



AY Au-Yeung & Company LLP
Chartered Professional Accountants

Updates on Proposed Tax Changes to Private Corporations (December 2017)

Happy New Year! We hope that you enjoyed the holiday season and are settling well into the new year.

We would like to update you on the recent developments to the proposed tax changes. On December 13, 2017, the Department of Finance ("Finance") released more details on the proposed changes to tax on split income (TOSI). Please refer to our August 2017 and November 2017 newsletters for highlights of the original proposed tax changes.

Finance announced that generally split income would be subject to tax at the highest marginal rate unless the amount falls within a specific exclusion. These new rules are proposed to be effective in 2018.

For more information on the proposed changes including details on the specific exclusions, please refer to the website link from the Canada Revenue Agency (CRA) on ***Guidance on the application of the split income rules for adults*** and ***Frequently asked questions – Income sprinkling***:

<https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/federal-government-budgets/income-sprinkling.html>

If you would like to discuss further, please contact us and we would be happy to help.