



CESTNICK

TAX MATTERS

How life will be different because of Budget 2023

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As I sat in the federal budget lockup this week, poring over the changes introduced in the budget, I thought of a quote from author Washington Irving: “There is certain relief in change, even though it be from bad to worse; as I have often found in traveling in a stagecoach, that it is often a comfort to shift one’s position, and be bruised in a new place.”

Now, not all changes in the budget will lead to new bruises; some might, for sure. Others might be of a little help. So, I’d like to talk today about how your life might change because of this week’s federal budget. Here we go.

Travelling abroad: Renewing a passport can be painfully slow. The government has committed \$135 million to reduce processing times to 10 days for in-person applications and 20 days for mailed or dropped-off applications. In addition, airport wait times have been problem, so the budget has committed \$1.8 billion over five years to help make things better.

You’ll also be glad to know that new laws are on the horizon to increase the obligation of airlines to compensate

passengers for flight delays and cancellations. Finally, the cost of plane tickets is on the rise because the government is increasing the Air Travellers Security Charge by about one third, which could add \$8.51 to the cost of each “chargeable enplanement” to an international destination.

Immigration applications: The backlog and delayed processing times for those coming to Canada has been a problem. The government says things are getting better, and will be moving more key services online, including confirmation of permanent residence status and the introduction of online citizenship testing and ceremonies.

Dental care: An announcement was made in September 2022 introducing the Canada Dental Benefit for children. The 2023 budget expands on this by introducing the new Canadian Dental Care Plan that will provide dental coverage for uninsured folks with annual family incomes under \$90,000. Coverage will be in place by the end of this year.

Alcohol purchases: The excise tax that applies to alcohol purchases is automatically indexed to inflation each year, which would have caused a sizeable increase in the cost of beer, wine, and spirits this year. Well, the budget caps the increase this year to just two per cent. For some, this might be the best news the budget offers.

Saving for a home. In last year's federal budget, the government introduced a new First-time Homebuyer's Savings Account (FHSA). This year's budget announced that, in just a couple of days – on April 1 – these plans should be officially be available at financial institutions. I've written about the FHSA before ([see my article from Aug. 25, 2022](#)), and will again, but for now you should know that opening one of these accounts should be a no-brainer if you qualify, so visit your financial institution next week.

Student costs: Budget 2023 could make your education a little more affordable by increasing the amount of student grants to \$4,200 (up from \$3,000) for full-time students. In addition, more of your student loans will be interest-free. Those loans can amount to \$300 per week of study (up from \$210), which can mean about \$10,000 of interest-free loans for a school year. Finally, you can now withdraw up to \$8,000 from an RESP in the first 13 weeks of school (up from \$5,000), and divorced or separated parents can now jointly open an RESP for their children.

Junk fees: As Canadians we pay a lot of unexpected and hidden “junk fees.” The budget promises a crackdown on fees like internet overage charges, roaming fees, event and concert fees, excessive baggage fees, some shipping and freight charges, and the like. New legislation will be introduced to deal with these.

Right-to-repair: It can be so costly to repair devices and appliances that many people just buy new ones when they breakdown, which makes life more expensive and leads to waste. The budget announced that the government will implement a “right-to-repair” framework in 2024. As an example, you might need to repair your phone, but copyright rules could force you to have it repaired by the manufacturer at inflated rates. With new laws, it could be possible to have your phone fixed by a local repair shop at a much cheaper price.

Personal Support Workers. PSWs are a critical part of the long-term care community in Canada, but they often don't have the same job protections, compensation, and benefits as others in the health care sector. The budget has committed \$50 million over the next five years to develop solutions to help PSWs save for retirement. The budget was light on details but look for changes if you're a PSW.

Next time, I'll share ideas for business owners on how the budget might impact you, and what you can do to take advantage of the changes.

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