li> <li>• Develop targeted anti-avoidance rules to address potential sophisticated tax planning or profit-shifting by large banks and insurance companies</li> </ul> | <ul style="list-style-type: none"> <li>• Reduce tax penalties for first-time problems or errors and increase severity for repeat offenders</li> <li>• Comprehensive review of tax system with an aim to lower rates and simplify rules</li> <li>• Measure and report on the tax gap, i.e., the difference between taxes owed by taxpayers vs taxes collected, to focus CRA resources where required</li> <li>• Make Taxpayer Ombudsperson (independent office that addresses complaints against CRA) an officer of Parliament with order-making authority</li> </ul> | <ul style="list-style-type: none"> <li>• Additional measures against tax evasion, including tightening rules around bearer shares, focusing on economic substance of offshore transactions and “improving transparency” of tax paid by “large corporations”</li> <li>• Increased funding for CRA to focus on international and corporate taxation items</li> </ul> | <ul style="list-style-type: none"> <li>• Vow to combat offshore tax evasion by taxing offshore funds, audit taxpayers who hide wealth offshore, and require companies to prove their foreign affiliates are actual functioning businesses for tax purposes</li> <li>• Establish arm’s-length Federal Tax Commission to analyze the tax system for fairness and accessibility and recommend appropriate tax treatment for cryptocurrencies</li> </ul> |

# Housing



| Liberal   | Conservative   | NDP  | Green  |
|---|--|--|--|
| <ul style="list-style-type: none"> <li>• Introduce a tax-free First Home Savings Account where those under 40 can save up to \$40K for their first home with no tax on withdrawal</li> <li>• Double the First Time Home Buyer Incentive tax credit to \$10K for qualifying</li> <li>• Introduce a 15% Multigenerational Home Renovation tax credit of up to \$50K in renovation and construction costs to add a secondary family unit</li> <li>• Introduce an anti-flipping tax, requiring residential properties to be held for at least 12 months with exemptions for major life events such as pregnancy, death, etc.</li> <li>• Ban new foreign ownership of non-recreational, residential property in Canada for the next two years with exceptions for future employment or immigration</li> <li>• Expand the upcoming 1% tax on foreign-owned vacant housing to include foreign-owner vacant land within large urban areas</li> <li>• Charge landlords a surtax on “excessive” rent increases after a renovation and require disclosure on tax returns of the pre- and post-renovation rent</li> </ul> | <ul style="list-style-type: none"> <li>• Restrict foreign investors from purchasing a Canadian home for at least two years unless they live in or are moving to Canada within two years</li> <li>• Promote foreign investment in purpose-built rental housing</li> </ul> | <ul style="list-style-type: none"> <li>• Waive federal portion of the GST/HST on construction of “new affordable rental units”</li> <li>• Increase first time Home Buyer’s Tax Credit to \$1,500 and allowing 30-year terms on CMHC insured mortgages on “entry-level homes”</li> <li>• Foreign Buyer’s tax of 20% on the sale of homes to those who are not Canadian citizens or permanent residents</li> </ul> | <ul style="list-style-type: none"> <li>• Redefine affordable housing that accounts for regional variations across the country</li> <li>• Create “empty home tax” that would apply to foreign and corporate property owners who leave their residential units vacant</li> <li>• Provide tax incentives for building purpose-built rental housing and provide tax credits for gifts of lands, or of land and buildings to community land to build affordable housing</li> <li>• Remove the “deemed” GST when a developer with empty condo units places them on the market as rentals (currently, the builder is deemed to have sold and repurchased the property at its fair market value and pay GST/HST on the fair market value of the property)</li> <li>• Foreign investors must disclose the names of beneficial owners of properties in Canada</li> </ul> |



# Childcare



## Liberal

- Achieve a 50% childcare fee reduction by the end of next year
- Reduce regulated childcare fee to \$10 a day by the end of 2024

## Conservative

- Childcare expense deduction will become a refundable tax credit covering up to 75% of the childcare cost for families with income under \$150K

## NDP

- Implement a universal \$10 a day childcare

## Green

- Provide universal childcare

# Environment



| Liberal  | Conservative   | NDP   | Green   |
|--|--|---|---|
| <ul style="list-style-type: none"> <li>Expand consumer rebates of up to \$5K for zero-emission vehicles to include more vehicle types and used vehicles</li> <li>Provide retrofit grants of up to \$5K and interest-free loans of up to \$40K for deeper retrofits for people who upgrade their homes and save on energy costs</li> <li>Introduce new investment tax credits for renewable energy and battery storage</li> <li>Double the Mineral Exploration Tax Credit (currently 15%) on minerals used in the manufacturing of “vital clean technologies”</li> <li>Introduce a new 30% investment tax credit on “clean technologies”</li> <li>Eliminate flow-through shares for oil, gas and coal projects</li> </ul> | <ul style="list-style-type: none"> <li>Introduce a tax credit to encourage adoption of Carbon Capture, Utilization and Storage (CCUS) technology with a bonus for facilities that adopt CCUS before 2030</li> <li>Provide tax relief to the first five facilities that use new technology that provides “meaningful emissions reductions”</li> </ul> | <ul style="list-style-type: none"> <li>Waive the federal sales tax and increase incentive on Canadian-made zero-emissions vehicles to \$15K per family</li> <li>Elimination of fossil fuel subsidies</li> </ul> | <ul style="list-style-type: none"> <li>Cancel all new pipeline, fracking and oil and gas exploration projects</li> <li>Ensure that 100% of Canadian electricity is produced from renewable sources by 2030</li> <li>Ban the sale of all combustion engine-powered passenger vehicles by 2030</li> </ul> |



Stay tuned for additional updates on the elected party's policy positions following the September 20 election. In the meantime, if you have any questions about how these proposed tax changes may affect you or your business, please contact your [Grant Thornton advisor](#).



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