



Periodic Information Newsletter

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The following is a brief summary of some of the proposed changes due to come into effect on July 1, 2006 as a result of the budget tabled by the Honourable James M. Flaherty, Minister of Finance on May 2, 2006.

GST

- Effective July 1st, the goods and services tax is reduced from 7 per cent to 6 per cent.

Personal Income Taxes

- **Child care:** Under the proposed budget changes, effective July 1st, families with children under the age of 6 will be eligible to receive a benefit of \$100 per month, per child under the new Universal Child Care Benefit.

Applying for the Universal Child Care Benefit

- Families who receive the Canada Child Tax Benefit (CCTB) will receive the new benefit automatically.
- Families who do not receive the CCTB will be able to apply for the new benefit by submitting a completed CCTB application form to the Canada Revenue Agency. Forms may be download at <http://www.cra-arc.gc.ca/E/pbg/tf/rc66/rc66-04e.pdf>

The Universal Child Care Benefit will be taxed in the hands of the spouse with the lower income and will not reduce federal income-tested benefits.

- **Tax Credit for Public Transit Passes:** The budget proposes that the cost of monthly, or longer duration, public transit passes will qualify for a non-refundable tax credit in respect of the portion of transit costs incurred on or after July 1, 2006. Passes should be kept as receipts commencing July 2006.
- **Payroll Tables:** Employers should ensure that they are using updated payroll tables effective July 1, 2006.

Donations of Publicly Listed Securities and Ecologically Sensitive Land: These gifts made by a

- taxpayer to a qualified donee on or after May 2, 2006 will not be subject to taxable capital gain treatment.

Baratz Judelman P.I.N. is a periodic commentary on current tax and financial issues. Technical matters are necessarily presented in a generalized fashion. The Information contained herein should not be acted upon without professional advice.