

Global Immigration alert

November 2025

Canada

Canada's 2025 budget and immigration levels plan: lower admission targets and new talent initiatives

Executive summary

On 4 November 2025, the Government of Canada released the 2025 Federal Budget and the Immigration Levels Plan for 2026 to 2028. This plan builds on the strategy introduced in 2024 to reduce temporary resident admissions and maintain permanent resident targets at lower levels, citing pressures on housing, infrastructure, and public services.

Temporary resident levels will decline significantly, with international student admissions seeing the largest reductions. Permanent resident targets remain stable but lower than previous years, with a greater emphasis on economic immigration and increased allocations for Provincial Nominee Programs. The government also announced one-time measures to transition select temporary workers and protected persons to permanent residence, along with new initiatives under the International Talent Attraction Strategy to recruit global researchers and highly skilled professionals, including H-1B visa holders.

Temporary residents (workers and students)

- Overall Reduction in Temporary Admissions (i.e., work permit and study permit holders): The number of newly admitted temporary residents is projected to fall to 385,000 in 2026, down from 673,650 in 2025. Targets will decline further to 370,000 in both 2027 and 2028. This reduction aligns with the government's objective of limiting temporary residents to less than five percent of Canada's population by the end of 2027.
- Significant Decrease in Study Permits: International student admissions will see the largest reduction,

dropping nearly 50 percent to 155,000 in 2026 compared to 305,900 in 2025. This follows a similar percentage decline in actual study permit approvals over the past year, reflecting a continued tightening of allocations under changes introduced in 2024.

- Shift in Work Permit Composition: While the total number of work permits will decline in 2026, the target of 230,000 workers is slightly higher than the 210,700 projected in last year's plan. Notably, 170,000 of these workers, 74 percent, are expected to fall under the International Mobility Program (IMP), which exempts employers from obtaining a Labour Market Impact Assessment. This represents a significant increase from the 61 percent share outlined for 2026 in the previous plan.

Permanent residents

- Annual Intake Targets: The intake of new permanent residents will remain at 380,000 per year from 2026 to 2028, down from 395,000 in 2025. These targets are unchanged from last year's plan for 2026 and 2027.
- Category Adjustments: There is a shift toward Economic Class admissions, with reductions in Family and Refugee categories. Economic immigrants will represent 63 percent of total permanent resident admissions, compared to 59 percent in 2025.
- Increase in Provincial Nominee Program Allocations: The number of Provincial Nominee Program (PNP) admissions will increase to 91,500 in 2026, an increase of nearly 40 percent compared to the 55,000 target in

last year's plan. This growth reflects strong advocacy from provinces for higher allocations throughout 2025.

One-time measures

- A new one-time measure will support the conversion of 33,000 temporary foreign workers to permanent residency in 2026 and 2027. Few details have been released about this new measure, which is intended to prioritize tax-paying workers with strong community ties and a demonstrated contribution to Canada's economy. This pathway might offer advantages for senior executives and other skilled workers with an established employment history in Canada, including those who may have been affected by the recent removal of Express Entry job offer points.
- The other one-time measure announced will streamline the transition of 115,000 Protected Persons in Canada, including refugees, to permanent residency.

International talent attraction strategy

As part of Canada's flagship International Talent Attraction Strategy, the government announced targeted initiatives to recruit highly skilled global talent:

- **Recruitment of 1,000 International Researchers:** Supported by increased funding to federal research councils, this initiative aims to strengthen Canada's research infrastructure and attract leading doctoral and postdoctoral talent.
- **Accelerated Pathway for H-1B Visa Holders:** In response to recent changes to the H-1B visa program in the United States, Canada will introduce a new immigration pathway for H-1B visa holders, particularly those in technology and innovation sectors. Details have not yet been released, and it is unclear whether this pathway will resemble the 2023 H-1B work permit pilot, which reached its 10,000-application cap in under 48 hours.

Other measures

- **Foreign Credential Recognition:** The government will invest \$97 million over five years to improve foreign credential recognition, with a focus on health care and construction sectors. This initiative aims to reduce underemployment among skilled newcomers and address critical labor shortages.
- **Border Security and Compliance:** The budget includes funding for the hiring of 1,000 new Canada Border Services Agency officers to strengthen border security and enhance compliance measures.
- **Operational Efficiency at IRCC:** Immigration, Refugees and Citizenship Canada (IRCC) will implement a 15 percent savings target over three years by streamlining operations and reducing personnel.
- **Alignment with Trade and Economic Policy:** Budget 2025 emphasizes trade diversification and support for Canadian exporters. Immigration policy continues to align with economic priorities, and mobility under international trade agreements remains an important consideration for future policy development.

Recommendations for employers

- **Review Talent Strategies:** Assess the impact of reduced study permits and temporary resident admissions on future hiring, particularly for roles traditionally filled by international students and foreign workers. As international student numbers decline, the pool of Post-Graduation Work Permit holders will also shrink.
- **Monitor New Permanent Residence Pathways:** Stay informed about details of the new one-time pathway for 33,000 work permit holders transitioning to permanent residence. These opportunities are expected to be highly competitive and may fill quickly. Prospective applicants should be prepared to act promptly once the measure is announced. They should also ensure their Express Entry profiles are current, as IRCC may use this system for new pathways and issue invitations with little advance notice.
- **Prepare for Provincial Nominee Program Applications:** With increased allocations for PNPs in 2026, employees will continue to request employer support for applications. Employers should establish a clear PNP policy, complete any required portal registrations, and set up processes in advance of anticipated increases in PNP invitations.
- **Track Expiry Dates and Plan Work Permit Extensions Early:** Permanent residence targets remain low for 2026, which means many skilled workers will face challenges obtaining permanent status even with higher PNP allocations. Employers should maintain accurate data on work permit expiry dates and plan extensions proactively. Given current processing delays and the implications of maintained status, extension applications should be filed at least six months before expiry, often requiring planning up to 12 months in advance.
- **Leverage International Talent Attraction Programs:** Monitor new initiatives under Canada's International Talent Attraction Strategy, including opportunities to recruit international researchers and highly skilled H-1B visa holders. Employers in technology, innovation, and research-related fields should stay informed about new pathways and funding that may support global talent recruitment.
- **Strengthen Compliance:** With increased funding for border enforcement and compliance checks, employers should review workforce documentation to ensure all foreign workers, including contractors, are properly authorized. Implement protocols to verify work authorization before workers arrive on site. Adopting inspection-readiness as a standard practice will help mitigate risks associated with evolving immigration enforcement and increased inland compliance activity.
- **Support Foreign Credential Recognition:** Employers in regulated professions or sectors where credential requirements create barriers may consider leveraging new funding and programs aimed at accelerating foreign credential recognition, particularly in health care and construction. This could include supporting skilled newcomers in completing recognition processes and exploring partnerships with professional bodies to facilitate faster integration into the workforce.

EY Law will continue to monitor changes and will provide updates as announced. Should you have any questions with respect to these changes, please do not hesitate to contact your EY Law LLP professional.

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