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Tax Alert – Canada

Federal spring economic update tax bill now enacted

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 18 June 2026, amended federal Bill C-30, *Spring Economic Update 2026 Implementation Act* (Bill C-30), received Royal Assent. Bill C-30 enacts measures announced in the federal 2026 spring economic update tabled on 28 April 2026, as well as certain previously announced income tax, excise tax and excise duty measures.[1]

Income and payroll tax measures

Bill C-30 includes the following income and payroll tax measures:

- A special capital cost allowance deduction for eligible greenhouses acquired after 3 November 2025 and that become available for use before 2034
- An amendment to exclude vehicles for which a rebate has been paid by the federal government under the electric vehicle affordability program from the definition of a zero-emission vehicle, effective 16 February 2026

[1] For additional information on the measures announced in the spring economic update, see EY Tax Alert 2026 Issue No. 25, *Federal Spring Economic Update 2026*.

- Amendments to make permanent the $10 million capital gains exemption for qualifying business transfers to an employee ownership trust and for qualifying cooperative conversions[2]

- Amendments to the existing labour mobility deduction for tradespeople, effective for 2026 and subsequent taxation years

- Extension of the temporary five-year grace period (before the 15-year Home Buyers' Plan (HBP) repayment period begins) to individuals who make their first HBP withdrawal from their Registered Retirement Savings Plan (RRSP) before the end of 2028

- A reduction in the base Canada Pension Plan contribution rate, effective 1 January 2027

Excise tax and excise duty measures

Bill C-30, as amended by the House of Commons Standing Committee on Finance, includes the following excise tax and excise duty measures:

- Suspension of the federal excise tax on gasoline, unleaded aviation gasoline, leaded aviation gasoline, diesel fuel and aviation fuel from 20 April to 7 September 2026 (a government amendment to Bill C-30, adopted by the House of Commons Standing Committee on Finance, extended this relief to leaded aviation gasoline)

- A two-year extension of the 2% cap on the inflation adjustment on beer, spirits and wine excise duties

- A two-year extension of the 50% reduction in the excise duty rates on the first 15,000 hectolitres of beer brewed in Canada

For a more detailed summary of the tax measures included in Bill C-30, see EY Tax Alert 2026 Issue No. 27, *Government tables the Spring Economic Update 2026 Implementation Act*.

Learn more

For more information, please contact your EY or EY Law advisor.

[2] For more information, see EY Tax Alert 2026 Issue No. 28, *Employee ownership trusts are here to stay*.

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