

Marmer Penner Inc. Newsletter

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2010 Federal Budget

Finance Minister, Jim Flaherty tabled the 2010 budget yesterday and we hear that Mark Harris booked the entire evening to program all the necessary changes to DivorceMate. The budget was released at 4:00 p.m. and according to inside sources, Mark was home by 4:30 p.m.

To say that the 2010 federal budget was a non-event as far as tax rates, deductions and credits are concerned is accurate. However, there were some amendments of interest.

- (a) Family law specialists whose clients are the recipients of employee stock options should take note that, as of yesterday afternoon, employees of publicly-traded companies can no longer elect to defer the income tax on up to \$100,000 of employee stock option benefits vesting in a particular year. The elimination of this rule is expected to have minimal impact on valuation of the contingent income tax with respect to employee stock options and the inclusion of stock option benefits in *Guidelines* income because most recipients of employee stock options exercise the options and sell the shares immediately, thus never using the previously available deferral election.

- (b) Previously, the existing rules regarding the Canada Child Tax Benefit (“CCTB”) and the Universal Child Care Benefit (“UCCB”) permitted only one eligible individual to receive each amount in respect of a qualified dependent each month. The same restriction also applied to the child component of the GST credit payable each quarter. Our August 2006 newsletter, discussed this issue and alerted readers where a child lives equally with each parent, the only option available to split this credit at source was to request from Canada Revenue Agency to have payments for the first six months made to one parent and for the next six months to the other parent. As a result of yesterday’s budget, effective for benefits payable starting in July 2011, two eligible parents can now have the benefits split at source. This policy continues to apply only when a child lives more or less equally with two parents who live separately; and
- (c) In two-parent families, the UCCB must be included in the income of the lower-income spouse or common-law partner while in a single-parent family the UCCB is generally included in the single parent’s income. To alleviate the inequity of a single parent potentially paying more income tax on UCCB amounts than a couple with only one income earner, the budget proposes that effective for 2010, a single parent has the option of including the UCCB amounts either in the parent’s income or in the income of the dependent child. It is expected that most single parents will opt to elect to have the UCCB taxed as the child’s income and accordingly, this component of that parent’s income will no longer be included in the parent’s

Line 150 income. Accordingly, an adjustment will have to be made when determining that parent's *Guidelines* income.

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The partners and staff of Marmer Penner Inc. would like to take the opportunity afforded by all the extra space resulting from this uneventful budget to remind you that after 30 years on the corner of Cumberland and Bellair Streets, we are moving! Effective April 17, 2010, our new office address will be:

**2 Bloor Street West, Suite #2603
Toronto, Ontario
M4W 3E2**

**Our phone numbers, fax numbers and
email addresses will remain the same.**

This newsletter is intended to highlight areas where professional assistance may be required. It is not intended to substitute for proper professional planning. The professionals at Marmer Penner Inc. will be pleased to assist you with any matters that arise. Please feel free to visit our website at www.marmerpenner.com.