

Memo



To: Regular Meeting
From: **Chief Financial Officer**
Date: 2018-04-09
Subject: CRA change to tax status of Municipal Officer's Allowances

Background

The 2017 Federal Budget included a change to the tax rules for municipal officer's allowances effective for the 2019 taxation year. As a result of that change, the Canada Revenue Agency will require the full amount of Council remuneration to be included as taxable income and subject to taxation. Under the current rules, members of Council receive one third of their remuneration as a non-taxable allowance.


Other than the impact on individual net pay amounts, the City will incur additional premiums for CPP and Workers' Compensation, and will no longer be able to claim a GST rebate on the allowance portion of the remuneration. The additional costs related to this will be approximately \$5,000 in 2019.

Benefits or Impacts

General

Effective in 2019, the new CRA rules will reduce the amount of net pay for Council members, as all remuneration will be taxable rather than only the current two-thirds.

Strategic Impact

-  The City will incur additional costs of approximately \$5,000 in 2019 for payroll premiums and GST rebates.

Policy/Legislation

Parliament of Canada Bill C-44 (2017 Federal Budget)

City of Grand Forks *Council Remuneration and Expenses Bylaw No. 1743, 2004.*

Attachments

Canada Revenue Agency *Municipal officer's expense allowance*

Canada Revenue Agency *Allowances for Members of Legislative Assemblies and Certain Municipal Officers*

City of Grand Forks *Council Remuneration and Expenses Bylaw No. 1743, 2004*

Report Approval Details

Document Title:	CFO - Officers' expense allowances.docx
Attachments:	<ul style="list-style-type: none">- Municipal officer's expense allowance - Canada.pdf- Allowances for Members of Legislative Assemblies and Certain Municipal Officers - Canada.ca.pdf- By1743 - Council Renumeration.pdf
Final Approval Date:	Mar 27, 2018

This report and all of its attachments were approved and signed as outlined below:

Diane Heinrich - Mar 27, 2018 - 11:41 AM