



Legislative Bulletin

May 21, 2015

New in Parliament

This week, Parliament is adjourned and will resume sitting on Monday, May 25th. This is the last parliamentary break week before the House rises for the summer, which is scheduled for June 23rd.

The last four sitting weeks have been marked by, among other things, the introduction of the government's budget implementation bill (C-59) on May 5. Although Bill [C-59, Economic Action Plan 2015 Act, No 1](#) does not contain big surprises for credit unions, it does propose to implement elements of the 2015 Budget that was presented on April 21, 2015 in the House of Commons by Finance Minister Joe Olivier (click [here](#) for our analysis of the budget bill). Many of these elements were signaled in Canadian Central's [initial analysis of the Budget](#). The budget bill is currently being debated at second reading stage and is expected to receive royal assent before the House adjourns for the summer recess.

In other news, on April 23, Bill [C-21, Red Tape Reduction Act](#) received royal assent. Canadian Central has been monitoring this bill as it proposes to enshrine a "one-for-one" rule requiring regulators to offset administrative burden cost increases from new regulatory changes, with equal reductions to existing regulations. Canadian Central has expressed its support of the bill in written submissions to parliamentary committees (click [here](#) to access the most recent submission on this bill to the Senate national finance committee).

On April 22, the House industry, science and technology committee reported Bill [S-4, Digital Privacy Act](#) to the House without amendment. The bill is currently being debated at report and second reading stage. Canadian Central has expressed general support for the bill during parliamentary committee hearings because it includes a number of long awaited changes to the Personal Information Protection and Electronic Documents Act (PIPEDA). These changes will have an impact on credit unions and the Credit Union Office for Crime Prevention and Investigation (an investigative body under PIPEDA). Click [here](#) to access CUCC's most recent remarks on the bill to the House industry committee.

In Committees

In the last few weeks, the Senate banking, trade and commerce meeting held three committee meetings to discuss Bill [S-210, An Act to amend the Criminal Code \(criminal interest rate\)](#). This bill is of interest to credit unions as the proposed legislation could impact the maximum interest charge on credit advance for personal or household purposes. Canadian Central will continue to monitor this public bill sponsored by Senator Pierrette Ringuette.

In other committee news, the House human resources committee continued its study of social finance; the House finance committee continued its study on terrorist financing in Canada and abroad; and the House aboriginal affairs committee continued its study on access to financing.

In the Canada Gazette

On May 6, the Department of Finance announced in the [Canada Gazette](#) that **January 15, 2017** will be the date on which sections 269, 278 to 291 and 298 to 302 of the *Economic Action Plan 2014 Act, No. 2* (i.e. previously Bill C-43) come into force. Significantly, for credit unions, three changes will come into force on January 15, 2017 that will impact the system:

- 1) Part XVI of the *Cooperative Credit Associations Act* will be officially repealed (see section 291 of the [Economic Action Plan 2014 Act, No. 2](#)) and the Office of the Superintendent of Financial Institutions (OSFI) will cease its supervision of provincial credit union centrals.
- 2) Credit Union Central of Canada will be officially dissolved - assuming it has not already been dissolved or continued in another form under a different federal statute. (See: section 298 of the [Economic Action Plan 2014 Act, No. 2](#)).
- 3) The governor in council (i.e. the federal cabinet) will gain the power to make regulations clarifying how the federal government defines “predominance” as it relates to the new requirement that federal associations under the CCAA have predominately federal membership.

These changes were first announced in the 2014 federal budget documents and were reaffirmed in the government’s budget implementation bill (i.e. Economic Action Plan 2014 Act, No. 2), which received royal assent on December 16, 2014. This Gazette announcement clarifies the date on which these changes will occur.

On May 9, the Canada Revenue Agency published [Regulations Amending the Income Tax Regulations \(Withholding of Income Tax on Payments from Registered Disability Savings Plans\)](#) in the Canada Gazette.

When the RDSPs were first introduced in Budget 2007, they provided for the withholding of income tax from amounts paid from these plans. However, the tax withholding requirements remain inoperative until and the proposed regulations come into force as of July 1, 2015.

Specifically for credit unions, they will be required to provide two options to RDSP beneficiaries who receive **Lifetime disability assistance payments (LDAPs)** in one calendar year as part of a “plan payment”:

- 1) Credit union will have to offer the option of withholding the appropriate amount of tax at source on **LDAPs** as of July 1, 2015. This option is new and will be applied “in order to avoid situations where beneficiaries are faced with a large tax liability when they file their individual tax returns.”

- 2) Credit unions will have to continue to offer the option of withholding the appropriate amount of tax only on amounts exceeding the personal basic exemption and disability tax credit for **LDAPs**.

As for **non-regular payments** (i.e. non-LDAPs as part of a “plan payment”), credit unions will be required to withhold the appropriate amount of tax at source as of July 1, 2015.

“The implementation of these rules is expected to impose incremental administrative and compliance costs in the range of \$54,000 to \$450,000 per issuer [(i.e. credit unions and banks)] for the development and implementation of one-time system and procedural changes necessary to calculate, remit and report the amounts withheld. The Act and the Regulations, which are administered by the CRA, contain penalty provisions for non-compliance with these provisions.”

Comments on these proposed regulations should be submitted by **June 8, 2015** to Lyne Levac, Director, Trust Accounts Programs Division, CRA, at lyne.levac@cra-arc.gc.ca. Canadian Central does not intend to provide comments, but please contact Rob Martin, Senior Policy Advisor, Canadian Central, at MartinR@cucentral.com if your credit union or Central intends to provide comments to these proposed regulations.

Consultation

On May 5, the Bank of Canada released a consultation document relating to the Bank of Canada’s emergency lending policies (see: [ELA Consultation](#)). In the consultation document, the Bank is proposing to update its Emergency Lending Assistance (ELA) policies to (a) reflect lessons from the financial crisis; (b) clarify the scope of ELA policies; and (c) further improve the resilience of the Canadian financial system.

Canadian Central is participating in this consultation and has requested feedback from its Legislative Affairs Committee. All interested individuals are invited to provide Rob Martin, Senior Policy Advisor, Canadian Central (MartinR@cucentral.com), with any comments about the contents of this consultation by **June 17, 2015**. The deadline for responding to this paper is July 4, 2015.