

On April 7, 2022, the federal government tabled its spring budget. This is the first budget released since the Liberal government announced the Liberal-NDP partnership. The budget contains some new spending initiatives, intended to help Canadians weather economic uncertainty.

Highlights

- **Tax-Free First Home Savings Account**

Budget 2022 proposes to create the Tax-Free First Home Savings Account (FHSA), a new registered account to help individuals save for their first home. Contributions to an FHSA would be deductible and income earned in an FHSA would not be subject to tax. Qualifying withdrawals from an FHSA made to purchase a first home would be non-taxable.

- **Home Buyers' Plan**

The Home Buyers' Plan (HBP) allows individuals to withdraw up to \$35,000 from an RRSP to purchase or build a home without having to pay tax on the withdrawal. Amounts withdrawn under the HBP must be repaid to an RRSP over a period not exceeding 15 years, starting the second year following the year in which the withdrawal was made.

The HBP will continue to be available as under existing rules. However, an individual will not be permitted to make both an FHSA withdrawal and an HBP withdrawal in respect of the same qualifying home purchase.

- **Reporting requirements for RRSPs and RRIFs**

Similar to the TFSA, budget 2022 proposes to require financial institutions to annually report to the Canada Revenue Agency the total fair market value, determined at the end of the calendar year, of property held in each RRSP and RRIF that they administer. This information would assist the Canada Revenue Agency in its risk-assessment activities regarding qualified investments held by RRSPs and RRIFs.

This measure would apply to the 2023 and subsequent taxation years.

Strengthening the federal pension framework

In Budget 2022, the government proposes to amend the *Pension Benefits Standards Act, 1985* and the *Pooled Registered Pension Plans Act* to improve the sustainability and long-term security of federally regulated pensions for all plan members and retirees through improved governance and administration and new frameworks for solvency reserve accounts and variable payment life annuities.

Strengthening the anti-money laundering regime

In Budget 2022, the government proposes to develop legislative changes to strengthen the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, *Criminal Code*, and other legislation, to enhance the ability of authorities to detect, deter, investigate, and prosecute financial crimes as well as ensure that the government is well placed to manage emerging threats outside the scope of the current AML/ATF regime and has the tools necessary to preserve financial integrity and economic security.

Amendments to the Competition Act

In Budget 2022, the government proposes to introduce legislative amendments to the *Competition Act* as a preliminary step in modernizing the competition regime.

Beneficial ownership registry

In Budget 2022, the government proposes to amend the *Canada Business Corporations Act* to implement a publicly accessible beneficial ownership registry of corporations governed under the Act by 2023.

Strengthening sanctions implementation

In Budget 2022, the government proposes to introduce legislation that would clarify the ability of the Minister of Foreign Affairs to seize and cause the forfeiture and disposal of assets held by sanctioned individuals and entities.

Climate disclosures for federally regulated institutions

The federal government is committed to moving towards mandatory reporting of climate-related financial risks across a broad spectrum of the Canadian economy, based on the international Task Force on Climate-related Financial Disclosures (TCFD) framework.

The Office of the Superintendent of Financial Institutions (OSFI) will consult federally regulated financial institutions on climate disclosure guidelines in 2022 and will require financial institutions to publish climate disclosures—aligned with the TCFD framework—using a phased approach, starting in 2024.

OSFI will also expect financial institutions to collect and assess information on climate risks and emissions from their clients.

As federally regulated banks and insurers play a prominent role in shaping Canada's economy, OSFI guidance will have a significant impact on how Canadian businesses manage and report on climate-related risks and exposures. Separately, the government will move forward with requirements for disclosure of environmental, social, and governance (ESG) considerations, including climate-related risks, for federally regulated pension plans.

Previously announced measures

Budget 2022 confirms the government's intention to proceed with the following previously announced tax and related measures, as modified to take into account consultations and deliberations since their release:

- Legislative proposals released on Feb. 4, 2022, for electronic filing and certification of tax and information returns, postdoctoral fellowship income, fixing contribution errors in registered pension plans
- OAS Increase

For more information on the 2022 federal budget, visit [Budget 2022](#).

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