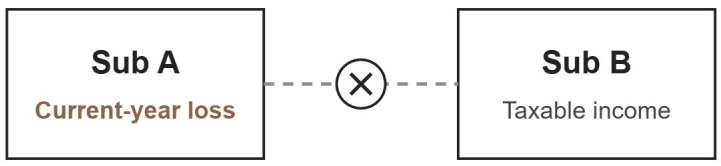
FEDERAL BUDGET 2026 · CONSULTATION ANNOUNCED

Moving losses within a corporate group

Finance **proposes** letting wholly owned groups transfer current-year non-capital losses. It's the third consultation, after 1985 and 2010. Comments are due January 8, 2027.

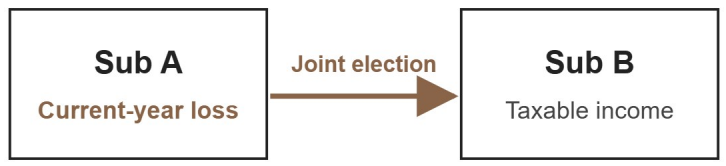
1 Today vs. proposed

TODAY



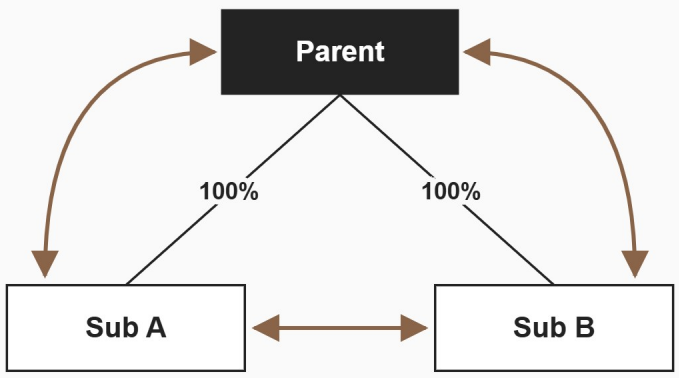
Corporations are taxed separately. To use each other's losses, group members usually need an amalgamation, a wind-up or intercompany financing. These are restricted and often need complex planning.

PROPOSED



If they pass the tests in 2 to 4, the two corporations could jointly elect to transfer all or part of a **current-year** non-capital loss.

2 Who can transfer



Wholly owned, directly or indirectly — Loss transfer allowed

Only Canadian-resident corporations taxable under Part I. Certain corporations treated as conduits, such as mutual fund corporations, are excluded.

3 Current-year losses only

✓ **This year's loss,** all or part

✗ **Carrying an unused transfer** forward or back

The transferee can deduct the loss only in that year. The transferor's loss is reduced by the amount elected.

4 The province test

Both corporations need a permanent establishment in one province or territory only, and it has to be the same one.

MB → MB ✓	MB → SK ✗	MB + AB → MB ✗
Both only in Manitoba	Different provinces	Transferor in two provinces

General information only, not legal advice. This is a consultation proposal and may change before any legislation.

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