November 5, 2026

2026 Federal Budget Review



On November 5, 2026, Finance Minister François-Philippe Champagne tabled the second federal budget under Prime Minister Mark Carney's leadership, entitled "Masters of Our Destiny". Against a backdrop of an ongoing Canada-U.S. trade dispute, a prolonged global energy shock, and persistent affordability pressures, Budget 2026 builds on last year's investment-focused agenda, with a strong emphasis on tax measures to support business investment, productivity and competitiveness.

This year's budget was framed around three pillars – investing in the people, the identity and the growth and sovereignty of Canada – and contained some key themes, including:

- **Fiscal Update and Capital Budgeting Framework:** Budget 2026 continues the capital budgeting framework introduced last year, which separates 'day-to-day' operating spending from capital investment/spending. For the 2026-27 year, Budget 2026 anticipates an operating deficit and capital investments or spending of approximately $3.5 billion and $58.8 billion, respectively, for a combined total deficit of approximately $62.3 billion. The government reaffirmed its fiscal anchors of balancing the operating budget by the 2027-28 year – one year earlier than originally targeted – and maintaining a declining deficit-to-GDP ratio, which is projected to reach 1.3 per cent by 2030-31. The federal debt-to-GDP ratio remains a continued focus as a fiscal anchor which is projected at 39.9 per cent for the 2026-27 fiscal year.
- **Tax competitiveness through Productivity Mega Deduction and a new Canada Growth Incentive:** Building on last year's Productivity Super-Deduction, the budget confirms the government's intention to proceed with the Productivity Mega Deduction (announced, with draft legislation, on September 15, 2026), which would provide permanent immediate expensing (a 100 per cent write-off in the year the asset becomes available for use) for a broad range of depreciable assets – reducing Canada's marginal effective tax rate on new investment from 13 per cent to 6.4 per cent, the lowest in the G7 according to the budget documents. As well, Budget 2026 seeks to advance Canada's tax competitiveness, attract investment and growth capital in Canada by introducing the **Canada Growth Incentive** consisting of two new measures: a new tax exemption on up to $15 million in capital gains realized by Canadian-resident individuals on qualifying shares of a Canadian business; and an enhanced small business rollover for deferral of taxes on capital gains when proceeds are reinvested in another Canadian small business.
- **Supporting Small and Medium-Sized Businesses:** Budget 2026 launches what the government describes as ambitious tax simplification efforts, including higher tax instalment thresholds, a single May 15 filing and balance-due date for individuals, optional flat-amount claims for certain deductions and credits, and an exemption for Canadian-controlled private corporations from the taxable preferred share regime.
- **Housing and Affordability:** An investment of nearly $45 billion to build homes faster and more efficiently, using modern methods of construction and Canadian workers. The Canadian government seeks to work with provinces to cut taxes, fees, and development charges on housing, enhancing the Canada Groceries and Essentials Benefit with a one-time 2027 supplement, delivered in early 2027, equal to a 50 per cent increase in the 2026-27 benefit, and making the Canada Caregiver Credit fully refundable (providing up to $1,260 annually) for 2027 and subsequent taxation years.

This review focuses on the most significant income tax measures affecting individuals, families, and Canadian private companies. Notably, Budget 2026 does not propose any changes to personal or corporate income tax rates or to the capital gains inclusion rate.

References to measures in the 2026 Federal Budget are based on publicly available information and may be subject to legislative or regulatory amendments. At this time, the measures are proposals only and may not be enacted into law as described or at all. Readers are cautioned to consult with their external legal and tax advisors on how they may be affected by these proposals.

Summary of Personal Income Tax Measures

Canada Groceries and Essentials Benefit

The Canada Groceries and Essentials Benefit (CGEB), formerly the GST Credit, is a non-taxable, income-tested and inflation-indexed benefit for low- and modest-income individuals and families.

Budget 2026 proposes to deliver a one-time CGEB supplement, to be delivered in early 2027, equal to half of the maximum annual CGEB amounts for the 2026-27 benefit year. The maximum amounts of this supplement would be $223 per adult, $117 per child and $117 for the single supplement, or up to $339 for a single individual without children and up to $679 for a couple with two children.

Canada Caregiver Credit

The Canada Caregiver Credit (CCC) is a non-refundable tax credit that recognizes the impact of non-discretionary, out-of-pocket expenses on a caregiver's ability to pay taxes. The amount of tax relief is determined by applying the lowest personal income tax rate to the credit amount. The credit amount is reduced dollar-for-dollar by the dependant's net income above a specific indexed threshold ($21,136 in 2027), while no income test applies in respect of an infirm child under age 18.

Budget 2026 proposes to make the CCC refundable to ensure that eligible caregivers can receive the full amount even if they have little or no tax liability.

This measure would apply to the 2027 and subsequent taxation years.

Medical Expense Tax Credit

Budget 2026 proposes to simplify the Medical Expense Tax Credit (METC) by reducing the documentation requirements for certain eligible expenses. For certain expenses that are incurred exclusively for medical purposes, Budget 2026 removes the requirement for a prescription. For certain expenses that may be incurred for non-medical purposes, the prescription requirement is replaced with a requirement that an authorized medical practitioner certify the individual's medical condition.

This measure would apply to the 2026 and subsequent taxation years.

Optional Flat Amounts for Personal Income Tax Deductions and Credits

To reduce the need for individuals to keep receipts and itemize their expenses to support amounts claimed, Budget 2026 proposes optional flat-amount calculation methods for certain deductions and credits, including the following:

- **Moving Expense Deduction:** $1,000 in respect of the relocation instead of tracking and claiming their deductible moving expenses.
- **Labour Mobility Deduction for Tradespeople:** $1,500 per year for eligible tradespeople and apprentices in the construction industry who undertake an eligible temporary relocation.
- **Home Accessibility Tax Credit:** one-time optional flat-expense amount of $1,000 for a year. Only one taxpayer would be allowed to claim the flat amount in respect of the same eligible dwelling for a particular year. An individual who claimed the flat amount in a given year would still be able to claim the credit in future years based on their detailed expenses.
- **Adoption Expense Tax Credit:** $1,200 per adopted child in the year an adoption is completed. Only one taxpayer would be allowed to claim the flat amount in respect of an adopted child.

These measures would apply to the 2027 and subsequent taxation years.

Mineral Exploration Tax Credit (METC) and Critical Mineral Exploration Tax Credit (CMETC)

Flow-through shares allow corporations to renounce or "flow through" Canadian exploration expenses (CEE) and Canadian development expenses (CDE) to investors, who can deduct the expenses in calculating their own taxable income. CEE is deductible at a 100 per cent rate, while CDE is deductible at a 30 per cent rate on a declining-balance basis. The proposed Productivity Mega Deduction would increase the deduction rate for CDE from 30 per cent to 100 per cent.

In addition to the tax benefits of the flow-through share regime, two tax credits provide a further benefit to individuals who invest in eligible flow-through shares. The METC is equal to 15 per cent of the specified mineral exploration expenses incurred in Canada and the CMETC is equal to 30 per cent of specified critical mineral exploration expenses incurred in Canada. Both credits are set to expire on March 31, 2027.

Budget 2026 proposes to extend eligibility for both credits for five years, to flow-through share agreements entered into on or before March 31, 2032.

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Income Tax Return Filing, Balance-Due Dates for Individuals and Notice of Objections

Currently most individuals are required to file their T1 income tax return and pay any balance owing by April 30 following the end of the taxation year. Self-employed individuals have until June 15 to file their returns, although any balance owing remains due by April 30.

Budget 2026 proposes to harmonize the filing deadlines and change the T1 filing and balance-due dates to one single due date of May 15 for all individuals, including self-employed individuals and their spouses or common-law partners.

These measures would apply to the 2027 and subsequent taxation years.

The budget also proposes to provide most taxpayers with one year after a notice of assessment is sent to file an objection (extended from the current 90-day timeframe), while individuals and graduated rate estates would have until the later of that date and two years after their tax return filing due date, eliminating the need to request an extension of time.

Foreign Income Verification Statement – Form T1135

Canadian-resident individuals, corporations and trusts, as well as certain partnerships, must file a Foreign Income Verification Statement (Form T1135) with the Canada Revenue Agency if they own specified foreign property with a total cost of more than $100,000. Specified foreign property generally includes most types of income-earning property (including publicly traded securities) held outside of Canada, other than personal property and property used in carrying on an active business.

Form T1135 provides a simplified reporting method if the total cost of a taxpayer's specified foreign property is less than $250,000 throughout the year.

Budget 2026 proposes to increase the threshold above which Form T1135 must be filed from $100,000 to $200,000. The Canada Revenue Agency would also increase the threshold for simplified reporting from less than $250,000 to less than $500,000. The thresholds continue to be measured by reference to cost rather than fair market value, and the change affects reporting only – foreign income and gains remain taxable.

These measures would apply to taxation years or fiscal periods that end after 2026.

Intergenerational Farm and Fishing Property Rollover

The *Income Tax Act* allows for a tax deferral ("rollover") of capital gains on intergenerational transfers of certain farming and fishing property from a taxpayer to the taxpayer's child or the child's spouse or common-law partner. For these purposes, a child includes the taxpayer's grandchild or great-grandchild.

Budget 2026 proposes to expand the rollover so that it is available for transfers to a niece, nephew, grandniece, or grandnephew of the taxpayer, or the taxpayer's spouse or common-law partner.

This measure would be effective for transfers that occur on or after January 1, 2027.

Trust Distributions to Non-Residents

A trust that distributes property to its beneficiaries is generally deemed to have disposed of the property at fair market value, which could trigger a capital gain on the distribution of that property. However, a personal trust (which includes inter-vivos "family trusts" or other testamentary trusts) may transfer capital property to a Canadian resident beneficiary on a tax-deferred basis – i.e., a "rollout". Given many personal trusts are subject to a deemed disposition on capital property at fair market value on the 21st anniversary date of the trust, this tax-deferred rollout provision is a beneficial planning tool used by trusts to continue to defer any capital gains inherent on trust property transferred out directly to capital beneficiaries.

Notably, the rollout is not available when a trust distributes property directly to a non-resident beneficiary (except a limited group of assets that remain subject to Canadian tax).

The government has identified certain tax avoidance planning techniques that have been employed to roll out trust property *indirectly* to a non-resident beneficiary to achieve a tax-deferral to that non-resident beneficiary. For example, trust property may be rolled out to a beneficiary that is a corporation resident in Canada whose shares are held by a non-resident person. This planning may result in an indefinite deferral or the permanent avoidance of Canadian tax.

Budget 2026 proposes to broaden the current rollout denial rule to include indirect distributions of trust property to non-resident beneficiaries. The rollout would be denied for any property that is transferred to a corporation (or partnership) that has a direct or indirect non-resident shareholder (or partner).

This measure would apply in respect of distributions of property that occur on or after Budget Day.

Other Personal Tax Measures

- Combine the **Volunteer Firefighters Tax Credit** and the **Search and Rescue Volunteers Tax Credit** into a single 14-per-cent non-refundable Volunteer Firefighters and Search and Rescue Volunteers Tax Credit.
- **Build Canada Workers Benefit:** the Canada Workers Benefit would be enhanced and renamed the Build Canada Workers Benefit for the 2027 and subsequent taxation years, lowering the minimum earnings threshold from $3,000 to $500 and increasing the maximum benefit to $1,859 for single individuals and $3,143 for families. Advance payments would be halved for 2027 and eliminated beginning in 2028.
- **Tax instalments:** the instalment threshold would increase from $3,000 to $7,500 for individuals ($1,800 to $4,500 for Quebec residents) and for corporations, indexed to inflation, and individuals whose primary source of income is business income could make a single annual instalment of two-thirds of their net tax owing by December 31 (2028 and later).

Measures Affecting Registered Plans

Registered Retirement Savings Plan

A Registered Retirement Savings Plan (RRSP) is a tax-assisted and tax deferral vehicle for retirement savings accumulation. Currently individuals are required to convert their RRSP to a Registered Retirement Income Fund (RRIF) by the end of the year in which they turn 71. The RRIF is a tax-assisted plan for decumulation of retirement savings via required annual minimum withdrawals.

Budget 2026 announces the government's intention to seek public consultation on designing a program to merge the core features of the RRSP and RRIF into what was referred to as a single "RRSP for life" and to make other changes to improve and modernize the RRSP tax rules. The budget notes this would eliminate the need for individuals to convert their RRSP to a RRIF at age 71. Individuals over the age of 71 would continue to be required to make minimum withdrawals.

The specific issues under consideration include the following:

- Whether and how the RRSP rules could include a "successor holder" (i.e. a spouse or common law partner) feature similar to other registered vehicles – such as those in existence for RRIF accounts.
- Whether and how the current RRSP indirect "rollover" provisions that apply on death (involving an income inclusion and offsetting deduction for a qualifying survivor) could be replaced with rules to permit direct tax-free transfers to qualified registered vehicles of qualifying survivors.

Written submissions on the proposal are invited from the public by January 8, 2027.

Registered Disability Savings Plan

The Registered Disability Savings Plan (RDSP) is a tax-assisted savings plan designed to support the long-term financial security of a beneficiary who is eligible for the Disability Tax Credit.

Generally, an adult beneficiary is the holder of their own RDSP. Where they do not have contractual capacity due to a mental impairment, the plan holder must be a legal representative who is authorized under provincial or territorial law to act on the individual's behalf.

As of January 1, 2027, the budget proposes to permanently allow a qualifying family member to open a Registered Disability Savings Plan (RDSP) on behalf of an adult whose ability to enter into a contract for an RDSP is in doubt, and who does not have a legal representative (currently a temporary measure that expires at the end of 2026).

Registered Pension Plans and Individual Pension Plans

An individual pension plan (IPP) is a defined benefit registered pension plan (RPP) with fewer than four members, at least one of whom is related to a participating employer (e.g., a controlling shareholder). Budget 2026 proposes the following integrity measures:

- **IPP definition:** the definition would be expanded to include defined benefit RPPs under which all members are either related to a participating employer or do not deal at arm's length with any member, preventing plans from avoiding IPP status by adding related members (effective January 1, 2027).
- **Investment rules:** IPPs would become subject to the same advantage, non-qualified investment and prohibited investment rules that apply to other registered plans of controlling individuals (e.g., TFSAs, RRSPs and RRIFs).
- **Excessive surplus:** an IPP whose assets exceed 200 per cent of its pension liabilities would become a revocable plan, with at least 30 days' notice from the CRA to allow the administrator to remedy the excess (e.g., by withdrawing surplus) (effective January 1, 2028).
- **Revocation consequences:** where the CRA revokes the registration of an RPP, the plan would be liable for a special tax equal to 10 per cent of the fair market value of its property and would be deemed to become a retirement compensation arrangement, triggering the 50 per cent refundable tax on the deemed contribution (applicable to revocations after 2026).

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Proposals Affecting Canadian Private Companies

Canada Growth Incentive – Capital Gains Exemption

Budget 2026 proposes to introduce a new Canada Growth Incentive (CGI) capital gains exemption which would allow a Canadian-resident individual to claim a tax exemption on capital gains realized on the disposition of qualifying shares of a qualifying corporation, up to a $15 million limit. This $15 million would apply separately to each qualifying individual in respect of each business.

This measure would apply in respect of qualifying shares of a qualifying corporation issued on or after Budget Day and before 2037.

Qualifying Individual
A qualifying individual would be an individual other than a trust, at least 18 years old at the time they acquired a qualifying share and resident in Canada throughout the year in which they claimed the exemption.

A qualifying share would have to be issued by a qualifying corporation to the individual and owned directly by the individual.

Qualifying Shares
A share of the capital stock of a corporation would be a qualifying share of a qualifying corporation if the following conditions were met.

- At the time of share issuance:
  - the corporation must be a Canadian-controlled private corporation; and
  - all or substantially all of the fair market value of the corporation's assets must be attributable to assets used, or reasonably intended to be used within 36 months, principally in a qualifying business carried on primarily in Canada.
- Immediately before and after the share's issuance, the combined carrying value of the assets of the corporation and all corporations related to it must not exceed $100 million.
- The share must have been issued either solely for cash consideration or in exchange for employment services provided by the qualifying individual to the qualifying corporation.
- Throughout the period during which the qualifying individual owned the qualifying share, 50 per cent or more of the fair market value of the corporation's assets must be attributable to assets used principally in a qualifying business. Further, for a minimum period of 24 consecutive months immediately following share issuance, the qualifying business must be carried on primarily in Canada.
- For a minimum period of 36 consecutive months immediately before the disposition, the share must have been held by the qualifying individual.
- At the time of disposition:
  - the corporation must be a Canadian-resident corporation that is either a private corporation or a public corporation listed on a designated stock exchange located in Canada; and
  - all or substantially all of the fair market value of the corporation's assets must be attributable to assets used principally in a qualifying business.

Qualifying Business
A qualifying business would be an active business, but would exclude:

- a business providing consulting services, a professional practice of an accountant, lawyer, notary, physician, other health care practitioner, engineer, architect, and any business whose principal asset is the reputation or skill of one or more employees;
- a business operating in the agricultural, fishing, forestry, mining, financial, insurance, utilities, real estate, food and accommodation, arts, recreation, or entertainment sectors; and
- a business operating under a licensing or franchising agreement.

Alternative Minimum Tax (AMT) Implications
Capital gains exempted through this measure would be subject to an inclusion rate of 30 per cent for the purposes of the AMT, consistent with the treatment of gains eligible for the Lifetime Capital Gains Exemption.

Interaction with Other Capital Gains Exemptions
A qualifying individual would not be able to claim both the CGI exemption and the Lifetime Capital Gains Exemption on the sale of qualifying shares of the same qualifying corporation.

A qualifying individual could generally claim both the $10 million capital gains exemption on a sale to an Employee Ownership Trust and the $15 million CGI exemption on the same sale of shares, with the use of one exemption having no impact on the limit available under the other exemption.

Canada Growth Incentive – Rollover for Investments in Small Businesses

Individuals are allowed to defer taxation on the $10 million capital gains realized on a qualifying disposition of eligible small business corporation (ESBC) shares where the proceeds from the disposition are used to acquire replacement ESBC shares in the year of disposition or the following calendar year.

The following conditions must be met:

- **Holding period:** The shares were held by the individual for a minimum of 185 days immediately before the disposition.

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- **Active business requirement:** Throughout the individual's ownership period, all or substantially all (generally at least around 90 per cent) of the corporation's assets (measured by fair market value) were: used principally in an active business carried on by the corporation or by a related corporation; or shares or debts of a related active business corporation.
- **Canadian activity:** The active business of the corporation was carried on primarily in Canada for the lesser of two years and the period during which the individual held the share.

Period to acquire replacement shares

Budget 2026 proposes to increase the period to acquire replacement shares and to introduce a special provision for individuals who have entered into agreements for future equity.

First, the period to acquire replacement shares would be extended to include the year of disposition and the three following calendar years. An individual who made a qualifying disposition in a taxation year and did not reinvest the proceeds in that year would be able to choose either to pay tax for the year of disposition or to claim a reserve that defers recognition of the gain to the following year. This deferral mechanism would be available until the end of the replacement period.

Second, an individual who, before the end of the proposed three-year replacement period, enters into an agreement with an ESBC under which the investor provides upfront capital in return for shares to be issued at a future date (e.g., a simple agreement for future equity or SAFE), would be able to defer the capital gain for an additional two years, for a total replacement period of up to five years. If no ESBC shares are issued to the individual under the agreement by the end of the fifth year following the year of disposition, the deferred gain would be taxed.

With respect to any proceeds of a qualifying disposition that are not ultimately invested in replacement shares, interest would apply at a prescribed rate from the balance-due day for the year of disposition to the last day of the taxation year in which the gain is taxed.

Active business requirement

Budget 2026 proposes to lower the threshold from "all or substantially all" to "primarily" for the active business requirement's asset test that must be met throughout the period during which the individual owned the shares. However, the "all or substantially all" threshold would need to be met at the time of issuance and disposition of the shares.

The active business would be required to be carried on primarily in Canada at the time of share issuance and for a continuous period immediately following issuance. That period would be the lesser of two years and the period during which the individual owned the shares.

These measures would apply to qualifying dispositions that occur on or after January 1, 2027.

Corporate Loss Transfers

Under the Canadian income tax system, corporations are taxed on a stand-alone basis. A corporation may offset its non-capital losses against its own income, but it cannot directly deduct a loss incurred by another corporation.

Corporate groups may enter into transactions that effectively allow losses in one group member to offset income in another, such as amalgamations, wind-ups, or intra-group financing transactions. However, these transactions can be complex, costly, or unsuitable where separate corporate entities must be maintained for commercial, financing, regulatory, or liability reasons.

Budget 2026 invites stakeholders to comment on the introduction of a corporate loss transfer mechanism that would allow the transfer of current-year non-capital losses between corporations under certain conditions.

The basic design parameters of the loss transfer mechanism, and certain key considerations, are described below.

- **Qualifying Corporate Group:** Loss transfers would be permitted between a parent corporation and a wholly owned subsidiary corporation; and between two subsidiary corporations that are wholly owned by the same parent corporation.
- **Eligible Corporations:** The rule would apply only to corporations resident in Canada that are subject to tax under Part I of the Income Tax Act.
- **Eligible Losses and Annual Joint Election:** all or part of current-year non-capital losses could be transferred. The transferor and transferee would be required to make a joint election.
- **Provincial Allocation:** A loss arising in a province or territory could only be transferred to offset income arising in that same jurisdiction.

Other Corporate Measures

- **Scientific Research and Experimental Development (SR&ED) Tax Incentive Program:** expand the scope of activities and expenditures eligible under the SR&ED program to include the following:
  - **Regulatory and Certification Requirements:** tests, technological validations, and studies conducted to meet regulatory requirements for obtaining the initial approval or certification necessary to commercialize a product or process.

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  - **Intellectual Property Protection:** costs related to the registration and maintenance of intellectual property (IP) protection in respect of IP developed in the course of conducting a project that is eligible under the existing scope of activities under the SR&ED program.

- **Canadian Journalism Labour Tax Credit (CJLTC):** extend eligibility for the CJLTC to the production of audio and audiovisual news.

  The CJLTC rate was temporarily increased from 25 per cent to 35 per cent from January 1, 2023 to December 31, 2026. Budget 2026 proposes to extend the 35-per-cent rate until December 31, 2028.

  This measure would apply to qualifying labour expenses incurred on or after Budget Day.

- **Taxable Preferred Shares:** The taxable preferred share regime imposes a special tax (Part VI.1 tax) on dividends paid on shares with debt-like characteristics, subject to a $500,000 annual dividend allowance that is reduced where prior-year dividends exceeded $1,000,000.

  Budget 2026 proposes to introduce the following measures:

  - Exempt dividends paid by Canadian-controlled private corporations from Part VI.1 tax (dividends paid on or after Budget Day).
  - Increase the dividend allowance from $500,000 to $1,500,000 and the threshold for the reduction of the dividend allowance from $1,000,000 to $3,000,000.

Measures Affecting Charities and the Charitable Sector

Excess Corporate Holdings Regime for Private Foundations

The excess corporate holdings regime limits the shareholdings of private foundations to manage the risk of self-dealing. Private foundations must track and report their holdings together with those of non-arm's length "relevant persons", and must divest excess holdings where the combined holdings exceed 20 per cent of a class of shares and the foundation itself holds more than 2 per cent of the class.

Budget 2026 proposes to eliminate the excess corporate holdings regime and instead extend to private foundations the existing rule that prohibits public foundations from acquiring control of a corporation. This measure would apply to taxation years that begin on or after January 1, 2027, and is intended to allow private foundations to focus on their charitable and grant-making activities.

Other Charitable Sector Measures

- Budget 2026 also proposes to streamline the approval process for foreign charities to register as a qualified donee for Canadian tax purposes.

International Tax Measures

Taxable Canadian Property

Canada generally taxes non-residents on their income and gains from the disposition of taxable Canadian property (TCP). A purchaser that acquires TCP from a non-resident person (vendor) must withhold and remit an amount to the Canada Revenue Agency (CRA) on account of the vendor's potential tax liability, unless the vendor obtains a clearance certificate from the CRA. To obtain the certificate, the vendor must remit an estimate of the taxes owing, post security or demonstrate to the CRA that no tax will be owing.

The rules for determining a purchaser's withholding obligation and the amount required to be remitted by a vendor as part of the clearance certificate request differ depending on the type of TCP. A purchaser must generally withhold 50 per cent of the purchase price for specified TCP and 25 per cent for capital property other than specified TCP.

Budget 2026 proposes to reduce the withholding and remittance rates to 30 per cent on specified TCP, and 15 per cent for capital property other than specified TCP.

These measures would apply to dispositions that occur on or after January 1, 2027.

Previously Announced Measures

Budget 2026 confirms the government's intention to proceed with many previously announced tax and related measures that have not yet been formally enacted, including the following notable measures affecting individuals and Canadian private companies:

- Legislative and regulatory proposals released on September 15, 2026, to implement the Productivity Mega Deduction.
- Legislative and regulatory proposals released on July 23, 2026, including the following measures:
  - Disability Tax Credit;
  - Investment Tax Credit for Carbon Capture, Utilization and Storage;
- Legislative proposals released on January 29, 2026, to implement reporting requirements for non-profit organizations.

The **2026 Federal Budget Review** was developed by our in-house tax professionals at BMO Private Wealth; **Dante Rossi**, Director, Tax Planning and **Andy Guidi**, Director, Tax Planning.

If you have any questions regarding these budget proposals, please consult with your external tax or other professional advisors for further details.

This document is a summary of the Federal Budget and does not represent BMO Financial Group's view on the tax policies expressed in the Federal Budget.

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