A concise summary of what you need to know

Measures for individuals

Federal income tax rates

There are no changes to personal federal income tax rates or income brackets.

Lowest personal tax rate and Top-Up Tax Credit

The budget confirms reductions — announced in May 2025 and effective as of July 1, 2025 — to the lowest federal personal income tax rate from 15% to 14.5% in 2025 and to 14% in 2026.

Further, the government notes that the income tax reduction lowers the value of many non refundable personal tax credits (because those credits are multiplied by the lowest rate). For taxpayers whose non refundable credits exceed the first income tax bracket threshold ($57,375 in 2025), the fall in credit value could more than offset the savings from the rate cut, increasing their overall tax liability.

To prevent that outcome, the government will introduce a non refundable Top Up Tax Credit for the 2025 through 2030 taxation years. The Top Up effectively preserves the 15% value for non refundable tax credits claimed on amounts above the first income tax bracket threshold, ensuring affected taxpayers are not worse off under the new rate structure.

Personal Support Workers Tax Credit

The budget introduces a temporary refundable tax credit for eligible personal support workers (PSWs) employed by qualifying health-care establishments. The credit equals 5% of eligible earnings, up to a maximum of $1,100 per year, and applies for the 2026 through 2030 taxation years.

Eligible employers include hospitals, nursing and residential care facilities, community care facilities for the elderly, home-healthcare establishments and other similar regulated health-care providers. To qualify, workers must provide one-on-one care and essential support under the direction of a regulated health professional or community health organi ation, and eligible earnings must be certified by the employer.

The credit will not apply in provinces or territories covered by bilateral wage-increase agreements with the federal government.

Automatic federal benefits for low income Canadians

The budget proposes amending the Income Tax Act (ITA) to give the Canada Revenue Agency (CRA) discretionary authority to file a tax return on behalf of certain lower income individuals, so they can receive federal benefits and credits they may otherwise miss. The CRA would first provide the individual with the information it has for the taxation year and give them 90 days to review and submit changes. If the individual does not confirm the information within 90 days, the CRA may file the return, issue a notice of assessment, and determine and pay the individual’s credit and benefit entitlements. Individuals may opt out of this process.

To be eligible, an individual must generally meet conditions such as:

- Income below the basic personal amount (plus the age and/or disability amount, where applicable);
- All income reported on information slips filed with the CRA;
- A history of non filing for at least one of the preceding three years; and
- No return filed within 90 days of the filing deadline.

This measure applies to the 2025 and subsequent taxation years, meaning automatic filings could begin in 2026.

Home Accessibility Tax Credit

The budget would prevent double claiming by ensuring an expense claimed under the Medical Expense Tax Credit cannot also be claimed under the Home Accessibility Tax Credit. This alignment of the two credits takes effect for the 2026 and subsequent taxation years.

Canada Carbon Rebate wind-down

With the elimination of the federal fuel charge effective April 1, 2025, the government issued a final quarterly Canada Carbon Rebate (CCR) payment beginning that month. To close out the program, no CCR payments will be issued for tax returns or adjustment requests submitted after October 30, 2026.

Extending Employment Insurance parental benefits during bereavement

The government proposes to amend the Employment Insurance Act to allow claimants receiving Employment Insurance parental benefits to access an additional eight weeks of coverage in the event of the death of the child.

Proposed amendment to the Public Service Superannuation Act

This special retirement benefit will allow firefighters, border services officers, parliamentary protection officers, and other frontline employees to retire earlier with an immediate unreduced pension after completing 25 years of actual operational service, or at age 50 with 25 years of actual and deemed operational service combined (at least 10 years of actual), as is presently available to employees of Correctional Service Canada working in a federal correctional institution.

Enhancing access to the Canada Disability Benefit

To help offset the costs of applying for the Disability Tax Credit (DTC) for Canada Disability Benefit recipients, the budget proposes a one-time supplemental Canada Disability Benefit payment of $150 in respect of each DTC certification, or recertification, giving rise to a Canada Disability Benefit entitlement. This one-time payment would be retroactive to the launch of the Canada Disability Benefit. The budget also confirms the government's intention to bring forward legislation to exempt the Canada Disability Benefit from being treated as income under the ITA.

Deferral of bare trust reporting requirements

To provide additional time for implementation and compliance, the government has deferred the new reporting rules for bare trusts. Originally proposed on August 15, 2025, these rules will now apply to taxation years ending on or after December 31, 2026.

Other Measures

Confirmation of previously announced measures

The government confirmed the cancellation of the capital gains tax increase and the Canadian Entrepreneurs Incentive.

Simplifying registered plan investment rules

To streamline access to private market investments through registered plans, the government will simplify and harmonize the rules governing qualified investments.
Under the new framework:

- RDSPs will be permitted to hold shares in specified small business corporations, venture capital corporations, and eligible cooperatives;
- Certain investments — such as interests in small business investment limited partnerships or trusts — will no longer qualify.

These changes, which take effect January 1, 2027, may modestly reduce access to private-market exposures within registered accounts.

Broadening the 21-year trust rule

The Income Tax Act's 21-year rule prevents a trust from indefinitely deferring a deemed disposition of its assets on its 21st anniversary. The budget proposes to strengthen existing anti-avoidance provisions to capture cases where property is moved indirectly from one trust to another to circumvent that deemed-disposition rule.

The change applies to transfers made on or after November 3, 2025 (Budget Day) and is intended to preserve the integrity of intergenerational trust planning.

Elimination of the Underused Housing Tax (UHT)

The budget proposes to eliminate the Underused Housing Tax (UHT) effective for the 2025 calendar year. No UHT will be payable and no UHT returns will be required for 2025 and subsequent calendar years. Filing and payment obligations for the 2022–2024 calendar years remain in effect, including any associated penalties and interest.

Ending the Luxury Tax on aircraft and vessels

To reduce administrative complexity and encourage investment, the government will abolish the luxury tax on aircraft and vessels. All obligations under this tax will cease immediately after Budget Day. Note that the tax on high-value vehicles will remain in effect.

Eliminating the GST for first-time home buyers

To support home ownership, the government is eliminating the Goods and Services Tax (GST) for first-time home buyers on new homes up to $1 million and reducing the GST for first-time home buyers on new homes between $1 million and $1.5 million.

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Measures for businesses

Federal income tax rates

The budget did not propose any changes to federal corporate income tax rates or to the $500,000 small business limit.

Accelerated expensing for manufacturing and processing buildings

The government is moving forward with measures designed to accelerate capital cost deductions and stimulate private sector investment. The centre piece is a new Productivity Super-Deduction, which allows businesses to write off the full cost of a wide range of investments more quickly.

The government expects this initiative will lower Canada's marginal effective tax rate (METR) by more than two percentage points, helping restore competitiveness with the U.S. following the recent One Big Beautiful Bill Act (OBBBA). These changes apply to eligible property acquired on or after Budget Day.

Limiting tax deferral through tiered corporate structures

To curb tax deferral whereby affiliated companies use different fiscal year-ends, the government will deny a dividend refund to a payer corporation when the affiliated recipient's taxation year ends after the payer's. The measure applies to taxation years that begin on or after Budget Day and is designed to synchronize tax timing within corporate groups and reduce opportunities for intercompany deferral.

Scientific Research and Experimental Development (SR&ED)

Effective for taxation years beginning after December 15, 2024, the budget proposes to increase the annual SR&ED expenditure limit under which certain corporations are entitled to earn an enhanced 35% refundable investment tax credit (ITC), to $6 million. This is in addition to the 2024 federal Fall Economic Statement (FES) proposals that significantly enhance the SR&ED program.

Getting Advice

For more information about the new measures in Budget 2024 or to discuss how any of the specific measures may affect your financial, tax or estate plans, we encourage you to talk to us. Speak to your Financial Advisor or contact investor services at 1 800 608 7707.

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