

February 27, 2008

## Highlights – 2008 Federal Budget

Budget 2008 builds on the October 2007 economic statement by providing a combination of tax incentives, debt reduction and investment in education. The title of the budget *Responsible Leadership* is highlighted by the fact that the budget is short on big spending pledges while at the same time being “prudent” in facing the prospect of a slowing Canadian economy. Specific areas of the manufacturing sector received direct attention. In addition, incentives to ensure a skilled labour force through immigration, education and the use of older workers were announced or expanded.

Below is a summary of the elements in the Budget that are relevant to CPISC members.

### Strengthening Canada's Tax Advantage

Providing further assistance for Canada's manufacturing and processing sector by extending accelerated capital cost allowance (CCA) treatment for investment in machinery and equipment for three years. Specifically, the 50-per-cent straight-line accelerated CCA treatment will apply for one additional year, and the accelerated treatment will then be provided on a declining basis over a two-year period. This will provide the manufacturing and processing sector with an additional \$1 billion in tax relief.

Supporting small and medium-sized businesses by improving the scientific research and experimental development tax incentive program and easing the tax compliance burden by reducing the record-keeping requirements for automobile expense deductions and taxable benefits.

Enhancing the cross-border business and investment environment by streamlining cross-border tax-withholding and return-filing rules.

### Investing in People

Modernizing the immigration system with a \$22-million investment over two years, growing to \$37 million per year, including legislation to speed up the processing of permanent resident applications, ensuring shorter wait times and making Canada's immigration system more competitive.

Removing disincentives to work for seniors by raising the current Guaranteed Income Supplement earned income exemption to \$3,500 from its current maximum exemption level of \$500.

In shifting its focus on the Aboriginal community from social services to economic development and skills training, the federal government is providing \$70 million over the next two years to establish a new framework for Aboriginal economic development. This new approach is designed to allow a better match between the skills and training of Aboriginal Canadians with labour market demands.

### Helping Canada's Communities

Through the Community Development Trust designed to help vulnerable communities facing major turndowns, the government will provide an additional \$90 million to extend to 2012 the Targeted Initiative for Older Workers to help older workers stay in the workforce.

### Focus on Education

\$350 million for a new, consolidated Canada Student Grant Program reaching 245,000 college and undergraduate students in the fall of 2009, and rising to \$430 million by 2012-13.

\$123 million over four years to streamline and modernize the Canada Student Loan Program.

For more Budget 2008 info: <http://www.budget.gc.ca/2008/home-acceuil-eng.htm>