

# 2011 Ontario Budget Summary

March 29, 2011



## **INTRODUCTION**

Ontario's Minister of Finance, the Honourable Dwight Duncan, tabled the 2011 provincial budget on March 29, 2011.

Although there were no new personal or corporate tax measures announced, the budget contains certain enhancements to the collection of tax revenues as well as to the delivery of certain direct benefits.

Summarized below are highlights of tax changes introduced in the 2011 budget.

### **1. ECONOMIC CONTEXT**

The deficit anticipated for the fiscal year 2010-2011 is \$16.7 billion, down from \$19.7 billion forecast in last spring's 2010 Budget. The province is anticipating a deficit of \$16.3 billion for the fiscal year 2011-2012.

Over the next two years, the government is on track to improve on its deficit projections by \$1.7 billion, for a total cumulative improvement of \$4.7 billion over three years.

The government plans on returning to a balanced budget by 2017-2018.

### **2. MEASURES CONCERNING INDIVIDUALS**

#### **2.1 ONTARIO TRILLIUM BENEFIT**

The government has introduced changes to better match the payment of the Ontario Sales Tax Credit (OSTC), the Ontario Energy and Property Tax Credit (OEPTC) and the Northern Ontario Energy Credit (NOEC), to when people incur expenses by paying these credits earlier and on a quarterly basis, instead of paying them in a lump sum after people file their income tax returns.

The Province proposes to take the next step in transforming refundable tax credits by introducing the Ontario Trillium Benefit (OTB) in July 2012. To better align the timing of the assistance with the expenses that people face, the payments of these three credits would be combined and delivered on a monthly basis.

### **3. MEASURES CONCERNING BUSINESSES**

#### **3.1 REDUCING CORPORATE INCOME TAX RATES**

The government confirms that effective July 1, 2011, the general corporate income tax (CIT) rate will be reduced as follows:

- the general CIT rate will be cut from 12 per cent to 11 per cent and further reduced to 10 per cent over a period of two years.

### **3.2 TAX SUPPORT FOR INNOVATION**

A federally appointed panel is reviewing the effectiveness of federal support for business innovation, including direct spending programs and the Scientific Research and Experimental Development (SR&ED) tax incentive program. The Province looks forward to working with the federal government to improve the effectiveness of federal Research and Development tax support while maintaining the need for fairness and impartiality provided through tax support.

### **3.3 TAXATION OF CORPORATE GROUPS**

In reaction to the federal government's November 2010 public consultation paper on whether a formal system for the taxation of corporate groups should be implemented in Canada, the government commented that the focus of any changes should be to increase the efficiency and competitiveness of the Canadian corporate tax system and ensure that provinces receive the revenues to which they are entitled.

## **4. HARMONIZED SALES TAX**

No significant changes.

## **5. OTHER MEASURES**

### **5.1 ONTARIO BOOK PUBLISHING TAX CREDIT**

For expenditures incurred after March 29, 2011, the Budget proposes to change the 12-month period for qualifying marketing expenditures to a period beginning one year before and ending one year after the date of publication.

### **5.2 ONTARIO CHILD CARE SUPPLEMENT FOR WORKING FAMILIES**

The government proposes to consolidate Ontario Child Care Supplement for Working Families (OCCS) payments with Ontario Child Benefit (OCB) payments on a per-child basis.