

# STRAIGHT TALK

The 2019 Federal Budget  
and Your Business.

What You Need to Know.



5 MINUTE  
READ



POWERED BY



**NOSEWORTHY  
CHAPMAN**

chartered professional accountants



**CAL LEGROW**

INSURANCE & FINANCIAL GROUP

## The 2019 Federal Budget and Your Business.

### What You Need to Know.

In our new series Straight Talk: Powered by Cal LeGrow and Noseworthy Chapman we're talking about this week's federal budget.

Kevin Casey, Partner from Cal LeGrow Insurance & Financial Group sat down with Dorothy Keating and Denise Coombs, two partners from Noseworthy Chapman, to talk about this week's federal budget and what it means for your business.



5 MINUTE  
READ



POWERED BY



**NOSEWORTHY  
CHAPMAN**

chartered professional accountants

  
**CAL LEGROW**  
INSURANCE & FINANCIAL GROUP

# STRAIGHT TALK

**Why should businesses care about this budget?  
What's in it for them?**

**DENISE COOMBS**

I'm sure we would all like to see a decrease in tax rates, personal and corporate tax rates have not changed. There were a few tax changes that will benefit businesses such as faster write-offs of business assets and an easing on the qualification for scientific research tax credits.

**DORTHY KEATING**

Yes, there's not much in terms of tax breaks or tax incentives for business. There are pieces that will help, but indirectly.

**Dorothy, tell me more about the indirect benefits you mentioned?**

**DORTHY KEATING**

Businesses in the area of new home construction may see a boost from people being able to withdraw more from their RRSPs and the government buying a 10% equity stake in a new home, which they can either pay back later or when they sell the home. These initiatives may also help related industries because these homes have to be furnished, insured, heated, etc.

**One thing businesses will like in this budget is the faster write-off of business assets. What does that mean to the average business?**

**DENISE COOMBS**

Businesses can't claim an immediate deduction for purchases of capital assets, like equipment, computers or vehicles; those types of assets are depreciated over their useful life, often long after the money has been spent.

This budget confirmed the government's intention to make changes to these rules. Costs of certain manufacturing and processing equipment, as well as some clean energy equipment can be fully expensed and there's an accelerated depreciation (up to three times the normal first-year deduction) of other assets.

Also, the budget proposed a 100% deduction of the cost of certain zero-emission vehicles, up to a maximum of \$55,000.



*"This accelerated deduction means businesses will get a much larger tax deduction in the year assets are available for use."*



POWERED BY



**NOSEWORTHY  
CHAPMAN**  
chartered professional accountants

  
**CAL LEGROW**  
INSURANCE & FINANCIAL GROUP

# STRAIGHT TALK

## The flashiest point in this budget was a possible National Pharmacare Strategy. Will businesses save money on health insurance as a result?



### DENISE COOMBS

There's not enough information out on pharmacare yet. What they're talking about maybe a consolidated buying-power maneuver.

As a business owner, the cost of insuring individuals under healthcare programs is about how healthy your people are. Something to lower the total costs of drugs could, and should, result in savings on premiums, but it's really in the idea phase right now.



## Speaking of investing in the future, tech- and science-based business got a bit of a boost in this budget.



### DENISE COOMBS

Yes, they did. Certain businesses are entitled to a 35% federal tax credit on Scientific Research and Experimental Development expenditures. Eligibility for the credit is based on two tests: an income test and a taxable capital (which is essentially equity plus debt) test.

To support growing businesses, the income test will be removed. Keeping the taxable capital test in place means large businesses will continue to not have access to this credit.



## This budget also promised nation-wide highspeed internet by 2030. Will that help business grow?



### DENISE COOMBS

Nation-wide access to high-speed internet can only improve trade, but it's a doubleedged sword because people may buy more from outside Canada.



### DORTHY KEATING

The other part of that is we are in a digital age now, so it does offer a lot of opportunities for businesses to be able to do non-traditional things like online training and selling outside their areas.



*"As a business owner you have to take this as 'how can I capitalize on this opportunity' or 'how can I protect myself against this threat.'"*



POWERED BY



**NOSEWORTHY  
CHAPMAN**  
chartered professional accountants



# STRAIGHT TALK

**And there was a training program allowing up to \$250 per year for workers. But will that have an impact?**



**DENISE COOMBS**

The new tax credit will only be available to working Canadians. As we become more technologically advanced, job roles are changing and employees often have to learn new skills. While employers may suffer a cost while employees are in training, hopefully, in the long run, the cost will be out-weighted by a better-trained, more committed workforce.



**What were some other highlights for Newfoundland and Labrador from the 2019 federal budget?**



**DENISE COOMBS**

The government has said that it is still looking at new ways to better accommodate intergenerational business transfers. Changes have also been announced to the employee stock option deduction rules - matching up with American tax rules - for "large, mature firms. The government has promised to provide more details on both of these initiatives later this summer.



**DORTHY KEATING**

There will also be changes to how the Canada Revenue Agency (CRA) does business because of a lot of backlash and complaints. Expect to see plenty of audits in the real estate industry as they crack down on the underground market and expect to see more CRA liaisons out in the community talking to smaller, unincorporated businesses about how to file taxes correctly.



**DENISE COOMBS**

Farmers and fisherpeople will now be able to sell their products to a broader customer base as some relief has been provided to the rules that restrict access to the small business deduction.



POWERED BY



**NOSEWORTHY  
CHAPMAN**  
chartered professional accountants



# STRAIGHT TALK

**Thanks for the information ladies,  
we appreciate the rundown.**



## DENISE COOMBS

It's been our pleasure. We have only touched on a few of the highlights of the 2019 federal budget. A more detailed discussion is available on our website at [noseworthychapman.ca/info-centre/](http://noseworthychapman.ca/info-centre/)



## DORTHY KEATING

It's always important to know how our government is investing in our community and we're happy to interpret it for all our clients. If you need help navigating your way through tax season or finding out what the federal budget means to your business, reach out to the Noseworthy Chapman team, we'd be happy to help.



## KEVIN CASEY

Kevin Casey joined Cal LeGrow as the Senior Vice President of Sales and Marketing in April 2016 after almost 15 years as Co-founder at Idea Factory, a full-service ad agency in St. John's.



## DENISE COOMBS CPA, CA, CFP

Denise is a dedicated tax professional with more than 28 years experience in all aspects of corporate and personal tax, estate planning and GST/HST.



## DORTHY KEATING FCPA, FCA

Dorothy is a skilled professional with more than 28 years experience in audit and assurance, business advisory services and taxation.



POWERED BY



**NOSEWORTHY  
CHAPMAN**  
chartered professional accountants

  
**CAL LEGROW**  
INSURANCE & FINANCIAL GROUP

# STRAIGHT TALK

## **CAL LEGROW INSURANCE & FINANCIAL GROUP**

Being your commercial insurance broker is just the tip of the iceberg of what we'll do for you. We have the experience and a deep reservoir of knowledge in risk management to help you build a better business.

Isn't it time you put the buying power of Atlantic Canada's largest independent commercial broker to work for you?

**T: 709.576.1602 W: [callegrow.com](http://callegrow.com)**

## **NOSEWORTHY CHAPMAN CHARTERED PROFESSIONAL ACCOUNTANTS**

Noseworthy Chapman and Janes and Noseworthy Limited combine to be one of the largest independent firms of Chartered Professional Accountants, Management Consultants and Trustees in Bankruptcy in Newfoundland and Labrador with a team of more than 60 professionals.

**T: 709.364.5600 W: [noseworthychapman.ca](http://noseworthychapman.ca)**

POWERED BY



**NOSEWORTHY  
CHAPMAN**  
chartered professional accountants



**CAL LEGROW**  
INSURANCE & FINANCIAL GROUP