

PERSONAL INCOME

ITEM	OLD LAW	NEW BILL
Pension plans, registered retirement savings plans and deferred profit-sharing plans	<p>Limit on deductible contributions of \$1,500 for pension plans and profit-sharing plans and \$2,500 for retirement savings plans.</p> <p>Foreign-source income of pension plans and profit-sharing plans may not exceed 10% to qualify for tax-free status.</p> <p>Some restrictions on investments of pension plans and profit-sharing plans. No restrictions on investments of retirement savings plans.</p> <p>Special rules for taxing lump-sum withdrawals from pension plans and profit-sharing plans.</p>	<p>Limits increased to \$2,500 for pension plans and profit-sharing plans and to \$4,000 for retirement savings plans.</p> <p>90% of assets of all plans must be Canadian. Penalties for having more than 10% foreign assets; not necessary to dispose of present excess foreign assets.</p> <p>Investments of retirement savings plans to be restricted on same basis as profit-sharing plans.</p> <p>Withdrawals taxed at ordinary rates (but may average or defer tax under new rules). Special rule for present accumulations in pension and profit-sharing plans.</p>
Fellowships, scholarships, bursaries	Not taxable unless related to employment.	Taxable with an annual exemption of \$500.
Training allowances	Not taxable.	Taxable except for living away from home allowance.
Research grants	Not taxable unless related to employment.	Taxable with deduction for research expenditures.
Benefit from personal use of automobile provided by employer or business	Taxed in some circumstances.	Minimum value set for personal use.
Income maintenance insurance	Not taxable if received from an insurance company.	Taxable if employer contributes to premiums, but with a deduction from benefits for premiums paid since 1967.
Income averaging	Special rules for special types of receipts. Five-year block averaging for farmers and fishermen.	<p>General averaging for all taxpayers whose income in a year exceeds four-year average by 20% and immediately preceding year by 10%. Income of each preceding year deemed to be not less than \$1,600.</p> <p>Also special forward averaging for certain receipts through the acquisition of an income-averaging annuity.</p> <p>Averaging for farmers and fishermen will continue as in the old law.</p> <p>Present special rules remain for three or five years.</p>
Servicemen	Special rules—taxed on a monthly basis.	Treated as ordinary taxpayers.