

Budget Measures and Interim Appropriation Act, 2008 **Overview of the 2008 Ontario Budget**

**Land Transfer Tax
Succession Duty
Tobacco Tax
Taxes Administration**

About this Notice On May 14, 2008, the *Budget Measures and Interim Appropriation Act, 2008* received Royal Assent (c.7, S.O. 2008). This statute includes amendments to the *Land Transfer Tax Act* and the *Tobacco Tax Act*.

The 2008 Ontario Budget proposed additional measures relating to the *Tobacco Tax Act*, the *Succession Duty Repeal Act* and the *Succession Duty Act Supplementary Provisions Act, 1980*. This Budget also referenced Ontario's regulatory modernization, including an outline for a Taxes Administration Act that would combine provincial tax administration rules common to various tax statutes into one statute.

This notice provides general information and is not a substitute for the legislation.

Land Transfer Tax

Transfers from Family Farm Corporations Transfers of farmland between individual family members and transfers into a family farm corporation are currently exempt from land transfer tax. The regulatory amendments expanded the exemption to include transfers of farmland from family farm corporations to individual family members.

This measure applies to qualifying transfers after March 25, 2008. The regulation that effected this measure became law on October 10, 2008.

Information Sharing Amendments to the *Land Transfer Tax Act* authorize the Minister and the City of Toronto to enter into an agreement for the sharing of land transfer tax information.

Implementing the Tax Measures Announced in Ontario's 2007 Economic Outlook and Fiscal Review

Land Transfer Tax Refund Program for First-Time Homebuyers

In the 2007 Economic Outlook and Fiscal Review, the government proposed several tax measures. The amendments to implement those measures are now included in the *Budget Measures and Interim Appropriation Act, 2008*.

Included in those measures is the expansion of the Land Transfer Tax Refund Program for First-Time Homebuyers to include resale homes for agreements of purchase and sale entered into after December 13, 2007. For complete details on this refund program, please refer to [Tax Bulletin LTT 1-2008 Land Transfer Tax Refunds For First-Time Homebuyers](#) which incorporates these new provisions.

Succession Duty

Complete the Process of Bringing Succession Duty to an End

Succession duties were eliminated in 1979 in respect of persons who died after April 10 of that year. However, in certain instances, succession duty continued to apply, for example, where a life interest was granted to the spouse of the deceased and a remainder interest to their children.

In 2001, amendments were made to eliminate succession duties, except where such duty was due and owing on May 8, 2001. As a result, the number of remaining estates for which payment of succession duty has been deferred is now insignificant.

To complete the process of bringing succession duty in Ontario to an end, the government will propose to amend the *Succession Duty Repeal Act, 1979*, repeal the *Succession Duty Act Supplementary Provisions Act, 1980* and delete references to succession duty in the following statutes:

- *Credit Unions and Caisses Populaires Act*
- *Financial Administration Act*
- *Land Titles Act*
- *Proceedings Against the Crown Act*
- *Registry Act*
- *Succession Law Reform Act*
- *Trustee Act*.

Tobacco Tax

Enhancing Tobacco Tax Compliance

The following tobacco tax enhancements became law on November 27, 2008. They build on measures enacted in 2004, 2006 and 2007 to strengthen enforcement against the illegal manufacture and distribution of tobacco products:

- requiring purchasers or importers of cigarette-making machinery to be registered
- adding more legislative provisions that would allow the seizure of tobacco products from persons found to be in violation of the act
- adding minimum penalties to existing tax-based penalties issued to persons found to be in violation of the act.

**Regulatory
Modernization
Act, 2007**

The *Regulatory Modernization Act, 2007* (RMA) improves the ability of provincial regulators to share information and allows them to work together more effectively to strengthen public protection and enhance compliance with provincial legislation.

Amendments to the *Tobacco Tax Act* (TTA) authorize certain information to be disclosed in accordance with the RMA. The current confidentiality provisions of the TTA continue to apply, but without the requirement that the disclosure be reciprocal.

Taxes Administration

**Ontario's
Regulatory
Modernization**

Work is commencing on a *Taxes Administration Act* as part of Ontario's regulatory modernization. Such an act would combine provincial tax administration rules common to various tax statutes. Work on the initiative is expected to be completed in late 2009.

For More Information

Telephone

Please contact the Ministry at:

Toll-free 1 866 ONT-TAXS (1 866 668-8297)
Teletypewriter (TTY) 1 800 263-7776 (Ontario)

Address and Fax

Ministry of Revenue
Tax Advisory Services Branch
Motor Fuels, Tobacco & Land Taxes
33 King Street West
PO Box 625
Oshawa ON L1H 8H9

Fax: 905 433-5254

Internet

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