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Issue No. 52
4 November 2025

Tax Alert Canada

Federal budget 2025

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On 4 November 2025, the Minister of Finance and National Revenue, François-Philippe Champagne, tabled the 2025 federal budget. The budget contains tax measures affecting individuals and corporations, but no change to the general corporate tax rate or any newly announced changes to personal income tax rates.

The Minister of Finance and National Revenue is reporting a total deficit of $36.3 billion for fiscal 2024–25 and anticipates a total deficit of $78.3 billion for fiscal 2025–26, with reduced deficits for each of the next four years.

Under the federal government's new method of reporting, the total deficit balances have been split between an operating deficit and capital investment spending. The operating deficit for fiscal 2024–25 is $4.1 billion and is anticipated to increase to $32.9 billion for fiscal 2025–26, with reduced operating deficits for each of the next two years, until the operating budget is balanced in fiscal 2028–29. The spending on capital investments is $32.3 billion for fiscal 2024–25 and is anticipated to increase to $45.4 billion for fiscal 2025–26, with increased spending for each of the next four years.

The following is a summary of the key tax measures announced in Budget 2025. Some of these tax measures may be discussed in further detail in one or more separate upcoming Tax Alerts.

Business income tax measures

Corporate income tax rates

No changes are proposed to the corporate income tax rates or to the $500,000 small-business limit of a Canadian-controlled private corporation (CCPC).

The 2025 Canadian federal corporate income tax rates are summarized in Table A.

Table A – 2025 federal corporate income tax rates[1]

	2025
General corporate rate[2,3]	15.0%
Small-business rate[2]	9.0%

[1] Rates represent calendar-year rates.

[2] The federal corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% federal general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% federal small-business corporate income tax rate.

[3] An additional federal tax applies to banks and life insurers at a rate of 1.5% on taxable income (subject to a $100 million exemption to be shared by group members).

Proposed income tax measures

- **Immediate expensing for manufacturing and processing buildings** – Budget 2025 introduces temporary immediate expensing for the cost of eligible manufacturing or processing buildings, including the cost of eligible additions or alterations made to such buildings. A 100% deduction will be allowed in the first taxation year to the extent that at least 90% of the floor space is used for eligible purposes (i.e., to manufacture or process goods for sale or lease). Property that has been used, or acquired for use, for any purpose before it was acquired by the taxpayer would be eligible for immediate expensing if (i) neither the taxpayer nor a non-arm's length person previously owned the property and (ii) the property has not been transferred to the taxpayer on a tax-deferred basis. A change of use to a non-eligible use may give rise to recapture. This measure applies to eligible properties acquired on or after 4 November 2025 and first used for manufacturing or processing before 2030. The immediate expensing rate will be reduced to 75% if the property is first used in 2030 or 2031 and to 55% in 2032 and 2033. The enhanced rate would not be available for property that is first used after 2033.
- **Accelerated capital cost allowance (CCA) for liquefied natural gas (LNG) facilities** – The budget proposes to reinstate accelerated CCA for eligible LNG equipment and related buildings acquired on or after 4 November 2025 and before 2035. To be eligible, new emission performance requirements must be met. Facilities that are in the top 25% in terms of emissions performance will be eligible for accelerated CCA of 30% for liquefaction equipment and 10% for non-residential buildings used in LNG facilities. Facilities that are in the top 10% in terms of emissions performance will be eligible for accelerated CCA of 50% for liquefaction equipment and 10% for non-residential buildings used in LNG facilities.
- **Scientific Research and Experimental Development (SR&ED) tax incentives enhancements** – Budget 2025 will proceed with previously proposed enhancements to the SR&ED program, which include:

  - Increasing the prior-year taxable capital phase-out thresholds to $15 million and $75 million for the program's enhanced 35% tax credit;
  - Increasing the annual expenditure limit on which the enhanced credit can be earned, from $3 million to $4.5 million (subject to the Budget 2025 proposed change — see below);
  - Extending the enhanced credit eligibility to eligible Canadian public corporations; and
  - Restoring the eligibility of SR&ED capital expenditures.

  Budget 2025 further proposes to replace the $4.5 million annual expenditure limit with a $6 million limit, effective for taxation years that begin on or after 16 December 2024.

  Additionally, Budget 2025 announces the government's intention for the Canada Revenue Agency (CRA) to implement reforms to the administration of the SR&ED program, namely implementation of an elective pre-claim approval process for technical approval of eligible SR&ED projects, increased use of AI in the program administration to assess risk and process low-risk claims faster, and streamlining of the review process (with reduced information requests to expedite final determination in a claim). These administrative changes will be implemented as of 1 April 2026; the intention to launch targeted consultations to further improve the program administration, including a review of the SR&ED claim form, was also announced.

- **Clean economy investment tax credits (ITCs)** – Budget 2025 confirms the government will introduce legislation for the clean electricity investment tax credit and enhancements to the investment tax credits that have already been implemented. Budget 2025 also proposes further targeted enhancements to the clean economy ITCs. These include:

  - Removal of the conditions imposed on provincial and territorial governments for their Crown corporations to be eligible for the clean electricity ITC.

  - Inclusion of the Canada Growth Fund as an eligible entity under the clean electricity ITC and introduction of an exception such that financing provided by that fund will not reduce the cost of eligible property for the purpose of computing the tax credit. Both these changes will apply to eligible property that is acquired and that becomes available for use on or after 4 November 2025.

  - Extension of the full credit rates for the carbon capture, utilization and storage (CCUS) ITC by five years such that full credit rates would apply from the years 2022 to 2035, while eligible expenditures incurred from the start of 2036 to the end of 2040 would continue to be subject to the lower credit rates.

  - Expansion of the list of critical minerals eligible for the clean technology manufacturing ITC to include antimony, indium, gallium, germanium and scandium. This expansion will be applicable in respect of property that is acquired and becomes available for use on or after 4 November 2025.

- **Restricting Part IV tax deferral through tiered corporate structures** – Budget 2025 proposes to limit the deferral of Part IV tax on investment income that arises through the use of tiered affiliated corporation structures with mismatched year-ends. Specifically, the payer corporation's dividend refund will be suspended until a subsequent taxation year when the recipient corporation pays a taxable dividend to a non-affiliated corporation or a shareholder who is an individual. This measure will apply to any taxation years beginning on or after 4 November 2025.

  This anti-deferral rule will not apply if each corporate dividend recipient in a chain of affiliated corporations pays a subsequent dividend on or before the payer corporation's balance-due day, such that no deferral is achieved by the affiliated corporate group, nor would it apply to any dividend paid within 30 days prior to an acquisition of control of the payer corporation.

- **Eligible activities under the Canadian exploration expense** – In response to a recent court case, Budget 2025 proposes to amend the Canadian exploration expenses definition in 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 will apply as of 4 November 2025.

- **Expansion of the critical mineral exploration tax credit (CMETC)** – The CMETC provides a tax credit equal to 30% of specified mineral exploration expenses in respect of certain critical minerals incurred in Canada that are renounced to flow-through share investors. Budget 2025 proposes to expand the CMETC to include the following additional critical minerals: bismuth, cesium, chromium, fluorspar, germanium, indium, manganese, molybdenum, niobium, tantalum, tin and tungsten. The expansion of the credit will apply to expenditures renounced under eligible flow-through share agreements entered into after 4 November 2025 and on or before 31 March 2027.

- **Agricultural cooperatives: patronage dividends paid in shares** – Budget 2025 proposes to extend the temporary deferral of income taxes and withholding obligations on patronage dividends received as eligible shares until their disposition or deemed disposition. Specifically, the temporary deferral measure, which was set to expire at the end of 2025, will continue to apply in respect of eligible shares issued before the end of 2030.

- **T4A reporting and trucking industry** – Beginning in the government's 2026–27 fiscal year, funding will be provided to the CRA to address non-compliance with tax obligations in the trucking industry due to the misclassification of drivers as independent contractors. The funding will be used to lift the moratorium on penalties for failure to report (on Form T4A) fees for service transactions in the industry and to implement a focused program that addresses non-compliance issues related to personal services businesses and reporting fees for service. As well, the *Income Tax Act* and the *Excise Tax Act* will be amended to allow the CRA to share taxpayer information as it relates to the classification of workers with Employment and Social Development Canada, effective on Royal Assent of the enacting legislation.

International tax measures

Investment income derived from assets supporting Canadian insurance risks

Subparagraph 95(2)(a.2)(i) of the *Income Tax Act* generally includes in foreign accrual property income (FAPI) of a foreign affiliate of a taxpayer its income from the insurance and reinsurance of specified Canadian risks (i.e., risks insured in respect of a person resident in Canada, property situated in Canada or a business carried on in Canada). Budget 2025 proposes to clarify that income from the holding of any property by a foreign affiliate in connection with the insurance or reinsurance of specified Canadian risks by any person or partnership is also included in FAPI. In particular, investment income earned by a foreign affiliate of the Canadian insurer from property held to back specified Canadian risks of the insurer would now generally be FAPI. This measure would apply to taxation years of a foreign affiliate of a taxpayer that begin after 4 November 2025.

Transfer pricing rules

After consideration of stakeholder comments received during the June 2023 consultation, Budget 2025 proposes substantial changes to Canada's transfer pricing rules. The proposed changes would significantly restructure section 247 of the *Income Tax Act* by replacing the existing transfer pricing adjustment and recharacterization rules with a single adjustment application rule that will apply if the "actual conditions" of the relevant transaction or series differ from "arm's length conditions". The proposed rules are largely in line with the draft legislative measures that were included in the June 2023 consultation paper, with some noteworthy differences.

More specifically, the proposed new single transfer pricing adjustment application rule would apply if two conditions are met:

- There is a transaction or series of transactions between a taxpayer and a nonresident person with whom the taxpayer does not deal at arm's length; and
- The transaction or series includes actual conditions different from arm's length conditions.

The application of this transfer pricing adjustment rule is supported by several new defined terms, deeming rules and interpretive provisions, including the following:

- The relevant transaction or series must be analyzed and determined with reference to "economically relevant characteristics". These characteristics *include* the conduct of the parties, contractual terms of the transaction or series, functions performed by the parties, as well as concepts such as the "circumstances surrounding the transaction or series" and the "economic circumstances of the participants". These conditions are identical to those in the June 2023 draft, except that the list is now only inclusive (as opposed to exhaustive).
- The defined term "actual conditions" is new and seeks in part to identify the conduct of the parties, as opposed to simply the contractual terms of the transaction or series. Conversely, the concept of "arm's length conditions" largely follows the internationally accepted arm's length principle, but also specifically includes the possibility that arm's length parties would not have entered into any transaction at all. In addition, the new definition seeks to clarify that the comparison to posit is 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 (consistent with the 2023 draft measures).
- For purposes of the defined terms "actual conditions" and "arm's length conditions", the word "conditions" is to be interpreted broadly and includes, but is not limited to, price, rate, gross margin, net margin, the division of profit, contribution to costs and any relevant commercial or financial information. This is in line with the 2023 draft measures, albeit more detailed.
- The new rules provide that the determination of whether a transaction or series is consistent with the arm's length principle should be made through an analysis where the most appropriate method is selected and applied in accordance with the OECD Transfer Pricing Guidelines. In addition, a transaction or series of transactions is deemed to include actual conditions different from arm's length conditions if a condition does not

exist in respect of the transaction or series but would have existed had the participants in the transaction or series been dealing at arm's length in comparable circumstances.

- Finally, 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, other than any elements prescribed by regulation. This is generally in line with other recent examples of Finance importing international interpretive rules or guidelines into Canadian tax legislation.

In addition, the new rules propose changes to transfer pricing penalty provisions and documentation requirements, some of which were alluded to in the June 2023 draft. These changes include:

- Increasing 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 including (i) broadening the scope of potentially relevant transactions to be documented to include relevant transactions involving any other member of the multinational enterprise group, and (ii) specifying a requirement to select and apply the most appropriate method in accordance with the OECD Transfer Pricing Guidelines;
- Providing for simplified documentation requirements when prescribed conditions are met; and
- Reducing the time to provide transfer pricing documentation from three 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 4 November 2025.

Crypto-asset reporting framework

Budget 2025 states that the crypto-asset reporting framework and related changes to the common reporting standard, which were included in the 15 August 2025 release of draft legislative proposals, will be implemented as of 1 January 2027 (rather than as of 1 January 2026).

Tax measures for individuals and trusts

Personal income tax rates

As previously announced, Budget 2025 confirms that the personal income tax rate for the lowest tax bracket will be reduced from 15% to 14.5% for 2025 and to 14% for 2026. These personal income tax rate reductions are included in Bill C-4, *An Act respecting certain affordability measures for Canadians and another measure*, which received second reading in the House of Commons on 12 June 2025. There are no further personal income tax rate or tax bracket changes announced in this budget. The brackets will continue to be indexed for inflation.

See Table B for the 2025 and 2026 federal personal income tax rates and 2025 tax brackets.

Table B – Federal personal income tax rates for 2025 and 2026

	2025	2026
Up to $57,375	14.5% (proposed)	14.0% (proposed)
$57,376 to $114,750	20.5%	20.5%
$114,751 to $177,882	26.0%	26.0%
$177,883 to $253,414	29.0%	29.0%
Over $253,414	33.0%	33.0%

Proposed income tax measures

- **Top-up tax credit** – The proposed middle-class tax cut announced in May 2025 would effectively reduce the rate applied to most non-refundable tax credits from 15% to 14.5% for the 2025 taxation year and to 14% for the 2026 and subsequent taxation years. Budget 2025 proposes to introduce a new non-refundable top-up tax credit, which would effectively maintain the current 15% rate for non-refundable tax credits claimed on amounts in excess of the first income tax bracket threshold (i.e., $57,375 for 2025). The top-up tax credit would apply for the 2025 to 2030 taxation years.

- **Home accessibility tax credit** – Prior to Budget 2025, it was possible to claim a tax credit for the same expense incurred under the medical expense tax credit and the home accessibility tax credit, if the eligibility criteria for both credits were met. For the 2026 and subsequent taxation years, an expense claimed under the medical expense tax credit will no longer be eligible for the home accessibility tax credit.

- **Personal support workers (PSWs) tax credit** – The budget introduces a temporary five-year refundable tax credit for eligible PSWs working for eligible health care establishments, for the 2026 to 2030 taxation years, equal to 5% of eligible earnings, with a credit cap of $1,100 per year. The credit will be available in provinces and territories not covered by a bilateral agreement with the federal government to increase wages for PSWs (i.e., other than British Columbia, Newfoundland and Labrador, and the Northwest Territories).

- **21-year rule** – 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. 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. Budget 2025 proposes to broaden the current anti-avoidance rule for direct trust-to-trust transfers to include indirect transfers of certain trust property to other trusts. This measure would apply in respect of transfers of property that occur on or after 4 November 2025.

- **Bare trust reporting requirements** – Budget 2025 indicates that reporting by bare trusts would apply to taxation years ending after 30 December 2026 (instead of 30 December 2025, as proposed in the technical income tax amendments released on 15 August 2025).

- **Qualified investments for registered plans** – The qualified investment regime governs what the seven types of registered plans (e.g., RRSPs, TFSAs and RDSPs) can invest in. Budget 2025 proposes the following amendments to simplify, streamline and harmonize the qualified investment rules:

    - **Small business investments** – Budget 2025 proposes to modify the rules relating to registered plan investments in small businesses, while maintaining the ability of registered plans to make such investments. In particular, the set of rules that provides for investments in specified small business corporations, venture capital corporations and specified cooperative corporations would be maintained and extended to RDSPs, while the set of rules that provides for investments in eligible corporations, small business investment limited partnerships and small business investment trusts would be repealed. These amendments would apply as of 1 January 2027.

    - **Registered investment regime** – Budget 2025 proposes to replace the registered investment regime with two new categories of qualified investments that 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, and units of a trust that is an investment fund managed by a registered investment fund manager as described in National Instrument 31-103. 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 1 January 2027. The new qualified investment trust rules would apply as of 4 November 2025.

    - **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 deferred profit-sharing plans) 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 reorganized by asset class.

- **Cancellation of Canadian entrepreneurs' incentive** – Budget 2025 confirms that the Canadian entrepreneurs' incentive, which was announced as part of Budget 2024, is not moving ahead.
- **Alternative minimum tax (AMT): resource deductions** – The budget indicates that the outstanding proposal (announced in August 2024) that would fully allow for the deduction of resource expenses under the AMT is not moving ahead.
- **Automatic federal benefits** – Beginning with the 2025 taxation year, the CRA will automatically prepare pre-filled tax returns for approximately one million low-income Canadians to ensure they gain access to benefits they are entitled to receive, such as the GST/HST credit, the Canada child benefit and the Canada disability benefit. Eligible individuals will have 90 days to review the information available to the CRA and submit changes, before the CRA files the tax return on the individual's behalf.
- **Canada Carbon Rebate (CCR)** – The CCR is the mechanism used to return proceeds from the federal fuel charge to Canadian residents in provinces where it applies, to the extent eligibility requirements are met. As of 1 April 2025, the federal fuel charge was abolished, and the government began making final quarterly CCR payments in April 2025. Budget 2025 proposes to amend the *Income Tax Act* to provide that no CCR payments will be made in respect of tax returns, or adjustment requests, filed after 30 October 2026.

Measures concerning non-profit organizations

- **Reporting by non-profit organizations** – Budget 2025 indicates that new reporting rules for non-profit organizations that were previously announced in the 2024 Fall Economic Statement and included in draft legislative proposals released on 15 August 2025 will apply to taxation years beginning on or after 1 January 2027, instead of to taxation years that begin on or after 1 January 2026.

Sales and excise tax measures

- **Proposed new joint venture election rules** – The government confirmed it has no intention to proceed with the new GST/HST joint venture election rules previously announced in the 2023 Fall Economic Statement and outlined under proposed section 273.01 of the *Excise Tax Act*. The proposed rules were meant to allow more participants in commercial joint ventures to access the simplification benefits of the joint venture election.
- **Elimination of the underused housing tax** – Budget 2025 proposes to eliminate the underused housing tax (UHT) as of the 2025 calendar year. As a result, no tax will be payable and no UHT returns will 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.
- **Elimination of the luxury tax on aircraft and vessels** – Budget 2025 proposes to eliminate the luxury tax on subject aircraft and subject vessels on all instances where the tax would otherwise be payable after 4 November 2025. Registered vendors in respect of these items will be required to file a final return covering the reporting period that includes 4 November 2025. Registrations in respect of subject aircraft and subject

vessels will be maintained after 4 November 2025, allowing registered vendors the opportunity to claim rebates for which they are eligible. Finally, all registrations in respect of these items will be automatically cancelled on 1 February 2028, after which time vendors will no longer be able to claim rebates.

- **Carousel fraud** – Budget 2025 announces proposed GST/HST changes to help prevent carousel fraud. Specifically, the government will introduce a new reverse charge mechanism (RCM) beginning with certain supplies in the telecommunications sector (i.e., supply of specified telecommunication services). Under the proposed new rules, suppliers will not be required to collect the GST/HST payable on the supply. Instead, when the RCM applies, GST/HST registered recipients will be required to self-assess and report the tax payable in their GST/HST return and, if entitled, will be eligible to claim an input tax credit in the same return. The federal government invites interested parties to share their feedback on these proposals by 12 January 2026.
- **GST/HST treatment of manual osteopathic services** – The budget proposes to clarify that osteopathic services rendered by individuals who are not osteopathic physicians are taxable under the GST/HST. This measure will apply to supplies made after 5 June 2025, except that it will not apply to a supply of osteopathic services made after 5 June 2025 but on or before 4 November 2025 if the supplier did not charge, collect or remit any amount as or on account of tax in respect of the supply.

Customs and trade measures

- **Pilot duty drawback: donated goods** – Budget 2025 proposes to amend the *Customs Tariff* to allow a new kind of duty drawback claim. Import duties paid on certain goods donated to a registered charity may be eligible for drawback if the donated merchandise is used in the organization's charitable programs and not re-sold in Canada. The charity must be registered under the *Income Tax Act*.
- **Trade diversification strategy** – Budget 2025 launches a trade diversification strategy supported by the trade diversification corridors fund — a fund of $5 billion over seven years, starting in 2025–26. As well, the budget introduces a new comprehensive industrial strategy. Expanding Canadian businesses' reach by building upon trading agreements and diversifying destinations for Canadian exports, enhancing trade finance and prioritizing trade-enabling infrastructure projects such as expanding and modernizing airports and ports are critical priorities within the new industrial strategy. Developing a network of existing as well as new trading partners will open new markets. The critical minerals production alliance, for instance, will leverage trusted international partnerships to enhance critical mineral supply for collective defence and advanced technology. Proposed investments in trade and energy corridor infrastructure projects, such as the Port of Churchill Plus project, or other major transportation projects in the North, are intended to increase Canada's trade capacity.

Pending legislation

Budget 2025 confirms that the government will proceed with various pending legislative and regulatory proposals and other previously announced measures, modified to take into account consultations and deliberations since their release. Refer to the Appendix for a detailed list.

Webcast

4 November 2025 webcast: The evening of the finance minister's address, members of the EY Tax team will record their analysis and insights on the tax measures in Budget 2025. View our webcast at EY.com/ca/Budget.

Learn more

For more information on the above measures or any other topics that may be of concern, contact your EY or EY Law advisor. And for up-to-date information on the federal, provincial and territorial budgets, visit EY.com/ca/Budget.

Appendix – Pending legislation

Budget 2025 confirms that the government will proceed with the following pending legislative and regulatory proposals and other previously announced measures, modified to take into account consultations and deliberations since their release.

Income tax

- 15 August 2025 draft legislative proposals (various packages) [refer to EY Tax Alert 2025 Issues No. 40, No. 41, No. 44 and No. 47]
    - Business income tax and international tax measures (changes regarding SR&ED enhancements, excessive interest and financing expenses limitation (EIFEL) rules (e.g., exemption regarding purpose-built rental housing), the implementation of a domestic minimum top-up tax regime in foreign jurisdictions, foreign affiliates (e.g., tracking interest rules), non-compliance with information requests, elimination of the tax deferral for investment income earned by CCPCs using foreign resident corporations, introduction of the crypto-asset reporting framework and amendments to the common reporting standard, technical amendments regarding Part II.2 tax, concessional loans, international shipping and amendments to the *Global Minimum Tax Act* (e.g., regarding additional OECD administrative guidance))
    - Personal and other income tax measures (changes regarding capital gains rollover on eligible small business corporation shares, tax exemptions for qualifying transfers to employee ownership trusts and worker cooperative corporations, annual reporting by non-profit organizations, trust reporting rules and various other technical amendments)
- 30 June 2025 draft legislative proposals relating to the carbon rebate for small businesses (e.g., regarding non-taxability of the rebate)
- 29 June 2025 Department of Finance announcement to rescind the digital services tax [refer to EY Tax Alert 2025 Issue No. 33]

- Bill C-4, *Making Life More Affordable for Canadians Act* (reduction in personal income tax rate for lowest tax bracket), which received second reading in the House of Commons on 12 June 2025

- 21 March 2025 prime minister announcement confirming the increase in the lifetime capital gains exemption that was part of the 23 September 2024 notice of ways and means motion

- 3 March 2025 Department of Finance announcement (two-year extension of mineral exploration tax credit)

- 23 January 2025 draft legislative proposals (extension of 2024 charitable donations deadline) [refer to EY Tax Alert 2025 Issue No. 5]

- 16 December 2024 fall economic statement remaining measures (accelerated investment incentive and immediate expensing reinstatement, clean hydrogen ITC expansion, clean electricity ITC changes and Canada disability benefit exemption) [refer to EY Tax Alert 2024 Issues No. 63 and No. 64]

- 18 November 2024 Department of Finance announcement (suspension of the tax treaty with Russia)

- 12 August 2024 draft legislative proposals (various packages) [refer to EY Tax Alert 2024 Issues No. 42, No. 46, No. 49, No. 52, No. 53 and No. 59]

  - Business income tax and international measures (accelerated capital cost allowance for purpose-built rental housing and certain productivity-enhancing assets; introduction of the clean electricity ITC; expansion of clean technology manufacturing and clean technology ITCs; amendments to CCUS ITC and clean hydrogen ITC; other amendments related to clean economy credits; removal of certain exceptions to synthetic equity arrangements anti-avoidance rule; mutual fund corporations qualification criteria; avoidance of tax debts; bankrupt status manipulation; withholding for nonresident service providers; various business income tax technical amendments and amendments to the *Global Minimum Tax Act* (e.g., regarding implementation of the undertaxed profits rule (UTPR)) and to the *Income Tax Conventions Interpretations Act*)

  - Personal and other income tax measures (registered education savings plans, disability supports deduction expansion, various charity-related measures and various technical amendments)

- Remaining Budget 2024 measures (16 April 2024) not yet released as draft legislative proposals [refer to EY Tax Alert 2024 Issue No. 24]

- 9 August 2022 remaining draft legislative proposals (various technical amendments regarding foreign affiliates and nonresident withholding tax where payee is a partnership)

Indirect taxes

- 15 August 2025 draft legislative proposals (GST/HST changes regarding redemption of coupons, the determination of real property credits a selected listed financial institution (SLFI) may claim, SLFI attribution method regarding performance bonds, SLFI filing requirements, new exceptions to the filing due-dates for GST/HST returns and financial institutions information returns where an individual has died, and various excise-related administrative changes (e.g., regarding extension of the license period for spirits, wine and user's licenses))
- Bill C-4, *Making Life More Affordable for Canadians Act* (elimination or lowering of GST for first-time homebuyers on new homes valued below $1.5 million and repeal of the consumer carbon tax)
- 19 November 2024 draft legislative proposals (removal of GST/HST on construction of new student residences)
- 12 August 2024 draft legislative proposals
  - GST/HST measures (definition of *bank* and *investment plan*, clarification of *Canadian activity*, GST rebate on new purpose-built rental housing (regarding excluded equity housing supplies), prescribed financial services, SLFIs (regarding determination of attribution percentage for insurers, and investment plan mergers) and normal reassessment period)
  - Other indirect tax measures (excise duty on cannabis products and vaping products, additional duty on cigars and normal reassessment limitation period)
- 12 July 2024 draft legislative proposals regarding *First Nations Goods and Services Tax Act*
- Remaining Budget 2024 measures (16 April 2024) not yet released as draft legislative proposals (tobacco excise duty regarding importation limit for packaged raw leaf tobacco for personal use) [refer to EY Tax Alert 2024 Issue No. 24]
- 4 August 2023 remaining draft legislative proposals (GST/HST changes regarding SLFIs, amalgamations and windings-up, and changes regarding the excise tax on fuel and the luxury tax)
- 9 August 2022 remaining draft legislative proposals (GST/HST changes regarding SLFIs and application rules for Lloyd's associations, and changes regarding excise duty exemption for cider/mead)

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