

## EDMONTON UNITED SERVICES INSTITUTE

### PRESIDENT'S ENEWS

FEBRUARY 2023



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### President's Comment

Friends and supporters of the EUSI, Thank you for your support and renewing your membership. This is the only way we can maintain contacts with you. The Covid 19 restrictions have cancelled out many of our events such as the Remembrance Day Levee, New Years Levee, and our Annual General meetings. Our Christmas Social and Medal Award Ceremony was the only in person event we held in two years. By renewing your membership, I have your updated information such as change of address. But most of all, that you are in good health and enjoying a renewed prosperity here in Alberta. As you properly expect, a few senior members are no longer with us but we are quite successful in recruiting new members.

An overview of global events in the year shows an increasing instability and conflicts around the world, with the Russian invasion of Ukraine and their atrocities dominating the world news. I expect the war will continue for 2023. The tenacity and patriotic Ukrainian soldiers will continue to hold off the invaders but help must continue come through from western allies.

A significant progression in weapon development has been UAVs, or unmanned vehicles. EUSI have been one of the organizations recognizing the emerging strategies in using UAVs in warfare. EUSI held the first ever symposium in Canada in March 2022 on UAVs as an offensive and defensive weapon system. By June of the same year, a Russian Major General was taken out by a drone after his location was locked in by an Ukrainian GPS while the general was using a cell phone in Ukrainian soil. The Russians learned very quickly and soon was utilizing drones to begin bombarding Ukrainian cities. Some of the drones shot down by Ukrainian soldiers were found to contain parts coming from western countries such as USA, Canada, UK and Germany. It is important that western countries start paying attention to this issue and putting controls and monitoring exports of parts that can be used in drone manufacturing. Also, western allies must start doing more research on anti-drone defensive systems. In the US, research have begun research using laser technology. Israel is a few years ahead and secretly developing anti drone weapon system due to necessities against Iranian drones, Not much is known about the Israeli progress. However, should Iran start using drones against Israel, we will hear more about their development, . . .



## TAX CHANGES AND INCREASES FOR 2023

Each year, about this time, EUSI reminds our readers about filing your 2022 personal tax. This is one of the benefits of being an EUSI member. For the coming year, there are significant changes to the Canada taxation system.

### 11 tax changes and new rules that will affect your finances in 2023

*Jamie Golombek: Many important tax figures have been substantially increased for 2023*

Author of the article:

The Canada Revenue Agency headquarters' Connaught Building in Ottawa. PHOTO BY SEAN KILPATRICK/THE CANADIAN PRESS FILES

Given the high [inflation](#) we experienced in 2022, many of the important tax figures have been substantially increased for 2023. Here are the new numbers, along with a few other changes that launch on Jan. 1.

**Inflation adjustment factor:** Most (but not all) income tax and benefit amounts are indexed to inflation. In November 2022, the [Canada Revenue Agency](#) announced the inflation rate to be used to index the 2023 tax brackets and amounts would be 6.3 per cent.

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Increases to the tax-bracket thresholds and various amounts relating to non-refundable credits take effect on Jan. 1, 2023. But increases for certain benefits, such as the GST/HST credit and Canada Child Benefit, only take effect on July 1, 2023. This coincides with the beginning of the program year for these benefit payments, which are income tested and based on your prior year's net income, to be reported on your 2022 tax return due this spring.

**Tax brackets for 2023:** All five federal income tax brackets for 2023 have been indexed to inflation using the 6.3-per-cent rate. The new federal brackets are: zero to \$53,359 (15 per cent); more than \$53,359 to \$106,717 (20.5 per cent); more than \$106,717 to \$165,430 (26 per cent); more than \$165,430 to \$235,675 (29 per cent); and anything above that is taxed at 33 per cent.

Each province also has its own set of provincial tax brackets, most of which have also been indexed to inflation, but using their respective provincial indexation factors.

**Basic personal amount (BPA):** The BPA is the amount of income an individual can earn without paying any federal tax. The government in December 2019 announced an increase in the BPA annually until it reaches \$15,000 in 2023, after which it will be indexed to inflation. As a result, the increased BPA for 2023 has been set by legislation at \$15,000, meaning an individual can earn up to this amount in 2023, before paying any federal income tax.

For taxpayers earning above this amount, the value of the federal credit is calculated by applying the lowest federal personal income tax rate (15 per cent) to the BPA, making it worth \$2,250. Because the credit is "non-refundable," it's only worth the maximum amount if you would have otherwise paid that much tax in the year. But higher income earners may not get the full, increased BPA since there is an income test. The enhanced BPA is gradually reduced, on a straight-line basis, for taxpayers with net incomes of more than \$165,430 (the bottom of the fourth tax bracket for 2023) until it gets fully phased out when a taxpayer's income tops \$235,675 (the threshold for the top tax bracket in 2023).

Taxpayers in that top bracket who lose the enhanced amount will still get the "old" BPA, indexed to inflation, which is \$13,521 for 2023.

**CPP (QPP) contributions:** The [Canada Pension Plan](#) contribution rate for 2023 is 5.95 per cent (6.4 per cent for the Quebec Pension Plan) with maximum contributions by employees and employers set at \$3,754.45 (\$4,038.40 for QPP) in 2023, based on the new yearly maximum pensionable earnings of \$66,600 (with a \$3,500 basic exemption.)

For self-employed Canadians who must contribute twice the amount, the maximum CPP contribution for 2023 will be \$7,508.90 (\$8,076.80 for QPP), up from the 2022 amount of \$6,999.60 (\$7,552.20 for QPP). The CPP hike is part of a multi-year plan approved six years ago by the provinces and the federal government to increase contributions and benefits over time.

**EI premiums:** Employment insurance premiums are also rising, with a contribution rate for employees of 1.63 per cent (1.27 per cent for Quebec) up to a maximum contribution of \$1,002.45 (\$781.05 for Quebec) on 2023 maximum insurable earnings of \$61,500.

**Tax-free savings account (TFSA) limit:** The 2023 TFSA contribution limit will increase for the first time since 2019 to \$6,500 (from \$6,000). The cumulative TFSA limit is now \$88,000 for someone who has never contributed to a TFSA, and has been a resident of Canada and at least 18 years of age since 2009.

**RRSP dollar limit:** The registered retirement savings plan dollar limit for 2023 is \$30,780, up from \$29,210 in 2022. Of course, the amount you can contribute to your RRSP is limited to 18 per cent of your 2022 earned income, which includes (self)employment and rental income, less any pension adjustments, up to the current annual dollar limit.

**Old Age Security (OAS):** If you receive OAS, the repayment threshold for 2023 is set at \$86,912, meaning your OAS will be reduced in 2023 if your taxable income is above this amount.

**First Home Savings Accounts (FHSA):** Legislation to create the new tax-free FHSA was recently passed, paving the way for it to be launched as early as April 1, 2023. This new registered plan gives prospective first-time homebuyers the ability to save \$40,000 on a tax-free basis towards the purchase of a first home in Canada.

Like a RRSP, contributions to an FHSA will be tax deductible, but withdrawals to purchase a first home, including from any investment income or growth earned in the account, will, like a TFSA, be non-taxable. The new legislation confirms that a first-time homebuyer can use both the FHSA and the existing Home Buyers' Plan to purchase their first home.

**Multigenerational Home Renovation Tax Credit:** Jan. 1 also marks the beginning of this new credit, which is equal to 15 per cent of eligible expenses (up to \$50,000) incurred for a qualifying renovation that creates a secondary dwelling to permit an eligible person (such as a senior or a person with a disability) to live with a relative.

**Anti-flipping rules:** Finally, new anti-flipping rules for residential real estate are scheduled to come into force on Jan. 1, and are designed to "reduce speculative demand in the marketplace and help to cool excessive price growth."

The principal residence exemption will not be available on the sale of your home if you've owned it for less than 12 months (with certain exceptions). Instead, the gain will be 100-per-cent taxable as business income.

*Jamie Golombek, CPA, CA, CFP, CLU, TEP, is the managing director, Tax & Estate Planning with CIBC Private Wealth in Toronto. [Jamie.Golombek@cibc.com](mailto:Jamie.Golombek@cibc.com)*

**For most of our EUSI readers, the column regarding OAS, Multigenerational Home Renovation Tax Credit, TSFAA, and BPA would likely affect you.**



## 2023 Symposium

Will be held on Saturday, March 25, 2023 from 0800 hrs to 1530 hrs, at the Edmonton Kingsway Ramada Hotel and Conference Centre. Continental Breakfast will be served. The Theme of the Symposium is Role of Canadian Military in Natural Disaster Assistance/Rescue Operations. Discussion will include Review of the National Defence Act, specifically, Aid to Civil Power, proposal to form a national group to promote research data on natural disasters, ways to mitigate damages

from natural disasters, and the role played by the CAF, effectiveness and impact on its operational capacity. Guest speakers include former CAF formation commanders, military historians, the Canada Insurance Bureau, two former Mayors whose cities were destroyed by flood and fire. The goal of the symposium is to arrive at a recommendation that would minimize property damages, preserve the effectiveness of the CAF, and the message will be heard in Ottawa through our participating Members of Parliament.

A mess dinner will be held in the evening. Invitations will be sent in February and published in the EUSI web. [EUSI.ca](http://EUSI.ca)



### Extending the Griffon



While the hunt for the next Tactical Aviation Capability Set (nTACS) is underway, the RCAF is extending the life of the CH-146 fleet until the mid-2030s. In late May, the Canadian government awarded Bell Textron Canada a contract worth approximately \$800 million to extend the life of the Griffon fleet. The contract is a follow-on to an award in January 2019, valued at about \$90 million, to prototype the design and installation of a glass cockpit, integrated sensors, communications, cryptographic equipment, cockpit voice and flight recorders, navigation systems, automatic flight control systems, and control display units — as well as a new electronically controlled Pratt & Whitney Canada PT6T-9 Twin-Pac engine. Known as the Griffon Limited Life Extension (GLLE), the project is intended to address obsolescence issues with critical components and parts across the fleet and meet North American and European civil regulatory requirements. “It really is just sustaining the current level of capability we have,” explained LCol Richard Morris of the Directorate of Air Requirements. “There’s no intentional increase in capability for the fleet.” If additional sensors are needed, they would be acquired through a separate contract, he said. “GLLE will integrate the [existing WESCAM MX-15 EO/IR] system into the cockpit more fulsomely than it has been in the past, but it doesn’t replace the current sensor.” The upgrade of 85 aircraft will make the fleet easier to sustain and interoperate with the rest of the Canadian Armed Forces and allies. While the Griffon supports Army, Special Operations Forces, and search-and-rescue technicians, the fleet is being brought up to a standard baseline configuration. The exception could be the five helicopters operated by 424 Transport and Rescue Squadron at 8 Wing Trenton, which require a hoist and other SAR-specific mission kits. The initial plan with Bell called for three prototypes to iteratively develop and design the installation process. According to the government, Bell will modify the first nine helicopters and “then manage a competitive process to sub-contract suppliers to install modifications on the remaining 76 helicopters.” “Prototyping is probably a misnomer,” said Morris. Bell was able to complete most of the process with 3D computer-based modeling, which “negated the requirement to do a lot of the physical prototyping or discovery.” In the end, just two Griffon platforms were required to

finalize the design and build the workflow manual for the eventual subcontractors. Bell Textron Canada was first awarded a contract for the CH-146 Griffon in 1992 and delivered 100 to the RCAF between 1994 and 1998. As the original manufacturer, the company still holds the intellectual property rights and was deemed “the only company certified to assess and define necessary design changes and associated repairs to the aircraft,” according to Public Services and Procurement Canada (PSPC). The first upgraded CH-146 is expected by 2024, and the entire upgrade program should be completed by 2028. The first prototype is expected to fly in Spring of 2023, . During a presentation to the Vertical Flight Society in 2021, Bell’s program manager for GLLE outlined an approach to manage costs by using “off-the-shelf products” from the 412EPX line where possible. The overhaul of each CH-146 includes rewiring and installing some 40 wiring harnesses and power cables, a new console, and “a mix of avionics from the commercial 412,” as well as a mission management system integrated with the MX-15 EO/IR imaging system (which was introduced on the Griffon about seven years ago) and new radios and cryptographic equipment in the nose of the aircraft, he explained. Several of the Griffon’s many antennas will be removed, replaced, or repositioned. The government intends to begin retiring the Griffons as nTACS delivers after 2030, but the modernized systems should give the Air Force coverage if the nTACS takes longer than anticipated. “GLLE will provide us a bit of flexibility left or right as we approach that time,” Morris acknowledged. “As we all know, major projects never go exactly as planned in terms of dates. But GLLE also gives us the impetus to look at the Griffon replacement with earnest, because even with the upgrades, the airframes are getting long in the tooth.”



#### NEW CANADIAN GEAR – ST Kinetics SSW.



This is the ST Kinetics SSW. It was conceived as part of the Future Light Support Weapon program hosted by Sweden, in an attempt to replace the Mk19 and M203 grenade launchers attached on the Ak5 at platoon and squad levels. The SSW was intended as the replacement for the latter. Orders for the design and production of the SSW were placed on Nammo and ST Kinetics, scheduled for delivery in 2003. The ST Kinetics SSW is the design from ST Kinetics. Prototypes of the weapon have been made for display, but as of 2016 it has not been put into service or made into a full- 8 production weapon. Colt Canada was developing something along these lines but seems to have abandoned it. The platform consists of a 5.7mm rifle, a 40mm grenade launcher, and a fire-control system. The grenade ammunition designed by STK features 400 tungsten balls inside the grenade; when the grenade impacts a target, the tungsten balls would fire out of the casing in a conical shape, like a shotgu



## Up-Coming Events

**15 February, Wednesday** - RUSI(NS) Distinguished Speaker Brigadier-General G Michael Adamson, Commander 3 Canadian Space Division, titled "3 Canadian Space Division." 1300-1500. Via Zoom. To register, email [RUSINovaScotia@gmail.com](mailto:RUSINovaScotia@gmail.com) - indicate whether you are RUSI(NS) or, if not, of what department/ agency, unit, association or company you are a member. Put "RUSI(NS) Distinguished Speaker 15 February 2023 Registration" as the subject line of your email.

Advance reading:

The Growing Complexity of Space: Implications for Security and Stability

[https://lop.parl.ca/sites/PublicWebsite/default/en\\_CA/ResearchPublications/202210E](https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/202210E)

## Military Humor

I recently called an old engineer veteran friend of mine and asked him what he was working on these days.

He replied that he was working on "Aqua-thermal treatment of ceramics, aluminum and steel under a constrained environment.

I was impressed, until upon further inquiry, I learned that he was washing dishes, with hot water under the supervision of his wife.



Securitas

*Alexander Tsang CD*

MAJOR (RETIRED)

PRESIDENT

EDMONTON UNITED SERVICES INSTITUTE

[ALEXANDERHTSANG@HOTMAIL.COM](mailto:ALEXANDERHTSANG@HOTMAIL.COM)



**IT IS TOO LATE TO SHARPEN SWORDS, WHEN THE DRUMS OF WAR ARE BEATING**