

VIDEO TAX NEWS

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Editorial Board:

Caitlin L. Butler CPA, CA

Joseph R. Devaney CPA, CA

Hugh C. Neilson FCPA, FCA, TEP

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1 Government Releases

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FINANCE RELEASES

1. **May 7, 2026** – The Department of Finance issued a News Release (Minister Champagne introduces second piece of legislation to implement Budget 2025: Canada Strong) announcing the introduction of **Bill C-31, Budget 2025 Implementation Act, No. 2**. The Bill received **first reading** on May 6, 2026. **Late-Breaking News:** On May 29, 2026, the Department of Finance posted **explanatory notes** to this legislation.

The Bill contained **numerous tax** and other **measures** from both **Budget 2025** and **previous announcements** including the following:

- **limiting employment expense** deductions for **railway and transport employees** to only be available where the **expense exceeded** reimbursements and non-taxable allowances received or receivable (see VTN [517\(7815\)](#));
- **excluding** the disposition and deemed **disposition** due to or in **anticipation of** a deemed disposition by a **spousal, joint-spousal or alter-ego trust** (Paragraph 104(4)(a)) from the **flipped property** rules (Subsections 12(12) to (14); see VTN [489\(6537\)](#));
- implementing **immediate expensing** for **manufacturing and processing buildings** (see VTN [535\(8606\)](#));

this Bill including many previously announced amendments

- modifying the **forgiveness of debt** provisions (Section 80) to **exclude debts settled on bankruptcy** only where the taxpayer is an **individual** (not a trust, partnership or corporation; see VTN [508\(7404\)](#) for the designation of certain transactions involving corporations as a notifiable transaction);
- implementing the **tiered corporate structure** rules that would **defer dividend refunds** where **dividends** are paid to **affiliated corporations** with year-ends later than that of the dividend payer (see VTN [538\(8773\)](#));
- **broadening the anti-avoidance rule** that prevents avoiding the **21-year rule** for direct trust-to-trust transfers to **include indirect transfers of trust property** to other trusts and transfers of property **to beneficiaries** in which **another trust has an interest**, applicable to transfers of property that occur on or after **November 4, 2025** (see VTN [532\(8477\)](#));
- **broadening the exceptions** from **TOSI** for certain **property** that is **inherited** or **received** as a settlement of rights on a **relationship breakdown** to include **substituted property** (see VTN [517\(7827\)](#));
- to support the winding down of the **federal consumer carbon tax** as of April 1, 2025 (see VTN [524\(8143\)](#)), **no payments to individuals** would be made in respect of **tax returns filed after October 30, 2026** (see VTN [532\(8473\)](#));
- extending the definition of a **qualifying relation** for purposes of the **multigenerational home renovation tax credit** to include the **spouses** and common-law partners of **nieces and nephews** of the qualifying individual, retroactive to 2023 (see VTN [522\(8068\)](#) for details on the issue being addressed);
- **extending the reassessment period** in respect of **years of emigration** to enable the operation of certain provisions (such as deductions) that may not be resolved in the normal reassessment period (see VTN [517\(7815\)](#));
- extending the **maturation period** of **amateur athlete trusts** maturing in 2019 by **one year**, from eight years to **nine years** (see VTN [462\(4995\)](#));
- **streamlining** and simplifying the rules relating to **registered plan investments in small businesses**, while maintaining the ability of registered plans to make such investments (see VTN [532\(8506\)](#));
- various **registered plans** rules (registered pension plans, advanced life deferred annuity, FHSA) would be **amended** to address **various issues**, including settlement of rights on a relationship breakdown and death of a taxpayer (see VTN [517\(7815\)](#));
- **exempting** all **charities** from the requirement to **file** an income tax return (only incorporated charities are exempt under current law);

debt forgiveness will apply to bankrupt corporations, trusts and partnerships

these relieving rules for TOSI

this deadline to receive Canada carbon rebates

- providing **CRA** with the discretionary authority to **file a tax return** on behalf of certain **lower-income individuals** (see VTN [538\(8774\)](#));
- bolstering the **avoidance of tax debt** rule (Section 160) to make it easier for CRA to assess when an **indirect transfer** of assets has occurred (see VTN [517\(7815\)](#));
- expanding CRA's ability to send **electronic communications** to **charities** when authorized by the charity;
- enhancing CRA's **ability to obtain taxpayer information** (see VTN [538\(8775\)](#));
- defining the adjusted cost basis of a life insurance policy to be its cost amount for the purposes of rules regarding charitable donations (see VTN [516\(7805\)](#));
- implementing the **crypto-asset reporting framework** (see VTN [532\(8477\)](#) and [513\(7643\)](#));
- prescribing **US 401(k)** accounts to be **foreign retirement arrangements** effective on Royal Assent (see VTN [529\(8351\)](#); also see VTN [476\(5870\)](#) for a discussion of Canadian tax issues related to IRAs and 401(k) plans);
- extending the **deadline** for **GST/HST returns** (both interim and final) of a **deceased** taxpayer to **no sooner than six months after the month of death** (effective for returns that, in the absence of this provision, would have been required to be filed on or before August 15, 2025; see VTN [529\(8351\)](#));
- increasing the **limits** for hearing cases under Tax Court of Canada's **informal procedure** to match the suggestions from the Joint Committee on Taxation of the Canadian Bar Association and CPA Canada (see VTN [533\(8545\)](#)); and
- restricting the use of **non-compete agreements** in employment contracts for federally regulated businesses (see VTN [532\(8477\)](#)).

reviewing electronic communications options for charities

401(k) plans will be treated like individual retirement accounts (IRAs)

2. **May 1, 2026** – The Department of Finance announced the **prescribed interest rate** for the **third quarter of 2026** (July 1 – September 30, 2026). The rate remains **unchanged** at 3% for corporate refunds and the calculation of taxable benefits. The rate remains at 5% for personal refunds and 7% for arrears and instalment interest.

no change to prescribed rates

CRA RELEASES

1. **May 6, 2026** – CRA announced the release of a guide on **How to write a charitable purpose**, designed to assist **new charities** and charities **changing their existing purpose**.
2. **May 5, 2026** – CRA sent a **stakeholder email** reminding community organizations that **community organizations** hosting free tax clinics through the **Community Volunteer Income Tax Program** (CVITP; see VTN [474\(5749\)](#)) and the Income Tax Assistance – Volunteer Program

this resource for charities to assist in drafting their charitable purposes

(ITAVP) in Quebec can **apply for CVITP grants** from **May 1 to June 30, 2026**. Details on the grant are available on [CRA's grant for hosting free tax clinics webpage](#).

3. **May 4, 2026** – On the EFILE news and program updates webpage, CRA announced that the **partnership form T5013SCH8, Capital Cost Allowance** will **not** be available for **electronic filing** until January 2027. Filers should **use the current version** and **override** any fields as required to **reflect new legislation**.

this guidance for partnership filings

See Appendix A (VTN [538\(8793\)](#)) for a listing of **resources prepared by Video Tax News** that are available on the Video Tax News portal and for recently released/updated **CRA publications and forms**.

2 Canada's COVID-19 Response

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CERS – WORKSPACE IN HOME

An April 23, 2026 **Tax Court of Canada** case ([Milne vs. HMK, 2025-1081\(IT\)](#)) reviewed a **denied** claim for the **Canada Emergency Rent Subsidy** (CERS). The taxpayer **carried on his business**, an acting studio, in a portion of his **rented residence**.

Taxpayer loses

A **qualifying property** for CERS purposes (defined in Subsection 125.7(1)) **excludes** any **self-contained domestic establishment**. The property was **not** a **mixed-use property** with residential and commercial space. It was a **single-family home**. The **segregation** of the **business** and **personal use** portions of the property did **not alter** this exclusion. **CERS was properly denied**.

even segregated business space in a residence was not eligible for CERS

COVID-19 BENEFIT ELIGIBILITY ROUND-UP

As CRA continues their **post-payment reviews** related to the **Canada Emergency Response Benefit** (CERB), **Canada Recovery Benefit** (CRB), **Canada Recovery Caregiving Benefit** (CRCB) and related programs, the Federal Court also continues to consider applications for judicial review of the reasonableness of CRA's decisions to deny benefits.

Concerns over scammers claiming to be CRA

A March 23, 2026 **Federal Court** case ([Hamdi vs. AGC, T-2546-25](#)) reviewed CRA's **denial** of CERB and CRB benefits on the basis that the taxpayer provided **insufficient support** that she met the **\$5,000 prior period earning test**. After a **series of calls** over a period of **more than a week**, the taxpayer and the CRA agent conducting the second review connected. The **CRA agent** requested the **taxpayer's SIN**. The **taxpayer**

the increasing challenges to differentiate a CRA agent from a scammer

expressed **concern** that the **agent's telephone number** was **not verifiable** through any of the **methods listed** on the **CRA website**. While the taxpayer **attempted to confirm** the agent's telephone number by calling the **general enquiries** line, she was **unsuccessful** before the **deadline imposed** by the agent, which was **less than a week**.

The court held that the decision was **procedurally unfair** as it had **violated** the taxpayer's **right to be heard**. The **CRA website warned** taxpayers of **telephone scams**. The CRA agent's imposition of an **artificially urgent deadline** reasonably **increased** the **taxpayer's suspicions**. Her requests for **secure verification** such as a message over the **My Account portal**, some form of **multi-factor authentication**, written communication or **verifying** her **identity** using amounts from her **tax return supported** the taxpayer's **concerns** about the **security** of her **personal information**. **CRA** was **ordered** to undertake a **new determination** and, while **secure written communication** was **not ordered**, **CRA** was **ordered** to ensure that the **telephone number** used would be on **CRA's list of phone numbers** to avoid any further issues.

Offsetting CERB repayments with CESB

On June 22, 2022, the Canada Gazette published the [Certain Emergency Response Benefits Remission Order](#) to implement **relief for students**, allowing them to **offset Canada Emergency Response Benefits** (CERB) for which they were **ineligible** with any **Canada Emergency Student Benefits** (CESB) for which they would have been eligible during the same benefit period. An individual meeting the relevant criteria must **apply** for the remission using **Form T186, Canada Emergency Benefit Remission Application**, for which **no deadline** has been set.

no deadline for students denied CERB but eligible for CESB

An April 8, 2026 **Federal Court** case ([Lemay vs. AGC, T-894-25](#)) reviewed a **denied** application for **remission**. The court noted that the taxpayer was **ineligible** for **CESB**, although the **form** was **unclear** in this regard. Although the court found it "deplorable" that no one had pointed the taxpayer to the CESB Act, the **requirements** were **correctly identified and applied** by CRA in concluding that the taxpayer was **ineligible**. Lack of clarity or **errors** on the **form** could **not override the law**, so CRA's **decision** was **reasonable**. However, the court **awarded costs** of \$250 to the taxpayer due to both the form errors and CRA's failure to direct the taxpayer to the relevant legislation.

Timing of dividends

An April 13, 2026 French **Federal Court** case ([Ruel vs. AGC, T-3106-25](#)) reviewed CRA's **denial** of **CERB** on the basis that the taxpayer **received** employment or self-employment **income** of **over \$1,000** in each of three periods. The **income** was in the form of **dividends** from the taxpayer's corporation, which operated a restaurant.

The court agreed that **non-eligible dividends** were considered **employment or self-employment** income for **all purposes** under the **CERB** requirements. However, **CRA's policy** of allocating **annual dividends equally** over all relevant periods was **not appropriate** in this instance. **All earnings** distributed as dividends in the corporation's year ended May 31, 2020 were **paid** no later than **January, 2020** from **income earned previously**. That income could **not** have been **paid for work** done in March, April or May 2020 when the **taxpayer** was **not working**. CRA's website indicated that **income** is **earned** when the **work is done** and not when the payment is received. As **no other decision** was **reasonable**, the court **overturned CRA's decision** rather than remitting it for a new determination.

income is earned when the work is done, not when payment is received

3 Personal Tax

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DISABILITY TAX CREDIT UPDATES – SPRING ECONOMIC UPDATE

The [2026 Spring Economic Update](#) (see VTN [537\(8725\)](#)) proposed to **streamline** the **disability tax credit** (DTC) **certification** process by implementing several measures.

Certification for certain long-lasting medical conditions

For individuals with a **formal diagnosis** of a **listed long-lasting medical condition** (see Appendix B, VTN [538\(8794\)](#)), a **qualified medical practitioner** would need to **certify** that the individual **has** the **medical condition**, but would **no longer** be required to **certify** that the individual's **impairment is severe and prolonged** and that its effects meet the legislated thresholds regarding daily living impacts. The proposal would not change the disability criteria to qualify for the DTC. **CRA** would continue to have the authority to **ask for additional information** to verify that these criteria are met. As is the case for all individuals with a DTC certificate, those with a long-lasting medical condition must inform CRA in writing if there is an improvement in their medical condition that could impact their eligibility for the credit. This measure would apply to the **2026 and subsequent taxation years**.

streamlined DTC application for certain long-lasting conditions

Medical practitioners qualified to certify impairments

The **types of impairments** that may be certified by certain **qualified medical practitioners** would be **expanded** to include the following:

- an **occupational therapist** would be permitted to certify **impairments affecting eliminating** (bowel or bladder functions), including under cumulative effects of multiple restrictions;

a broader range of practitioners that could certify

- a **physiotherapist** would be permitted to certify **impairments** affecting **feeding or dressing**, as well as the cumulative effects of multiple restrictions pertaining to **walking, feeding and/or dressing**;
- a **speech-language pathologist** would be permitted to certify **impairments** affecting **feeding or hearing**, as well as the cumulative effects of multiple restrictions pertaining to **speaking, feeding and/or hearing**.

Podiatrists would also be added to the list of **medical practitioners** who may certify **impairments** affecting **walking** that fall within their scope of practice to assess. The individual must hold a **license to practice** as a podiatrist in the province (or under the laws of a jurisdiction in which an individual resides).

These measures would apply to **DTC certificates issued after 2026** for the 2027 and subsequent taxation years.

Public guardians and trustees

Provincial or territorial **public guardians, trustees and curators** would be allowed to **certify**, on the DTC application form, **for an adult under their care** for property matters, that the individual has a **valid certificate of incapacity** (or equivalent document) issued by a healthcare professional in accordance with applicable provincial or territorial laws for determining decision-making capacity. **Where** such a **certification is provided**, a qualified medical **practitioner** would **no longer be required to certify** the individual's impairment for their DTC application. **CRA** would continue to have **authority to require additional information** to verify that all other eligibility requirements are met.

streamlined process for public guardians, trustees and curators

Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada would also be allowed to provide **similar certification** for adult dependants in their care for property matters under the Indian Act.

These measures would apply to DTC certifications issued for the **2026 and subsequent taxation years**.

4 Partnerships

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LOANS TO INDIRECT PARTNERS

A May 2026 Canadian Tax Focus article ([CRA Ruling Provides Guidance on Partnership Loans to an Indirect Partner](#), Marc Pietro Allard) discussed CRA's position in an advance tax ruling ([2022-0938261R3](#)) related to a **complex internal restructuring** of a business into a tiered partnership to **obtain external financing on more favourable terms**. As part of the restructuring, a **loan was advanced by** a newly formed limited **partnership to an indirect partner**, funded by an external source. CRA ruled that the

proceeds from the **loan** to the indirect partner would **not** be considered to be **received** on account or in lieu of payment of, or in satisfaction of, a **distribution** by the partnership. As it would **not** be a **distribution**, it would **not reduce** the **adjusted cost base** of the borrower's interest in the partnership (Subparagraph 53(2)(c)(v)).

While CRA previously opined that a **short-term loan** made by a partnership to a **limited partner could** constitute a **distribution** (see VTN 426(3196)), CRA stated more recently that, if **certain conditions are met**, such **short-term loans** would **not** constitute a **distribution** (see VTN 499(6965)). CRA's later comments are **limited to loans** to limited partners that are **set off** by **distributions** made "**shortly after the end of the fiscal period**" and therefore exclude long-term loans. CRA's later comments also do not address tiered partnership structures.

CRA's **ruling** may be helpful, as it addressed **long-term loans** made within a **tiered partnership structure**. The ruling relied on **certain assumptions**, including the following: there was a **legal opinion** that the **loan** was in fact a loan under **private law** and **not disguised distribution** or consideration; the **limited partnership** making the loan was **newly formed** without any income or capital prior to the external financing; the **purpose** of the transaction was for the indirect partner to get **more favourable loan terms** than would otherwise be available and there was **no purpose to reduce a capital gain** or **increase a capital loss** on the disposition of the partnership interest.

whether CRA's comments may be more broadly applicable

5 Corporate Reorganization

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FORM T2057 GUIDANCE FROM CRA

An April 27, 2026 [post](#) on CPA Canada's Tax360 portal from Ryan Minor, Director of Tax at CPA Canada, provided **CRA guidance** on Question 6 of Part 3 of form **T2057 Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation** (the form for an election under Subsection 85(1)), being "Where **shares** of a corporation are **transferred**, does the **transferee** own **more than 10%** of the capital stock of the **corporation after the transfer**?" The question does not indicate whether this should be measured based on value, voting rights, raw number of shares or some other basis.

CRA confirmed that the question is aimed at **determining whether the corporation** that is **being transferred** would be **connected with the transferee** (Subsection 186(4)) for the purpose of Part IV tax **post-transfer**. CRA provided the following response:

whether the two corporations will be connected after the transfer

According to subsection 186(4) of the Income Tax Act (ITA), specifically 186(4)(b), the recipient corporation owns:

- 1. More than 10% of the issued shares (full voting rights) AND,*
- 2. Having a Fair Market Value (FMV) greater than 10% of all the issued shares of the payer corporation.*

The two conditions must be met.

We will look at having the form updated in a future release to bring further clarity to the question.

6 Corporate Tax

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CARBON REBATE FOR SMALL BUSINESSES – ADJUSTMENTS

On April 23, 2026, CRA updated their webpage [Canada Carbon Rebate for Small Businesses: tax treatment of the rebate](#) to provide **further details** on ensuring that **carbon rebates are not subject to tax**, even if previously reported as such, as legislation to make the rebates non-taxable has been enacted into law (see VTN [536\(8648\)](#)).

CRA has previously stated that, if there is a **clear indication** that the rebate amount was **reported at line 295 of Schedule 1**, they will **automatically remove** the amount from **taxable income** and no action will be required of the taxpayer (see VTN [536\(8648\)](#)). If there is **no clear indication** that the rebate was included, CRA will request **additional information** to determine if an adjustment is needed. CRA has updated their webpage to state that these directions are relevant for taxpayers who **filed their corporate returns before June 30, 2025**, the date that draft legislation was released to make the rebate non-taxable (see VTN [528\(8333\)](#)).

If the taxpayer **filed their corporate returns after June 30, 2025** and included the rebate as taxable income, the taxpayer will need to **file an adjustment** to exclude the amount from income.

CRA will not automatically reassess T2s filed after June 30, 2025

EXCESS CAPITAL DIVIDEND ELECTION – SHORTCUT METHOD

Where a capital dividend is paid in excess of the capital dividend account, the excess is subject to Part III **tax of 60%** (Subsection 184(2)). Alternatively, the corporation **may elect** for the excess to be **treated as a separate taxable dividend** (Subsection 184(3)). To simplify the process, CRA previously administratively allowed the **shortcut method**. This option allowed CRA to assess the shareholders for a taxable dividend in respect of the excess amount directly and avoided the initial assessment and subsequent reversal of Part III tax. However, in 2019, the Tax Court commented that the shortcut method does not comply with the legislative requirement that Part III tax must be assessed before the election is filed (see VTN 463(5108)).

A May 2026 Canadian Tax Focus article ([No More Shortcut Around the Excess Capital Dividend Election](#), Sam McDonald) stated that CRA has retired the shortcut method and now taxpayers **must complete form T2184, Election to Treat an Excess Dividend as a Separate Dividend Under Subsection 184(3)** (prescribed as of May 5, 2025) **or** submit a **letter** to CRA (that complies with Regulations Section 2106) stating that the taxpayer is making the election that the excess capital dividend be treated as a separate taxable dividend. The election is **due** within **90 days of** the Part III tax assessment.

The article noted that CRA is **continuing** to **accept** form T2184 or the letter to make the **election prior** to the **assessment** of Part III tax.

A valid **election requires** (Regulation 2106) the following components to be filed with CRA:

submitting relevant documents with the form

- a **certified copy** of the **directors' resolution authorizing the election**; and
- a **declaration** that the **affected shareholders**, whose addresses were known to the taxpayer, **concur** with the **election**.

The taxpayer must also provide CRA with an **amended T2 Schedule 3** before they accept the form T2184.

LARGE CORPORATIONS – NOTICES OF OBJECTION

An April 14, 2026 **Tax Court of Canada** case ([941624 Alberta Ltd. vs. HMK, 2025-768\(IT\)G](#)) reviewed an appeal by a **large corporation** that had been reassessed to **add income** and **deny expenses** in four taxation years. A CCPC that, alone or with all associated corporations, had taxable capital in excess of \$10 million is a large corporation (defined in Subsection 225.1(8)). CRA asserted that the taxpayer had **not complied** with the requirements for **objections and appeals** for **large corporations**, so its appeals for three of

possible loss of appeal rights where large corporations do not comply with requirements for objections and appeals

the four years (it was not a large corporation for the earliest year) were required to be quashed.

A large corporation is **required** to detail all of the following in any **notice of objection** filed (Subsection 165(1.11)):

- a. a reasonable **description of each issue** to be decided;
- b. the specific **relief sought** in respect of each issue, expressed as the amount of a change in a balance (within the meaning assigned by Subsection 152(4.4)) or a balance of undeducted outlays, expenses or other amounts of the corporation; and
- c. the **facts and reasons** relied on by the corporation in respect of each issue.

Only issues **meeting these requirements** can be the subject of the objection or any **subsequent appeal** to the Tax Court (Subsection 169(2.1)). Limited exceptions apply where issues not included in the assessment under objection are included in a later assessment. CRA can **request** further **information** in respect of items (b) and (c), above, and the taxpayer is deemed to have met those requirements if this is **provided within 60 days**.

a careful review of objections by large corporations to ensure all issues are appropriately included

The taxpayer's notice of objection stated only that "The **taxpayer objects** to the Minister's reassessment. The Minister's reassessment **errs in fact and law**. The taxpayer's **return was correct as filed**." CRA **requested** further **details**; however, the **taxpayer provided none**, instead advising that they **intended to appeal** to Tax Court **90 days after objecting** (as permitted by Subsection 169(1)).

Taxpayer loses

The court agreed that the **taxpayer** had the **right to appeal** to Tax Court **without engaging with CRA** in respect of its objection. However, they **still needed** to file a **notice of objection** that **met** the legal **requirements**. The taxpayer argued that the **objection** should be read in the **context** of **prior communications** during the audit, such that the **objection to all adjustments made** from the initial filing was **sufficient**. Alternatively, they argued that the **notice of appeal** to the Tax Court **should be included** in assessing whether the objection requirements were met.

The court accepted that it **can look beyond the content** of the notice of objection but there **must be content** at which to look. Here, **there was none**. **Even if** the court accepted (and the court noted that it did not, in this case) that the final **audit letter** provided the required detail of the **disputed items**, it did **not provide** the **facts and reasons** relied on to dispute those items. This **deficiency could not be corrected** in the notice of appeal to Tax Court. The **appeals** for the three years in question were **quashed**.

ensuring notices of objection for large corporations include all applicable information

TIERED CORPORATIONS – SUSPENDED DIVIDEND REFUNDS

Budget 2025 proposed to **limit the deferral of tax** in corporate structures with **mismatched year-ends** (see VTN [532\(8491\)](#)). For example, a corporation (Pco) might pay a taxable dividend on October 25, 2025 and receive a dividend refund for its tax year ended on October 31, 2025. If the corporation that receives the dividend (Rco) has an August 31 year-end, it would not be subject to Part IV tax on the dividend until its August 31, 2026 year-end, likely resulting in a 10-month deferral of tax. Further deferrals could result if Rco pays dividends to other taxpayers in its fiscal year ended August 31, 2026.

Draft legislation was included in Budget 2025, with modified draft legislation released on January 29, 2026 (see VTN [535\(8622\)](#)). The Joint Committee on Taxation of the Canadian Bar Association and CPA Canada made a submission to the Department of Finance (see VTN [536\(8664\)](#)) characterizing the legislation as overly **broad** and disproportionately **complex**, with a risk of unintended **punitive outcomes and uncertainty**. On May 6, 2026, **revised legislation** was tabled as part of **Bill C-31, Budget 2025 Implementation Act, No. 2**. While there were **some** further **modifications**, the **overall structure** was **unchanged** from the previous draft legislation. The amendments would still be **effective for tax years commencing on or after November 4, 2025**.

reviewing these proposals for clients whose corporate group has differing year-ends

Suspended dividends

Dividends paid by Pco would be **exposed** to these rules to the extent that they are **received**, directly as a shareholder of Pco or indirectly through one or more partnerships or trusts, **by an Rco meeting** the following **criteria**:

- Rco is **affiliated** (Section 251.1) **with Pco** immediately prior to the payment of the dividend (so not all dividends, or even all dividends paid to connected corporations, will be subject to these rules);
- Rco is either a **private corporation** or a subject corporation (Subsection 186(3); in other words, Rco is subject to Part IV tax on the dividends received); and
- Rco** received the dividend in a **taxation year** that **ends after** the end of **Pco's taxation year** in which the dividend was paid.

the rules would only apply if the dividend payer and recipient are affiliated

Where these criteria are met, the **dividend** would be **suspended**, meaning that **Pco** would be **deemed not to have paid** the dividend **for purposes** of determining its **dividend refund** (Subsection 129(1)) for the year.

The **suspended dividend** would also be **excluded from the calculation of Part IV tax** of any connected corporation that received dividends from Pco. Under the current rules, a connected corporation (Cco) is subject to Part IV tax equal to Pco's dividend refund multiplied by the amount of taxable dividends received by Cco (the numerator), divided by the total dividends paid by Pco in its taxation year (the denominator). Under the proposed rules,

suspended dividends will remove Part IV tax for the recipient corporation

the **suspended dividend** will be **removed from** both the numerator and the denominator to determine **Part IV tax** payable for each **connected corporation** (Cco) that received dividends from Pco in the year.

As an example, assume that Pco paid dividends of \$100,000, 75% to Rco (this \$75,000 would be suspended) and 25% to Cco, a connected but non-affiliated corporation. Further assume that Pco has over \$38,333 of RDTOH and would therefore receive a \$38,333 dividend refund in the absence of any suspended dividend. Rco would not be subject to Part IV tax in respect of the dividend as the numerator in the calculation would be nil.

Cco's Part IV tax would be Pco's dividend refund (\$9,583) times Cco's dividend received from Pco (\$25,000) divided by Pco's dividends paid, removing the suspended portion (so \$100,000 minus \$75,000 = \$25,000), or \$9,583. In other words, Cco's Part IV tax in this example would be the unchanged from the current legislation.

Dividends to which Paragraph 55(3)(a) or 55(3)(b), often referred to as the **butterfly provisions** (see VTN [526\(8235\)](#)), apply will be **excluded** from dividends potentially suspended under these provisions. The dividend is still received by Rco; however, it will not attract Part IV tax, as discussed above. A dividend **may still** be deemed to be a **capital gain** to Rco (Subsection 55(2)) where the **butterfly exceptions** do **not apply**. Further, the exception for dividends on which Part IV tax is paid and not recovered as part of the series of transactions will not apply, as **Rco will not be subject to Part IV tax** on the suspended dividend.

the interaction of the suspended dividend rules with Subsection 55(2)

Exceptions from suspended dividends

Two **significant exceptions** from suspension would be available.

Loss restriction event

First, the dividend would not be suspended if **Pco** was subject to a **loss restriction event** (Subsection 251.2(2)), commonly referred to as an **acquisition of control** within **30 days after** the payment of **the dividend**. Where a **dividend** was **paid in contemplation of a loss restriction event**, the dividend would be **excepted** from the rule **provided** that the **loss restriction event** occurs **within 12 months** after payment of the dividend.

extra time for dividends paid in the course of pre-sale planning

Rco distributes the dividends quickly

The **second exception** is more complex, and targets situations where **no deferral of Part IV tax** results due to the timing of **further dividends** paid by **Rco**. This exception requires that, **on or before Pco's balance-due day** (defined in Subsection 248(1); generally two months after year-end, but three months for some CCPCs) for the taxation year in which the dividend was paid, Rco pays one or more taxable dividends that meet the following requirements:

paying the dividend through Rco quickly can avoid suspension of dividends

- a. they have the **same “character”** as the dividend received – character is not defined; however, the explanatory notes indicate that they must be **eligible or non-eligible**, depending on the nature of the dividend received from Pco;
- b. they total **no less than 2.6 times** the portion of **Pco’s dividend refund** of the payer corporation “that would **otherwise be determined**” (that is, if the dividend were not suspended) – this is referred to as the **suspended portion**, with any additional dividends being referred to as the surplus payee dividend;
- c. where **Rco’s dividend is received**, in whole or in part, **by a grandparent corporation** (Gco), being a corporation **affiliated with Pco** at the time that Pco paid the dividend (including dividends received indirectly through one or more partnerships or trusts; this corporation does not have to be a private or subject corporation), Gco **must similarly pay dividends** of the same character **by Pco’s balance-due day** (any excess dividend is referred to as the surplus grandparent dividend); and
- d. the portion of the dividend exceeding the surplus payee dividend or the surplus grandparent dividend – in other words, the **suspended portion paid** by Rco or Gco can **only** be relied upon to **avoid one dividend** being **suspended**.

this requirement to trace dividends through multiple layers of affiliated corporations

The phrasing of the amount to multiply by 2.6 at (b), above, is challenging to read. Clearly this is a portion of Pco’s dividend refund, assuming that there are no suspended dividends. However, the specific portion is not defined in the amendments. There appear to be two possible interpretations, as follows:

- a. This could be interpreted as the portion of the dividend refund that Rco would have been required to pay as Part IV tax if no portion of Pco’s dividend were suspended (so Pco’s dividend refund, absent any dividend suspension, multiplied by the percentage of Pco’s taxable dividends received by Rco).
- b. Alternatively, it could be interpreted as the portion of the dividend refund that Pco is denied if the dividend suspension rules apply and the dividends paid to Rco (or to multiple Rcos) are suspended. This could be a significantly lower amount, depending on Pco’s RDTOH pools and dividends paid.

The 2.6 factor is slightly less than the reciprocal of the 38 1/3% rate used to calculate dividend refunds and Part IV tax, so the dividends that Rco must distribute are approximately the amount that Rco would have to pay in order to recover the portion of Pco’s dividend refund in question.

this 2.6 multiple applied to the potential reduction to the dividend refund

The interpretation becomes **relevant where** there are **non-affiliated recipients** of Pco’s dividends. For example, assume that Pco paid \$150,000 of taxable dividends, of which \$100,000 were paid to a single Rco and \$50,000 were paid to one or more shareholders that were not affiliated corporations. Further assume that Pco had \$24,167 of RDTOH, all of which would have been recovered in the absence of the dividend suspension rules.

Does Rco need to pay dividends equal to:

- a. the full dividend refund Pco would receive absent the dividend suspension rules (\$24,167 in the above example) times Rco's share of the dividends received (2/3 in the above example) times 2.6 = \$41,889; or
- b. the full dividend refund Pco would receive absent the dividend suspension rules (\$24,167 in the above example) minus the dividend refund Pco will receive if the portion of the dividend paid to Rco is suspended (\$19,167 in the above example) times 2.6 = \$13,000?

this significant uncertainty

Given that Pco will receive a dividend refund of \$19,167 (being 38 1/3% of the non-suspended portion of the dividend) if the dividend suspension rules apply, the discussion below assumes that alternative (b) is the interpretation intended by the Department of Finance. This amount would be fully recovered even if no dividends had been paid to an Rco, so only the remaining \$5,000 could be unduly deferred. While this will likely be clarified by the explanatory notes, ideally the legislation itself would make this portion more clear and explicit.

Late-Breaking News: On May 29, 2026, the Department of Finance posted [explanatory notes](#) to the legislation. Unfortunately, there were **no clarifications** to the **uncertain issues** noted in this article, including the alternative interpretations noted above.

If **multiple RcOs** each receive a portion of Pco's dividends, it **appears** that **each Rco** would **have to pay dividends** based on the same 2.6 multiple. Continuing the above example, if Rco1 received \$40,000 of dividends and Rco2 received \$60,000, it does not appear that the exception would apply if one Rco paid dividends of \$13,000 or more by Pco's balance-due day, but the other paid no dividends by that date. Rather, Rco1 would need to pay at least \$5,200 (40% of the required \$13,000), and Rco2 would need to pay at least \$7,800 (60% of the required \$13,000).

a careful review of the corporate structure to determine the dividends required

In **simplified terms**, and assuming that the above interpretation of the "surplus portion" is correct, this **exception will apply** where the **portion of the dividend** that **generates a dividend refund** for Pco **in excess of the dividend refund** Pco would receive **without any dividends** paid to **recipients other than affiliated corporations** passes through the entire corporate structure and is **distributed to dividend recipients** that are **not corporations affiliated with Pco**, on or before Pco's balance-due day.

planning for dividends to be paid before Pco's balance-due day to avoid suspension

As **Pco's dividend** would **not be suspended**, the **normal rules** would **apply**. Pco would receive its dividend refund, and it would flow up the chain of RcOs and Gcos attracting Part IV tax recovered by their own dividends paid.

Releasing the suspended dividend

If **no exception** is met, the **entire dividend** paid to Rcos would be **suspended**. The **suspended portion** (2.6 times the dividend refund denied to Pco) would be **deemed to be paid** (referred to below as released) **by Pco** in a subsequent year **when various conditions are met**. To the extent that the **suspended dividend exceeds** the **suspended portion**, the **remainder** would **never** be released.

the entire dividend is suspended but only the portion that would have generated a dividend refund can later be released

These **conditions** for release are **similar to** the conditions to **avoid suspension** of the dividend by flowing further dividends out of the affiliated group; however, additional conditions would apply. As a result, **releasing the dividend** once it has been suspended would be **more difficult than avoiding** the initial **suspension**. These additional conditions **extend** the required **tracing** of the suspended dividend **through** not only corporations that were affiliated with Pco, but also through private or subject **corporations connected to Rco or Gco** (referred to as Ccos), **and any corporations connected to those** Ccos. These added requirements presumably result from the lack of Part IV tax liability resulting from the suspension of the original dividend in the year it was paid by Pco.

greater complexities to release a dividend once it has been suspended

The **suspended portion** of the dividend is **released** in **Pco's taxation year if, during** the **period** beginning on the initial payment of the suspended dividend and **ending on Pco's later year-end**, the **following requirements are met**:

- a. Pco was **not subject** to a **loss restriction event**;
- b. **Rco** and any relevant **Gco** have **paid** one or more **dividends** that meet requirements, **similar to** those discussed above for an **exception from** the dividend **being suspended**, as follows:
 - i. they are of the **same character** as the suspended dividend;
 - ii. they total **no less than** their **portion of the suspended dividend** as discussed above (2.6 times the portion of Pco's dividend refund that Pco did not receive because its dividend was suspended); and
 - iii. they are **not paid to another Gco** (i.e. another corporation that was affiliated with Pco when the original dividend was paid; for example, if Rco paid a \$10,000 dividend to Gco1, Gco1 paid a \$10,000 dividend to Gco2, and Gco2 paid a \$10,000 dividend to its individual shareholder, only the final dividend, paid to someone other than an Rco or Gco, would contribute to the release of Pco's suspended dividend);
- c. if any of the **dividends** discussed at (b), above, are **received by a Cco** that is a private or subject corporation (again including dividends that flow through one or more trusts or partnerships) **connected with the Rco or Gco** at the time that the Rco or Gco paid a dividend, then, **in the taxation year that Cco receives the dividend**, it **must pay** one or more **dividends** that meet the following requirements:

suspended dividends cannot be released after an acquisition of control

- i. they are of the **same character** as the suspended dividend;
- ii. they **total** no less than **Cco's portion of the suspended dividend** as discussed above (the same 2.6 factor, traced back to Cco's portion of Pco's suspended dividend);
- iii. they are paid **not later** than the **end of Pco's taxation year** for which the dividend would otherwise be released; and
- iv. **either**:

- A. they were **not paid to** another **connected corporation** (directly or indirectly through one or more trusts or partnerships; this corporation does not have to be a private or subject corporation); or
- B. that **grandparent connected corporation (GCco) pays dividends** meeting the **same criteria** as set out above in the taxation year in which it receives the dividend, except that this provision does not require that the dividends be paid in the taxation year in which GCco receives the dividend – it must still be paid before the end of Pco's taxation year in which the suspended dividend will be released;

- d. **no portion** of the dividends adding up to the **suspended dividend released** for Pco can **result in** any **other taxpayer obtaining a dividend refund** (this would appear to include releasing a different dividend for either the same, or a different, Pco, as well as generating a dividend refund for the specific dividend payer) **or avoiding the suspension of a dividend**; and
- e. **dividends in excess** of the **suspended dividend** to each corporation along the chain (Rco, Gco, Cco, GCco) are referred to as various forms of **surplus dividends** (surplus payee dividends, surplus grandparent dividends, or just surplus dividends in the context of Ccos and GCcos) – these surplus dividends **can contribute** to **dividend refunds** received, or **exceptions from suspended dividends**, for **other corporations** (including contributing to the release of one or more other dividends paid by the same Pco).

As **only** the **suspended portion** of Pco's dividend is **released**, any **excess amount** (the portion of Pco's dividend that would not have generated an additional dividend refund, had the dividend not been suspended) will **never** be **deemed** to be a dividend **paid by Pco** for dividend refund purposes. As the excess over the suspended portion would not have generated a dividend refund in the original year of payment by Pco, it does not become available at a later date to recover RDTOH accumulating in subsequent years. That **excess could**, however, **contribute to avoiding the suspension of, or releasing, a different dividend or could generate a dividend refund** for the dividend payer. It should be noted that no provision allows a corporation to decline receiving a dividend refund, so the various corporations cannot choose to defer their own dividend refunds to release a suspended dividend for a different corporation.

how to ensure that all connected corporations pay out sufficient dividends in the year they receive dividends

the challenges of tracing the flow of dividends through a large corporate group, especially if they do not all use the same tax preparer

systems to track suspended and surplus dividends in large corporate groups

avoiding the complexities of larger corporate groups by ensuring the affiliated group pays dividends to meet the exception from the initial dividend suspension

While the **suspended portion** is deemed paid by Pco when it is released, it is **not deemed** to be **received by Rco**. Part IV tax will never apply to Rco on a dividend that was initially suspended in Pco. As seen above, the dividend will only be released when Rco (and possibly various Gcos and Ccos) have paid equivalent taxable dividends without recovering RDTOH of their own.

Finance's apparent intention is to **delay the dividend refund** that Pco would otherwise have received **until** its taxation year in which **all** of the **Part IV tax** that would **otherwise** have been **generated** by that portion of the dividend flowing through the corporate group of affiliated and connected corporations **would have been recovered**, under the current tax rules, by the payment of taxable dividends beyond the affiliated and connected group.

No ordinary reassessment period

The proposals would provide CRA with **unlimited time to issue** any **"assessments, reassessments, determinations and redeterminations"** required to give effect to these rules. In other words, these issues would never become statute-barred. Hopefully this will be interpreted broadly enough to at least permit the reversal of any Part IV tax related to dividends subsequently assessed as suspended.

dividend refunds subject to these new rules would never become statute-barred

Ancillary amendments

Several **other provisions** would be amended to integrate the suspended dividend provisions into the remainder of the Act. The **dividend suspension history** would **flow through** in respect of **amalgamations** (Paragraph 87(2)(j.6)) and non-taxable **windups** (Paragraph 88(1)(e.2)).

An **anti-avoidance** provision (Subsection 129(1.2); see VTN [477\(5909\)](#) and [389\(239\)](#)) that **denies dividend refunds** in respect of dividends paid on **shares** that were **acquired** by their holder(s) in transactions where one of the **main purposes** was **to obtain a dividend refund** would be **expanded** to include acquisitions of shares for the **purpose of enabling an affiliated corporation to obtain a dividend refund**.

7 CRA

538(7)

AUTOMATIC TAX FILING FOR INDIVIDUALS

[Budget 2025](#) proposed to provide **CRA** with the **discretionary authority** to **file tax returns** on behalf of **certain lower-income individuals** (not for a trust or deceased individual) to deliver automatic federal benefits (see VTN [532\(8493\)](#)). On May 6, 2026, the government tabled [Bill C-31](#), which included this proposal with **modifications** from Budget 2025. To be eligible for automatic filing, **all** of the following **criteria** must be **met**:

- the individual would have **no taxes** on a federal tax return after considering only the basic personal amount, plus the age and disability credits, if they are applicable;
- all **income** of the individual for the taxation year was included on **information returns** filed with CRA;
- the individual has otherwise **not filed a return** for the taxation year prior to, or **within 45 days following**, the tax **filing deadline** for the year (modified from 90 days proposed previously);
- the individual has **not** become a **bankrupt** in the year (new criteria from previously proposed); and
- the individual has **not filed a tax** return for **at least one of the three immediately preceding taxation years**.

Editors' comment

Some practitioners have noted that the meaning of the final requirement seems uncertain. It can be interpreted as permitting automatic filing only if no return was filed in any of the three preceding years or permitting automatic filing where no return was filed for any one of the three preceding years. Budget 2025 phrased the requirement as "at least once in the preceding three taxation years, the individual has not filed a return," which appears to indicate Parliament's intent.

automatic filing for those meeting this criteria

CRA may also implement **other criteria** as appropriate.

Before filing a return, CRA would provide the **individual** with the **tax information** for their review, and the individual would have **90 days to confirm or update** it. If the individual takes **no action**, CRA could **file** the **return**, issue a **notice of assessment** and **determine** any **credit** or **benefit** entitlements. The return filed by CRA would be **deemed** to have been **filed** **by** the **individual** at the time of its filing by CRA. The **existing assessment, objection** and **appeal processes** would **apply** to assessments issued under these provisions.

same dispute process as returns filed by individuals

In some cases, CRA may need the individual to **confirm basic details**, such as marital status, before issuing benefits. Previous commentary noted that, in some cases, certain benefits also require a **return from the spouse** or common-law partner, which CRA could also file if the eligibility criteria are met.

The original proposed legislation would have required that the conditions be met; if CRA determined they were not met after processing a filing, then the filing would have been deemed to never have occurred. Bill C-31 removed this deeming provision. Instead, the legislation would provide that any **erroneous statement** or **omission** in the return that the **individual** did **not communicate** to CRA would be a **misrepresentation** made **by** the **individual**.

not correcting erroneous CRA assumptions would be a taxpayer misrepresentation

Individuals would be **able to opt out** of automatic tax filing. This could occur before CRA provides a proposed return and could apply to multiple years.

This measure would apply to **2025 and subsequent taxation years**.

Late-Breaking News: On May 29, 2026, the Department of Finance posted **explanatory notes** to the legislation that clarified that the **intention** remains that **CRA may file** a return where the **taxpayer** has **not filed** a return **at least once** in the **preceding three taxation years**. The explanatory notes also indicated that, because a **taxpayer** is **deemed to file** any return filed by CRA on their behalf, if **returns** are **filed** in this manner for **three consecutive years**, **CRA** would **not be permitted** to **file a return** for the taxpayer for the **fourth year**.

Consultation and pilot project

CRA released the results from their **consultation** (September to December 2025) on their **automatic tax filing consultation** webpage, noting that **they intend** to conduct a small deemed filing **pilot project** for certain individuals with lower income and simple tax situations in **2026** (see VTN **536(8652)**). CRA previously stated in a March 3, 2026 Tax Tip (**Putting the “simple” in tax filing**) that they intend to run the pilot project in the **fall of 2026**. CRA also stated on the webpage that they will offer a **pre-filled return service** for eligible individuals with a low income in **March 2027**.

pilot project in fall of 2026

Additional potential issue – students

A May 2026 Canadian Tax Focus article (**Automated Tax Compliance and the Canada Workers Benefit: Deemed Filing Pitfalls**, Yizhen Chen and Ben Ma) discussed the **risk** that **full-time students enrolled** at a **designated educational institution**, who are **ineligible** for the **Canada workers’ benefit**, may **inappropriately receive** the benefit. The authors reported that post-secondary institutions sometimes improperly complete **Form T2202, Tuition and Enrolment Certificate**, by **failing** to include the **student’s social insurance number (SIN)**. Without that information, **students** who are captured by **automatic filing** may, if they do not inform CRA of the discrepancy, **inappropriately receive** the **benefit**.

caution about inappropriate benefits

NON-COMPLIANCE WITH INFORMATION REQUESTS

Budget 2024 proposed several amendments to **expand CRA’s power** to **gather information**. On May 6, 2026, the government tabled **Bill C-31**, which **included** this **proposal** largely as previously discussed (see VTN **529(8371)** and **513(7635)**) but with a **few differences**, including the following items:

- the ability for CRA to require that information be provided under **oath, affirmation** or **by swearing an affidavit** was **not included**; and
- CRA would be required to obtain a **compliance order** before issuing a **notice of non-compliance** to **parties not related** to the subject taxpayer.

CRA expanded audit power being legislated

MANDATORY DISCLOSURE RULES – UPDATED CRA GUIDANCE

Under the expanded **mandatory disclosure rules**, a transaction or series of transactions is a **reportable** transaction if it is an **avoidance** transaction and includes at least **one hallmark** of aggressive tax planning, being **contingent fees, contractual protection** or **confidential protection** (definition of reportable transaction in Subsection 237.3(1); see VTN [508\(7402\)](#) and [504\(7234\)](#)). A transaction is **notifiable** if it is **designated** by the Minister of National Revenue or if it is the same or **substantially similar** to a designated transaction (definition of notifiable transaction in Subsection 237.4(1)).

CRA updated the [Mandatory disclosure rules – Guidance](#) webpage on April 30, 2026 adding interpretations, including those discussed below.

Professionals that are not advisors – notifiable transactions (Paragraphs 76 and 77)

CRA noted that a **professional** is **not an advisor** in respect of a potentially notifiable transaction if the professional did **not provide** any assistance or advice with respect to **creating, developing, planning, organizing or implementing** the transaction. As such, there would be no filing obligation by the professional. CRA provided an example where a **professional recommends** that a **taxpayer not engage** in a notifiable transaction, **but the taxpayer nonetheless does so**. The professional would **not** be an **advisor** as long as they did not provide any assistance or advice with respect to creating, developing, planning, organizing or implementing the notifiable transaction.

not an advisor if a professional advises against a notifiable transaction, but the taxpayer does not follow that advice

Optional GAAR disclosure (Paragraphs 15 to 19)

The update provided a **significant expansion** to the section discussing optional GAAR disclosures. Some of the key points included the following:

- For an optional filing, Form [RC312, Reportable Transaction and Notifiable Transaction Information Return](#) must **be filed** by the taxpayer's **filing due date** for the taxation year in which the transaction(s) or series of transactions occurred. It can be filed up to **one year after this deadline**, resulting in a **one-year extended reassessment period**, but the penalty (25% of the additional tax) would not apply (Subsection 245(5.1)).
- Taxpayers may consider filing an **optional disclosure** in respect of the types of **arrangements** that **CRA has stated GAAR could apply to**, such as surplus stripping, creation of artificial capital loss or other arrangements as described on the [CRA general anti-avoidance \(GAAR\)](#) webpage.

making the client aware of the optional disclosure

- If a taxpayer believes there is **no tax benefit or avoidance** transaction but wishes to file an optional disclosure, they should **provide a written explanation** of **why** there is no tax benefit or no avoidance transaction under 'Details of transactions' on the form.
- Filing form RC312 is **not an admission** that **GAAR** applies.

THIRD-PARTY PENALTIES – UPDATED CRA GUIDANCE

On February 17, 2026, CRA released **Information Circular IC01-1R2, Third-Party Penalties**, which contained **several updates** from the previous version. In general, the new version provided **greater descriptions**, more **examples** and incorporated **jurisprudence** (Supreme Court of Canada case, [Guindon vs. HMQ, 2015 SCC 41](#); see VTN [409\(2185\)](#) and Tax Court of Canada case, [Ploughman vs. HMQ, 2014-935\(IT\)G](#); see VTN [432\(3622\)](#)). CRA also provided a variety of comments directed at practitioners, such as that CRA does **not require more** of reputable practitioners **than compliance** with the **professional standards** of their governing bodies.

*incorporating case law
into administrative
comments*

Planner and preparer penalties

The **third-party penalty provisions** provide two penalties; the **planner penalty** and the **preparer penalty**.

CRA noted that the **planner penalty** (Subsection 163.2(2)) is directed at persons who generally **prepare** (or participate in preparing), **sell** or **promote** a planning or valuation activity. CRA provided the **following examples** where the planner penalty could be applicable:

- a **lawyer** giving a **favourable legal opinion** about an abusive tax scheme knowing that it contains false statements;
- **appraisers** and **valuators** preparing materially **inaccurate reports** for a non-compliant tax plan;
- an **accountant creating offshore structures** to obtain a tax benefit relying on false statements;
- promoters **holding seminars** or presentations on how to hide income and assets;
- an **influencer** posting **misinformation** about tax obligations on **social media**; and
- a person participating in a **carousel scheme** by filing false GST/HST returns.

*whether, and in which
way, the person was
involved in a planning or
valuation activity*

For the **preparer penalty** (Subsection 163.2(4)), CRA noted that it is generally directed at persons providing **tax-related services** to a taxpayer. CRA provided the following examples:

*carefully reviewing tax
plans that your firm
recommends or promotes*

- a **management company** commercially promoting tax avoidance schemes to identified participants;
- a person providing **falsified invoices** to support a tax return for a particular corporation;

- an accountant **preparing a tax return** with **inflated expenses** for a specific taxpayer;
- a **promoter** with little or **no knowledge** of the subject **giving tax advice** to a particular taxpayer;
- an **appraiser** or **valuator** creating an **exaggerated valuation** report for one or more persons who can be named; and
- a person **filing false tax benefit claims** in the name of a specific taxpayer, with or without their knowledge.

One key difference between these penalties is that, in order to apply the **preparer penalty**, CRA must **identify each person** who used, or could have used or relied on the false statement. This specific identification is **not necessary** for the **planner penalty**; it is enough that a false statement could have been used by another person to obtain a tax advantage.

Factors relevant to penalty assessment

For a third-party penalty (either preparer or planner) to be assessed, a **false statement** must have been **made knowingly** or in circumstances amounting to **culpable conduct**.

Culpable conduct, whether an act or a failure to act, means conduct that meets one of the following (defined in Section 163.2):

- tantamount to **intentional conduct**;
- an **indifference** as to whether the Income Tax Act or Excise Tax Act, or both are **complied** with; or
- a **wilful, reckless** or wanton **disregard** of the law.

these factors that may attract a penalty assessment

Culpable conduct **may exist** where a person **knowingly participates** in **making, furnishing or promoting** a false statement, or acts with **wilful blindness** or **reckless disregard** as to the statement's accuracy.

CRA stated that culpable conduct requires a **higher** and more exacting **standard than simple negligence**. It is defined **based** on conduct that the courts have considered when applying **gross negligence penalties**, and reflects much more egregious conduct than simple carelessness or neglect.

CRA specifically noted that **indifference** could include situations where **persons choose not to ask** certain **questions** that they **suspect need to be asked** so as not to acquire the knowledge of the false statement. CRA also noted that a person **shows culpable conduct** when they would be **expected** to be **aware** of an **obvious risk** that the statement is false **but proceeds without** making any attempt to **mitigate that risk**.

failing to ask questions may be culpable conduct

Some **factors** to be **considered** when determining whether a false statement was made knowingly or in circumstances amounting to **culpable conduct** include the following:

- whether the position taken is **obviously wrong, unreasonable** and/or contrary to well-established case law;
- the person's **experience** with the relevant subject matter and knowledge of the other person's specific circumstances;
- the **extent** of **knowing** or **deliberate participation** in false statements;
- the **degree** to which the **culpable conduct** represents the most aggressive and blatantly abusive behaviour;
- the **extent** to which there is a **pattern of repeated abuse**; and
- the **significance** of the tax **benefit**.

these factors affect whether a penalty will be assessed

CRA acknowledged that **honest errors, reasonable professional judgment** or **reliance in good faith** on client information will generally **not constitute culpable conduct**, particularly where the advisor has **complied** with applicable **professional standards** and exercised **reasonable diligence**.

8 Estate Planning

538(8)

POST-MORTEM TAX PLANNING – SUBSECTION 164(6) ELECTION

An election can be filed to **deem losses realized** in any of the **first three taxation years** of a **graduated rate estate** (GRE) to have been **realized** in the **year of death** (Subsection 164(6)). While this provision was previously limited to the first year of a GRE, it was expanded to three years in [Bill C-15](#), which received Royal Assent on November 18, 2025 (see VTN [532\(8470\)](#)).

The **changes** in Bill C-15 also **require** that a **prescribed form** to amend the deceased's final personal tax return **be filed** in conjunction with the election. [Explanatory notes](#) to the draft legislation indicate that this is intended to remove the legislative requirement to file an amended terminal personal tax return to reflect these losses.

A communication on CPA Canada's [Tax360](#) platform from Ryan Minor, CPA, Director of Tax at CPA Canada, reported that **CRA** has stated that there is **no plan to introduce a new prescribed form** at this time. To make an election, CRA stated that taxpayers should use the **T1-ADJ T1 Adjustment Request** along with a **letter requesting the adjustment**, rather than filing an amended T1 return. Further comments can be found in the [Subsection 164\(6\) election](#) portion of the Guide [T4013 - T3 Trust Guide](#).

no prescribed form for applying losses to terminal return

TESTAMENTARY TRUST – CONTRIBUTIONS

A May 2026 Canadian Tax Focus article ([The Broad Reach of “Contribution” Under the Definition of “Testamentary Trust” in Subsection 108\(1\)](#), Ergi Thodhori) discussed **several issues** related to trusts **ceasing** to meet the conditions **to be a testamentary trust**. A testamentary trust can **only** hold **property** that was **contributed** to the trust **by an individual** on or after their death and **as a consequence of their death** (definition of testamentary trust in Subsection 108(1)). **Ceasing** to be a **testamentary trust** means that an estate can no longer be a graduated rate estate (GRE) and therefore can **no longer** access **several tax benefits** afforded to GREs (such as increased flexibility in claiming donations, access to marginal tax rates and ability for certain loss planning).

Executors and **beneficiaries** frequently assume responsibility for **settling estate expenses** (such as professional fees). These payments can be problematic if treated improperly. However, such payments **may not constitute a contribution** to the estate as they are intended to **satisfy liabilities rather than directly increase the estate’s assets**. When a **trust incurs a debt** owed to a **beneficiary** or any other person or partnership that does **not deal at arm’s length** with the estate because that person made a **payment** for or **on behalf** of the **estate** and the **estate** subsequently **repays** it **within 12 months**, such repayments are **not a contribution** to the trust and will **not taint** the trust’s **testamentary status** (Subparagraph 108(1)(d)(iii)).

requirement to repay within 12 months to avoid tainting the trust

The article also noted that the **characterization** of whether a **payment constitutes a contribution** depends on the **specifics** of each situation. For example, CRA views the **settlement** of a testamentary **spousal trust’s tax liability** by a **third party** as a **contribution**. A beneficiary’s decision to **decline to receive** an **amount payable** to them constitutes a **contribution** to the trust. CRA’s view is that an amount payable (Subsection 104(24)) is property of the beneficiary and a return of such property to the trust would result in an increase to the trust’s capital, resulting in a contribution (2003-0046171E5, Tetrault, Pascal).

beneficiary declining an amount payable could taint a testamentary trust

A **beneficiary returning** an **overpayment** to the trust does **not constitute a contribution**, because such a transaction does not increase the trust’s capital; the funds are legally owned by the trust.

LIFE BENEFIT TRUST (LBT) – ACCUMULATION LIMITS

In a recently released June 15, 2021 **Technical Interpretation** ([2021-0883211C6](#), Helen Ferrigan), CRA commented on whether a trust established for a **mentally infirm child** in a **jurisdiction** that is subject to a **21-year accumulation limit** can be an **LBT**. See VTN [475\(5816\)](#) for a discussion of the basics of an LBT.

the need for expertise in trust law, not just tax law

To qualify as an LBT, **no person other** than the **dependent beneficiary** may **receive** or obtain the use of any **income or capital** of the trust **during** that **beneficiary's lifetime** (Subsection 60.011(2)).

However, in Ontario and certain other provinces, accumulations legislation **precludes** a trust from **accumulating income beyond 21 years**. **Trust income** must be paid out to the **residuary beneficiary** under the **will** or to another specified individual **after the 21-year period ends**. In most cases, the **LBT beneficiary** could **not** be a **residuary or specified beneficiary** because of mental infirmity. By operation of the law of certain provinces, therefore, it is **possible** that a person other than the LBT beneficiary could receive LBT income during the LBT beneficiary's lifetime.

CRA opined that the **accumulations legislation** in force in some provinces **conflicts** with the **LBT rules** and that they have **serious reservations** about **whether** such an **arrangement could** qualify as an **LBT**. This result would be **inconsistent** with the **overall policy goals** of the LBT regime.

CRA finally stated that, in light of the **complexities** involved, they are **considering the question further** and will provide a **more detailed response** in a forthcoming technical interpretation.

TRUST FILINGS – MULTIPLE PENALTIES?

In a January 7, 2026 **Technical Interpretation** ([2024-1007421I7](#), Julia Clarkson), CRA commented on whether **more than one person** can be **assessed** with certain **penalties** for a **single trust filing**. The question was asked as there is concern that penalties may be assessed against trustees in their personal capacities or imposed against multiple persons in respect of the same infraction.

whether multiple people would be assessed the same penalty

A **person** or partnership may be **liable** to a **penalty** if they knowingly, or under circumstances amounting to **gross negligence**:

- made, participated in, assented to, or acquiesced in the making of a **false statement or an omission** on a **T3** return; or
- **failed to file a T3** return (Subsection 163(5)).

They may also be subject to this **penalty** if they **failed to comply** with a CRA **demand to file** a trust's T3 return. This penalty is the **greater of \$2,500 and 5% of the highest total fair market value of the trust's property at any time in the year** (Subsection 163(6)).

penalty may be based on the fair market value of the trust's property

CRA stated that the **legislation** is **ambiguous** as to which parties are intended to be assessed the penalty; however, they noted that **penal penalties** should be **interpreted strictly**. Where there is **ambiguity**, a **single penalty per infraction** is **preferred**.

For example, while a **penalty** may apply for a **failure to file a T3** (Subparagraph 163(5)(a)(ii)) **and** a penalty may also apply for a failure to file a **T3 as demanded** by CRA (Subsection 150(2)) **or required** by CRA (Subsection 231.2(2)) in respect of a failing to file a single trust return, CRA opined that there would only be **one failure** and that only **one party** would be assessed with a **penalty**.

If **one person** or partnership was responsible for **multiple false statements** or omissions in a T3 that were made knowingly, or under circumstances amounting to **gross negligence**, CRA stated that there would only be **one penalty** assessed. However, there could also be **one person** or partnership responsible for one (or more) **false statements** or omissions, **and another person** or partnership responsible for one (or more) **other false statements** and omissions. In this case, CRA stated that there is a **potential for more than one person** or partnership to be **liable** for the penalty related to gross negligence.

there may be more than one false statement per filing, and thus more than one penalty

CRA further noted that, while **liability** for the penalty **depends** on the **facts**, it seems **reasonable** that the **taxpayer** (being the trust) would be **assessed** the penalty.

trust would generally be the taxpayer assessed

CRA noted that their **view** is to generally **assess one person a penalty per failure** in order to sufficiently enforce compliance. For example, while a **trust** may be **assessed a penalty for failing to file a return** by its filing deadline (Subsection 162(1)), its **trustee would not be assessed a penalty** for that **same failure** (Subsection 162(3)).

one penalty for one person per failure

CRA finally reiterated that while **more than one person** or partnership **may**, in principle, **meet the statutory conditions** for liability to the penalty related to gross negligence, **CRA's view** remains that a **single assessment** to the **trust** would be **reasonably sufficient** and appropriate to carry out the legislative scheme of the Act and enforce compliance, barring egregious or independent fault by others.

GUARANTEED INCOME SUPPLEMENT (GIS) – RETROACTIVE LUMP-SUM PAYMENT

In a May 7, 2026 French **Federal Court of Appeal** case ([Bousquet vs. AGC, A-248-25](#)), the taxpayer had received a **lump-sum payment** of \$69,144 in respect of **salary** and **associated interest** from **2012, 2013 and 2014** related to a wrongful dismissal dispute.

The **salary portion** of the payment was a **retroactive lump-sum payment** related to prior years, allowing it to be deducted from taxable income in the year of receipt and **taxed as if received** in the **prior years to which it related**. The taxpayer's income tax return had been assessed accordingly (Section 110.2).

However, the **full lump-sum payment** was included in the taxpayer's income in the year received (2017) for purposes of determining his **eligibility for the GIS**. As a result, he was not entitled to any GIS for the twelve months commencing in July of the following year. He argued that his income for GIS purposes should be reduced consistent with the income tax treatment of these payments.

the impact of non-taxable receipts on eligibility for guaranteed income supplement and other benefits

Taxpayer loses

While the **calculation of income** for GIS is similar to income for tax purposes, it is **not identical**. In particular, **deductions from taxable income** do **not reduce GIS** income. As such, the **entire lump-sum payment** was his **income for GIS** for the **year received**. This resulted in his **income being too high** to qualify for GIS for the twelve months commencing in July of the following year. Likewise, the deduction would not reduce the OAS clawback as it is based on net income.

9 International

538(9)

TRANSFER OF 401(K) TO AN RRSP

An April 10, 2026 Advisor.ca article ([Why moving a 401\(k\) to a RRSP isn't always tax-neutral](#), Carson Hamill) discussed the **technical rules** and **practical challenges** relevant to a **Canadian** holding funds in a **foreign employer's US 401(k)** plan. While lump-sum withdrawals can be **rolled to an RRSP** (Paragraph 60(j)), **eliminating Canadian tax** requires contributing the **full withdrawal**. However, **US taxes** also apply to these withdrawals and **are not avoided** by RRSP contributions.

Generally, the **US tax** is **limited** to 15% under the **Tax Treaty**, but it is **sometimes** applied at a rate of **30%**. In addition, a withdrawal taken **prior to age 59 1/2** is subject to a **further 10% US tax**. These taxes can be claimed as a **foreign tax credit**, but **only** to the extent of **Canadian taxes payable** on the income. If the **full amount** is **transferred** to an **RRSP**, there will be **no Canadian tax** and, as a result, **no foreign tax credit**. The author suggested a **careful review** of all of the alternatives, including **retaining** the 401(k) or **transferring** it to an **individual retirement account (IRA)** in the US.

these complexities for Canadian residents who have accumulated retirement savings in the US

Editors' comment

The article discusses only employer-sponsored 401(k) plans, which are generally considered a pension in Canada. An individual retirement account (IRA) is a foreign retirement arrangement (Income Tax Regulations Section 6803), and [Bill C-31, Budget 2025 Implementation Act, No. 2](#) will add 401(k) plans to the regulation effective on Royal Assent (see VTN 529(8351); also see VTN [476\(5870\)](#) for a discussion of Canadian tax issues related to IRAs and 401(k) plans).

TAX ISSUES FOR RESP HOLDERS EMIGRATING TO THE US

A May 15, 2026 Advisor.ca article ([What happens to an RESP when a family moves to the U.S.?](#), Carson Hamill) discussed the tax implications of a **registered education savings plan (RESP)** held when a family moves from Canada to the US. The issues discussed included the following:

- making a **Canadian resident** (e.g. a grandparent) the **subscriber** may **simplify administration**;
- the **Canada education savings grant (CESG)** is **only available** if the **beneficiary** is a **resident of Canada** regardless of the contributor's residence;
- **previously received CESG** can **remain** in the **RESP** and **income** continues to **accumulate** with **no Canadian tax**;
- the **US** does **not provide tax relief** in respect of RESPs, so **income** earned within an RESP while a **US resident** is subject to **US tax**;
- complex **reporting** on IRS forms [3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts](#) and [3520-A, Annual Information Return of Foreign Trust With a U.S. Owner](#) may be required to avoid **substantial penalties**; and
- there may also be **state income tax issues** to address.

no access to government matching while the child is non-resident

a review of the US federal and state tax implications

Careful consideration of all of these issues is important in deciding whether the RESP remains a prudent financial strategy.

10 GST/HST

538(10)

MUTUAL FUND TRAILING COMMISSIONS – IMPLEMENTATION DELAY

Mutual fund trailing commissions now constitute **taxable supplies** subject to **GST/HST** as CRA has determined that they no longer meet the definition of a financial service (see VTN [535\(8638\)](#)). While CRA previously stated that they will **enforce** the **application** of GST/HST to these taxable supplies made by dealers on or after July 1, 2026, on May 26, 2026 CRA announced on the [NOTICE344 Application of the GST/HST to Mutual Fund Trailing Commissions](#) webpage that they will **delay** the **enforcement date to January 1, 2028** to provide the industry with more time to take necessary actions to comply.

delay to implementation

Despite the administrative delay in enforcement, CRA stated that dealers are **encouraged** to apply this **tax treatment as soon as possible**. CRA noted there are **circumstances** where **trailing commissions were already taxable** and the tax status for those supplies has not changed.

Dealers that choose to **collect GST/HST** in relation to **trailing commissions earned** prior to January 1, 2028, will be **eligible** to claim **input tax credits** (ITCs) to the extent that the GST/HST paid on their business inputs is attributable to those supplies. Mutual fund managers that **pay** the **GST/HST** on trailing commissions in these circumstances are also **eligible** to **recover** the **GST/HST** paid, subject to the normal rules. Prior to January 1, 2028, if a dealer **claims ITCs** for the **GST/HST paid** on business inputs attributed to supplies made in exchange for trailing commissions, CRA will **enforce** the **dealer's remittance of tax** on the supplies to which the inputs were attributed (that related ITCs were claimed for).

whether a dealer may choose to implement the changes now

BAD DEBT EXPENSE – COLLECTION ACTION

An April 14, 2026 **Tax Court of Canada** case ([Heydary Green Professional Corporation vs. HMK, 2020-992\(GST\)](#)) reviewed whether a taxpayer that operated a **law practice** could claim a **deduction** in computing net tax for **GST/HST** purposes on account of **bad debts** (Excise Tax Act Subsection 231(1)) based on a **formulaic adjustment**. The taxpayer was a law firm under the trusteeship of the Law Society of Ontario, with outstanding receivables of \$539,560, including HST of \$62,844. The taxpayer stated that it would be **impractical** and **fruitless** to **attempt to recover** \$324,076 in receivables, including **\$37,283 of HST**.

Taxpayer loses

The court noted that the relevant specific debts were **not individually identified**. Debts must be **considered** and found to be **uncollectible** on an **individual basis**, which was not done in this case. The court also noted that

the specific accounts need to be determined to be bad debts individually

the taxpayer's counsel (also a principal of the law firm) referred to the debts as being "**at least fifty**," indicating that he was **unaware** of **specifically how many of its debts** the taxpayer had labelled as "bad."

The taxpayer argued that **pursuing collections** through the court would be **too difficult** (other than two that were pursued in court). The taxpayer raised concerns about counter-litigation, which may have resulted in the involvement of the law practice's insurer. The court stated that a **bad debt is only established** when **steps to collect** are **futile**. The court noted that **receivables do not become bad debts** because the taxpayer is **unwilling** to **properly pursue** them with phone calls, letters or court proceedings, if necessary.

strategically choosing not to pursue receivables may result in no bad debt claim

In addition, the court noted that there was **no evidence** that the **bad debts** had been **written off** in the taxpayer's books, a **precondition** to deduct the associated HST as a bad debt (Excise Tax Act Subsection 231(1)). While the taxpayer argued that they **could not write off** the bad debts as its books of account had been turned over under **trusteeship** to the Law Society, the **taxpayer** did **not** even **approach** the **Law Society** to address this statutory requirement.

Finally, the court stated that **not all tax collectible** for the period had **been remitted**, which is **another precondition** for claiming a bad debt for the relevant HST (Excise Tax Act Subsection 231(1.1)). In essence, the taxpayer was attempting to claim a recovery of HST on bad debts before they remitted that HST.

As such, the **appeal** was **dismissed**.

11 Did You Know...

538(11)

IN-PERSON PAYMENTS AT FINANCIAL INSTITUTIONS – CRA UPDATE

In VTN [537\(8754\)](#), we reported that, effective **December 1, 2026**, **financial institutions (FI)** will **no longer accept paper-based remittances** for bill payments, including for tax and related payments. This means that **remittance vouchers** will **no longer be accepted** at banks and financial institutions across Canada. This comes as several changes are implemented to [Payments Canada's](#) bill payment framework as discussed in an August 5, 2025 news update from Payments Canada ([Implementation of changes to Payments Canada's bill payment framework](#)).

On a May 13, 2026 post on CPA Canada's [Tax360](#) portal, Ryan Minor, Director of Tax at CPA Canada, stated that **CRA** had **advised** CPA Canada that **payments to CRA** are an **exception** from this change. CRA provided the following communication to CPA Canada:

*tax payments to CRA are
excepted from this change*

CRA Paper Tax Remittances are governed under [Payments Canada Rule G4](#) as opposed to [Payments Canada Rule H6](#), which covers all other corporate bill payments, including those referenced by the Government of Alberta (Making payments to Tax and Revenue Administration | [Alberta.ca](#)).

Once this change is implemented, CRA will be an outlier among Canadian billers that accept bill payments. Although CRA paper tax remittances currently remain available, the industry direction on paper-based methods is clear and FI support is unlikely to be sustained long term (Electronic Tax Remittances being the preferred alternative).

*the possibility that some
financial institutions will be
unaware of CRA's special
status*

CRA Paper Tax Remittances are currently included as one of the standard banking services covered under our MOU with Direct Clearing FIs; however, this could be contested in future negotiations slated for 2028. As previously discussed, FIs have already begun to question their obligations for acceptance, particularly as acceptance is increasingly and functionally constrained by:

- *FI branch closures and conversions to advice-only locations;*
- *Discontinued cash or cheque acceptance; and*
- *Limited acceptance to FI customers.*

CRA also provided the following statement regarding **planned communication** to taxpayers to inform them of any changes.

We expect FIs will eventually push back on accepting any remittance forms for CRA as well, but it would be planned. The CRA should be able to provide sufficient public notice.

BRITISH COLUMBIA – PST ON OUT-OF-PROVINCE ACCOUNTING SERVICES

On May 5, 2026 British Columbia updated its [guidance](#) in respect of the expansion of the **provincial sales tax (PST)** to **accounting services**, effective October 1, 2026. Accounting services provided to a person who resides, ordinarily resides or carries on business in BC are **generally subject to PST** if the accounting services relate to:

- **real property** situated in BC;
- **tangible personal property** that is, or that is contemplated to be, ordinarily situated in or delivered in BC;

- **other property** that is, or that is contemplated to be, owned, possessed or used in BC, or a right to use such property in BC;
- **physical or legal presence** in BC;
- any **activity or transaction** in BC; or
- the **contemplation of a presence**, activity or transaction in BC (for example, accounting services related to a proposed business venture in BC).

Details and **examples** were also provided in respect of timing and services that straddled the transition date.

Providing services from outside of BC

An email correspondence on May 11, 2026 from the BC Department of Finance to Video Tax News provided the following additional comments (similar comments have been received by other practitioners).

Whether or not a **business located** outside of BC that provides taxable **accounting services** is required to register to charge, collect and remit PST depends on **where the business** is considered to be **located** for the purposes of the PST.

A business is **located in BC** if any of the following conditions are met:

- the business has a **physical presence** in BC, including:
 - a storefront, factory, mill, branch, office or other **physical place of business** (except use of temporary space such as trade show booths);
 - **place of extraction** such as a mine, logging site or oil and gas well;
 - **real property**, such as a warehouse or yard, that is leased or owned (does not include a contract with another person to store inventory, such as a contract with a fulfilment house);
- the business has **agents or employees** physically located in BC; or
- the business's **management and control** is in BC.

whether any of these conditions are present

If an **out-of-province accounting firm** has any of the above, it will be **required to charge PST** on the taxable accounting services it provides to customers in BC.

If an **out-of-province accounting firm** does **not** meet any of these **conditions**, then the accounting firm is **not required to register** to charge, collect and remit PST. Instead, their BC **clients** will be required to **self-assess** and remit the PST due on those services directly to the Ministry.

whether the firm will register even if not located in BC so clients do not have to self-assess

NEWFOUNDLAND AND LABRADOR BUDGET

On April 29, 2026, the **Newfoundland and Labrador** government tabled its **2026 Budget**. There were **no** proposed changes to the **personal tax rates**; however, in **2026** the **basic personal amount** would be **increased** to \$15,000 (from \$11,188) and the volunteer **firefighters** and **search and rescue** volunteers credit would **increase** to \$6,000 (from \$3,000).

The **small business tax rate** would **decrease** to 2% effective January 1, 2026, 1.5% for 2027 and 1% for 2028.

this tax decrease for small businesses

NUNAVUT BUDGET

On May 25, 2026, the **Nunavut** government tabled its **2026 Budget**. There were **no** proposed changes to the **personal** or **corporate tax rates**.

no tax changes

QUEBEC – SMALL BUSINESS DEDUCTION

In a May 4, 2026 **release**, **Revenu Québec** announced that the **small business tax rate** would be **reduced** to 2.2% (from 3.2%) for taxation years beginning after April 29, 2026.

this small business tax reduction

DIGITAL SERVICE TAX – REFUNDS

A May 2, 2026 National Post article (**CRA refunding \$647 million collected from repealed digital service tax**, Stewart Lewis) noted that CRA had already **refunded \$154 million** in relation to the repealed tax. In addition, **\$358 million** was used to **offset other tax liabilities** of the same taxpayers.

digital service tax refunds have commenced

12 Appendix

538(12)

APPENDIX A

Video Tax News Resources

- [Video Tax News Members Portal and Newsfeed](#)
- [Video Tax News Members Portal – A How To Use The Portal Video Tutorial](#) (6 mins)
- [Status of Recent Tax and Benefit Proposals](#)
- [Tax on Split Income \(TOSI\) – Quick Reference Chart](#)
- [Underused Housing Tax \(UHT\) – Quick Reference Chart](#)
- [Life in the Tax Lane – 10 Minute Monthly Podcast/Video](#)
- [Technical Interpretations](#)

CRA Guides/Publications

- [S3-F4-C1, General Discussion of Capital Cost Allowance](#)
- [NOTICE344](#) Application of the GST/HST to Mutual Fund Trailing Commissions
- [NEWS122](#) Excise and GST/HST News - No. 122
- [25-3](#) Application of the GST/HST to Psychotherapy and Counselling Therapy Services
- [RC4060](#) Farming Income and the AgriStability and AgriInvest Programs Guide
- [RC4408](#) Farming Income and the AgriStability and AgriInvest Programs Harmonized Guide

CRA Forms/Statements/Returns

- [T1261](#) Application for a Canada Revenue Agency Individual Tax Number (ITN) for Non-Residents
- [RC7288](#) Selected Listed Financial Institution - Request for Taxpayer Relief - Cancel or Waive Penalties and Interest Related to the GST/HST or the QST, or Charges Related to the QST
- [T1145](#) Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length
- [T1146](#) Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length
- [T661](#) Scientific Research and Experimental Development (SR&ED) Expenditures Claim
- [L500](#) Luxury Tax Registration Application
- [L500-2](#) Application or Revocation of the Authorization to File Separate Luxury Tax Returns for Branches and Divisions
- [T183-GMT](#) Authorization to Electronically File a Return or Notification for the Global Minimum Tax

- [CPT1](#) Request for a CPP/EI Ruling - Employee or Self-Employed
- [CPT16](#) Application to Exempt Self-Employed Earnings from the Canada Pension Plan for Religious Reasons
- [CPT124](#) Application to Cover the Employment of an Indian in Canada under the Canada Pension Plan whose Income is Exempt under the Income Tax Act
- [CPT8](#) Application and Undertaking to Cover Employment Outside Canada under the Canada Pension Plan
- [T1099](#) Clean Electricity Investment Tax Credit
- [T2066](#) Election for Immediate or Gradual Intergenerational Business Transfer
- [RC4612](#) GST/HST Application to Not Be Considered a Selected Listed Financial Institution
- [RC376](#) Taxpayer Relief Request - Statement of Income and Expenses and Assets and Liabilities for Individuals
- [RC7212](#) Application to Not Be Considered a Selected Listed Financial Institution for GST/HST and QST Purposes or only for QST Purposes
- [RC644](#) Notice of Objection – Greenhouse Gas Pollution Pricing Act
- [TX19](#) Asking for a Clearance Certificate

APPENDIX B

DISABILITY TAX CREDIT UPDATES – SPRING ECONOMIC UPDATE

CRA has identified the following **long-lasting medical conditions** in the 2026 Spring Economic Update 2026 related to the proposals to **streamline** the **disability tax credit (DTC) certification** process (see VTN [538\(8767\)](#)).

Long-lasting Medical Conditions Eligible For Streamlined Application, As Proposed

Alzheimer's disease	Microcephaly
Amyotrophic lateral sclerosis / Lou Gehrig disease	Paraplegia
Angelman syndrome	Parkinson's disease (advanced or severe)
Autism spectrum disorder, level 3	Patau syndrome / Trisomy 13
Bilateral blindness (legally blind)	Phenylketonuria
Bilateral hearing loss (severe or profound)	Prader Willi syndrome
Cardiac functional class of 4/IV or an ejection fraction of 20% or less	Profound hearing loss in one ear and severe hearing loss in the other ear
Cerebral palsy (severe)	Progeria
Chronic Obstructive Pulmonary Disease, stage III or higher	Quadriplegia or tetraplegia
Colostomy (permanent)	Relies only on lip-reading and / or use sign language to understand conversations or communicate
Cystic fibrosis	Renal (kidney) failure requiring lifelong hemodialysis or peritoneal dialysis
Dementia	Requires lifelong continuous supplemental oxygen (O2)
Down syndrome / Trisomy 21	Schizophrenia
Duchenne muscular dystrophy (advanced or severe)	Sickle cell disease (severe) requiring transfusions
Edwards syndrome / Trisomy 18	Sign language is primary means of communicating due to profound hearing loss or expressive aphasia
Hemipelvectomy	Spinal muscular atrophy, type 1 and 2
Hemophilia A (severe)	Stroke (severe) no functional recovery
Hip disarticulation	Tay-Sachs disease (infantile/juvenile)
Huntington disease	Total mutism
Ileostomy (permanent)	Traumatic brain injury (severe)
Intellectual disability (severe, profound or IQ of 70 or below)	Upper limb amputations (trans carpal or higher)
Lower limb amputation (leg or foot)	



VIDEO TAX NEWS INC.

Phone: (877) 438 2057

Fax: (877) 437-4455

info@videotax.com

www.videotax.com

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