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General information only, not advice for your situation. Budget measures are proposals until enacted.

S. Sian & Co. Inc. CHARTERED PROFESSIONAL ACCOUNTANTS

CLIENT MEMORANDUM · HARMAN SIAN, CPA · NOVEMBER 2026

What Federal Budget 2026 means for you

No rate changes, but new deadlines, simpler claims, a new $15 million capital gains exemption and tighter rules for some owner-managers. Here is what was proposed on November 5, 2026, and who it affects.

1 The headlines

Budget 2026 leaves **personal and corporate tax rates unchanged**. It is billed as the first stage of a broader effort to **simplify the tax system**, paired with incentives for growing Canadian companies. Three things stand out:

✎ One tax deadline

Personal returns and payments both due May 15, starting with the 2027 tax year.

$ $15M exemption

A new capital gains exemption for founders and investors in qualifying new shares.

✓ Less paperwork

Higher instalment and T1135 thresholds, and flat-amount options for common claims.

2 Filing, paying and disputing your taxes

◷ A single May 15 deadline

Today most people pay by April 30, and the self-employed file by June 15. Under the proposal, **everyone files and pays by May 15**, including self-employed people and their spouses.

2027 TAX YEAR · FIRST DUE MAY 2028

▲ Fewer people need instalments

The threshold rises from **$3,000 to $7,500** of tax owing, for individuals and corporations, then indexed. You must still exceed it this year and in one of the two prior years.

YEARS STARTING 2028

1 One instalment for the self-employed

If business, professional or commission income is your main income, you may pay **one instalment by December 31** (two-thirds of the year's tax) instead of four, with the rest at filing.

FROM 2028

⚖ More time to object

The objection deadline grows from 90 days to **one year** after the assessment is sent; for individuals and graduated rate estates, the later of that or two years after the filing due date. The option to ask for an extension goes away, because it is no longer needed.

ASSESSMENTS SENT FROM 3 MONTHS AFTER ROYAL ASSENT

! Tax debts and your credit

CRA could report income tax or GST/HST debts **over $50,000** to credit bureaus, once appeal rights have run out and after 30 days' written notice. CRA must first have tried to collect and given you a chance to propose reasonable payment terms.

ON ROYAL ASSENT

✈ Foreign property reporting

The T1135 filing threshold doubles from **$100,000 to $200,000** of foreign property cost; the simplified form applies below $500,000.

YEARS ENDING AFTER 2026

3 Individuals and families

♥ Caregiver credit becomes refundable

Caregivers with little or no tax owing will receive the full credit as a refund. Amounts stay the same ($9,001 for parents and other adult relatives in 2027).

FROM 2027

≡ Flat amounts instead of receipts

- Moving: $1,000 per move
- Trades labour mobility: $1,500 a year
- Home accessibility: $1,000, once
- Adoption: $1,200 per child
- Clergy residence: $1,000 a month

OPTIONAL · FROM 2027

+ Simpler medical claims

Optional flat amounts for gluten-free food ($1,000), incontinence products ($500) and service dogs ($2,000). From 2026, items such as insulin and CPAP machines no longer need a prescription.

✓ More deductions for some employees

Commission employees can claim vehicle and travel costs and their other expenses together. **Employed artists** lose the $1,000 cap on expenses.

FROM 2027

$ Benefits

A one-time Groceries and Essentials Benefit top-up in early 2027 (up to $223 per adult and $117 per child). The Canada Workers Benefit is enhanced and renamed, with advance payments phased out.

↻ RRSP for life

Ottawa plans to merge RRSPs and RRIFs so you **no longer have to convert at 71**, and is consulting on letting a surviving spouse take over the plan. Minimum withdrawals would continue.

CONSULTATION

⚠ Family trusts with non-resident family members

From November 5, 2026, a trust can no longer distribute property tax-free **indirectly** to a non-resident, for example through a Canadian company or partnership with any non-resident owner. If your trust has beneficiaries outside Canada, please talk to us before any distribution.

4 Business owners and incorporated professionals

▲ Corporate instalments

No instalments unless federal tax exceeds **$7,500** (now $3,000) in **both** the current and the previous year. The threshold is indexed and rounded to the nearest $500.

YEARS STARTING 2028

◆ Preferred share dividends

Dividends paid by Canadian-controlled private corporations are **exempt from Part VI.1 tax**, removing a compliance headache common in estate freezes.

FROM NOVEMBER 5, 2026

⌂ Individual pension plans (IPPs)

Plans for family members count as IPPs however many members they have (2027). From 2028, IPPs face the same investment rules as RRSPs: the controlling individual pays 50% of the value of any non-qualified or prohibited investment the plan acquires, and 100% of the value of any advantage. An IPP whose assets exceed **200% of liabilities** becomes a "revocable plan" — CRA must give at least 30 days' notice before revoking, leaving time to withdraw the excess.

✖ Revoking a pension plan

This is a change for every registered pension plan, not just IPPs. A plan revoked after 2026 pays 10% of the value of its assets, though CRA can waive that, and is then treated as a retirement compensation arrangement.

⇄ Small business rollover

If you sell qualifying small business shares and reinvest, you now have the **year of sale plus three years** to reinvest (five with a SAFE-type agreement).

SALES FROM 2027

⚙ Investment and research

The Productivity Mega Deduction is confirmed — immediate write-off of the full cost of a much broader range of capital assets, with limited exclusions. SR&ED is extended to cover testing and studies needed for a product's initial regulatory approval, and the cost of registering and maintaining IP protection, though not litigation to enforce it.

SR&ED: TAX YEARS BEGINNING ON OR AFTER NOV 5, 2026

! Higher penalties

Most fixed-dollar penalties rise two to three times, then are indexed. Larger corporations pay three to eight times the base penalty, and repeat failures double it.

YEARS ENDING AFTER 2027

5 The Canada Growth Incentive

A new exemption shelters up to **$15 million of capital gains per person, per business**, on qualifying shares issued from November 5, 2026 to 2036. It is aimed at founders, employees and early investors in growing Canadian companies.

Who can claim

An individual (not a trust), 18 or older when acquiring the shares, resident in Canada. Shares must be issued directly to you, for cash or for your work, and held at least **36 months**.

Which companies qualify

Canadian-controlled private corporations where the combined carrying value of the company's assets and those of all related corporations is **$100 million** or less, immediately before and after the shares are issued, carrying on a qualifying business primarily in Canada (see exclusions below). Further tests apply while you hold the shares and when you sell.

Businesses that don't qualify

Consulting and professional practices (accountants, lawyers, doctors and other health practitioners, engineers, architects); businesses built on the skill of their people; real estate; food and accommodation; recreation, arts and entertainment; finance and insurance; farming, fishing, forestry, mining and utilities; and any franchise or licensing business.

Does this replace an estate freeze to a family trust?

Generally no. Trusts can't claim the exemption, existing shares don't qualify, and many family businesses are in excluded sectors. Freezes remain the right tool for most of our clients. Where it can help is a **new company in an eligible sector**, such as technology, manufacturing or e-commerce, with a large expected sale. Using it also reduces your lifetime capital gains exemption on the same company.

Anti-avoidance rules still to come

Further rules are promised to stop the **$15 million** limit being multiplied by splitting one business across several companies. The details are to be released at a later date, and nothing in this measure has been written into draft legislation yet.

6 GST/HST and non-residents

Massage therapy becomes GST/HST exempt

Licensed or certified massage therapists stop charging GST/HST on qualifying services supplied after **November 5, 2026**. They also stop claiming input tax credits on related costs, so registration and pricing should be reviewed.

Non-residents selling Canadian property

Withholding on sales by non-resident **corporations** drops from 25% to 15% (50% to 30% for certain property). Fully tax-deferred section 85 rollovers are exempt from withholding only if, within 30 days of the sale, the section 85 election is filed *and* the purchaser gives CRA notice of the transaction and the vendor.

FROM JANUARY 1, 2027

Rollovers that get undone

An existing rule cancels the deferral and brings the gain as at the rollover date back into tax if the property is sold again — or a sale is arranged — within three years, and one of the main purposes was to keep that later gain out of Canadian tax, often under a treaty. For non-residents rolling over Canadian property that window stretches to five years, and the rule also reaches a later sale of other property, such as shares of a holding company, where more than half its value comes from what was rolled over.

ROLLOVERS DONE FROM JANUARY 1, 2027

7 Key dates at a glance

EFFECTIVE	CHANGE
Nov 5, 2026	Growth Incentive shares can be issued · Part VI.1 exemption for Canadian-controlled private corporations · trust rollout denial extended to indirect distributions to non-residents
Nov 6, 2026	Massage therapy GST/HST exempt (supplies made after budget day)
2026 tax year	Simpler medical expense documentation · T1135 threshold $200,000 (years ending after 2026)
2027 tax year	Refundable caregiver credit · flat-amount options · commission employee and artist deductions · IPP definition widened · small business rollover window extended
Spring 2028	First May 15 deadline for filing and paying 2027 personal returns
2028	$7,500 instalment threshold · single December 31 instalment option · new IPP investment and surplus rules · higher penalties (years ending after 2027)

Wondering how the budget affects you?

Call 604-322-7100. If you run a company with preferred shares, an IPP or a family trust, are planning a new venture or a sale, or provide massage therapy, we'll walk through what changes for you and when.

Source: Department of Finance Canada, Budget 2026, *Tax Measures: Supplementary Information* (November 5, 2026). Measures are proposals and may change before they become law.