



# FEDERAL BUDGET COMMENTARY UPDATE

JUNE 6, 2011

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The March 22, 2011 federal budget did not pass before parliament was dissolved. All of the income tax changes (including implementation dates) introduced in that budget have been carried forward, unchanged, to this Budget. Furthermore, this Budget did not introduce any new income tax proposals whatsoever. Reference should be made to the attached "March 22, 2011 FEDERAL BUDGET COMMENTARY" for details.

Because of the Conservative majority, this Budget is expected to pass quickly.

The Budget did propose the following non-income tax changes:

- As promised during the election campaign, the \$2 per vote quarterly allowance for political parties will be phased out.
- Provision has been made in 2011-12 for \$2.2 billion to compensate Quebec in implementing its HST, provided that a satisfactory agreement can be reached. This compensation is consistent with agreements made between the federal Government and other provincial Governments that have agreed to a harmonized sales tax structure.

From an economic viewpoint, the Budget papers highlighted the expected continued improvement in the Canadian economy and indicated that the Government remains committed to balancing the budget by 2014-15, one year earlier than previously anticipated.