



Federal Budget – some key highlights

For Individuals & Trusts

- **Tax Credit for Personal Support Workers:** A temporary refundable credit equal to 5% of eligible earnings up to a maximum credit of \$1,100/year applies for 2026–2030, excluding B.C., Newfoundland and Labrador, and the Northwest Territories, which have separate federal government funding agreements to support wages for these employees compared to other regions.
- **Underused Housing Tax (UHT):** The UHT return and tax is eliminated starting in 2025 and onward, though filings for 2022–2024 are still required.
- **The Canadian Entrepreneurs Incentive** which was to be effective Jan 1 2026, is cancelled. It was to compensate entrepreneurs for the now cancelled capital gains inclusion rate hike.
- **Deferral of the proposed revised Trust Reporting rules** to Dec 31 2026 year ends. That means the old rules on trust reporting still apply. We will see if CRA will exempt bare trust reporting for 2025 again – likely they will but no official announcement has been made yet.

For Small Businesses

- **Immediate Expensing for buildings:** A 100% deduction is available for eligible manufacturing and processing buildings acquired after Nov 4th 2025 and used before 2030.
- **Dividend refunds in corporate groups:** A new anti-deferral rule that suspends a payer corporation's dividend refund (RDTOH refund) when it pays a taxable dividend to an affiliated corporation and the recipient's balance-due day falls after the payer's balance-due day. The refund is unlocked later when a taxable dividend is ultimately paid to a non-affiliated corporation or an individual. This new measure applies to taxation years that begin on or after November 4, 2025. We will cover these rules in another issue but note that there may be a case for revisiting structures that have mismatched year-ends.

