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Tax Alert – Canada

Ontario re-introduces its 2022 budget bill

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

On 9 August 2022, Ontario Finance Minister Peter Bethlenfalvy re-introduced the province's budget bill, *Plan to Build Act (Budget Measures), 2022*, as part of Ontario's commitment to implement the pre-election fiscal 2022-23 budget. The minister also provided an update on the province's fiscal forecast since tabling the 2022-23 pre-election budget on 28 April 2022.

The minister anticipates a deficit of \$18.8 billion for fiscal 2022-23, which is \$1.1 billion lower than the outlook projected in the pre-election fiscal 2022-23 budget, primarily due to higher projected taxation revenues.

Following are the highlights of the tax measures announced in the pre-election 2022-23 budget. For further details, refer to [EY Tax Alert 2022 Issue No. 27, Ontario budget 2022-23](#).

Business tax measures

- ▶ No changes to the corporate income tax rates or the \$500,000 small-business limit.
- ▶ **Regional opportunities investment tax credit** - extension of the temporary doubling of the rate of this credit by one year, to the end of 2023.

▶ **Film and television tax credits**

- ▶ Extension of the eligibility of the Ontario film and television and the Ontario production services tax credits to professional film and television productions that are distributed exclusively online (subject to additional requirements).
- ▶ Review of the regional bonus under the Ontario film and television tax credit and the eligibility of location fees for the Ontario production services tax credit.

▶ **Ontario computer animation and special effects and interactive digital media tax credits** - clarification of the eligibility of remote work done by employees for purposes of these credits.

▶ **Ontario computer animation and special effects tax credit** - examination to untether the eligibility to this credit from the film and television tax credits.

▶ **Ontario book publishing tax credit** - permanent removal of the eligibility requirement to publish a minimum of 500 copies in a bound edition.

Personal tax measures

▶ No changes to the personal income tax rates.

▶ **Low-income individuals and families (LIFT) tax credit** - enhancement of the LIFT tax credit for 2022 and later years by increasing the maximum benefit amount and increasing the income range over which the credit is reduced.

▶ **Ontario seniors care at home tax credit** - introduction of a new refundable tax credit intended to assist low- to moderate-income seniors (and their spouse or common-law partner) with the cost of eligible medical expenses.

Other tax measures

▶ **Gasoline and fuel tax** - gasoline and fuel tax rate reductions (enacted on 14 April 2022) for the period beginning on 1 July 2022 and ending on 31 December 2022.

▶ **Non-resident speculation tax** - implementation of measures (filed on 30 March 2022) to strengthen the non-resident speculation tax.

▶ **Municipal vacant home taxes** - support the use of municipal vacant home taxes to increase the provincial housing supply and to ensure that a coordinated and consistent approach applies to the implementation of such taxes.

▶ **Electricity distribution sector and transfer tax** - extension by two years of the tax relief with respect to the transfer tax on the fair market value of electricity assets sold by municipal electricity utilities to the private sector to 31 December 2024.

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