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INVESTMENT, TAX AND LIFESTYLE PERSPECTIVES FROM RBC WEALTH MANAGEMENT SERVICES

Federal election 2021: A summary of key tax and economic platform promises

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Canadians will head to the polls for a federal election on September 20, 2021. Below you will find a summary of key tax and economic campaign promises to date by the Liberal, Conservative and New Democratic parties. Links to resources for more information, including commitments made by the Bloc Quebecois, Green Party and People's Party of Canada, may be found at the end of the summary. The information found below is current as of September 1, 2021 and may be subject to change. Information has been collected from the parties' platform documents, the 2021 federal budget and announcements made by each party during their election campaign.

Initiative target – Working Canadians		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Extend the Home Expense deduction for home office expenses through the 2022 tax year and increase the deductible amount to \$500 from \$400. ● Expand the Canada Workers Benefit to provide up to \$1,000 more in benefits to low-wage full time workers. ● Increase the Eligible Educator School Supply Refundable Tax Credit to 25% (from 15%) and expand eligibility to include tech devices. ● Introduce a new Labour Mobility Tax Credit to allow workers in the building and construction trades to deduct up to \$4,000 in eligible travel and temporary relocation expenses giving them a tax credit of up to \$600 a year. 	<ul style="list-style-type: none"> ● Increase the federal minimum wage by \$1/hour. ● Double the Canada Workers Benefit up to a maximum of \$2,800 for individuals or \$5,000 for families and pay it as a quarterly direct deposit rather than a tax refund. ● Introduce the Working Canadian Training Loan to provide low interest loans of up to \$10,000 to people who want to upgrade their skills. ● Introduce a Construction Mobility Tax Credit to allow workers to subtract up to \$4,000 per year of temporary relocation expenses from taxable income. 	<ul style="list-style-type: none"> ● Introduce a living federal minimum wage starting at \$15 an hour and rising to \$20 an hour, indexed to the cost of living. ● Require part-time and contract workers be compensated equally to full-time workers, to account for access to benefits like extended health coverage and dental care. ● Stop companies from paying out dividends and bonuses when pensions are under-funded, and create a mandatory, industry-financed pension insurance program. ● Establish income tax averaging for artists and cultural workers.
Initiative target – Job loss and sickness		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Introduce a new Employment Insurance (EI) benefit for self-employed Canadians, lasting for as much as 26 weeks. ● 10 days of paid sick leave for federally-regulated workers. ● Establish an EI Career Insurance Benefit for those who have worked continuously for the same employer for five or more years and are laid off when the business closes. The benefit will kick in after regular EI ends, providing an additional 20% of insured earnings in the first year and an extra 10% in second year. ● 5 days of paid leave days for federally regulated employees who experience a miscarriage or still birth. 	<ul style="list-style-type: none"> ● Increase EI sickness benefits to 52 weeks for those suffering from a serious illness. ● Introduce Super EI that temporarily provides more generous benefits (75% of salary instead of 55%) when a province goes into recession. ● Require gig economy companies to make contributions equivalent to CPP and EI premiums into a new, portable Employee Savings Account every time they pay their workers. The money will grow tax-free and can be withdrawn by the worker when needed. ● 3 days of paid leave days for federally regulated employees who experience a miscarriage. ● Ensure EI parental benefits are extended for eight weeks following the death of a child or stillbirth. 	<ul style="list-style-type: none"> ● Increase EI sickness benefits to 50 weeks and allow workers with episodic illnesses and disabilities to access EI sickness benefits a day at a time, as they need them. ● Legislate 10 paid sick days in the Canada Labour Code for federally regulated workplaces. ● Create a low income supplement so that no one who is relying on EI regular or special benefits receives less than \$2,000 a month. ● Make EI available to people who quit their jobs to go back to school, to provide necessary childcare, or to protect their health or the health of immunocompromised family members. ● Reestablish the former Extra Five Weeks pilot project and make it permanent, to bridge the gap between the end of EI and the start of seasonal work and restore the economic regions in the territories and PEI to their 2014 boundaries.

Initiative target – Investors		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Review the down payment requirements for investment properties. ● Review the tax treatment of large corporate owners of residential properties such as Real Estate Investment Trusts (REITs). ● Eliminate flow through shares for oil, gas, and coal projects. ● Develop an investment tax credit of up to 30% for a range of clean technologies. 	<ul style="list-style-type: none"> ● To make investment in small tech start-ups more attractive, introduce the use of flow-through shares for tech companies, without the cost and complexity of listing on an exchange. 	<ul style="list-style-type: none"> ● Increase the capital gains inclusion rate to 75%. ● Eliminate bearer shares that allow for anonymous ownership and transfer.
Initiative target – High income earners and the wealthy		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Create a minimum tax rule so that those who earn enough to qualify for the top bracket pay at least 15% each year, removing excessive use of deductions and credits. ● Implement tax on the purchase of new personal-use luxury cars, aircraft and boats. 	<ul style="list-style-type: none"> ● Exempt Canadian-controlled start-ups headquartered and with at least 2/3 of their employees in Canada from the current plan to tax stock options. 	<ul style="list-style-type: none"> ● Increase the top marginal tax rate by 2% for those making over \$210,000. ● Introduce a 1% wealth tax for those with over \$10 million of wealth. ● Put in place a luxury goods tax on things like yachts and private jets. ● Close the CEO stock option deduction.
Initiative target – Seniors		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Increase Old Age Security (OAS) by 10% next year for seniors 75 and over. ● Increase the Guaranteed Income Supplement (GIS) by \$500 annually for single seniors and \$750 for senior couples, starting at the age of 65. ● Increase the Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) survivor's benefit by 25%. ● Expand the Canada Caregiver Credit into a refundable tax-free benefit, allowing caregivers to receive up to \$1,250 per year. ● Introduce a Career Extension Tax Credit to help seniors who want to stay in the workforce. Those age 65 or older who earn a minimum of \$5,000 will be able to eliminate up to \$1,650 of tax payable on their income. 	<ul style="list-style-type: none"> ● Introduce the Canada Seniors Care benefit, paying \$200 per month per household to any Canadian who is living with and taking care of a parent over the age of 70. ● Allow seniors or their caregivers, including their children, to claim the Medical Expense Tax Credit for home care instead of only allowing them to claim attendant care if they live in a group home. 	<ul style="list-style-type: none"> ● Make the Canada Caregiver Tax Credit refundable. ● Enhance OAS, boost the GIS, and strengthen the CPP. ● End private, for-profit long-term care and bring long-term care homes under the public umbrella.

Initiative target – Small businesses		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Extend the Canada Recovery Hiring Program to March 31, 2022. ● Provide microgrants of up to \$2,400 to smaller businesses to support costs associated with technology adoption and digitizing their business. ● Increase the Canada Small Business Financing Program maximum loan amount from \$350,000 to \$500,000 and extend loan coverage from 10 to 15 years for equipment and leasehold improvement. Expand borrower eligibility to include non-profit and charitable social enterprises. ● Allow temporary immediate expensing of up to \$1.5 million of growth-enhancing investments by Canadian-controlled private corporations. ● Introduce a tax credit for small businesses to make it easier for them to invest in better ventilation. ● Provide Canada's tourism industry with temporary wage and rent support of up to 75% of their expenses. 	<ul style="list-style-type: none"> ● Establish Employee Ownership Trusts to provide a tax advantage for company owners to sell to their employees. This will take the form of a reduction in capital gains tax when the owner sells to a trust owned by the employees, with BDC financing available to support these trusts. ● Launch a Main Street Business Loan program to provide loans of up to \$200,000 to small and medium businesses in hospitality, retail and tourism, with a possibility to forgive up to 25% based on revenue loss. ● Introduce the Rebuild Main Street Tax credit, a 25% tax credit on amounts of up to \$100,000 that Canadians personally invest in a small business over the next 2 years. ● Cover up to \$10,000 of the administrative and legal costs of each of the first five patents filed by any Canadian small or medium-sized business. ● Launch Canada Job Surge Plan-paying up to 50% of salary of net new hires for six months following the end of Canada Emergency Wage Subsidy. ● Introduce the Canada Investment Accelerator - providing a 5% Investment Tax Credit for any capital investment made in 2022 and 2023, with the first \$25,000 to be refundable for small business. ● Allow businesses with less than \$60,000 in revenues to use simple cash accounting when reporting to the CRA. ● Double the Apprenticeship Job Creation Tax Credit, a non-refundable investment tax credit, to 20% of the eligible salaries and wages payable to eligible apprentices. ● Ensure intergenerational sales of a family farm to a family member is not taxed at a higher rate than a sale to a stranger. ● Introduce a “patent box” regime to cut the tax rate in half on income earned from patents on innovative products developed in Canada. 	<ul style="list-style-type: none"> ● Create a long-term hiring bonus where the government will pay the employer's portion of EI and CPP for new or rehired staff. ● Cap credit card and merchant fees at 1%. ● Continue small business wage and rent subsidies until small businesses are able to fully reopen from the pandemic. ● Reimburse employers of federally regulated workplaces for up to 10 sick days taken by employees rather than having workers apply for the program.

Initiative target – Large businesses		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Increase the corporate income tax rate from 15% to 18% for financial institutions and insurance companies earning over \$1 billion per year, and require them to pay a temporary Canada Recovery Dividend. ● Implement a 3% digital services tax on revenue earned by large businesses with gross revenue of 750 million euros or more from digital services that rely on data and content contributions from Canadian users. ● Limit the amount of interest that certain businesses can deduct to 40% of their earnings for taxation years beginning on or after January 1, 2023 and to further limit the deduction to 30%. 	<ul style="list-style-type: none"> ● Make foreign tech companies pay their fair share of taxes, including sales tax and a digital services tax representing 3% of the gross revenue in Canada if they don't pay corporate income tax here 	<ul style="list-style-type: none"> ● Introduce a temporary Covid19 excess profit tax of 15% on large corporate windfall profits during the pandemic. ● Roll back the 3% cut to corporate income tax rates to 2010 levels (18%). ● Require large employers to spend at least 1% of payroll on training for their employees annually.
Initiative target – Health care		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Offer health care professionals, who are just starting out in their careers, a one-time income tax deduction of up to \$15,000 over their first 3 years of practice to help with the costs of setting up a practice. ● To increase rural and underserved communities access to healthcare, increase by 50% (from \$40,000 up to \$60,000 over 5 years), the maximum debt relief under Canada Student Loans forgiveness program and expand eligibility to family doctors, residents in family medicine, nurse practitioners, nurses, dentists, pharmacists, dental hygienists, midwives, social workers, psychologists, teachers, and early childhood educators. ● Expand the Medical Expense Tax Credit to include costs that have been reimbursed to a surrogate mother for her IVF expenses. 	<ul style="list-style-type: none"> ● Encourage employers to add mental health coverage to their employee benefit plans by offering a tax credit for 25% of the cost of additional mental health coverage for the first three years. ● Invest \$325 million over the next three years to create 1,000 residential drug treatment beds and build 50 recovery community centres across the country. ● To help Canada become a place where all Canadians who suffer are offered relief, double the direct federal investments in palliative care. 	<ul style="list-style-type: none"> ● Introduce a national pharmacare program with prescription drug coverage for everyone. ● Incorporate universal dental care into Canada's public health care system, and immediately deliver dental care coverage for people who don't have any private insurance. ● Bring in mental health care for uninsured Canadians. ● End private for profit long-term care and make long term care part of the public umbrella. ● Establish a perinatal mental health strategy to support growing families before and after birth.

Initiative target – First-time home buyers		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Double the First-Time Home Buyers' Tax Credit from \$5,000 to \$10,000 in eligible costs, for a maximum credit of \$1,500. ● Introduce a tax-free First Home Savings Account for Canadians under 40, combining the features of both an RRSP and a TFSA, to set aside tax-free 100% of every dollar they earn up to \$40,000. ● Introduce a rent-to-own program where an individual rents at a lower-than market rate with an option to purchase at a locked-in price prior to the end of the lease. The landlord must commit to ownership in a five-year term or less. ● For participants in the First Time Home Buyer Incentive (FTHBI), allow for a choice between the current shared equity approach or a loan that is repayable only at the time of sale. FTHBI is a shared-equity mortgage, where, upon sale, the government incurs a portion of any increase (or decrease) in a home's value. 	<ul style="list-style-type: none"> ● Encourage a new market in seven- to ten-year mortgages to provide stability both for first-time home buyers and lenders, opening another secure path to homeownership for Canadians, and reducing the need for mortgage stress tests. 	<ul style="list-style-type: none"> ● Double the First-Time Home Buyers' Tax Credit to \$1,500. ● Allow for 30 year terms to CMHC insured mortgages on entry-level homes for first-time home buyers.
Initiative target – Home owners		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Reduce Canada Mortgage and Housing Corporation (CMHC) insurance premiums by 25% and increase the insured mortgage cut-off from \$1 million to \$1.25 million indexed to inflation. ● Temporary ban on foreign money for purchase of a non-recreational residential property in Canada for the next two years unless purchase is confirmed to be for future employment or immigration in next two years. ● Establish an anti-flipping tax on residential properties where property is sold within a year of purchase. ● Expand the tax on non-resident, non-Canadian owners of vacant underused housing to include vacant land in large urban areas. ● Introduce a Multigenerational Home Renovation Tax Credit to support families looking to add a secondary unit to allow a family member to live with them. Families will be able to claim a 15% tax credit for up to \$50,000 in renovation and construction costs, saving up to \$7,500. 	<ul style="list-style-type: none"> ● Pledge never to tax Canadians' capital gains on the sale of their principal residence. ● Increase the limit on eligibility for mortgage insurance and index it to home price inflation, allowing those in high-priced real estate markets with less than a 20% down-payment an opportunity at home-ownership. ● Ban foreign investors not living or moving to Canada from buying homes for two years. ● Extend the ability to defer capital gains tax when selling a rental property and reinvesting in rental housing. 	<ul style="list-style-type: none"> ● Waive federal portion of GST/HST on construction of affordable rental units. ● Put in place a 20% Foreign Buyer's tax where homes are sold to individuals who are not Canadian citizens or permanent residents.

Initiative target – Persons with disabilities		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Reintroduce a <i>Disability Benefit Act</i> which will create a direct monthly payment, the Canada Disability Benefit, for low-income Canadians with disabilities ages 18-64. ● Double the non-refundable Home Accessibility Tax Credit to provide tax relief of 15% on up to \$20,000 of eligible expenditures per calendar year per eligible home for a qualifying individual. 	<ul style="list-style-type: none"> ● Make it easier to qualify for the Disability Tax Credit by reducing the number of hours from 14 to 10 hours. ● Amend the Home Accessibility Tax Credit by increasing the limit from \$10,000 per dwelling to \$10,000 per person. ● Double the Disability Supplement in the Canada Workers Benefit from \$713 to \$1,500. 	<ul style="list-style-type: none"> ● Expand income security programs to ensure Canadians living with a disability have a guaranteed livable income.
Initiative target – Parents of young children		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Reduce average fees for regulated early learning and child care by 50% in all provinces outside of Quebec by the end of 2022 and to an average of \$10 per day by 2025-26 for all regulated child care spaces in Canada. ● Move forward on providing adoptive parents an additional 15-weeks of leave to make sure they get the same level of support to care for their children as other parents. 	<ul style="list-style-type: none"> ● Convert the Child Care Expense Deduction to a refundable tax credit covering up to 75% of the cost of child care for lower income families. ● Allow those on maternity or paternity leave to earn up to \$1,000 per month. ● Extend EI parental for at least eight weeks after the death of an infant. ● Expand the Canada Child Benefit by allowing benefits to begin at the 7th month of pregnancy rather than at childbirth. ● Increase the maximum a parent can claim under the Adoption Expense Tax Credit from \$15,000 to \$20,000 and make the credit refundable. 	<ul style="list-style-type: none"> ● \$10 per day universal childcare. ● Introduce a new special leave that allows parents to take shorter parental leave at a higher replacement rate. ● Allow self-employed workers to opt-into parental benefits at any time before taking the leave, and double leave for parents of multiples.
Initiative target – Consumers		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Introduce a new 15% tax credit to cover the cost of home appliance repairs performed by a technician (up to \$500). 	<ul style="list-style-type: none"> ● Month long GST holiday in fall 2021 to support families and retail business. ● 50% rebate for food and non-alcoholic drinks purchased for dine-in from Monday to Wednesday for 1 month once it is safe to do so. ● Launch the Explore and Support Canada initiative with a 15% tax credit for vacation expenses of up to \$1,000 per person for Canadians to vacation in Canada in 2022. 	<ul style="list-style-type: none"> ● Price cap on cell phone and internet bills.

Initiative target – Students		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Permanently eliminate the federal interest on Canada Student Loans and Canada Apprentice Loans. ● Increase the repayment assistance threshold for Canada Student Loan borrowers who are single. Repayments are deferred until they earn at least \$50,000 annually. ● Let new parents pause repayment of their federal student loans until their youngest child reaches the age of five. This would also include new parents who have graduated but still haven't finished paying off their loans. 		<ul style="list-style-type: none"> ● Permanently eliminate the federal interest on Canada Student Loans and Canada Apprentice Loans as well as introduce a targeted debt forgiveness program for graduates to eliminate up to \$20,000 in student debt. ● Double the non-repayable federal Canada Student Grants.
Initiative target – Climate initiatives		
Liberals	Conservatives	NDP
<ul style="list-style-type: none"> ● Change the delivery of Climate Action Incentive payments from an annual refundable tax credit to quarterly payments made through the benefit system. ● Provide grants of up to \$5,000 for home retrofits and interest-free loans up to \$40,000 for deep retrofits. 	<ul style="list-style-type: none"> ● Work with the provinces to implement a Personal Low Carbon Savings Account. Canadians will pay into their Account, initially at a carbon levy amounting to \$20/tonne, each time they buy hydrocarbon based fuel. They will be able to apply the money in their account towards things that help them live a greener life. That could mean buying a transit pass or a bicycle or saving up and putting the money towards a new efficient furnace, energy efficient windows or even an electric vehicle. 	<ul style="list-style-type: none"> ● Extend federal incentives for zero-emission vehicles (ZEVs) and provide a break for working families by waiving the federal sales tax on ZEV purchases, and grow these incentives up to \$15,000 per family for made-in-Canada vehicles.
Initiative target – Charities		
Liberals	Conservatives	NDP
	<ul style="list-style-type: none"> ● Increase the charitable disbursement quota from 3.5% to 7.5% 	

Links to resources where more detailed information can be found with respect to the political parties and their platforms:

Federal Budget 2021: <https://www.budget.gc.ca/2021/home-accueil-en.html>

Liberal platform: <https://liberal.ca/wp-content/uploads/sites/292/2021/09/Platform-Forward-For-Everyone.pdf>

Conservative platform: <https://cpcassets.conservative.ca/wp-content/uploads/2021/08/25132033/5ea53c19b2e3597.pdf>

NDP platform: https://xfer.ndp.ca/2021/Commitments/Ready%20for%20Better%20-%20NDP%202021%20commitments.pdf?_gl=1*8p7tjr*_ga*NDU2NjlwOTkyLjE2MzAwOTE3NDA.*_ga_97QLYMLC56*MTYzMDQxODg1Ni41LjAuMTYzMDw_QxODg2NC4w

Bloc Quebecois: <https://www.blocquebecois.org/>

Green Party: <https://www.greenparty.ca/en>

People's Party of Canada: <https://www.peoplespartyofcanada.ca/platform>

You may wish to consult with a qualified tax advisor to determine how these proposed party promises may impact you.

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