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Budget 2025

Tax measures:

Supplementary information

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Overview

This annex provides detailed information on tax measures proposed in the Budget.

Table 1 lists these measures and provides estimates of their fiscal impact.

The annex also provides Notices of Ways and Means Motion to amend the *Income Tax Act*, the *Excise Tax Act*, the *Underused Housing Tax Act* and the *Select Luxury Items Tax Act* and draft amendments to various regulations.

In this annex, all references to "Budget Day" are to be read as references to the day on which this Budget is presented.

Revenue Impacts of Proposed Tax Measures^{1, 2}

	2025– 2026	2026– 2027	2027– 2028	2028– 2029	2029– 2030	Total
Personal Income Tax						
Personal Support Workers Tax Credit	70	285	290	295	305	1,245
Less: Amounts Provisioned in the Fiscal Framework	-282	-289	-296	-304	-	-1,171
Automatic Federal Benefits for Lower-Income Individuals	-	-	15	56	103	174
Top-Up Tax Credit	10	15	15	15	15	70
Qualified Investments for Registered Plans	-	-	-	-	-	-
Information Sharing – Worker Misclassification	-	-	-	-	-	-
Home Accessibility Tax Credit	-1	-5	-5	-5	-5	-21
21-Year Rule	-	-	-	-	-	-
Canada Carbon Rebate	-	-	-	-	-	-
Business Income Tax						

Transfer Pricing	-10	-55	-100	-145	-200	-510
Investment Income Derived from Assets Supporting Canadian Insurance Risks	-	-50	-70	-70	-65	-255
Sales and Excise Tax Measures						
Underused Housing Tax	30	30	30	30	30	150
Luxury Tax on Aircraft and Vessels	11	26	31	31	36	135
Carousel Fraud	-	-15	-25	-25	-25	-90
GST/HST Treatment of Manual Osteopathic Services	-	-	-	-	-	-
¹ A positive amount represents a decrease in revenue; a negative amount represents an increase in revenue. ² A "-" indicates a nil amount, a small amount (less than \$500,000) or an amount that cannot be determined in respect of a measure that is intended to protect the tax base.						

Personal Income Tax Measures

Personal Support Workers Tax Credit

Budget 2025 proposes to introduce a temporary Personal Support Workers Tax Credit, which would provide eligible personal support workers working for eligible health care establishments with a refundable tax credit of 5 per cent of eligible earnings, providing a credit value of up to \$1,100.

Eligible Personal Support Worker

A number of conditions would need to be met to be considered an eligible personal support worker. The person must ordinarily provide one-on-one care and essential support to optimise and maintain another individual's health, well-being, safety, autonomy, and comfort, consistent with that individual's health care needs as directed by a regulated health care professional or a provincial community health organization. The person's main employment duties must include helping patients with activities of daily living and mobilization.

Eligible Health Care Establishment

Eligible health care establishments would be hospitals, nursing care facilities, residential care facilities, community care facilities for the elderly, home health care establishments, and other similar regulated health care establishments.

Eligible Earnings

Eligible earnings would include all taxable employment income, including wages and salaries, and employment benefits (as well as similar tax-exempt income and benefits earned on a reserve) that is earned as an eligible personal support worker performing employment duties for eligible health care establishments.

Amounts earned in British Columbia, Newfoundland and Labrador, and the Northwest Territories would not be eligible, as these jurisdictions have signed bilateral agreements with the federal government to include a "Personal Support Workers and Related Professions Addendum" to their *Aging with Dignity* funding agreements, which provide funding over five years to increase personal support workers' wages.

Employers would need to certify their employees' eligible earnings in prescribed form and manner.

Other

Individuals would need to file a tax return to be eligible for this refundable tax credit. If an eligible individual dies during a calendar year, any tax return filed by the individual's legal representative would be deemed to have been filed by the individual.

Where an eligible individual becomes bankrupt in a taxation year, that individual's eligible earnings from both the pre-bankruptcy and post-bankruptcy period would be taken into consideration when computing this tax credit.

Coming into Force

This measure would apply to the 2026 to 2030 taxation years.

Automatic Federal Benefits for Lower-Income Individuals

Canada's tax system is based on self-assessment and self-reporting. The *Income Tax Act* requires individuals with tax payable to file a tax return. In general, individuals also need to file a tax return annually to receive the benefit and credit payments delivered through the tax system, because the Canada Revenue Agency (CRA) determines entitlement for most benefits on net income.

Budget 2025 proposes to amend the *Income Tax Act* to grant the CRA the discretionary authority to file a tax return for a taxation year on behalf of an individual (other than a trust) who meets all the following criteria:

- the individual's taxable income for the taxation year is below the lower of either the federal basic personal amount or provincial equivalent (plus the age amount and/or disability amount, where applicable);
- all income of the individual for the taxation year is from sources for which specified information returns have been filed with the CRA;
- at least once in the preceding three taxation years, the individual has not filed a return;
- the individual has otherwise not filed a return for the taxation year prior to, or within 90 days following, the tax filing deadline for the year; and
- any other criteria, as determined by the Minister of National Revenue.

Prior to filing a return on behalf of an eligible individual, the CRA would provide the individual with the information it has available at the time in respect of their tax return. The eligible individual would have 90 days to review the information and submit changes to the CRA. If the eligible individual does not confirm the information (with or without changes) by the end of the 90 days, the CRA could file a tax return on the individual's behalf. The CRA would then issue a notice of assessment, and subsequently determine and issue the individual's credit and benefit entitlements.

Certain basic information, such as marital status, may require confirmation from the individual before the CRA can issue a payment of benefits. Some entitlements require a return to be filed by the individual's spouse or common-law partner. The CRA may be able to file a return on behalf of the individual's spouse if it is determined that they meet the criteria.

The existing assessment, objection, and appeal processes would apply to assessments issued under these provisions. If it is determined after a tax return has been filed by the CRA that the taxpayer did not meet the

requirements for automatic tax filing, the tax return will be deemed not to have been filed.

Individuals would be able to opt out of automatic tax filing.

This measure would apply to the 2025 and subsequent taxation years (i.e., filing could begin in 2026).

Consultation

The government is seeking Canadians' views on this measure. Interested parties are invited to send written representations to the Department of Finance Canada at autotaxfiling-autoimpot@fin.gc.ca by January 30, 2026.

Top-Up Tax Credit

The rate applied to most non-refundable tax credits is based on the first marginal personal income tax rate. The middle-class tax cut announced in May 2025, and included in Bill C-4, currently before Parliament, would reduce the first marginal personal income tax rate, and thus the rate applied to most non-refundable tax credits, from 15 per cent to 14.5 per cent for the 2025 taxation year, and to 14 per cent for the 2026 and subsequent taxation years.

In very rare cases where an individual's non-refundable tax credit amounts exceed the first income tax bracket threshold (\$57,375 in 2025), the decrease in the value of these credits may exceed their tax savings from the rate reduction. This could happen in circumstances where an individual claims a large one-time expense, such as amounts for high tuition or medical expenses, or claims a combination of large tax credits. In some cases, these claims are for both themselves and a dependant, or include amounts carried forward from previous years.

To ensure that no one in this circumstance has their tax liability increased by the middle-class tax cut, and to help Canadians transition to the lower credit rate, Budget 2025 proposes to introduce a new non-refundable Top-Up Tax Credit. The credit would effectively maintain the current 15-per-cent rate for non-refundable tax credits claimed on amounts in excess of the first income tax bracket threshold.

The Top-Up Tax Credit would apply for the 2025 to 2030 taxation years.

Qualified Investments for Registered Plans

Budget 2024 invited stakeholders to provide suggestions on improving the clarity and coherence of the qualified investments regime for seven types of registered plans: Registered Retirement Savings Plans (RRSPs), Registered Retirement Income Funds (RRIFs), Tax-Free Savings Accounts (TFSA), Registered Education Savings Plans (RESPs), Registered Disability Savings Plans (RDSPs), First Home Savings Accounts (FHSAs), and Deferred Profit Sharing Plans (DPSPs). The qualified investment regime governs what these plans can invest in. A broad range of assets are qualified investments, including mutual funds, publicly traded securities, government and corporate bonds, and guaranteed investment certificates.

Based on feedback received through the consultation process, Budget 2025 proposes the following amendments to simplify, streamline, and harmonise the qualified investment rules.

Small Business Investments

There are two sets of rules for registered plan investments in small businesses. The first set of rules applies to RRSPs, RRIFs, TFSA, RESP, and FHSA, while the second set of rules applies only to RRSPs, RRIFs, RESP, and DPSPs. Neither set of rules applies to RDSPs. The first set of rules provides for investments in what are known as specified small business

corporations, venture capital corporations, and specified cooperative corporations. The second set of rules provides for investments in eligible corporations, small business investment limited partnerships, and small business investment trusts.

Each category of investments contains a number of specific rules and restrictions, which must be met in order to qualify. There is duplication and complexity within these rules, which leads to uncertainty as to which rules are meant to apply in a particular case and has led to some investment categories being underutilised. As examples, the eligible corporation rules have significant overlap with the specified small business corporation rules and, in 2024, there were no small business investment trusts reported in Canada.

Budget 2025 proposes to simplify and streamline the rules relating to registered plan investments in small businesses, while maintaining the ability of registered plans to make such investments. In particular, the more broadly applicable first set of rules would be maintained and extended to RDSPs, while the second set of rules would be repealed. As a result,

- RDSPs would be permitted to acquire shares of specified small business corporations, venture capital corporations, and specified cooperative corporations; and
- Shares of eligible corporations and interests in small business investment limited partnerships and small business investment trusts would no longer be qualified investments.

These amendments would apply as of January 1, 2027. Interests in small business investment limited partnerships and small business investment trusts that are acquired before 2027 under the current rules would continue

to be qualified investments. It is intended that shares of eligible corporations would continue to be qualified investments under the rules relating to specified small business corporations that would be maintained.

Registered Investment Regime

Registered investments are qualified investments for all registered plans. For a corporation or a trust to be a registered investment, it must be registered with the Canada Revenue Agency.

Units of a mutual fund trust are qualified investments, but the mutual fund trust can also be a registered investment. In order for a trust or corporation that is not sufficiently widely held (e.g., a trust that does not have the 150 unitholders required to qualify as a mutual fund trust) to qualify as a registered investment, the trust or corporation must hold only investments that would be qualified investments for the types of registered plans for which it is registered. Otherwise, the trust or corporation would be liable to pay a monthly tax of up to one per cent of the acquisition-date fair market value of the non-qualified investment. Stakeholders have suggested that the registration process does not add sufficient value to justify its associated compliance and administration burdens.

Budget 2025 proposes to replace the registered investment regime with two new categories of qualified investments which do not involve registration:

- Units of a trust that is subject to the requirements of National Instrument 81-102 published by the Canadian Securities Administrators (which regulates certain mutual funds and non-redeemable investment funds); and
- Units of a trust that is an investment fund (as defined in existing tax rules) managed by a registered investment fund manager as described

in National Instrument 31-103 published by the Canadian Securities Administrators.

It is generally expected that units or shares of funds that were registered investments would continue to qualify, either under existing rules or under one or both of the new categories of qualified investment trusts.

The registered investment regime would be repealed as of January 1, 2027. The new qualified investment trust rules would apply as of Budget Day.

Other Changes

Budget 2025 also proposes to make a number of other technical legislative amendments to simplify the qualified investment rules. Notably, the qualified investment rules for six types of registered plans (i.e., all plans except DPSPs) would be consolidated into one definition in the *Income Tax Act*.

In addition, the list of qualified investments prescribed in the *Income Tax Regulations* would be updated and reorganised by asset class (e.g., debt instruments or equity instruments). These changes are intended to make the rules simpler and clearer.

Information Sharing – Worker Misclassification

Budget 2024 announced that Employment and Social Development Canada (ESDC) and the Canada Revenue Agency (CRA) would enter into data-sharing agreements to facilitate inspections and enforcement to address worker misclassification. The misclassification of employees as independent contractors is of particular concern in the trucking industry. ESDC recently began sharing information with the CRA, but information-sharing restrictions in the tax rules prevent the CRA from sharing the required information with ESDC.

Budget 2025 proposes to amend the information sharing provisions of the *Income Tax Act* and the *Excise Tax Act* to allow the CRA to share taxpayer information (under the *Income Tax Act*) and confidential information (under the *Excise Tax Act*) with ESDC for the purposes of the administration and enforcement of the *Canada Labour Code* as it relates to the classification of workers.

This measure would come into force on royal assent of the enacting legislation.

Home Accessibility Tax Credit

The Home Accessibility Tax Credit is a non-refundable tax credit that applies at the lowest personal income tax rate on up to \$20,000 of eligible home renovation or alteration expenses per calendar year. Expenses must be incurred to improve the safety, accessibility, or functionality of an eligible dwelling of a qualifying individual who is aged 65 or older or eligible for the Disability Tax Credit.

The Medical Expense Tax Credit is a non-refundable tax credit that applies at the lowest personal income tax rate on the amount of qualifying medical and disability-related expenses in excess of the lesser of \$2,834 (for 2025) and 3 per cent of the claimant's net income. Medical Expense Tax Credit-eligible expenses include certain costs to build or renovate a home to improve access or mobility for persons with disabilities.

At present, if the eligibility criteria for both credits are met, taxpayers can claim both credits in respect of the same expense.

Budget 2025 proposes to amend the *Income Tax Act* such that an expense claimed under the Medical Expense Tax Credit cannot also be claimed under the Home Accessibility Tax Credit.

This measure would apply to the 2026 and subsequent taxation years.

21-Year Rule

Personal trusts are generally deemed to have disposed of their capital property and certain other property for fair market value proceeds on the 21st anniversary of their creation, and every 21st anniversary thereafter (the "21-year rule"). This prevents personal trusts from being used to indefinitely postpone tax on accrued gains.

Where property is transferred by a trust on a tax-deferred basis to a new trust, a rule prevents the avoidance of the 21-year rule. In that case, the new trust essentially inherits the earlier 21-year anniversary of the old trust. This ensures that the transferred property remains subject to the same 21-year period that applied to the old trust.

Certain tax avoidance planning techniques have been employed to transfer trust property indirectly to a new trust to avoid both the 21-year rule and the anti-avoidance rule. For example, this planning may involve trust property being transferred on a tax-deferred basis to a beneficiary that is a corporation owned by a new trust. This planning seeks to do indirectly what cannot be done directly.

Budget 2025 proposes to broaden the current anti-avoidance rule for direct trust-to-trust transfers to include indirect transfers of trust property to other trusts.

This measure would apply in respect of transfers of property that occur on or after Budget Day.

Canada Carbon Rebate

The Canada Carbon Rebate (CCR) is the main mechanism for returning proceeds from the federal fuel charge directly to Canadians residing in provinces where the charge applied, provided they meet eligibility requirements (including filing a tax return).

With the removal of the federal fuel charge as of April 1, 2025, the government provided a final quarterly CCR payment starting in April 2025 to eligible households.

To support the winding down of mechanisms to return fuel charge proceeds, Budget 2025 proposes to amend the *Income Tax Act* to provide that no CCR payments would be made in respect of tax returns, or adjustment requests, filed after October 30, 2026.

Business Income Tax Measures

Immediate Expensing for Manufacturing and Processing Buildings

The capital cost allowance (CCA) system determines the deductions that a business may claim each year for income tax purposes in respect of the capital cost of its depreciable property. Depreciable property is generally divided into CCA classes with each having its own rate in the *Income Tax Regulations*. These rates generally align with the expected useful life of the assets in their classes.

Currently, eligible buildings in Canada used to manufacture or process goods for sale or lease (manufacturing or processing buildings) are prescribed a CCA rate of ten per cent. This includes the regular CCA rate of four per cent under Class 1, plus an additional allowance of six per cent for manufacturing or processing buildings. To be eligible for the six-per-cent additional allowance, at least 90 per cent of the building's floor space must be used to manufacture or process goods for sale or lease.

Budget 2025 proposes to provide temporary immediate expensing for the cost of eligible manufacturing or processing buildings, including the cost of eligible additions or alterations made to such buildings. The enhanced

allowance would provide a 100-per-cent deduction in the first taxation year that eligible property is used for manufacturing or processing, provided the minimum 90-per-cent floor space requirement is met.

Property that has been used, or acquired for use, for any purpose before it is acquired by the taxpayer would be eligible for immediate expensing only if both of the following conditions are met:

- neither the taxpayer nor a non-arm's-length person previously owned the property; and
- the property has not been transferred to the taxpayer on a tax-deferred "rollover" basis.

In cases where a taxpayer benefits from immediate expensing of a manufacturing or processing building, and the use of the building is subsequently changed, recapture rules may apply.

This measure would be effective for eligible property that is acquired on or after Budget Day and is first used for manufacturing or processing before 2030. An enhanced first-year CCA rate of 75 per cent would be provided for eligible property that is first used for manufacturing or processing in 2030 or 2031, and a rate of 55 per cent would be provided for eligible property that is first used for manufacturing or processing in 2032 or 2033. The enhanced rate would not be available for property that is first used for manufacturing or processing after 2033.

Scientific Research and Experimental Development Tax Incentive Program

Under the Scientific Research and Experimental Development (SR&ED) tax incentive program, qualifying expenditures are fully deductible in the year they are incurred. Additionally, these expenditures are generally eligible for

an investment tax credit.

The tax credit is provided at two rates:

- A fully refundable tax credit at an enhanced rate of 35 per cent is available for Canadian-controlled private corporations (CCPCs) on up to \$3 million of qualified SR&ED expenditures annually. The \$3 million expenditure limit is gradually phased out where a CCPC's taxable capital employed in Canada for the previous taxation year is between \$10 million and \$50 million. This limit is shared within an associated group.
- A non-refundable tax credit at the general rate of 15 per cent is available for corporations other than CCPCs and for qualified SR&ED expenditures of CCPCs that do not qualify for the enhanced credit.

The *2024 Fall Economic Statement* proposed a number of changes to the SR&ED program that would:

- increase the expenditure limit from \$3 million to \$4.5 million and increase the lower and upper prior-year taxable capital phase-out boundaries to \$15 million and \$75 million, respectively;
- extend eligibility for the enhanced tax credit to eligible Canadian public corporations; and
- restore the eligibility of SR&ED capital expenditures for both the deduction against income and investment tax credit components of the SR&ED program.

The government confirms its intention to introduce legislation to implement these measures.

Enhanced Credit Expenditure Limit

Budget 2025 proposes to further increase the expenditure limit on which the SR&ED program's enhanced 35-per-cent tax credit can be earned, from the previously announced \$4.5 million to \$6 million.

This measure would apply for taxation years that begin on or after December 16, 2024 (i.e., the date of the *2024 Fall Economic Statement*).

Agricultural Cooperatives: Patronage Dividends Paid in Shares

Prior to 2005, patronage dividends paid in shares by an agricultural cooperative to its members were taxable to the members in the year the shares were received. The cooperative paying the dividend was also required to withhold an amount from the dividend and remit it to the Canada Revenue Agency on account of the recipient's tax liability.

In 2005, the tax rules were amended to allow for the temporary deferral of income taxes and withholding obligations on patronage dividends received as eligible shares until the disposition (including a deemed disposition) of the shares. An eligible share must not, except in the case of death, disability or ceasing to be a member, be redeemable or retractable within five years of its issue. The current measure is set to expire at the end of 2025.

Budget 2025 proposes to extend this measure to apply in respect of eligible shares issued before the end of 2030.

Critical Mineral Exploration Tax Credit

Flow-through shares allow corporations to renounce or "flow through" Canadian exploration expenses (CEE), including Canadian renewable and conservation expenses (CRCE), and Canadian development expenses (CDE)

to investors, who can deduct the expenses in calculating their own taxable income (at a 100-per-cent rate for CEE, including for CRCE, and at a 30-per-cent rate on a declining-balance basis for CDE).

The Critical Mineral Exploration Tax Credit (CMETC) provides an additional income tax benefit for individuals who invest in eligible flow-through shares. The CMETC is equal to 30 per cent of specified mineral exploration expenses incurred in Canada and renounced to flow-through share investors. The following critical minerals are currently eligible for the CMETC: nickel, cobalt, graphite, copper, rare earth elements, vanadium, tellurium, gallium, scandium, titanium, magnesium, zinc, platinum group metals, uranium, and lithium (including lithium from brines).

Budget 2025 proposes to expand the eligibility of the CMETC to include the following additional critical minerals: bismuth, cesium, chromium, fluorspar, germanium, indium, manganese, molybdenum, niobium, tantalum, tin, and tungsten.

This measure would apply to expenditures renounced under eligible flow-through share agreements entered into after Budget Day and on or before March 31, 2027.

Clean Technology Manufacturing Investment Tax Credit

The Clean Technology Manufacturing investment tax credit is a refundable tax credit equal to 30 per cent of the cost of investments in new machinery and equipment used to manufacture or process key clean technologies, or to extract, process, or recycle critical minerals essential for clean technology supply chains (i.e., lithium, cobalt, nickel, graphite, copper, and rare earth elements).

Budget 2025 proposes to expand the list of critical minerals eligible for the Clean Technology Manufacturing investment tax credit to include antimony, indium, gallium, germanium, and scandium.

This measure would apply in respect of property that is acquired and becomes available for use on or after Budget Day.

Investment Tax Credit for Carbon Capture, Utilization, and Storage

The Carbon Capture, Utilization, and Storage (CCUS) investment tax credit is a refundable tax credit that provides support for eligible expenditures relating to CCUS.

The CCUS tax credit provides three different credit rates depending on the purpose of the equipment, with the following credit rates applying to eligible CCUS expenditures incurred from the start of 2022 to the end of 2030:

- 60 per cent for eligible capture equipment used in a direct air capture project;
- 50 per cent for all other eligible capture equipment; and
- 37.5 per cent for eligible transportation, storage and use equipment.

Eligible expenditures that are incurred from the start of 2031 to the end of 2040 are subject to the lower credit rates set out below:

- 30 per cent for eligible capture equipment used in a direct air capture project;
- 25 per cent for all other eligible capture equipment; and
- 18.75 per cent for eligible transportation, storage and use equipment.

The extent to which the CCUS tax credit is available to a CCUS project and respective eligible equipment depends on the end use of the carbon dioxide (CO₂) being captured. Eligible uses include dedicated geological storage and storage in concrete, but not enhanced oil recovery (EOR).

Extension of Full Tax Credit Rates

Budget 2025 proposes to extend the availability of the full credit rates by five years, so that the full rates apply to eligible expenditures incurred from the start of 2022 to the end of 2035. Eligible expenditures that are incurred from the start of 2036 to the end of 2040 would continue to be subject to the lower credit rates described above.

The government will also postpone by five years the review of the CCUS investment tax credit rates that was announced in Budget 2022. Under this new timeline, the review will be undertaken before 2035 (rather than before 2030).

Clean Electricity Investment Tax Credit and Canada Growth Fund

The Clean Electricity investment tax credit is a refundable credit equal to 15 per cent of the capital cost of eligible investments in equipment related to low-emitting electricity generation, electricity storage, and the transmission of electricity between provinces and territories.

This tax credit would be available to taxable Canadian corporations, provincial and territorial Crown corporations, corporations owned by municipalities or Indigenous communities, pension investment corporations, and the Canada Infrastructure Bank. The capital cost of property that is eligible for the Clean Electricity investment tax credit may be reduced by government assistance that a taxpayer receives.

Budget 2025 proposes to include the Canada Growth Fund as an eligible entity under the Clean Electricity investment tax credit.

Budget 2025 also proposes to introduce an exception so that financing provided by the Canada Growth Fund would not reduce the cost of eligible property for the purpose of computing the Clean Electricity investment tax credit.

These measures would apply to eligible property that is acquired and that becomes available for use on or after Budget Day.

Tax Deferral Through Tiered Corporate Structures

The *Income Tax Act* includes a set of rules that seek to prevent the use of Canadian-controlled private corporations (CCPC) to defer personal income tax on investment income. Investment income earned by a CCPC is subject to an additional refundable tax that increases the corporation's tax rate to approximate the highest marginal combined federal-provincial personal income tax rate. A corporation is entitled to a refund of a portion of this additional tax when it pays a taxable dividend. The refund reflects the fact that a shareholder who is an individual is subject to personal income tax on a taxable dividend.

Unlike an individual shareholder, a corporate shareholder is generally not subject to income tax on a taxable dividend received from another corporation because it can claim an offsetting inter-corporate dividend deduction. However, additional anti-deferral rules in Part IV of the *Income Tax Act* may impose a special refundable tax on the recipient corporation when it receives the taxable dividend. In particular, if the recipient corporation receives a taxable dividend from a "connected corporation" (generally, a corporation that owns shares carrying more than 10 per cent

of the votes and value of the payer corporation), a refundable tax is levied on the recipient corporation corresponding to the amount of the payer corporation's dividend refund.

Part IV tax is payable by the recipient corporation on the balance-due day for its taxation year in which the dividend is received. This day can be after the balance-due day for the payer corporation's taxation year in which the dividend was paid. Certain tax planning techniques have been employed to take advantage of this timing difference to defer, at times indefinitely, the tax liability on investment income by interposing corporations with staggered year ends in a corporate chain. For example, a corporation may pay a taxable dividend at a time that is in the payer corporation's 2025 taxation year and in the recipient corporation's 2026 taxation year, in order to defer the tax liability on the investment income of the corporate group to the recipient's balance-due day for its 2026 taxation year (rather than being payable on the payer corporation's balance-due day for 2025).

Budget 2025 proposes to limit the deferral of tax on investment income using tiered corporate structures with mismatched year ends. In general terms, the proposed limitation would suspend the dividend refund that could be claimed by a payer corporation on the payment of a taxable dividend to an affiliated recipient corporation if the recipient corporation's balance-due day for the taxation year in which the dividend was received ends after the payer corporation's balance-due day for the taxation year in which the dividend was paid. The determination of whether the dividend payer and payee are affiliated would be based on current affiliation rules in the *Income Tax Act*.

This rule would not apply if each corporate dividend recipient in the chain of affiliated corporations pays a subsequent dividend on or before the payer's balance-due day, such that no deferral is achieved by the affiliated corporate group. To accommodate *bona fide* commercial transactions, the

rule would also not apply to a dividend payer that is subject to an acquisition of control where it pays a dividend within 30 days before the acquisition of control.

The payer corporation would generally be entitled to claim the suspended dividend refund in a subsequent taxation year when the recipient corporation pays a taxable dividend to a non-affiliated corporation or an individual shareholder.

This measure would apply to taxation years that begin on or after Budget Day.

Eligible activities under the Canadian Exploration Expense

Canadian exploration expenses (CEE) may include expenses incurred by a taxpayer for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada.

CEE is a category of tax deduction that can be transferred from mining corporations via flow-through shares to equity investors, who can then claim a 100-per-cent immediate deduction on account of CEE. Further, individuals (other than trusts) who invest in these flow-through shares may be able to claim the Mineral Exploration Tax Credit or the Critical Mineral Exploration Tax Credit in respect of certain types of CEE.

The determination of a mineral resource's "quality" for CEE purposes has historically been interpreted by the Canada Revenue Agency (CRA) to relate to the resource's underlying physical characteristics. Expenses for technical studies (which are typically undertaken to assess a mineral resource's engineering feasibility and economic viability as a mining project, rather than its underlying physical characteristics) have generally been viewed by the CRA as being excluded from CEE.

A recent decision of the Supreme Court of British Columbia held that the reference to "quality" under the provincial equivalent of the federal CEE definition could be interpreted to include the economic viability, and not just the physical characteristics, of a mineral resource.

Budget 2025 proposes to amend the Income Tax Act to clarify that expenses incurred for the purpose of determining the quality of a mineral resource in Canada do not include expenses related to determining the economic viability or engineering feasibility of the mineral resource.

This amendment would apply as of Budget Day.

International Tax Measures

Transfer Pricing

For tax purposes, transfer pricing rules are used to allocate profit among the various entities of a multinational enterprise (MNE) group. The accepted international standard is the arm's length principle set out in Article 9 (Associated Enterprises) of the Organisation for Economic Co-operation and Development (OECD) Model Tax Convention on Income and Capital and included in Canada's bilateral tax treaties. In addition, the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (the "OECD Transfer Pricing Guidelines") present internationally agreed principles and provide guidelines for the application of the arm's length principle.

Recognising that MNE groups may establish conditions in their intra-group relations that differ from those that would be established between independent enterprises, and that such differences may result in distortions in the profits accrued by associated enterprises, the arm's

length principle requires that the profits accrued by associated enterprises be in accord with the profits that would have accrued had the conditions been those that would have been made between independent enterprises.

Domestic transfer pricing rules are required to ensure that the income recognised for Canadian tax purposes properly reflects the respective contributions of taxpayers and participating non-arm's length persons in cross-border transactions. Budget 2021 announced the government's intention to consult on updating Canada's transfer pricing rules.

After consideration of stakeholder comments received during the consultation period, Budget 2025 proposes to modernise Canada's transfer pricing rules to better align with the international consensus on the application of the arm's length principle. In addition, an interpretation rule would be added to ensure that Canada's transfer pricing rules are applied in a manner consistent with the analytic framework set out by the OECD Transfer Pricing Guidelines.

The new rules would provide more detail on how cross-border transactions between non-arm's length persons must be analysed. To assist this analysis, a new transfer pricing adjustment application rule would apply if two conditions are met: (i) there is a transaction or series of transactions between a taxpayer and a non-resident person with whom the taxpayer does not deal at arm's length; and (ii) the transaction or series (once it has been analysed and determined) includes actual conditions different from arm's length conditions. The actual conditions are determined not only by the contractual terms of the transaction or series, but also by other "economically relevant characteristics", including the conduct of the participants.

The resulting comparability analysis is at the heart of the arm's length principle. The arm's length principle requires the following determination: what conditions would have been included in respect of the transaction or

series that has been analysed and determined had the participants been dealing at arm's length in comparable circumstances, taking into account the options realistically available to them at the time of entering into the transaction or series?

The Transfer Pricing Guidelines describe the different methods that can be used to determine whether the conditions of an in-scope transaction or series are consistent with the arm's length principle. The new rules would provide that this determination should be made through an analysis where the most appropriate method is selected and applied in accordance with the Transfer Pricing Guidelines. The new rules would also provide that a transaction or series will be considered to include conditions that differ from arm's length conditions where: (i) a condition does not exist as an actual condition, but would have existed had the participants to the in-scope transaction or series been dealing at arm's length in comparable circumstances; or (ii) the participants would not have entered into the transaction or series, or would have entered into a different transaction or series, had they been dealing at arm's length in comparable circumstances.

The main factors required for a transfer pricing analysis would be set out in the new definition of "economically relevant characteristics". The new rules would require any in-scope transaction or series to be analysed and determined with reference to the economically relevant characteristics of the transaction or series. The economically relevant characteristics are used at both steps of the comparability analysis to establish: (i) the starting point for the object to be compared by accurately analysing and determining the in-scope transaction or series; and (ii) the hypothetical comparator.

The economically relevant characteristics of a transaction or series would be defined to include five comparability factors: contractual terms, functional profile, characteristics of the property or service, economic and market context, and business strategies. The first two comparability factors

require consideration of the "actual conduct" of the parties to the transaction. This is intended to ensure that the factual substance of the transaction or series must be considered (instead of just its legal form). Formal conditions recognised in contracts are clarified and supplemented by the analysis of the conduct of the participants and the other economically relevant characteristics of the transaction or series.

In addition, a new definition of "arm's length conditions" would require the comparison to posit what the actual participants to the in-scope transaction or series would have done if they had been dealing at arm's length, and not what other theoretical parties dealing at arm's length might have done.

A new transfer pricing adjustment rule would provide that where the conditions of the transfer pricing application rule are met, then any amounts that would be determined for the purpose of applying the provisions of the *Income Tax Act* in respect of the taxpayer's taxation year are to be adjusted to the quantum or nature of the amounts that would have been determined if the arm's length conditions in respect of the transaction or series would have applied.

Existing transfer pricing rules allow for, where specific conditions are met, the substitution of the in-scope transaction with the transaction that would have been entered into by parties dealing at arm's length under terms and conditions that would have been made between them. These rules would be replaced by the inclusion of a new definition of "arm's length conditions" that would allow adjustments to reflect the fact that, in some cases, had the participants been dealing at arm's length, they would have entered into a different transaction or series or would not have entered into a transaction or series at all. In accordance with the Transfer Pricing Guidelines, and consistent with the interpretation rule, an in-scope

transaction or series accurately analysed and determined should be replaced with an alternative transaction or series, or no transaction or series at all, only in exceptional circumstances.

In addition, the new rules would modify certain administrative measures. These are intended to balance the need for the Canada Revenue Agency to have timely, accurate, and relevant information to conduct transfer pricing risk assessments and efficient audits, while not imposing excessive or unnecessary compliance burdens on taxpayers. They include:

- providing relief for taxpayers through an increase in the threshold for the transfer pricing penalty to apply from an assessment (from a \$5 million transfer pricing adjustment to a \$10 million adjustment);
- clarifying the transfer pricing documentation requirements and also more closely aligning them with the new definitions and the requirements to select and apply the most appropriate method;
- providing for simplified documentation requirements when prescribed conditions are met; and
- reducing the time to provide transfer pricing documentation from 3 months to 30 days (whereas the requirement for taxpayers and partnerships to make or obtain the appropriate records or documentation by their documentation-due date for any given year or period would remain unchanged).

This measure would apply to taxation years that begin after Budget Day.

Investment Income Derived from Assets Supporting Canadian Insurance Risks

The Canadian tax system contains rules that protect the tax base by preventing taxpayers from avoiding Canadian tax by shifting certain income to other jurisdictions. For example, income earned by a controlled foreign affiliate of a taxpayer resident in Canada may be treated as foreign accrual property income (FAPI), which is taxable in the hands of the Canadian taxpayer on an accrual basis. A specific rule in the FAPI regime is intended to prevent avoidance of Canadian tax by shifting income from a business involving the insurance of Canadian risks (i.e., risks in respect of persons resident in Canada, property situated in Canada, or businesses carried on in Canada) into a foreign affiliate. Under that rule, the insurance business income is included in computing the affiliate's FAPI.

Core activities that are essential to an insurance business include the investment of funds collected through insurance premiums, with the resulting investment income helping to support claims arising on the occurrence of insured events. This is the case whether the assets are held by an insurer directly, or indirectly through a foreign affiliate of the insurer as part of their integrated insurance business. In fact, invested assets indirectly held by a foreign affiliate that are held to back Canadian risks are generally regarded as backing Canadian risks for actuarial and regulatory reporting purposes. In contrast, some taxpayers have taken the position that the specific FAPI rule does not apply to such investment income arising on such assets.

Budget 2025 proposes to clarify that investment income derived from assets held by a foreign affiliate to back Canadian risks is included in FAPI regardless of which entity holds those assets. Investment income derived

from assets backing Canadian risks encompasses both income from assets held to back such risks and assets included in regulatory surplus that back such risks.

This measure would apply to taxation years that begin after Budget Day.

Sales and Excise Tax Measures

Underused Housing Tax

The Underused Housing Tax (UHT) took effect on January 1, 2022 and applies to certain owners of vacant or underused residential property in Canada, generally non-resident, non-Canadians. The UHT is imposed on an annual basis at a rate of 1 per cent on the value of the property.

Budget 2025 proposes to eliminate the UHT as of the 2025 calendar year. As a result, no UHT would be payable and no UHT returns would be required to be filed in respect of the 2025 and subsequent calendar years.

All UHT requirements continue to apply in respect of the 2022 to 2024 calendar years. Penalties and/or interest for failing to file a UHT return as and when required, or for failing to pay UHT when it becomes due, will also continue to apply in respect of the 2022 to 2024 calendar years.

Luxury Tax on Aircraft and Vessels

The federal government imposes a tax on subject vehicles and subject aircraft with a value above \$100,000 and subject vessels (e.g., boats) with a value above \$250,000. The luxury tax is equal to the lesser of 10 per cent of the total value of the subject item and 20 per cent of the value above the

relevant threshold. The tax is generally imposed on sales, importations, leases, and certain improvements of subject vehicles, subject aircraft, and subject vessels.

Budget 2025 proposes to amend the *Select Luxury Items Tax Act* (SLITA) to end the luxury tax on subject aircraft and subject vessels. All instances of the tax would cease to be payable after Budget Day, including the tax on sales, the tax on importations, and the tax on improvements.

Registered vendors in respect of these items would be required to file a final return covering the reporting period that includes Budget Day. Registrations in respect of subject aircraft and subject vessels under the SLITA would be maintained after Budget Day, allowing registered vendors the opportunity to claim rebates for which they are eligible (e.g., in the case of export). However, returns in respect of these items would otherwise no longer need to be filed for subsequent reporting periods. Finally, all registrations in respect of subject aircraft and subject vessels would be automatically cancelled on February 1, 2028, after which time vendors would no longer be able to claim rebates.

Carousel Fraud

In recent years, certain individuals and groups have been trying to take advantage of the Canadian tax system by engaging in carousel fraud schemes to obtain unwarranted tax benefits. These illegal schemes undermine the tax system and are continuously evolving. Carousel fraud schemes exploit the general design of a value-added tax system, such as the Goods and Services Tax/Harmonized Sales Tax (GST/HST), by using a series of real or fraudulent transactions where at least one person, often known as the "missing trader", collects GST/HST in respect of a supply of property or services but does not remit it to the government.

In the 2024 Fall Economic Statement, the government announced that it was exploring options to combat carousel schemes.

Budget 2025 announces proposed changes to the *Excise Tax Act* (the "Act") to help prevent carousel fraud and improve the overall fairness of the Canadian tax system. Specifically, the government is proposing to introduce a new reverse charge mechanism (RCM) beginning with certain supplies in the telecommunications sector.

The federal government invites individuals, stakeholders, organizations and associations, Indigenous partners, and other interested parties to share their feedback on these proposals by emailing Consultation-Legislation@fin.gc.ca by January 12, 2026. This will allow feedback to be taken into consideration prior to finalizing the design of the new rules and the tabling of enacting legislation.

Proposed New Rules

Specified Supplies

The proposed new RCM would apply to supplies of specified telecommunication services, which would be telecommunication services that enable:

- speech communication that is instant or with only a negligible delay between the transmission and the receipt of signals; or
- the transmission of writing, images and sounds or information of any nature when provided in connection with services that enable such speech communication.

For example, this would include supplies of voice-over internet protocol (VoIP) minutes.

Remittance Requirement (Reverse Charge Rules)

Under the proposed new rules, suppliers would not be required to collect the GST/HST payable on the supply. Instead, when the RCM applies to a supply of specified telecommunication services, recipients would be required to self-assess and report the tax payable in their GST/HST return and, if entitled, would be eligible to claim an input tax credit (ITC) in the same return provided that they accounted for the GST/HST payable.

Limited Application

The RCM would apply to supplies of specified telecommunication services provided that the recipient is registered under Subdivision D of Division V of Part IX of the Act and all or substantially all of the specified telecommunication services are acquired by the recipient for the purpose of resupplying the specified telecommunication services.

Input Tax Credit Eligibility

Under existing GST/HST rules, a person who is registered, or who is required to be registered, may claim ITCs for previous reporting periods in respect of property or services acquired or imported for consumption, use or supply in the course of a commercial activity. The ability to claim ITCs for supplies subject to the RCM (or that would have been subject to the RCM if the person was registered), however, would be limited to persons that are registered at the time the tax becomes payable or is paid without having become payable in respect of the supply.

Rebate Eligibility

Under existing GST/HST rules, persons that have paid an amount of tax (by mistake or otherwise) that was not payable may be entitled to claim a rebate for tax paid in error. Under the proposed new rules, however, a rebate for tax paid in error on a supply subject to the RCM would be limited to cases where the person had paid the amount to the Receiver General.

Recipients who have erroneously paid the tax to a supplier may request a refund of the tax paid directly from the supplier (e.g., by means of a credit note) rather than from the government.

Invoice Requirements

Under the proposed new rules, suppliers would be required to indicate on their invoices that a supply is subject to the RCM, signalling that the recipient should therefore account for the GST/HST.

Regulations

The government will continue to monitor and assess the presence of carousel fraud in Canada in order to determine whether other supplies should also be subject to an RCM in the future. In this regard, the proposed new rules would include a new legal authority that would allow the government to make other supplies subject to an RCM by means of regulations.

GST/HST Treatment of Manual Osteopathic Services

Under the Goods and Services Tax/Harmonized Sales Tax (GST/HST), services covered under a provincial public health care plan are generally tax-exempt. In addition, most health care services rendered to individuals by physicians, dentists and certain other health care practitioners set out in the GST/HST legislation are also tax-exempt.

The list of GST/HST-exempt health care services currently includes an outdated reference to osteopathic services. This was originally intended to cover services rendered by osteopathic doctors, who have since been regulated as osteopathic physicians and are now therefore covered by the general exemption for individuals who practice the profession of medicine. The exemption was not intended to apply to the services of manual

osteopathic service providers who are not osteopathic doctors. On June 6, 2025, New Brunswick passed legislation to become the first province to establish a regulatory body to govern the profession of manual osteopathy. As a result, osteopathic services supplied by qualifying manual osteopathic service providers who are not osteopathic physicians have unintentionally become tax-exempt under the GST/HST legislation.

Budget 2025 proposes to clarify the longstanding policy that osteopathic services rendered by individuals who are not osteopathic physicians are taxable under the GST/HST.

This measure would apply to supplies made after June 5, 2025, except that it would not apply to a supply of osteopathic services made after June 5, 2025 but on or before Budget Day if the supplier did not charge, collect or remit any amount as or on account of tax in respect of the supply.

Strategic Environmental and Economic Assessment Statement

In accordance with the Cabinet Directive on Strategic Environmental and Economic Assessment, a strategic environmental assessment was conducted for the following measures:

- Critical Mineral Exploration Tax Credit;
- Clean Technology Manufacturing Investment Tax Credit; and
- Investment Tax Credit for Carbon Capture, Utilization, and Storage.

With respect to the Critical Mineral Exploration Tax Credit measure, it was found that mineral exploration, as well as new mining and related processing activities that could follow from successful exploration efforts, can be associated with a variety of environmental impacts to soil, water and

air and, as a result, could have an impact on the targets and actions in the Federal Sustainable Development Strategy. Potential nature and biodiversity effects could also arise, particularly from mining activity that could subsequently follow from mineral exploration. All such activities, however, are subject to applicable federal and provincial environmental regulations, including project-specific environmental assessments where required. Further, the measure supports exploration for certain critical minerals that may be important in supporting the transition to a low carbon economy.

With respect to the Clean Technology Manufacturing Investment Tax Credit measure, mining activities can have direct negative impacts on local habitat such as through increased soil erosion and mine runoff. All such activities, however, are subject to applicable federal and provincial environmental regulations. If the measure results in a greater adoption of clean technologies in Canada then it could have positive impacts towards achieving several of Canada's sustainable development goals.

The Investment Tax Credit for Carbon Capture, Utilization, and Storage measure is expected to help reduce greenhouse gas emissions over the 2030 to 2050 timeframe and as such contribute to Canada's goal of achieving net zero by 2050.

In accordance with the Cabinet Directive on Strategic Environmental and Economic Assessment, a strategic economic assessment was conducted for the following measures:

- Personal Support Workers Tax Credit;
- Immediate Expensing for Manufacturing or Processing Buildings;
- Investment Tax Credit for Carbon Capture, Utilization, and Storage;
- Tax Deferral Through Tiered Corporate Structures; and

- Transfer Pricing.

With respect to the Personal Support Workers Tax Credit measure, it was found that it would have a short-term impact on the healthcare sector and could lead to positive but modest impacts in terms of real GDP and consumption.

With respect to the Immediate Expensing for Manufacturing or Processing Buildings measure, it was found that the measure would have a positive economic impact on the manufacturing or processing sector. Positive impacts on GDP are expected from increased business investment in response to this measure.

With respect to the Investment Tax Credit for Carbon Capture, Utilization, and Storage measure, it was found that the measure would have a positive economic impact at the national level (though impacts would be regionally concentrated), partly due to the incremental capital investments supported by the measure.

With respect to the Tax Deferral Through Tiered Corporate Structures and Transfer Pricing measures, it was found that they would support the integrity of the tax system and would positively contribute to fiscal sustainability.

Previously Announced Measures

Budget 2025 confirms that the government has considered each of the outstanding tax measures announced by the previous government and confirms that it intends to proceed with the following measures, as modified to take into account consultations and deliberations since their release.

- Legislative and regulatory proposals released on August 15, 2025, including with respect to the following measures:
 - Capital Gains Rollover on Small Business Investments;
 - Reporting by Non-profit Organizations, subject to a deferred application date for taxation years beginning January 1, 2027 or later (the government is reviewing the feedback it received from consultations with stakeholders and will release final proposals in due course that minimise any additional administrative burden and clarify which organizations are, or are not, subject to the new requirement);
 - Scientific Research and Experimental Development Tax Incentive Program;
 - Crypto-Asset Reporting Framework and the Common Reporting Standard (subject to a deferred application date of January 1, 2027);
 - Tax exemption for sales to Employee Ownership Trusts;
 - Tax exemption for sales to Worker Cooperatives;
 - Non-Compliance with Information Requests;
 - Excessive Interest and Financing Expenses Limitation Rules;
 - Substantive CCPCs;
 - Goods and Services Tax/Harmonized Sales Tax (GST/HST) rules for the redemption of coupons;
 - Technical tax amendments to the *Income Tax Act* and the *Income Tax Regulations* (subject to a deferred application date for reporting by bare trusts, so that it would apply to taxation years ending on or after December 31, 2026);

- Technical amendments to the *Global Minimum Tax Act*; and
- Technical amendments relating to the GST/HST and excise levies.
- Legislative proposals released on June 30, 2025, to ensure that all Canada Carbon Rebates for Small Businesses are provided tax-free, and to extend the filing deadline for the 2019 to 2023 calendar years.
- The extension of the Mineral Exploration Tax Credit announced on March 3, 2025.
- Legislative proposals released on January 23, 2025, to extend the 2024 charitable donations deadline.
- Legislative and regulatory proposals announced in the *2024 Fall Economic Statement*, including with respect to the following measures:
 - Exempting the Canada Disability Benefit from Income;
 - Expanding Eligibility under the Clean Electricity Investment Tax Credit to the Canada Infrastructure Bank;
 - Modifying the Small Nuclear Energy Eligibility under the Clean Technology Investment Tax Credit;
 - Expanding Eligibility under the Clean Hydrogen Investment Tax Credit to Methane Pyrolysis; and
 - Extension of the Accelerated Investment Incentive and Immediate Expensing Measures.
- Legislative and regulatory proposals to remove the GST on the construction of new student residences released on November 19, 2024.
- Legislative amendments to give effect to the suspension of the Agreement Between the Government of Canada and the Government of the Russian Federation for the Avoidance of Double Taxation and the

Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital under domestic law as of November 18, 2024.

- Legislative and regulatory proposals released on August 12, 2024, including with respect to the following measures:
 - Alternative Minimum Tax (other than changes related to resource expense deductions);
 - Disability Supports Deduction;
 - Charities and Qualified Donees;
 - Registered Education Savings Plans;
 - Avoidance of Tax Debts;
 - Mutual Fund Corporations;
 - Synthetic Equity Arrangements;
 - Manipulation of Bankrupt Status;
 - Accelerated Capital Cost Allowance for Productivity-Enhancing Assets;
 - Accelerated Capital Cost Allowance for Purpose-Built Rental Housing;
 - Withholding for Non-Resident Service Providers;
 - Regulations related to the application of the Enhanced (100-per-cent) GST Rental Rebate to cooperative housing corporations;
 - Clean Electricity Investment Tax Credit;
 - Expanding eligibility under the Clean Technology Investment Tax Credit to support generation of electricity and heat from waste biomass;

- Proposed expansion of eligibility for the Clean Technology Manufacturing Investment Tax Credit to support Polymetallic Extraction and Processing;
 - Amendments to the Global Minimum Tax Act and the Income Tax Conventions Interpretation Act;
 - Technical tax amendments to the *Income Tax Act* and the *Income Tax Regulations*; and
 - Technical amendments relating to the GST/HST, excise levies and other taxes and charges.
- Legislative proposals released on July 12, 2024, related to implementing an opt-in Fuel, Alcohol, Cannabis, Tobacco and Vaping (FACT) value-added sales tax framework for interested Indigenous governments.
- The proposed exemption from the Alternative Minimum Tax for certain trusts for the benefit of Indigenous groups announced in Budget 2024.
- The proposed increase in the Lifetime Capital Gains Exemption to apply to up to \$1.25 million of eligible capital gains announced in Budget 2024.
- Legislative and regulatory proposals announced in Budget 2024 with respect to a new importation limit for packaged raw leaf tobacco for personal use.
- Tax measures to amend the *Excise Tax Act*, the *Air Travellers Security Charge Act*, the *Excise Act, 2001* and the *Select Luxury Items Tax Act* to give effect to the proposals relating to non-compliance with information requests and to avoidance of tax debts announced in Budget 2024.
- Legislative and regulatory proposals released on August 4, 2023, including with respect to the following measures:
 - Technical amendments to GST/HST rules for financial institutions;

- Tax-exempt sales of motive fuels for export; and
- Revised Luxury Tax draft regulations to provide greater clarity on the tax treatment of luxury items.
- Legislative and regulatory proposals released on August 9, 2022, including with respect to the following measures:
 - Technical amendments to the *Income Tax Act* and *Income Tax Regulations*; and
 - Remaining legislative and regulatory proposals relating to the GST/HST, excise levies and other taxes and charges.
- Legislative amendments to implement the Hybrid Mismatch Arrangements rules announced in Budget 2021.
- The income tax measure announced on December 20, 2019, to extend the maturation period of amateur athlete trusts maturing in 2019 by one year, from eight years to nine years.

Budget 2025 also reaffirms the government's commitment to move forward as required with other technical amendments to improve the certainty and integrity of the tax system.

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