

RRSP'S AND DPSP'S RRSP contributions for taxation years after 1981 will be restricted to a maximum of \$3,500 if a contribution was made in the year by the individual or his employer to a DPSP on his behalf. Such persons will now be in the same position as members of RPP's who are entitled to employer contributions. However, if the individual is a member of DPSP and no contribution is made to the plan in a year by him or his employer, the individual may contribute up to a maximum of \$5,500 to an RRSP for that year. Tax-free transfers will be allowed after 1981 between spousal RRSP's if ordered by a Court pursuant to a matrimonial property settlement, on or after the breakdown of the marriage.

MISCELLANEOUS Draft legislation was introduced for various other issues affecting individuals in 1982:

- The \$1,000 pension income deduction will no longer be allowed in 1982 to an individual under 60 years of age who receives a lump sum payment out of a Registered Pension Plan or who shelters any of his pension income by rolling it into an RRSP or another pension. Pension income allowed for the deduction must be received from a plan as a life annuity. RRSP annuities and the like continue to qualify to the extent that they did so formerly.
- After 1981 a taxpayer cannot claim a deduction for non-resident dependants other than his spouse and children.
- After 1981, non-residents will be denied personal exemptions when determining their taxable income, unless substantially all of their employment and business income for the year was earned in Canada. Exemptions remain for those electing to file separate returns as a resident for certain types of income, such as alimony, pension benefits, RRSP and DPSP payments.
- Farmers and fishermen will not be able to use the block averaging provisions in a year in which the new forward averaging was elected in calculating tax.
- For 1982 the Child Tax Credit will be increased by \$50 to \$343 per child.
- For 1982 and subsequent taxation years, only tuition fees greater than \$100 will be deductible. Tuition fees and the \$50 per month personal exemption that are related to attendance at courses certified by the Minister of Employment and Immigration, will be permitted only in respect of adult occupational training courses.
- Most social assistance payments (those based on a means, need or income test) and certain presently exempt income payments (such as some types of war pensions, Workmen's Compensation receipts, and so on) must be reported as income after 1981. An offsetting deduction in computing taxable income may also be claimed. The effect will be to reduce any personal exemptions that may be available to relatives of such persons.

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