

Tax Law Bulletin - April 2009

Tax Relief for Canadian Seniors: Re-Contribution of 25% of 2008 RRIF Withdrawals

The recently enacted 2009 Federal Budget contains a retroactive measure that allows Canadian seniors to reduce by 25% the "minimum amount" that must be withdrawn from their registered retirement income fund ("RRIF") for 2008. This measure generally applies to RRIF annuitants age 72 years or older. The "minimum amount" is generally the fair market value of the assets of the RRIF at the beginning of the year multiplied by an age-based factor set out in the *Income Tax Regulations*. This new measure is intended to alleviate the financial hardship caused by the decline in financial markets. As the 2009 Federal Budget measures did not become law until March 12, 2009, most RRIF annuitants would not have reduced their 2008 RRIF withdrawals. Where an individual withdrew more than the new retroactively reduced minimum amount in 2008, the difference can be re-contributed to the individual's RRIF and the individual may claim a deduction of this amount in his or her 2008 return. **In order to obtain a deduction in the individual's 2008 taxation year, the re-contribution to the RRIF must be made on or before April 14, 2009.**

This Bulletin is a general overview and cannot be regarded as legal advice. Readers are urged to consult a qualified lawyer before making any decisions or taking action based on this material alone.

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