



## **UPDATE TO THE MARCH 22, 2011 FEDERAL BUDGET PRESENTED BY JAMES M. FLAHERTY, P.C., M.P.**

The budget presented March 22, 2011 was not adopted prior to the dissolution of Parliament on March 26, 2011. Today, June 6, 2011, the update of Budget 2011 presented no changes to the original tax measures introduced.

There were three significant announcements made by Mr. Flaherty in his budget update as follows:

1. For the year 2011-12, a provision of \$2.2 billion in funding to the Government of Quebec for the conclusion of a satisfactory agreement between Canada and Quebec on sales tax harmonization. Presently, Quebec has a tax system called QST which is similar to HST.
2. The government is announcing the phase-out of quarterly allowances for political parties over a four-year period. This is sometimes referred to as the per-vote subsidy (\$2 per vote) and the savings are estimated to be approximately \$30 million per year.
3. The government remains committed to balancing the budget by 2014-15, which is one year earlier, as promised in the election campaign. This will be achieved by spending cuts of approximately 5% across many government departments. The task of determining the cuts will be through a strategic and operating review with the results to be reflected in the fiscal projections for Budget 2012.

### **Tax Measures Introduced**

The tax measures previously announced on March 22, 2011, remain unchanged. There were no tax increases announced on June 6, 2011 and the measures described in our March 22, 2011 Federal Budget Commentary are confirmed in the current budget.

Should you wish to review our commentary and description of the March 22, 2011 Federal Budget Commentary, the link below will take you to the appropriate section of our WBLI Chartered Accountants website.

<http://wbli.ca/whatsnew/FederalBudget2011.html>