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# Tax Alert – Canada

## Government tables the Spring Economic Update 2026 Implementation Act

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

On 29 April 2026, Bill C-30, *Spring Economic Update 2026 Implementation Act*, received first reading in the House of Commons. The bill implements certain measures announced in the federal 2026 spring economic update (SEU) tabled on 28 April 2026, as well as certain previously announced income tax, excise tax and excise duty measures. These measures were contained in the notice of ways and means motion that was also tabled on 28 April 2026.

Certain income tax measures announced in the SEU are not included in Bill C-30. Specifically, Bill C-30 does not include the income tax measures relating to the reinstatement of the accelerated capital cost allowance (CCA) for low-carbon liquefied natural gas facilities, the expansion of the carbon capture, utilization and storage investment tax credit to include enhanced oil recovery as an eligible use, and amendments to simplify the administration of the certification process for the disability tax credit. For information on these tax measures, see EY Tax Alert 2026 Issue No. 25, [Federal Spring Economic Update 2026](#).

The following is a summary of the tax measures contained in Bill C-30.



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## Business income tax measures

Due to the new majority status of the federal government, the following business income tax measures are considered substantively enacted (for financial reporting purposes) as of 29 April 2026:

- ▶ **Special allowance for eligible greenhouses** - As previously announced on 26 January 2026, amendments to introduce a special CCA deduction, available on an elective basis, for eligible greenhouses acquired after 3 November 2025 and that become available for use before 2034. The special allowance will provide for immediate expensing (i.e., a 100% write-off) if the eligible greenhouse becomes available for use before 2030 and an enhanced first-year deduction for eligible greenhouses that become available for use after 2029 and before 2034. The enhanced first-year deduction is equal to 75% in 2030 or 2031 and 55% in 2032 or 2033. The special allowance is not prorated for short taxation years. An eligible greenhouse is a Class 6 or Class 8 greenhouse property located in Canada that is acquired after 3 November 2025, was not previously owned or acquired by the taxpayer or by a non-arm's length person or partnership, and was not acquired on a tax-deferred rollover basis. If the property was acquired from a non-arm's length person or partnership or was acquired on a tax-deferred rollover basis, the property may still qualify, provided no person or partnership (including the taxpayer) has previously claimed CCA (or a terminal loss) on the property. To qualify for the special allowance, a taxpayer must elect (in their income tax return for the taxation year in which the greenhouse is acquired) to have the greenhouse included in a separate prescribed class. Other special rules apply, including an anti-avoidance rule, a special rule for additions and alterations, and special rules for acquisition costs incurred before 4 November 2025 in respect of a greenhouse that was under construction on 4 November 2025.
- ▶ **Zero-emission vehicles** - Amendment, effective 16 February 2026, to add the electric vehicle affordability program (announced on 5 February 2026) to the list of prescribed programs that are relevant to the definition of a zero-emission vehicle in subsection 248(1) of the *Income Tax Act*. A vehicle for which assistance has been paid under a prescribed program does not qualify as a zero-emission vehicle.

## Personal income tax measures

The following personal income tax measures are included in Bill C-30:

- ▶ **Capital gains exemption for certain business transfers and conversions** - As announced in the SEU, amendments to make permanent the \$10 million capital gains exemption for qualifying business transfers to an employee ownership trust and for qualifying cooperative conversions. The exemption, which was introduced in the 2023 federal fall economic statement as a temporary measure, was scheduled to expire for dispositions of shares occurring after 2026.

- ▶ **Labour mobility deduction** - Amendments (announced in the SEU) to the existing labour mobility deduction for tradespeople, effective for 2026 and subsequent taxation years. The amendments increase the maximum amount of eligible temporary relocation expenses that may be deducted in a year to \$10,000 (from \$4,000). The \$10,000 limit will be indexed annually, beginning in 2027. As well, the amendments modify the conditions of the deduction by reducing the distance requirement so that the tradesperson's temporary lodging must be at least 120 kilometres closer to each temporary work location than the tradesperson's ordinary residence (rather than 150 kilometres closer under the existing conditions).
- ▶ **Home buyers' plan (HBP)** - As announced in the SEU, amendments to extend the temporary five-year grace period (before the 15-year HBP repayment period begins) to individuals who make their first HBP withdrawal from their RRSP before the end of 2028. Under existing rules, the five-year grace period was set to expire for withdrawals made after 31 December 2025 and revert back to a two-year grace period.

## Excise tax and excise duty measures

The bill also implements legislative proposals released on 14 April 2026 to suspend the federal excise tax on gasoline, unleaded aviation gasoline, diesel fuel and aviation fuel from 20 April to 7 September 2026, as well as legislative proposals released on 1 April 2026 to extend by two years the 2% cap on the inflation adjustment on beer, spirits and wine excise duties, and to cut by half, for an additional two years, the excise duty rates on the first 15,000 hectolitres of beer brewed in Canada. For more information, see EY Tax Alert 2026 Issue No. 24, [Federal excise tax on fuel temporarily suspended](#), and EY News article 055-26, [Finance announces alcohol excise duties relief](#) (available to subscribers on [Canadian Tax Library](#) and [Knotia](#)).

## Other measures

Finally, Bill C-30 contains amendments to the *Canada Pension Plan* (CPP) to implement a reduction in the base CPP contribution rate, effective 1 January 2027, as announced in the SEU. The base CPP contribution rate is reduced from 4.95% to 4.75% for employees and for employers, and from 9.9% to 9.5% for self-employed persons.

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