FEDERAL BUDGET 2026

Eight tax changes worth knowing

Tabled November 5, 2026. None of these measures is law yet, and personal and corporate tax rates stay the same.

01 Canada Growth Incentive

A new capital gains exemption of up to $15 million per individual, per business, on qualifying shares.

Proposed: shares issued Nov. 5, 2026 to end of 2036

02 Productivity Mega Deduction

A permanent 100% write-off for most depreciable property, though most buildings won’t qualify.

Proposed: property acquired on or after Sept. 15, 2026

03 Notices of objection

Most taxpayers would have a year after assessment to object, up from 90 days, but extensions would end.

Proposed: assessments sent 3 months after royal assent

04 Simpler filing and instalments

All individuals would file and pay by May 15. The self-employed could pay two-thirds of net tax owing by Dec. 31 instead of quarterly.

Proposed: filing 2027 onward; instalment 2028 onward

05 Trust distributions

Trusts would lose the tax-deferred rollout to a corporation or partnership with any non-resident owner, direct or indirect.

Proposed: distributions on or after Nov. 5, 2026

06 Section 116 withholding

Withholding for corporate non-resident vendors would drop from 25% to 15%, and from 50% to 30%.

Proposed: dispositions on or after Jan. 1, 2027

07 Credit bureau reporting

The CRA could report tax debts over $50,000 to credit bureaus once objection and appeal rights are exhausted.

Proposed: on royal assent

08 SR&ED expansion

For the first time, SR&ED would cover some commercialization costs, including regulatory approval testing and IP protection.

Proposed: tax years beginning on or after Nov. 5, 2026

General information only, not legal advice. Proposals may change before enactment.

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