

VIDEO TAX NEWS

Monthly Tax Update Newsletter

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1 Government Releases

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FINANCE RELEASES

1. **Late-Breaking News: April 28, 2026** – The Minister of Finance, François-Philippe Champagne, released **2026 Spring Economic Update: Canada Strong for All, along** with a [backgrounder](#) and a [Notice of Ways and Means Motion](#). The following items were included:
 - **streamlining the disability tax credit (DTC)** certification process by implementing measures to reduce medical certification for certain long-lasting conditions and expanding the persons who can make certain certifications;
 - making the **exemption from taxation** on up to \$10 million of capital gains realised on the sale of a business to an **employee ownership trust** or worker cooperative corporation (see VTN [530\(8404\)](#)) **permanent***;
 - **extending the five-year grace period on home buyers plan repayments** to apply to withdrawals up to the end of 2028 (currently up to the end of 2025 only; see VTN [513\(7637\)](#))*;

- **increasing** the limit on eligible temporary relocation expenses applicable to the **labour mobility deduction for tradespeople** (see VTN [489\(6533\)](#)) **to \$10,000** (from \$4,000) in 2026, with annual indexation thereafter, and modifying the temporary lodging distance requirement to be **at least 120 km closer** (from 150 km) to each temporary work location than their ordinary residence*;
- extending additional weeks of **EI for seasonal workers** in 13 targeted regions until October 2028 (see VTN [513\(7609\)](#))*;
- **expanding the Red Seal apprenticeship programs** including redesigning the apprenticeship grant;
- **reducing the base CPP contribution rate** from 9.9% **to 9.5%**, effective January 1, **2027***;
- releasing details on the **accelerated CCA rates** applicable on eligible assets acquired on or after November 4, 2025 (to end of 2034) in respect of certified **LNG facilities** (see VTN [532\(8483\)](#));
- including **enhanced oil recovery** as an eligible use for purposes of the **carbon capture, utilization and storage credit (CCUS)**; and
- stating that various **previously announced measures** would proceed (see Appendix B, VTN [537\(8761\)](#)).

greater amounts of expenses can now be claimed for the labour mobility deduction

On April 29, 2026, [Bill C-30, Spring Economic Update 2026 Implementation Act](#) was introduced and included the items above indicated with an asterisk. The bill also included regulations to implement immediate expensing for **greenhouse buildings** (see VTN [534\(8561\)](#)) and to **deny accelerated CCA** for **zero-emission vehicles** (see VTN [522\(8071\)](#)) that benefit from the **electric vehicle affordability program** (see VTN [535\(8604\)](#)).

2. **April 14, 2026** – The Department of Finance announced that legislative amendments to the **Excise Tax Act** would be introduced to **temporarily suspend** the application of the **federal fuel excise tax** on gasoline, diesel fuel and aviation fuels, effective **April 20, 2026 until September 7, 2026** (inclusive). This item was included in [Bill C-30](#).
3. **April 1, 2026** – The Department of Finance issued a News Release ([Government extends excise duty relief, provides direct support to Canadian breweries, distilleries and wine makers](#)) announcing an additional **two-year extension** (to April 1, 2028) of the **2% cap** on the annual **alcohol excise duty inflation adjustment** and the **50% reduction on excise duty rates** for the first 15,000 hectoliters of **beer** brewed in Canada. This measure was included in [Bill C-30](#).

these relieving measures for breweries, distilleries and wine makers

CRA RELEASES

- April 17, 2026** – CRA issued a News Release (**Canada Groceries and Essentials Benefit** one-time top-up payment to make groceries and other essentials more affordable is coming June 5) announcing that the **one-time GST/HST credit top-up** will be provided on **June 5, 2026** (see VTN [534\(8561\)](#)), contingent on having filed a 2024 income tax return. The **enhanced quarterly benefits** will **commence** on **July 3, 2026**, based on 2025 income tax filings.
one-time GST/HST credit coming June 5, 2026
- April 10, 2026** – On the EFILE news and program updates webpage, CRA provided details about the **processing review program**. As of April 2026, CRA will **conduct post-assessment reviews** on a **year-round basis**. Representatives will receive processing review letters if authorized as the taxpayer's representative and if the completed return indicated that these letters should be sent to them. CRA also noted that, for the 2026 tax season, they are **continuing the federal foreign tax credit claims project**, which allows taxpayers to request extended time to respond.
year-round post-assessment reviews
- April 8, 2026** – CRA issued a News Release (Innovate with confidence: CRA's **SR&ED Tax Incentive Program launches a new pre-claim approval process**) noting that a new pre-claim approval process was available for eligible businesses as of **April 1, 2026**. This optional process can assist small and medium businesses to **determine** if their project qualifies **before work is started and costs** are incurred. Determinations may be received within eight weeks and would be **valid for up to three years**. Eligible entities include CCPCs, Canadian corporations and Canadian partnerships in good standing with CRA with gross income of less than \$25 million.
this process to get more timely certainty for smaller businesses
- March 31, 2026** – CRA released feedback from their **consultation on the Regulation 105 process** that provides for a **waiver of withholding tax** on payments made to **non-residents** for services provided in Canada. They noted that they will begin **implementing improvements** to reduce applicant burden and shorten processing times in **late spring 2026**.
- March 16, 2026** – CRA posted a 25-minute **webinar** (originally presented on March 9, 2026) discussing **online services** for **registered charities** and other qualified donees.

2 Canada's COVID-19 Response

537(2)

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.

Shareholder benefits

A March 23, 2026 French **Federal Court** case ([Ménard vs. HMK, T-2630-25](#)) reviewed CRA's **denial** of CERB and CRB on the basis that the taxpayer did not meet the **\$5,000 prior period earnings test**. The taxpayer sought to rely on **amounts derived** from her **corporation**, including **corporate-paid personal expenditures** and **dividends** reported retroactively.

Although the corporation generated business revenue, the **evidence** (invoices, banking records and payment flows) demonstrated that the income was **earned by the corporation** rather than the taxpayer personally. The court found **CRA's decision** not to include this revenue **reasonable**.

The taxpayer further asserted that **personal expenses paid by the corporation** should be used in the prior earnings test. The **court rejected** this position, noting that such amounts were **neither reported as employment income nor as shareholder benefits** (Subsection 15(1)). In the absence of contemporaneous reporting or sufficient evidentiary support, CRA's exclusion of these amounts from qualifying income was reasonable.

In addition, the court afforded **little value** to a **T5 slip** issued in May 2025 in respect of the 2019 taxation year. The court affirmed that CRA was **not required to accept retroactive** recharacterizations of income where such adjustments appeared to have been undertaken primarily to satisfy statutory eligibility criteria for income support benefits. CRA's decision to **deny** CERB and CRB was **reasonable**.

late dividends may not count

Post-doctoral fellowship income

A March 23, 2026 **Federal Court** case ([Farahnak vs. HMK, T-3581-25](#)) reviewed CRA's **denial** of CERB and CRB on the basis that the taxpayer did not meet the **\$5,000 prior period earnings test**. The taxpayer argued that a **\$32,538 postdoctoral fellowship** (reported on Box 105 of a T4A) constituted eligible earnings. However, the court upheld CRA's denial on the basis that such amounts are generally classified as scholarships, bursaries or grants, which are **specifically excluded from employment** or self-employment income.

whether amounts are excluded from employment income

3 Personal Tax

537(3)

MEDICAL EXPENSE ROUND-UP

Medical expenses eligible for a **tax credit** are limited to those specified by law (Subsection 118.2(2)), many of which are detailed in Folio [S1-F1-C1, Medical Expense Tax Credit \(METC\)](#). Eligibility of medical expenses related to the following was recently considered:

- **Podiatrists** in **Nova Scotia** became **authorized medical practitioners** effective on April 1, 2024, as they became regulated under the Medical Act and the Medical Act Regulations. As a result, their **services** are eligible **medical expenses** and will be added to CRA's list of [authorized medical practitioners](#) for the purposes of the medical expense tax credit (January 19, 2026, Technical Interpretation [2025-1082991E5](#), Eloise Lafortune Viger).

the possibility that CRA's online list does not reflect recent changes in provincial regulatory regimes

Editors' comment: Podiatrists in Nova Scotia are now included on the list.

- Amounts paid for **preimplantation genetic testing for aneuploidy**, a form of testing undertaken in the course of an **in-vitro fertilization** plan, could qualify as an eligible medical expense provided that the payments meet the relevant conditions (either of Paragraph 118.2(2)(o) or (v)). CRA noted that payments to a **fertility clinic or donor bank** located in **Canada** would be eligible (December 22, 2025, Technical Interpretation [2025-1071201E5](#), Eloise Lafortune Viger).

4 Employment Income

537(4)

GARNISHMENT OF WAGES – OVERPAID EI

In a March 12, 2026 **Federal Court** case ([Yanchak vs. HMK, T-2191-24](#)), the taxpayer sought to **recover \$16,061** that was **garnished** from his **wages** by his employer in respect of **overpaid EI benefits**. The **overpaid EI benefits** were paid to the taxpayer in **2017**. The taxpayer **disputed** the **reversal** of EI benefits **unsuccessfully**, exhausting his appeal rights in **2024**. His **wages** were subsequently garnished to **recover the overpayment**, and the taxpayer responded by filing this Statement of Claim.

Taxpayer loses

The court **denied** the **taxpayer's action** on the basis that the EI Act specifically **allows** for this **garnishment** (Subsections 126(4), (5) and (7)) and there was **no evidence** that it was **irregular** or wrong.

powerful collection tools of CRA

While the taxpayer could have **requested a redetermination** of the **denied EI benefits** within **30 days** of the date the decision was communicated to the taxpayer (EI Act Subsection 112(1)), he waited several years so that option was not available.

NIL ASSESSMENT – WHICH COURT?

The **correctness** of an **assessment** can only be appealed to the **Tax Court of Canada (TCC)**, whereas a **discretionary** decision by **CRA** can only be reviewed by the **Federal Court** (see VTN [516\(7791\)](#)). The TCC hears **appeals** from assessments related to **disputes over tax amounts owing**, which is impossible when the amount is nil. A nil assessment reflects a **calculation** by **CRA** leading to the **conclusion** that there was **no tax liability generated in the year**. As such, the **TCC** does **not generally** have **jurisdiction** over **nil assessments**.

In a March 31, 2026 **Federal Court (FC)** case ([Hughes vs. AGC, T-3709-25](#)), the taxpayer received a significant **award** from the Canadian Human Rights Tribunal with **statutory deductions withheld**. However, **CRA determined** that the **award** was **not taxable** and issued a **nil assessment**. At issue was whether the **FC** had **jurisdiction** over the **nil assessment**. The taxpayer argued that as he believed that the **TCC** did **not** have **jurisdiction** over the matter as it related to a **nil assessment**, the **FC must have jurisdiction** as, according to the taxpayer “every right must have a remedy.”

Taxpayer loses

The FC rejected the taxpayer’s argument stating that the **lack of jurisdiction** in the **TCC** does **not redirect jurisdiction to the FC**. Further, the FC found that a **nil assessment** is **not a discretionary decision** and therefore is **not** within its **jurisdiction**.

Federal Court only reviews discretionary decisions

However, the FC noted that, while it is true that there is **typically nothing to appeal** from a **nil assessment**, this is **not always the case**. For example, where **tax is paid** in a given year and the taxpayer is subsequently issued a **nil assessment** for the year, the taxpayer may be in an **overpayment** situation (Subsection 164(7)). While the nil assessment itself is a legal nullity, it has a legal **effect** on the taxpayer’s **tax liability** and their **tax payable**, making it **reviewable** on that basis. The FC stated that this was essentially the **taxpayer’s issue** when the withholdings were made, but CRA issued a nil assessment. The FC concluded that **assessing overpayments** and any **resulting refunds** is within the **jurisdiction** of the **TCC**.

Editors’ comment

While not noted in the FC case, an individual can object to or appeal a denied disability tax credit from a nil assessment (Subsection 152(1.01)). Similarly, a taxpayer can object to a determination that no dividend refund is payable, even if the determination is on a nil assessment (Subsection 152(1.2); see VTN [369\(1326\)](#)).

STOCK OPTIONS AND SUPERFICIAL LOSSES

Where taxpayers **own shares identical** to those **acquired**, the **adjusted cost base** (ACB) of the shares acquired is **generally averaged** by dividing the total cost of all identical shares owned by the number of shares owned (the cost-averaging rule; Subsection 47(1)).

An **exception** to the **cost-averaging rule** is available when **all** of the following **conditions** are **met** (Subsection 7(1.31); see VTN [511\(7524\)](#)):

- the particular security is **acquired** under an agreement to issue securities to employees (described in Subsection 7(1));
- an **identical security** is **disposed** of **within 30 days** after the acquisition of the particular security;
- **no other identical securities** are **acquired** or **disposed** of by the employee **after** the **acquisition** of the particular security and **before** the **disposition**;
- the employee **identifies** in their **tax return** filed for the year in which the disposition occurs that the particular security is the security subject to the disposition; and
- the employee has not designated the particular security in connection with the disposition of any other security.

not useful for active traders

requirement to designate in the tax return

In such cases, the **particular security** is **deemed** to be the security **disposed of**.

This **planning** can be particularly **useful** when a taxpayer **quickly disposes** of **securities acquired** under a stock option plan, allowing them to **use** the **cost base** of the most recently acquired securities to the disposition.

planning to use this option when disposing of securities shortly after acquisition

An October 20, 2025 **Technical Interpretation** ([2023-0972451E5](#), Kah Foo Koh) discussed how the **superficial loss rules** would apply in respect of the **disposition of shares** acquired under the stock option rules (through restricted stock units (RSUs)), where the taxpayer **identified** the **particular security** to be **deemed** to be **disposed of**.

CRA discussed the following **example** of acquiring **shares** through RSUs to demonstrate the concept.

- **November 1, 2021**: employee **acquires one share** with a **fair market value** (FMV) of **\$60**;
- **December 1, 2021**: employee **acquires three shares** each with an **FMV of \$80** (total \$240);
- **December 15, 2021**: employee **sells three shares for \$70 each** (total \$210); and
- **January 1, 2022**: employee **acquires one share** with an FMV of \$50.

By using the planning and identifying the December 1 securities with a cost base of \$80/share (\$240 total cost base) as the three securities disposed of on December 15 (\$210 total proceeds), the taxpayer can realize a capital **loss of \$30**. The **costs** would **not** be **averaged** with the share acquired November 1, 2021.

Superficial loss

A superficial loss arises on the **disposition** of property where the same taxpayer or an affiliated person **acquires** the **same** or an **identical property within 30 days before and 30 days after** the date of **disposition** (the relevant period) and the taxpayer or an affiliated person **owns** the substituted property at the **end** of the **relevant period**. CRA was asked **whether the superficial loss rules** (Subparagraph 40(2)(g)(i) and definition of superficial loss in Section 54) **applied** in this case. The question was asked as the exception from the cost-averaging rule results from the Act deeming the shares not to be identical for certain purposes (Paragraph 47(3)(b)).

CRA opined that, **even if** the above planning is **used**, the **provision deeming securities not to be identical** has **limited application** and does **not apply** for purposes of the **superficial loss rules**. In addition, there are **no provisions** which **deem property** identified as **not being identical** for purposes of the **superficial loss rules**. As the employee both acquired and disposed of identical shares during the relevant period and, at the end of the relevant period, continued to own identical shares, CRA opined that the **superficial loss rules** would **apply** and the **loss** of \$30 would be **deemed nil**.

whether the exception above should be used if it results in a superficial loss

However, when **fewer securities were left at the end of the period than were acquired** during the period or when fewer securities were bought during the relevant period than were sold, **CRA administratively accepts** the use of the following **formula** to calculate the **superficial loss (SL)**.

$$SL = (\text{least of } S, P \text{ and } B) / S \times L$$

Where:

- S is the number of securities disposed at that time;
- P is the number of securities acquired in the 61-day period;
- B is the number of securities left at the end of period; and
- L is the loss on the disposition as otherwise determined.

CRA opined that, with respect to B, the number of securities **left** at the **end** of the **relevant period** means **all securities** that are **identical**, including securities acquired before that period. In this case, two were left at the end of the period and four were bought within the period. As such, CRA opined that this scenario would result in a superficial loss of \$20 ((least of 3, 4, 2) / 3 * \$30).

5 Business/Property Income

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UNREPORTED INCOME AND SHAREHOLDER BENEFITS

A March 25, 2026 **Tax Court of Canada** case ([2251102 Ontario Inc. et al. vs. HMK, 2019-457\(IT\)](#)) considered a **net worth audit** that resulted in assessment of **unreported corporate income** appropriated as **shareholder benefits**. The court also considered whether the **corporation had excessive costs of goods sold (COGS)**. The corporation operated a **cash-intensive retail convenience store** that sold typical items and was open long hours daily. The individual taxpayer, A, owned 50% of the corporation and was the sole active operator.

Taxpayer loses

The court found that the **quality of books** and records was poor. The bookkeeper admitted to using “**plug figures**” to force the balance sheet to reconcile, including **arbitrary entries** to inventory, shareholder loans and share capital. This **undermined the reliability** of all financial data and **justified** the use of a **net worth audit** and targeted adjustments. The court accepted the CRA auditor’s decision not to rely on source documents (like purchase invoices) because the overall system was compromised.

plugs and arbitrary entries undermined reliability of accounting

CRA conducted the net worth audit by **comparing** the **income declared** by the taxpayer and his spouse to their **personal expenditures** (based on a bank withdrawal and estimates from the taxpayer) and the **increase of net assets** that were acquired during the period, in addition to factoring proceeds from **non-taxable sources**. CRA stated that the taxpayer’s reported **income appeared insufficient** to support their **lifestyle**, noting that the taxpayer had likely understated their living expenses (such as implausibly low grocery estimates). They also noted **significant cash transactions** related to, for example, gambling and childcare.

The court accepted the auditor’s methodology as reasonable, particularly given the **cash-intensive** nature of the convenience store and **lack of internal controls**. Importantly, the court reiterated that **taxpayers cannot succeed** merely by **criticizing CRA’s method**, but must either show that the **income came from non-taxable sources** or provide a credible alternative calculation, neither of which was done.

lack of internal controls, a common issue in small businesses, can justify a net worth audit

In respect of the **unreported corporate income**, the court **linked the net worth discrepancies** directly to **unreported sales** of the **retail convenience store**. A’s **alternative explanation**, that funds came from a side construction business, **failed** due to lack of corroboration (no contracts, no employees, no records and the taxpayer’s limited time to conduct the activity). The absence of witnesses, particularly the silent shareholder and bookkeeper, further weakened the corporation’s case.

The court also examined the accounting manipulation in the corporation in detail. **CRA reversed entries that artificially increased inventory and COGS** through plugs to the shareholder equity accounts (no shares were issued). The auditor corrected this by reducing inventory purchases, thereby increasing taxable income. The court agreed with CRA's approach.

Finally, the court accepted that the **unreported corporate income** was appropriated by A and thus constituted **taxable shareholder benefits**.

WHETHER A BUSINESS EXISTS – RESEARCH AND EXPERIMENTATION

A January 27, 2026 French **Quebec Court of Appeal** (QCA) case ([Verreault vs. QRA, 2026 QCCA 90](#)) reviewed **whether** the taxpayer had **commenced a business** and, as a result, could **deduct losses** incurred in 2011, 2012 and 2013. The taxpayer also claimed **scientific research and experimental development** (SR&ED) **investment tax credits** for those years, which were denied on the basis that the taxpayer did not carry on a business.

The individual carried on his scientific instrumentation and software design operations as a **sole proprietorship**. He also **registered the business** and obtained **GST and QST numbers**. The taxpayer explained that his **mission** was to conduct **scientific research** in applied physics, prepare plans, drawings and technical diagrams and **design, manufacture and sell high-precision instruments**. The taxpayer carried on the scientific work and hired a former student to manage the operational side of the activities. For the years in question, he had **no marketable goods to sell** and thus generated very little revenue but incurred **significant costs** (actual amount not disclosed) substantially related to **research and development**. He was also a professor and researcher, carrying on academic duties in parallel to the business.

Revenu Québec argued that, as no **marketable product existed** for the relevant years, there was no business. As such, neither the losses nor the SR&ED investment tax credits were allowed. The **Court of Quebec** (CQ) similarly found that, as the operations were **personal** in nature and were **not** carried on in a **sufficiently commercial manner**, there was no source of income and thus no business had commenced.

whether a business can exist without a marketable product

Taxpayer wins

The **QCA disagreed** with the **CQ's** finding that the activities were **personal**. The QCA stated that, while the taxpayer was **passionate** about his **work**, such passion does **not** make the work **personal**. The QCA further stated that the fact that someone aims to **advance knowledge** by engaging in basic or applied research is **not proof of the personal nature** of activities. While the advancement of knowledge is certainly a primary mission of universities, the **private sector can also be involved** in these **activities**. Further, the fact that the taxpayer continued to be **involved in academic activities** while

passion and business can coexist

carrying on the operations was not indicative that the taxpayer's activities were personal. The QCA found that there was **no personal aspect** to the activities.

As the **QCA determined** that the **CQ erred** in finding a **personal aspect** to the activities, no further analysis was necessary. However, the QCA nonetheless addressed the **commercial nature** of the taxpayer's activities. The QCA noted that **commerciality** is judged by the **nature of the activity**, not by whether the taxpayer is a polished administrator or savvy businessperson. In addition, the **absence** of a **commercial product** does **not**, on its own, mean that there is **no business**. The QCA stated that having **low or no revenue** in start-up years is **not determinative** of whether a business exists, particularly in experimental development and scientific research businesses. The QCA finally stated that the **amount or reasonableness of expenses** is a **separate issue** from the question of whether a **business exists**.

absence of commercial product does not mean there is no business

Accordingly, the **QCA allowed the appeal**, finding that there was a **source of income** and thus the **losses** and **SR&ED** were **allowed**.

CARBON CAPTURE, UTILIZATION AND STORAGE (CCUS) – FOUNDATION WORK

A February 25, 2026 **Technical Interpretation** ([2025-1081921E5](#), Fiona Lin) considered whether **excavation**, **piling installation** and **concrete pouring** for a **foundation** would qualify as preparation or installation of specified property in respect of **CCUS claims** and the related **labour rules** (Sections 127.44 and 127.46; see VTN [489\(6523\)](#)).

CRA concluded that a **foundation** constructed to support **Class 57 equipment** (property that is part of a CCUS project) **can** itself **qualify**, provided it is **used all or substantially all** in the **installation or operation** of that **equipment** and otherwise meets CCUS conditions. In this case, CRA stated that the foundation, being permanent and integral to the operation of the equipment, would fit within Class 57, making its cost potentially eligible for the credit.

foundation work counts

Because the foundation would be a specified property, the **labour requirements** (Section 127.46) would **apply to its preparation or installation**. CRA interpreted preparation or installation broadly to **include all integral construction steps** necessary to bring the foundation into existence at the work site.

6 Capital Gains/Losses

537(6)

RESIDENTIAL PROPERTY FLIPPING RULE – MULTI-UNIT BUILDINGS

Effective January 1, 2023, all gains arising from the **disposition of residential property** (including rental property) **owned** by the taxpayer for **less than 365 days** are deemed to be **business income** unless a particular exception is met (Subsections 12(12) to (14); see VTN [489\(6537\)](#)).

A December 18, 2025 **Technical Interpretation** ([2025-1055741E5](#), Ryan Wallace, CPA) addressed whether a **nursing home** or a **rooming house** could be **flipped property** (defined in Subsection 12(13)). CRA reiterated their opinion that a flipped property can have only a **single housing unit** (see VTN [535\(8610\)](#)). They indicated that a **housing unit** is normally represented by a **room, or a group of rooms**, used for **residential purposes**, occupied by a person or group of persons, and which **includes** a certain number of **characteristics** such as a **kitchen** and a **bathroom**. Whether a property contains **more than one housing unit** is a **question of fact** that requires a careful review of **all relevant facts and circumstances**.

whether a property contains one or multiple housing units

CRA opined that a **nursing home** may contain **elements** of a **housing unit** but would **not generally** be considered a **flipped property**.

flipped property rules likely apply to rooming houses but not nursing homes

A **rooming house**, described as a **house** where **individual rooms** are **rented out**, rather than renting the entire house, would generally be a **single housing unit** subject to the flipped property rules. Adding amenities such as a table, mini-fridge and a small stove or hot plate would not result in the property containing multiple housing units.

Finally, CRA noted that, where the **flipped property** rules do **not apply**, the determination of whether a property is held as **inventory** (business income or losses on sale) or **capital property** (capital gains or losses on sale) remains a **question of fact**.

7 Farming/Fishing

537(7)

WIND FARM ROYALTIES

A February 2026 Canadian Tax Focus article ([Wind Farm Royalties: Special Tax Treatment for Farming](#), Frédéric Deschênes and Marie Boulay) discussed the various **types of payments** and associated **tax treatments** related to wind farm royalties.

Periodic payments made to compensate a farmer for **inconvenience, use of the land** or **damaged crops** would be **taxable income** (Subsection 9(1)), which may be **farming income** where the **payments are incidental** to the farming operations (see VTN [395\(1544\)](#)). It is a **question of fact** whether the income is incidental. Relevant factors may include the **amount of income** generated, **scale of operations** and relative **capital or labour invested** in the non-farming activity. If the **wind farm activity** becomes **too substantial**, the amounts would **not** be included in **farming income**. In such cases, there could be two separate activities: leasing of land for a wind farm and the actual farming operations.

whether income from wind farm royalties is incidental

Farmers may also receive **payments** for the **legal right of use**, such as **easements** on the land or to compensate for destruction or damage to the land. CRA has opined that these payments would be **capital** in nature (see VTN [336\(8716\)](#)). The adjusted cost base of the land disposed of must be determined to calculate the **capital gain**. Such a disposition on account of capital by an individual or partnership (of which an individual is a partner), in respect of **qualified farm property**, may allow access to the **lifetime capital gains exemption** (see VTN [406\(2002\)](#)).

accessing capital gains exemption on these easement payments

Changing the nature of income from farming to rental income does **not result in a deemed disposition** (2009-0316191E5, Kathryn McCarthy CA). However, changing the use of the land may **impact** whether the shares of the farming corporation continue to meet the definition of a **share** of the capital stock of a **family farm** or fishing **corporation** (defined in Subsection 110.6(1)). If more than 50% of the farmland is used for more than 50% of the years of ownership to generate rental income from wind turbines, the entire parcel of land would be a non-active asset for this definition.

whether the wind turbines would impact meeting subsequent requirements for qualified farm property

8 Purchase/Sale of a Business

537(8)

INTERGENERATIONAL BUSINESS TRANSFERS (IBT) – RELEVANT GROUP ENTITIES

The **IBT rules** permit an **exception** from **deemed dividends** when parents transfer shares of their corporation (Opco) to a corporation controlled by their children (Subsections 84.1(2.3), (2.31) and (2.32)). The requirements for both the **immediate** and **gradual** IBT rules include numerous detailed criteria that must be met both at the **transaction date** and for as much as **ten years** afterwards (see VTN [520\(7954\)](#)).

Numerous requirements **restrict** the ability of the **parents** to hold any **control or ownership** of Opco, the **purchaser corporation** or a **relevant group entity** (RGE) subsequent to the sale. An RGE is any **person** or partnership that carries on, at the disposition time, an active business,

referred to as a relevant business, that is relevant to determining the status of Opco's shares as **qualified small business corporation (QSBC) shares** or **shares of a family farm or fishing corporation** (Subparagraphs 84.1(2.31)(c)(iii) and 84.1(2.32)(c)(iii)). It is **key to understand** whether an entity in a corporate group is an RGE and, therefore, **whether continued ownership** or control could **prevent access** to the IBT rules.

Active business and relevancy QSBC share determination

A December 2, 2025 **Technical Interpretation** ([2025-1080701C6](#), Komal Patel) considered whether a **loan receivable** from a **related real estate corporation** (Realco) could make Realco an RGE. Realco's only activity was **leasing its only asset**, a building, to Opco. Realco had no employees.

CRA stated that **two tests** must be satisfied for Realco to be an RGE:

- Realco must carry on an **active business** at the time of disposition; and
- that active business must be **relevant to determining whether the Opco shares qualify as QSBC shares**.

CRA opined that, under this fact pattern, Realco was carrying on a **specified investment business** and **not an active business**. CRA noted that, although the rent received by Realco from Opco may be deemed active business income for limited purposes (Subsection 129(6)), **Realco itself is not** deemed to carry on an **active business**. As such, the first condition would not be met. This confirms VTN's comments in VTN [529\(8367\)](#).

whether the potential RGE is carrying on an active business

However, if Realco **were** carrying on an active business, the analysis would shift to whether that business is relevant to the QSBC share determination. The key factor would be whether the **fair market value of the loan receivable is necessary** for Opco to meet the QSBC asset tests (notably the 90% and 50% active asset thresholds in Subsection 110.6(1)). If Opco could **only meet the QSBC test** by **relying** on the **loan receivable**, then Realco's **business would be relevant**, making Realco an RGE.

Conversely, if Opco could satisfy the QSBC share asset tests **without relying on the loan receivable** (treating it as a non-active asset), then Realco's business would not be relevant, and Realco would not be an RGE.

whether the asset is required to meet QSBC share status

Retained control

A December 15, 2025 French **Technical Interpretation** ([2025-1062551E5](#), Simon Lemieux) provided similar comments to those above but also considered whether the **leasing of the building** from Realco to Opco would result in Realco, and therefore the parents, **retaining de facto control** over Opco. Such maintained control would make the transaction **ineligible** to be an immediate IBT (only retention of de jure control would prevent a gradual IBT).

CRA noted that merely **owning a building** used by Opco does **not automatically** result in **de facto** control as the analysis is highly fact-dependent. Key considerations include the **operational dependence** on the property, availability of **alternatives**, **contractual arrangements** and broader **commercial realities**.

whether de facto control is maintained

9 Owner-Manager Remuneration

537(9)

DIRECTOR LIABILITY – WHICH DIRECTOR TO ASSESS

A March 19, 2026 **Tax Court of Canada** case ([Darville vs. HMK, 2016-1168\(GST\)](#)) reviewed whether the taxpayer was **personally liable** for \$50,820 as a **director** of a corporation due to unremitted GST and the associated penalties and interest. While the **taxpayer** was the **sole de jure director**, he argued that a **former director** of the corporation remained the “**mastermind**” behind the operations and thus was a **de facto director**. The taxpayer stated that he was **taken advantage of** by the former director. As such, he argued that **CRA should assess** the former director personally as a **de facto director**.

Taxpayer loses (for the most part)

While the court had **no reason to doubt** the taxpayer’s account of the **former director’s involvement**, there is **nothing** that **requires CRA** to assess **one director over another** based on equitable reasons. Directors of a corporation may be “jointly and severally, or solidarily, liable together with the corporation” for their failures (Excise Tax Act Section 323), making it clear that there was **no imposition** on **CRA to assess any and all directors** of a given corporation. The court stated that it was clear that the taxpayer was the only de jure director for the period and that the taxpayer was also listed as the only director on all banking agreements and on the application for GST/HST registration.

CRA gets to decide which, if any, directors that they assess

The court found that the taxpayer did **not** have **sufficient support** to substantiate **input tax credits** (ITCs) that could have reduced the underlying GST. However, the court **ordered** that the **assessment be reduced by \$5,694** to account for amounts not from the reporting period in issue.

reviewing the specifics of the amounts assessed

10 CRA

537(10)

OBJECTION OR EXTENSION TO FILE OBJECTION?

A **notice of objection** is required to be filed within **90 days** of the **date of the applicable assessment** (Subsection 165(1) and Excise Tax Act Subsection 301(1.1)). **Individuals** (other than trusts) and **graduated rate estates** can also file an objection for income tax purposes up to **one year** after their **tax filing deadline** (Subsection 165(1); no parallel provision in the Excise Tax Act). Where these deadlines are missed, a taxpayer can **apply for an extension** to file a notice of objection within **one year** of the original deadline to file it (Section 166.1, Paragraph 166.2(5)(a) and Excise Tax Act Paragraph 303(7)(a)).

Similar to the objection process, if the taxpayer is not satisfied with the result, a **notice of appeal** to the **Tax Court** must be filed within **90 days** of CRA's decision to confirm the assessment or issue a reassessment (Section 169 and Excise Tax Act Section 306) or an application for an **extension** can be made **within one year** of expiry of that period (Paragraph 167(5)(a) and Excise Tax Act Paragraph 305(5)(a)).

In a January 6, 2026 French **Court of Quebec** case ([Tremblay vs. QRA, 2026 QCCQ 1178](#)), the taxpayer filed a **late objection** approximately six months after the notice of assessment was issued related to a tax return from several years prior. The taxpayer argued that she never received the assessment but was made aware of the issue when she was contacted by collections. Revenu Québec (RQ) **rejected the objection**, noting that it was late, but **informed** the taxpayer that she could **file an application** for an **extension of time to object**. Approximately **eight months** after RQ rejected the objection, the taxpayer filed an **appeal in the court**.

The **court** stated that, once the taxpayer determined that a **notice of assessment was issued**, they should have **either filed an objection** in a timely manner **or an application for extension of time to object** within the one-year period after the deadline to object. She did neither. By the time of the hearing, it had been two and a half years since RQ rejected the objection; the court was well beyond the period that would have given it discretion to allow the objection.

whether filing an application for an extension of time to object would be appropriate

GAAR – CRA GUIDANCE

In early April 2026, CRA updated the [general anti-avoidance rule \(GAAR\)](#) webpage (see VTN [522\(8079\)](#)) to provide several **new examples** of situations in which **CRA opined that GAAR** (Section 245) applied. The purpose of GAAR is to deny tax benefits to any taxpayer that, although complying with a literal reading of the Income Tax Act, is not in compliance with the object, spirit or purpose of the legislation. There is an **interdepartmental GAAR committee** that includes not only representatives from CRA, but also from the departments of Finance and Justice. In general, any **issue** or transaction **not yet reviewed** by the committee will **be reviewed** before a **GAAR assessment** is made.

updated CRA commentary and examples

Avoidance of the stop-loss rules

Capital losses arising from the **disposition of shares** of a **foreign affiliate** or a Canadian corporation may be **limited** when considering **non-taxable dividends previously received** by the corporate shareholder or taxpayer. That is, the **capital loss** would be **denied** to the extent of the amount of tax-free dividends received by the taxpayer. CRA provided an **example** of a **transaction** that circumvented these provisions.

Treaty abuse

CRA stated that they will **not extend tax treaty benefits** to **third-country residents** who **indirectly** access these benefits in an **abusive manner**. CRA provided the example of a person **not entitled** to the **benefits** of a tax treaty who uses an **intermediary entity** entitled to those benefits to indirectly obtain them, resulting in a reduction in the amount of Part XIII withholding tax.

Loss trading

Non-capital loss carryovers for a corporation are generally **restricted** if **control** of the corporation has been **acquired** by a **person** or group of persons, **unless** it **continues** the **same or similar business** that incurred the **losses** (Subsection 111(5)). CRA will consider applying **GAAR** to **transactions** or arrangements designed to **avoid** the **restriction of non-capital loss carryovers** for a corporation (Lossco) that would arise on an **acquisition of control** by a person or a group of persons.

whether a transaction circumvents the loss restriction rules

VOLUNTARY DISCLOSURES PROGRAM (VDP) – VOLUNTARY APPLICATION?

A March 11, 2026 **Federal Court** case ([Melflor Investments Ltd. vs. MNR, T-2608-24](#)) reviewed the taxpayer's application for **judicial review** of CRA's **refusal to accept** their application under the **voluntary disclosure program** (VDP) on the basis that it was **not voluntary**.

The taxpayer was a family-owned **investment holding corporation**. The **founders passed away** in 2002 and 2010, respectively, with the **three children inheriting the corporation**. In early 2019, one of the children discovered that the corporation's **accountant had stopped filing the corporation's tax returns** in 2009 without authorization. The child **immediately contacted another accounting firm** to bring the **corporation up to date** with the filings. A professional misconduct complaint against the original accountant, filed with CPA Ontario, led to the finding that he breached his professional obligations.

whether those who inherit the corporation understand and can manage ongoing filing obligations

While the new accountants were working to **bring the taxpayer up to date** with its filings, **CRA made several communications**:

- May 2019 – **CRA requested** that the taxpayer **file its return** for the 2017 year;
- November 2019 – **CRA called the taxpayer's accountant** regarding the unfiled return; and
- December 2019 – **CRA demanded** that the **taxpayer file the return** for the year.

The taxpayer **filed the VDP application** in **February 2020**.

CRA stated that these **communications** were indicative of a **non-voluntary** disclosure and rejected the application.

Taxpayer loses

The court found that **CRA's decision to reject** the application on the basis that it was **not voluntary was reasonable**. The fact that CRA did **not allow** the taxpayer **additional time** to file the disclosure after the enforcement actions did **not make** the decision **unreasonable**. Further, although the court was **sympathetic** to the **injustice** felt by those who place their **trust in ineffective professionals**, CRA's decision reflected the court's well-established principle that **taxpayers are directly responsible** for meeting their **tax obligations, regardless** of the **misconduct** of their **representatives**.

taxpayer still responsible for filings, even if professional is subject to misconduct finding

This case relates to an application before changes to the VDP took effect in October 2025 (see VTN [530\(8405\)](#)).

In an article on CPA Canada's [Tax360 platform](#), CPA Canada reported that a **demand to file letter** from CRA **may qualify** for **prompted relief**, although all VDP conditions must still be met for relief to be granted. For example, CRA stated that, in addition to sending the demand to file, they may have made various attempts to contact the taxpayer (letters, calls, in-person visit) regarding the non-compliance, resulting in the application being denied.

CORRECTING A PAST ERROR – IS IT REQUIRED?

An April 2026 Tax for the Owner-Manager article ([Is a Taxpayer Required To Correct a Past Error?](#), David M. Sherman and Balaji (Bal) Katlai) stated that, while practitioners may assume that taxpayers must correct past errors made in filings related to income tax and GST/HST, there is **no broad legal obligation** in the **Income Tax Act (ITA)** or part IX **Excise Tax Act (ETA)** that **requires** taxpayers or registrants to take **corrective action**.

The authors contrasted these **broad legal concepts** to CRA comments in Information Circular [IC01-1R2, Third-Party Penalties](#), which stated that “If a practitioner **discovers** that **another person made a false statement** for tax purposes, the CRA **expects practitioners to take the necessary steps to rectify the situation.**”

The authors also provided **some examples** of when such a **correction** is **legally required**:

- a correction and **reissuance of a T4** is required if a **pension adjustment** is altered for certain reasons and there is a change in the amount of employment income previously reported (Income Tax Regulations Section 8401(6)); and
- a party who discovers that an **answer** given on **discovery** was **incorrect** or incomplete in Tax Court to “forthwith” provide the correct information to every other party (Tax Court of Canada Rules (General Procedure) Rule 98(1)(a)).

whether there is a specific requirement to make an adjustment

The authors also stated that they were **not aware** of any provision in any bill in the **past 45 years** that **required** taxpayers to **refile** or **adjust past returns** to **reflect retroactive legislative amendments** to the ITA or ETA. They also opined that **CRA** should **not** be **permitted** to **assess beyond the normal assessment period** if the **original filing** did **not contain a misrepresentation** attributable to carelessness or neglect (ITA Subparagraph 152(4)(a)(i), ETA Paragraph 298(4)(a)).

Penalties may **still apply** if the original filing was made in circumstances amounting to **gross negligence** (Subsection 163(2)). The penalty can also apply if information provided to an auditor is false.

whether the original filing was subject to gross negligence

The article specifically noted that it did **not review** the relevant rules of **professional conduct** across the country for designated **accountants, lawyers or other professionals**.

requirements and obligations beyond the Income Tax Act and Excise Tax Act

SCOPE OF ADVANCE INCOME TAX RULINGS

In a December 2, 2025 **Technical Interpretation** ([2025-1080821C6](#), Francois Fournier-Gendron), CRA was asked whether they would consider **expanding** the areas where they will provide advance income tax **rulings** (see VTN [517\(7836\)](#)) in situations where **supporting documentation and evidence** can be provided to substantiate **relevant facts and intentions**. CRA noted that rulings will **not generally** be issued where they are **conditional** upon the existence of **facts or intentions**, particularly where these must be inferred from circumstances (Paragraph 19.1 of Information Circular [IC70-6R12](#), [Advance Income Tax Rulings and Technical Interpretations](#)). However, they **have** also historically **issued rulings** on determinations that were **primarily factual** where taxpayers provide **complete, detailed and credible supporting documentation**.

the extent and quality of supporting documentation that could be provided

The provided examples of rulings were issued on the application of **Subsection 55(2)**, on provisions where the existence or absence of a **series of transactions** or events must be determined and on the application of **GAAR** (Section 245). CRA listed the following **additional areas** where the taxpayer's representations **could** potentially **meet the requirements**:

- transactions and arrangements involving **crypto-assets**;
- issues involving the **capital gain exemption**, including whether certain shares qualify as **qualified small business corporation shares** (defined in Subsection 110.6(1));
- whether certain expenditures qualify as **Canadian exploration expenditures** (Subsection 66.1(6));
- whether certain **per capita distributions** made by an **Indian Band** to its members **constitute income** from a source;
- whether certain **distributions** made by a tax-exempt **non-profit organization** could **result** in the **loss** of its **tax-exempt status**; and
- whether an organization qualifies as a **non-profit organization** (Paragraph 149(1)(l)).

these possibilities for obtaining advance income tax rulings

CRA cautioned that the **binding portion** of a ruling is **limited** to CRA's **interpretation of the law**. The ruling will always specify that it is **based on the taxpayer's representations** regarding the facts and intentions, which continue to be **subject to subsequent verification** through audit or other compliance measures. CRA also retains **full discretion** to **decline any ruling request**, including those within the subject matters described above.

the possibility of subsequent CRA review

Taxpayers who would like to have a **preliminary reaction** on **whether** their situation might be eligible for a ruling may wish to submit a **pre-ruling consultation request** (Paragraphs 30 to 40 of IC70-6R12; see VTN [402\(1717\)](#) and [389\(246\)](#)). At the conclusion of a pre-ruling consultation, CRA will **inform the taxpayer** whether it can consider the issue further in the context of a **ruling request**. CRA believes that this approach **supports greater certainty** for taxpayers, while maintaining consistency, transparency and the integrity of the rulings process.

a pre-ruling consultation to assess the possibilities

11 Estate Planning

537(11)

AMT RETROACTIVELY PAYABLE BY TRUSTS

The **alternative minimum tax (AMT)** amendment imposing a **50% addback** of deductions for **investment counselling fees** (Paragraph 20(1)(bb)) **retroactive to 2024** became law with **Royal Assent** to **Bill C-15**, Budget 2025 Implementation Act, No. 1 on **March 26, 2026**. An April 10, 2026 Advisor.ca article ([Lower deduction of investment counsel fees hits trusts with AMT](#), Michelle Schriver) discussed the impact of this measure on 2024 and 2025 trust filings. Because most **trusts** receive **no basic deduction** in calculating AMT, **any required addback** can easily result in **AMT payable**.

Ryan Minor, Director of Tax at CPA Canada, indicated that **CRA** had **advised** CPA Canada that they “**will not automatically reassess** trusts that have not added back 50% of investment counsel fees,” **nor** will they “**be sending letters** out to trustees for this information.” This also applies to **individuals**. CRA indicated that affected trusts should **file a T3-ADJ T3 Adjustment Request** or send them a letter providing details of the change.

no planned activity at CRA for 2024 or 2025 adjustments

The article noted that, although **AMT** can be applied to **offset future regular taxes** for **seven years**, **trusts** that **allocate** their **net income** to **beneficiaries** will not generate regular tax, and **will not recover** this cost.

The retroactive change also impacts the **2024 tax year**, when CRA was **not administering the proposal**. While a **proactive amendment** will **reduce exposure** to interest if CRA reassesses in the future and **may** facilitate accessing **taxpayer relief**, the article noted that there is **no legislated requirement to amend** a return to reflect **retroactive legislation** (see VTN [537\(8742\)](#)). The article noted that CPA Canada has **not received a response** from CRA regarding **taxpayer relief** for any such adjustments.

discussing the alternatives for amending with affected clients

In April 15, 2026 posts on [LinkedIn](#) and CPA Canada’s [Tax360](#) portal, Ryan Minor indicated that **CRA** had advised CPA Canada that they would **not automatically waive interest** for taxpayers applying the **retroactive AMT amendments** in adjustments to their prior tax filings.

The article suggested that some clients might **move investments** into forms that have **embedded fees**, such as mutual funds or ETFs, **avoiding** the **AMT** issue by avoiding direct investment counselling fees. The article cautioned first assessing the **overall rate of return** after tax.

More broadly, the article suggested ensuring that **existing trust structures** continue to **serve their original purpose** and still make sense in light of **overall goals**.

a proactive review of trusts subject to these AMT provisions

12 Charities/NPOs

537(12)

NPO – SURPLUS ACCUMULATION

In order to be **exempt from tax**, a **non-profit organization** (NPO) **cannot** be operated for the **purpose of profit** (Paragraph 149(1)(l)). Further, it **cannot distribute** any of its **income** to its **members** or otherwise make its income available for their personal benefit (referred to by CRA as the “no personal benefit test”).

Investing surplus funds

In an August 5, 2025 **Technical Interpretation** ([2024-1045401E5](#), Phyllis Chiu), CRA was asked whether an NPO’s **tax-exempt status** would be **impaired by investing lifetime membership fees** to earn **interest**. CRA noted that an organization that **intends**, at any time, **to earn a profit** will **not** be an NPO **even if** it expects to use or **uses** that **profit** to **support** its **non-profit objectives**.

use of any profit is not relevant

CRA opined that **interest** income from **investing lifetime membership fees** used to help **cover** a club’s **operating expenses** appeared to be **incidental**. However, **if** the interest income **accumulated** to create a **surplus** well **beyond** what is **reasonably required** for the club’s **operations**, it **may indicate** that the club is operated for a **profit purpose**. Similarly, **aggressive pursuit of investment income** to fund its activities may indicate a **profit purpose**, leading to the loss of NPO status.

investment income must be incidental and used for non-profit purposes

Accumulating a surplus

CRA confirmed that an **NPO** may **accumulate a reasonable surplus** from incidental profits provided that the surplus is **used** solely in the NPO’s **operations**. CRA indicated that **no specific quantum** of surplus would be considered reasonable – the **NPO’s** particular **circumstances**, including **anticipated future expenditures** and the amount and **pattern of receipts** from various sources, must be considered.

assessing any surplus in comparison to these factors

A **surplus** arising from profits **realized due to the mis-budgeting** of events would generally be considered **incidental** where the original **budget was reasonable**. However, if the NPO **consistently budgets** for and generates a **profit**, it may be considered to be operating with a **profit purpose** and therefore **lose** its **tax-exempt status** as an NPO.

Using funds to subsidize activities

In the context of the specific NPO discussed, CRA was asked whether the club could **deplete** the accumulated **surplus** by covering the **cost of food** for its members during the **annual general meeting** or the **members' fees** for a club event. CRA indicated that, generally, an NPO is permitted to **deplete a surplus** arising from member-paid events by **covering reasonable costs** associated with **future member-only events**, including food served at annual general meetings, without violating the no personal benefit test. This would **only be permitted** if the use of funds reasonably **supports or furthers** the NPO's **non-profit objectives**. Using the surplus to **cover the reasonable costs of select members** would **likely violate** the **no personal benefit** test unless the use of funds in this restricted manner can be regarded as supporting or furthering the NPO's non-profit objectives. The **determination** of whether depleting a surplus in a particular manner violates the no personal benefit test would always be a **question of fact**.

careful consideration of the manner in which a surplus is depleted

NPO – DISPOSITION, INVESTMENT AND DISTRIBUTION

A January 21, 2026 **Technical Interpretation** ([2025-1062851E5](#), Gauthier) considered whether a **non-profit organization's** (NPO) **land disposition, investment** of proceeds and use of funds to **reduce member fees** could affect its exemption from tax (Paragraph 149(1)(l)).

Land disposition

Tax-exempt **NPOs** that provide **dining, recreational or sporting facilities** to their members must pay **tax on capital gains** unless the disposed **property** was **used exclusively for** and **directly in the course** of providing the aforementioned services or facilities for their members (Subparagraph 149(5)(e)(ii)).

CRA noted that the property must actually be **used exclusively** for and directly in the course of providing the facilities and that **casual or indirect uses** are **not sufficient**. The use must be **restricted to the specified purpose** and there must be a **clear link** or relationship between the property and the member services. In this case, the property's **primary use as a parking lot for members**, combined with only sporadic, minor and not actively pursued rentals would be acceptable and the **capital gain** would likely **be excluded** from the NPO's income.

the primary use of the property

Investment and distribution of proceeds

CRA stated that **none of the organization's purposes** can be to earn a profit. However, they acknowledged that profits may arise if they are **incidental**, meaning **not significant** and arising from **activities directly connected** to the organization's objectives and used to further those objectives. CRA confirmed that **earning passive investment** income likely will not jeopardize status but warned that accumulating **excessive surpluses** or **aggressively pursuing investment income** may indicate a **profit purpose**.

whether investment income is aggressively pursued

CRA noted that an NPO can **establish** and **maintain a reasonable reserve fund** provided the fund is **used solely** in the **operations** of the organization. There is no specific quantum that is considered reasonable, but rather **depends on anticipated expenditures**.

reasonable reserves may be maintained

CRA noted that **incidental profits** can be used to **reduce membership fees**, but payments of incidental profits directly to members would not be acceptable.

13 International

537(13)

SUPPORT FOR WITHHOLDINGS

A March 18, 2026 **Federal Court** case ([Prince vs. AGC, T-885-24](#)) reviewed an application for judicial review of a CRA decision refusing to offset Part I tax liabilities with **Part XIII tax** allegedly withheld and remitted. The taxpayer, a **Canadian resident**, held shares of Canadian corporations through Israeli bank accounts and claimed that nearly \$791,000 of **Part XIII tax** was **wrongly withheld** because he was mistakenly treated as a non-resident.

The taxpayer had provided CRA with **statements from a bank** in Israel showing **dividends**, along with **reductions** labelled as **withheld**. The taxpayer requested that the **withholdings** be **reappropriated** against their Part I tax payable on the basis that the withholdings were Part XIII tax (Section 221.2; see VTN [486\(6405\)](#)).

The court found that the bank **statements did not identify** the withholding as **Part XIII tax**, did **not reference** a **Canadian payer** or **CRA remittance** and did **not connect** the amounts to the **taxpayer**. The court noted that **not all withholdings are tax**, and even if they are, they may not be Canadian tax or remitted to CRA. As a result, the taxpayer **failed** to establish that a particular amount had been **appropriated to CRA** on his behalf as required for reappropriation.

whether the withholdings truly were sent to CRA

Further, the **absence** of an **NR4 Statement of Amounts Paid or Credited to Non-Residents of Canada** slip or alternative documentation like form **NR7 Application for Refund or Part XIII Tax Withheld**, **affidavits** from the banks, or records identifying intermediaries meant there was **no reliable audit trail** to trace the withholding to a CRA remittance attributable to the taxpayer.

FOREIGN BRANCH OR CORPORATION

An April 2026 Tax for the Owner-Manager article (**Branching Out: When (Not) To Incorporate** Abroad, Evan Raymer and Chris Chernecki) examined whether a CCPC **expanding internationally** should **operate** through a **foreign branch** or a **foreign subsidiary**. The decision hinges on both tax treatment and administrative complexity.

First, a **branch** is **not a separate legal entity**, so its foreign **profits are taxed in Canada** as they are earned, with **foreign tax credits** generally available. In contrast, a **subsidiary is a separate entity** and its profits are typically **not taxed in Canada until repatriated** as dividends, often with favourable treatment depending on the surplus regime, although anti-deferral rules such as the foreign accrual property income (FAPI) regime may apply (see VTN [467\(5371\)](#)). A key practical distinction is that **branch losses** can generally be used to **offset Canadian income**, whereas **subsidiary losses cannot**.

the tax differences when using separate legal entities

Next, the article noted that **subsidiaries carry significantly greater compliance** burdens. These include additional **reporting requirements**, complex surplus and adjusted cost base **calculations** and exposure to **transfer pricing rules**, all of which increase administrative costs and risk. There are also potential pitfalls, such as inadvertently triggering Canadian **tax residency** if central management and control is exercised in Canada (see VTN [494\(6773\)](#)), as well as withholding taxes on dividend repatriation. While branches may avoid some of these issues, they can still be subject to **foreign taxation** where a **permanent establishment** exists and in some cases a **branch profits tax** may apply.

additional reporting when using a foreign entity

The article concluded that the **decision** should be made based on the **specific circumstances** of the business, including the **scale** of foreign operations, expected **profitability** and the **ability to manage compliance** obligations. For smaller or early-stage foreign activities, particularly when losses are anticipated, operating through a branch may be preferable due to its simplicity and flexibility. In some cases, a phased approach, starting with a branch and later incorporating a subsidiary as the business grows, may provide the most practical solution.

PAYMENT TO NON-RESIDENT FOR SERVICES IN CANADA

Where a resident **pays** a **non-resident** person a fee, commission or other amount in respect of **services rendered in Canada**, the resident must **withhold 15%** of that portion of the payment and **remit** it to CRA (Paragraph 153(1)(g) and Regulation 105). Where these withholdings are **not made**, the **payer** can be **liable** for the **full withholdings** that should have been made, plus **interest and penalties**. The **penalty for failure to withhold** is **10%** of the required withholding (subject to reduction if payment is less than 7 days late). This is increased to **20% for the second or later failures** if they were made knowingly or under circumstances of gross negligence (Subsection 227(8)). Payers must also prepare and file form **T4A-NR Statement of Fees, Commissions, or Other Amounts Paid to Non-Residents for Services Rendered in Canada**.

payer liable for entire withholding and penalties if proper amounts are not withheld and remitted

In a November 12, 2025 **Technical Interpretation** ([2025-108064117](#), Kanwal Graham), CRA confirmed that this withholding and **T4A-NR** filing requirement **applies** to services performed in Canada by **US federal government departments** and those **hired by the departments** as contractors.

withholding requirement applies to foreign governments providing services in Canada

CRA also confirmed that the **15% withholding** can be **reduced** by a **waiver** from CRA in situations of **undue hardship** (Subsection 153(1.1); see Information Circular [IC75-6R2, Required Withholding from Amounts Paid to Non-Residents Providing Services in Canada](#)). While the Canada-U.S. treaty may also provide relief, there was insufficient information for CRA to make a determination in this regard.

While not noted in this interpretation, **CRA** has the **authority** to issue a **blanket waiver** for **withholdings** of payments to **non-resident service providers** if certain conditions are met (Subsection 153(8), which was included in [Bill C-15](#) and received Royal Assent on March 26, 2026; see [VTN 513\(7615\)](#)). See 537(8726) for comments from CRA's consultation on the matter.

US RENUNCIATION FEES

On [March 13, 2026](#), the US State Department issued a **new schedule of fees** in respect of **requests for certificates of loss of nationality** of the United States. The fee **dropped** from \$2,350 to **\$450**, effective April 13, 2026.

the reduced cost to renounce U.S. citizenship

RENTAL OR BUSINESS PROPERTY – GERMAN TREATY

A November 17, 2025 **Technical Interpretation** ([2020-0854261E5](#), Isabelle Sauvé) reviewed whether gains on the **disposition** of a **corporation** that provided **student housing** in Canada would be **treaty-exempt**. The corporation was beneficially owned by individuals resident in **Germany**.

Gains on the disposition of shares are **typically treaty-exempt** (that is, taxable only in the state in which the taxpayer is resident; Article 13(6) of the Canada-Germany Tax Treaty), except in certain cases. Where the **shares principally derive** their value from immovable **property** in Canada, the **gains** would **not be treaty-exempt**, permitting Canada to tax them. However, immovable property for this purpose does **not include** “**property** (other than rental property) in which the **business** of the company is **carried on**” (referred to as the business property exemption; Article 13(4)). **Rental property** is **excluded** from the **business property exemption**.

The **corporation derived almost all** of its **value** from **real property** (student housing). In addition to housing, the corporation **provided** the **students** with **services and amenities** including utilities, internet (unlimited data), a gym, a games room, a lounge and patio, a BBQ area, a book exchange, concierge services, security, a social coordinator, mail services, an ice cream shop, a 24-hour hotline, pancake breakfasts, canine therapy events and movie nights.

CRA opined that, even if the **student housing operations generated business income**, the **business property exemption** would still **not apply**. For the **exemption to apply**, the **property must not be a rental property**. However, **since** the **property was rented** out to **students**, it had the traits of a **rental property**. This would **not change** based on the **type of income generated**. CRA also opined that the fact that the **corporation employed more than five-full time employees** would have **no bearing** on this treaty determination.

determinations under the Income Tax Act may not be relevant for treaty determinations

Editors' comment

Similar provisions can be found in other treaties, including in the Canada-United Kingdom Tax Treaty.

14 GST/HST

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WRONG RESIDENTIAL PROPERTY REBATE CLAIMED

In some cases, a taxpayer may **incorrectly claim** the **GST/HST new housing rebate** (NHR) when they **should have claimed** the **GST/HST new residential rental property rebate** (NRRPR) or vice versa. These rebate **applications** must be filed within a certain period, and the **period** to make a claim **can expire before** the **taxpayer realizes** they have applied for the **incorrect rebate**.

CRA has indicated that, where an **NHR** was under **CRA examination or audit**, and it was determined the NHR was **claimed in error** resulting in an amount payable, **CRA** would **consider** the claimant's eligibility for the **NRRPR** (see VTN [486\(6421\)](#)). This would **permit access** to the **NRRPR beyond** the two-year **deadline for filing** the rebate.

raising this issue with the auditor

A March 10, 2026 **Tax Court of Canada** case ([Nagendra vs. HMK, 2022-86\(GST\)](#)) reviewed a situation where the **NHR** was **denied** following a **CRA audit**. The taxpayer did **not object** to the **NHR reassessment** but later **applied** for the **NRRPR**. As the application was **past** the two-year **time limit** (Excise Tax Act Subsection 256.2(7)), **CRA** **denied** the application. The taxpayer argued that the **time limit** was **inapplicable** because the **NRRPR** should have been applied to **offset** the disallowed **NHR** (Excise Tax Act Subsection 296(2.1); see VTN [481\(6182\)](#)).

Taxpayer loses

The only **assessment** that the taxpayer could **object to** was the one that had **denied the NHR**. The court noted that **CRA** had **highlighted** the taxpayer's possible eligibility for the **NRRPR** in correspondence advising that the NHR would be denied and **invited** the taxpayer to **submit information** in support of their eligibility. Just **over a month later**, **CRA** sent a **further letter** advising that the **NHR** would be **denied**, and a reassessment was issued shortly thereafter.

The court noted that **CRA** had **initiated a review** of eligibility for the **NRRPR** in the course of their review of the NHR. The court further concurred that, consistent with previous case law (see VTN [452\(4579\)](#)), **CRA** was **required** to **review** eligibility for the **NRRPR** in conjunction with their denial of the NHR. **CRA** was **not required** to blindly apply the NRRPR or **wait indefinitely** for the **taxpayer to provide** the requested **information** to support a claim. The court indicated that the taxpayer **might** have been entitled to **reduce the NHR assessment** by the **NRRPR** if they had **objected and appealed** from that assessment; however, they **did not object**, nor did they **apply** for the NRRPR **within the legislated timeframe**.

the cost of not objecting to reassessments in a timely manner

The court indicated that it was unfortunate that the deadline for application had not been extended due to the COVID-19 pandemic, which may have impeded the taxpayer from applying by the July 31, 2020 deadline after being reassessed in November 2019, but Parliament had chosen not to extend this deadline due to the pandemic.

RESIDENTIAL OR COMMERCIAL PROPERTY

A March 24, 2026 **Tax Court of Canada** case ([Moseley vs. HMK, 2024-1825\(GST\)](#)) reviewed a **real estate purchase** by a **GST/HST registrant** who CRA had assessed for **failure to self-assess** on the **purchase**. The building acquired had a **residential complex** on the **second floor** that all parties agreed was **exempt** from GST/HST. The first floor contained an **abandoned restaurant**. The **taxpayer argued** that he **converted** the **first floor** into a **residential** apartment shortly after the purchase so that the first floor was **also exempt**. In addition, the **taxpayer's registration** had been **cancelled** by Revenu Québec seven months **after the purchase**, but **retroactive** to many years **before the purchase**.

Taxpayer loses – residential vs. commercial

The first floor was **not** an exempt **residential complex** at the time of sale. The court reviewed a **different exemption** (Excise Tax Act Schedule V Part I Subsection 9(2)) applicable only to supplies of **real property by an individual**. Such transfers are **exempt unless** one of **numerous exceptions** apply. The court noted that this exemption is sometimes believed applicable only to vacant land, but this is not explicitly stated in the provision.

the complex determination of whether real property transferred by an individual is exempt from GST/HST

The **relevant exception** that would result in **applicability of GST/HST** in this case (Excise Tax Act Schedule V Part I Paragraph 9(2)(a)) required that, **immediately before transfer**, the property is **used** by the **transferor primarily** in one or a combination of both of the following two manners:

use of the property by an individual transferor determines whether GST/HST applies

- in a **business** carried on with a reasonable expectation of profit by the **transferor**; or
- if the **transferor** is a **registrant**, in making **taxable supplies** of the real property by way of **lease, license** or similar arrangement.

The court noted that the property had been **vacant for 18 months** prior to sale and **questioned** whether it was **used for anything** immediately prior to the transfer. According to **CRA**, property **always** has a **use**, and it **remains used** for its most recent purpose until and unless it commences a **new use**. After a textual, contextual and purposive **review** of the **provision**, the court **agreed with CRA**, in part because the **taxpayer's interpretation** would result in the **new residential complex** entirely **escaping GST/HST**, contrary to the general policy that new residential property is subject to GST/HST.

the most recent purpose for which the real property was used

Taxpayer wins – retroactive cancellation of registration

The court noted that, if the **purchaser** was **not** a **GST/HST registrant**, the **vendor** would have been **required** to **collect** and remit **GST/HST** on the sale. As such, if **retroactive deregistration** were **accepted**, the **vendor** would be subject to an **obligation** they **could not have discovered** at the time of the transaction, **relieving** the purchaser of their obligation.

The court indicated that it was somewhat **skeptical** that GST/HST **registration** could be **cancelled retroactively** but that deregistration was a **discretionary power** and only the **Federal Court** held **jurisdiction** over disputes on the exercise of that discretion (see VTN [516\(7791\)](#)). This was further supported by an explicit right of appeal to the Tax Court in respect of the deregistration of a charity (Subsection 168(4)).

deregistration would be subject to judicial review, not an appeal to the Tax Court

The court further opined that it **could not rule** that **registration** at the time **was binding** even if it were later cancelled retroactively. The court noted that this was an issue Parliament may wish to address, as third parties could rely on current registration status to their detriment.

As a consequence, the **court ruled** that the taxpayer was **not required** to **self-assess** GST/HST on the **real property acquisition**.

Taxpayer loses – can be directly assessed GST/HST

However, the court noted that, although the **supplier** is generally **required** to **collect and remit** GST/HST, the ultimate **liability rests** with the **recipient** of the supply. **CRA** has the **authority** to **assess** the **recipient** directly where the GST/HST is **unpaid** (Excise Tax Act Paragraph 296(1)(b)). As a result, the court ruled that the **GST assessed** was **correct**; however, the **self-assessment** on real property acquired (Excise Tax Act Paragraph 228(4)(b)) was **not required** to be filed, so the **late filing penalty** was **reversed**.

the potential liability of the recipient where the supplier fails to charge applicable GST/HST

15 Did You Know...

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IN-PERSON PAYMENTS AT FINANCIAL INSTITUTIONS

Effective **December 1, 2026**, **financial institutions** 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.

payments of tax must be made through other means

This comes as several changes are implemented to **Payments Canada's bill payment framework**. **Payment Canada** owns and operates Canada's payment clearing and settlement infrastructure, including associated systems, by-laws, rules and standards.

While it does not appear that CRA's [make a payment](#) webpage has been updated to reflect this change, Alberta's [making payments to Tax and Revenue Administration](#) webpage has **noted this change**, including indicating that **remittance vouchers** would **no longer be available** as of **October 31, 2026**.

Further discussion of these changes can be found in an August 5, 2025 news update from Payments Canada ([Implementation of changes to Payments Canada's bill payment framework](#)).

BRITISH COLUMBIA – PST EXPANDED TO PROFESSIONAL SERVICES

A March 23, 2026 Thorsteinssons LLP article ([British Columbia expands PST to new professional services](#), Adrian Zee, Rosemary Anderson and Zheting Su) discussed the proposals from the 2026 BC Budget to expand PST to the following five categories of professional services, commencing **October 1, 2026: accounting services, architectural services, engineering and geoscience services, non-residential real estate services and security services** (see VTN [535\(8643\)](#)).

Accounting services

The amendments ([Bill 2 – 2026, Budget Measures Implementation Act, 2026](#)) state that **accounting services** for these purposes **include all** of the following:

- **preparing accounting records**, which include:
 - **financial statements** and notes to financial statements;
 - **a journal entry**;
 - **a journal of accounts**;
 - **a payroll**;
 - **a budget**;
 - **an invoice, bill or statement of account**;
 - **a tax or information return**;
 - **any records related to a tax or information return**; and
 - **an application for a tax credit, rebate or refund**;
- **providing assurance services**, including auditing or reviewing accounting records and accounting controls;
- **bookkeeping**;
- **billing**;
- **cost, financial, forensic, management or tax accounting**;
- **account reconciliation**; and
- **a service prescribed as an accounting service**.

broad scope of taxable services

The article noted that there is **no requirement** for the accounting **service** to be **provided by a CPA** for it to be taxable, as taxability is determined by the type of service rather than the service provider.

CPAs and non-CPAs must charge PST on accounting services

How is PST charged?

The new rules for **charging PST** on these services are **substantially similar** to the **existing rules for legal services** that are already subject to PST.

Purchasers of these services (other than non-residential real estate services) are **taxable** if:

- the **purchaser** or the recipient is in **BC**, or **carries** on business in **BC**, and the **services** are **provided** in **BC**;
- the **services** are **provided** in **BC**, the **purchaser** is **not** in **BC**, and the **services relate** to **BC** in one of the prescribed manners (which differ depending on the type of service); or
- the **service provider** is **not** in **BC**, the **purchaser** is in **BC**, and the **service relates** to **BC** in one of the prescribed manners.

whether service providers outside of BC may need to charge PST

MANITOBA BUDGET

On March 24, 2026, the **Manitoba** government tabled its **2026 Budget**. There were **no proposed changes** to the **personal or corporate tax rates**.

Some of the **proposals** included the following:

- the maximum **renters affordability tax credit** would be **increased** to \$675 (from \$625) and the **seniors' top-up** would be increased to \$386 (from \$357), both effective in **2027**;
- the maximum **homeowners affordability tax credit** would be **increased** to \$1,700 (from \$1,600), but would be **reduced** for **homes assessed** at more than **\$1 million** and eliminated at values of \$1.5 million, effective in **2027**;
- **changes** to the **retail sales tax (RST)** were proposed, effective **July 1, 2026**, as follows:
 - the **RST exemption** would be **expanded** to include **all food sold at grocery stores**, including previously taxed items such as ready-to-eat prepared foods and carbonated beverages (RST will continue to apply to beverages with an alcohol content greater than 1%, dietary supplements and taxable non-food items sold in grocery stores);
 - **RST** would be **removed** from **prenatal vitamins**;
- **all businesses** registered to collect **RST** would be required to **file, remit and pay electronically**, as of January 1, **2028**; and
- **amendments** would be introduced to address **concerns** related to **avoidance of land transfer tax** through the use of legal structures in which **legal and beneficial ownership of the property are separated**; these amendments are planned to come into effect on January 1, **2027**.

updating the point of sales system to reflect these changes

shift to electronic filing and payment

ONTARIO BUDGET

On March 26, 2026, the **Ontario** government tabled its **2026 Budget**. There were **no proposed changes** to the **personal tax rates**.

Some of the **proposals** included the following:

- The **small business corporate tax rate** would be **reduced to 2.2%** (from 3.2%), effective **July 1, 2026** (a prorated reduction would apply for tax years straddling July 1, 2026). A **corresponding reduction** of the **non-eligible dividend tax credit** to 1.9863% (from 2.9863%), effective **January 1, 2027**, would also be implemented.
- The **regional opportunities investment tax credit** would **expire**, effective January 1, **2027**, with **expenditures** incurred on or before **December 31, 2026**, continuing to be eligible for the credit.
- Several federal accelerated CCA incentive changes would be paralleled for provincial purposes. Such changes include:
 - **immediate expensing** for **manufacturing or processing buildings, greenhouse buildings, productivity-enhancing assets, capital expenditures for scientific research and experimental development**;
 - the **reaccelerated investment incentive** (including reinstating immediate expensing of manufacturing and processing machinery and equipment, zero emission vehicles and clean energy generation and energy conservation equipment); and
 - **accelerated depreciation** for **purpose-built rental buildings and most other assets**.
- The **Ontario trillium benefit** would be paid as a single **lump sum** at the beginning of the benefit year, rather than monthly, when annual payments are **up to \$500** (increased from \$360), starting with the 2026-2027 benefit year (July 1, 2026 to June 30, 2027).
- The **effective date** for the **Ontario first-time home buyer's HST rebate** would be **aligned** with the **federal rebate**, such that both rebates would be available provided that the agreement of purchase and sale for the home is entered into with the builder on or after **March 20, 2025** and before 2031 (see VTN [532\(8514\)](#)).
- The existing **Ontario HST new housing rebate** and **new residential rental property rebates** would be **temporarily enhanced** to **remove the 8% provincial portion** of the **HST** for **new qualifying homes** valued at up to **\$1 million** (these enhancements would not require the purchaser to be a first-time home buyer). The **maximum rebate** of \$80,000 would be maintained for new **homes valued between \$1 million and \$1.5 million**. For new homes **valued above \$1.5 million**, a **reduced rebate** would be available. Higher-valued new homes that would have qualified for the maximum rebate of \$24,000 under the current rules would qualify for at least that amount under this proposed

planning for this tax rate reduction

aligning the effective date for provincial first-time home buyer's rebate with federal date

broadened temporary HST relief

enhancement. The **enhanced rebates** would be **available** from **April 1, 2026 to March 31, 2027**.

For **further discussion** of these proposals, see the March 26, 2026 Sorbara Law article ([What the March 25th announcement means for Pre-Construction Home Buyers](#), David Young).

- **Legacy alcohol taxes** would be simplified into **single rates** to reduce complexity and provide tax cuts on sales of beer, wine and spirits products **sold in producer stores**.

PRINCE EDWARD ISLAND BUDGET

On April 14, 2026, the **Prince Edward Island** government tabled its **2026 Budget**. There were **no proposed changes** to the **corporate tax rates**. A **new personal tax bracket** with a **20% tax rate** for income **over \$200,000** would be introduced, effective in **2027**. The **combined top marginal tax rate** (income above \$258,482) would be **53%** for **ordinary income**.

new top tax bracket for income greater than \$200,000

MONTHLY TAX UPDATE – SURVEY

Help **shape the future** of the Monthly Tax Update newsletter!

The tax and accounting landscape continues to evolve and your input helps ensure we deliver **timely, relevant insights** that support you and your clients.

We have launched our **Monthly Tax Update Survey** to better understand **what is working**, what could be **improved** and **how you use** the content in practice. Whether you have been with us for years or recently joined, your feedback will directly shape future updates, formats and topics.

have your say about the future of Monthly Tax Update

We want to hear it all.

As a thank you, the **first 500 subscribers** who complete the survey will be entered to win **1 of 10 prizes**, with winners choosing between a **Tax Sage Hoodie or a \$50 gift card from Boston Pizza, Lululemon or Second Cup**.

The survey takes approximately **10 minutes to complete**.

Click [here](#) to start the survey.

Thank you for being part of the **Video Tax News community**.

16 Appendix

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APPENDIX A

Additional Video Tax News Resources and Recently Released CRA Publications and Forms

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

- [T4002](#) Self-employed Business, Professional, Commission, Farming, and Fishing Income
- [3-3-6](#) Place of Supply in a Province – General Rules for Services
- [3-3-6-1](#) Place of Supply in a Province – Personal Services, Services in Relation to Property and Telecommunication Services
- [3-3-6-2](#) Place of Supply in a Province – Specific Rules for Services – Special Cases
- [3-3-7](#) Place of Supply in a Province – Transportation
- [3-3-5](#) Place of Supply in a Province – General Rules for Intangible Personal Property
- [3-3-5-1](#) Place of Supply in a Province - Specific Rules for Intangible Personal Property
- [3-3-3](#) Place of Supply in a Province - Tangible Personal Property
- [3-3-4](#) Place of Supply in a Province - Real Property
- [T4036](#) Rental Income
- [FCN16](#) Removal of the fuel charge

CRA Forms/Statements>Returns

- [T100A-CERT](#) Certificate of Qualified Professional Engineer or Professional Geoscientist
- [GST44](#) GST/HST Election Concerning the Acquisition of a Business or Part of a Business
- [T100A](#) Application for a Selling Instrument Identification Number (SITIN)
- [T101A](#) Claim for Renouncing Canadian Exploration Expenditures (CEEs) and Canadian Development Expenditures (CDEs)

- [NR4OAS](#) Statement of Old Age Security Pension Paid or Credited to Non-Residents of Canada
- [NR4](#) Statement of Amounts Paid or Credited to Non-Residents of Canada
- [T2094](#) Registered Charities: Application to Reduce Disbursement Quota
- [T400A](#) Notice of Objection - Income Tax Act
- [T1322](#) Application for Scientific Research and Experimental Development (SR&ED) pre-claim approval
- [RC240](#) Designation of an Exempt Contribution - Tax-Free Savings Account (TFSA)
- [E413](#) Notice of Objection (Excise Tax Act)
- [E680](#) Notice of Objection (Excise Act, 2001)
- [T2066](#) Election for Immediate or Gradual Intergenerational Business Transfer
- [CPT100](#) Appeal of a ruling under the Canada Pension Plan and/or Employment Insurance Act
- [CPT101](#) Appeal of an Assessment under the Canada Pension Plan and/or Employment Insurance Act
- [T1-OVP-ALDA](#) 2025 Individual Tax Return for Excess Transfers to Purchase an ALDA
- [UHT0001](#) Notice of Objection - Underused Housing Tax Act
- [RC4606](#) GST/HST Election or Revocation to be Treated as a Selected Listed Financial Institution
- [RC375](#) Notice of Objection (QST) for Selected Listed Financial Institutions
- [RC7206](#) Election or Revocation to be Treated as a Selected Listed Financial Institution for GST/HST and QST Purposes or only for QST Purposes

APPENDIX B

Spring Economic Update: Previously Announced Measures

The [Spring Economic Update](#) announced the government's intention to proceed with the following previously announced measures:

- Legislative proposals released on April 14, 2026 to temporarily set the excise tax rates on gasoline, unleaded aviation gasoline, diesel fuel and aviation fuel to \$0.00 for the period beginning on April 20 and ending on September 7 (inclusive).
- Legislative proposals released on April 1, 2026, to extend by two years the two per cent cap on the inflation adjustment on beer, spirits, and wine excise duties, and to cut by half for an additional two years the excise duty rates on the first 15,000 hectolitres of beer brewed in Canada.
- Legislative and regulatory proposals released on January 29, 2026, including with respect to the following measures:
 - reporting by non-profit organizations (NPOs);
 - qualified investments for registered plans;
 - 21-year rule;
 - Canada carbon rebate;
 - immediate expensing for manufacturing and processing buildings;
 - expanding eligibility under the clean hydrogen investment tax credit to methane pyrolysis;
 - tax deferral through tiered corporate structures;
 - eligible activities under the Canadian exploration expense;
 - hybrid mismatch arrangements;
 - investment income derived from assets supporting Canadian insurance risks;
 - technical amendments to the Income Tax Act and the Income Tax Regulations; and
 - technical amendments to the Global Minimum Tax Act.
- Immediate expensing for greenhouse buildings announced on January 26, 2026. This was included in [Bill C-30](#).
- Automatic Federal Benefits for Lower-Income Individuals announced in [Budget 2025](#).
- New GST/HST rules announced in [Budget 2025](#) to introduce a reverse charge mechanism beginning with certain supplies in the telecommunications sector, and for which legislative proposals have not yet been released.
- Legislative and regulatory proposals released on [August 15, 2025](#), including with respect to the following measures:
 - crypto-asset reporting framework and the common reporting standard (subject to a deferred application date of January 1, 2027);
 - non-compliance with information requests;

- excessive interest and financing expenses limitation rules (EIFEL);
 - technical tax amendments to the Income Tax Act and the Income Tax Regulations;
 - technical amendments to the Global Minimum Tax Act; and
 - technical amendments relating to the GST/HST and excise levies.
- Legislative amendments to give effect to the suspension of the Agreement Between the Government of Canada and the Government of the Russian Federation for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital under domestic law as of November 18, 2024.
 - Legislative and regulatory proposals released on August 12, 2024, including with respect to the following measures:
 - charities and qualified donees;
 - registered education savings plans (RESPs);
 - avoidance of tax debts;
 - manipulation of bankrupt status;
 - amendments to the Global Minimum Tax Act and the Income Tax Conventions Interpretation Act;
 - technical tax amendments to the Income Tax Act and the Income Tax Regulations; and
 - technical amendments relating to the GST/HST, excise levies and other taxes and charges.
 - Legislative and regulatory proposals announced in [Budget 2024](#) with respect to a new importation limit for packaged raw leaf tobacco for personal use.
 - Tax measures to amend the Excise Tax Act, the Air Travellers Security Charge Act, the Excise Act, 2001 and the Select Luxury Items Tax Act to give effect to the proposals relating to non-compliance with information requests and to avoidance of tax debts announced in [Budget 2024](#).
 - Legislative and regulatory proposals released on August 4, 2023, including with respect to the following measures:
 - technical amendments to GST/HST rules for financial institutions; and
 - tax-exempt sales of motive fuels for export.
 - Legislative and regulatory proposals released on August 9, 2022, including with respect to the following measures:
 - technical amendments to the Income Tax Act and Income Tax Regulations; and
 - remaining legislative and regulatory proposals relating to the GST/HST, excise levies and other taxes and charges.
 - Legislative amendments to implement the Hybrid Mismatch Arrangements rules announced in Budget 2021.

- The income tax measure announced on December 20, 2019, to extend the maturation period of amateur athlete trusts maturing in 2019 by one year, from eight years to nine years.
- To move forward as required with other technical amendments to improve the certainty and integrity of the tax system.



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