KEEPING CURRENT

May 13, 2024

Federal Budget 2024 – Proposed Changes to Capital Gains Rules

By Greg Farano

Founded in the 1920s, Gardiner Roberts LLP has grown to become a strategically placed mid-sized business law firm with a diverse client base which includes several of Canada's largest banks, public companies including mining, high tech and software companies, real estate enterprises, lenders and investors.

Greg Farano
Partner, LLB, CFA, TEP
416.865.6787
gfarano@grllp.com

The 2024 Federal Budget[1] ("**Budget 2024**") released on April 16, 2024, proposes to increase the capital gains inclusion rate ("**CGIR**") from one-half to two-thirds and to effect a one-time increase to the lifetime capital gains exemption ("**LCGE**"), and introduces a reduced CGIR for certain dispositions of qualified shares by an individual, referred to as the Canadian Entrepreneur's Incentive ("**CEI**").

Proposed Changes

Increase to Capital Gains Inclusion Rate

Paragraph 38(a) of the *Income Tax Act* (Canada)[2] provides that, with certain exceptions, one-half of the capital gain[3] from the disposition of property is included as a taxable capital gain in a taxpayer's income. A taxpayer's capital gain is generally the amount by which the "proceeds of disposition"[4] in respect of "capital property"[5] exceeds the total of the "adjusted cost base"[6] of the capital property and any outlays or expenses to the extent that they were made or incurred by the taxpayer for the purposes of making the disposition[7]. Capital expenses in respect of capital property contemplated in paragraph 18(1)(d) are included in the adjusted cost base of property for the purposes of calculating a capital gain on the disposition of the property.

Budget 2024 proposes to increase the CGIR from one-half to two-thirds for corporations and trusts, and from one-half to two-thirds on the portion of capital gains realized in the year that exceed $250,000 for individuals, and in each case for capital gains realized on or after June 25, 2024.[8]

The $250,000 threshold will apply to capital gains realized by an individual,

1 See https://budget.canada.ca/2024/home-accue-il-en.html.
2 All statutory references are to the provisions of the Income Tax Act (Canada), unless otherwise stated.
3 Defined in paragraph 39(1).
4 Defined in section 54.
5 Defined in section 54.
6 Defined in section 54.
7 See paragraph 40(1)(a).
8 See https://www.canada.ca/en/department-finance/news/2024/04/tax-fairness-for-every-generation.html and https://budget.canada.ca/2024/report-rapport/tm-mf-en.html#a6.

Continued on page 2

either directly or indirectly via a partnership or trust, net of any:

- current-year capital losses;
- capital losses of other years applied to reduce current-year capital gains; and
- capital gains in respect of which the LGCE, the proposed Employee Ownership Trust ("**EOT**") exemption[9] or the proposed CEI is claimed.

Employees who claim the employee stock option deduction would be provided a one-third (instead of one-half) deduction of the taxable benefit to reflect the new CGIR, but would be entitled to a deduction of one-half the taxable benefit up to a combined annual limit of $250,000 for both employee stock options and capital gains.

Net capital losses realized in years prior to the change to the CGIR would continue to be deductible against taxable capital gains realized after the rate change by adjusting the value of such losses to reflect the inclusion rate of the capital gains being offset. Accordingly, a capital loss realized prior to the rate change would fully offset an equivalent capital gain realized after the rate change.

For tax years that begin before and end on or after June 25, 2024, two different inclusion rates would apply. As a result, transitional rules will need to separately identify capital gains and losses realized before the effective date (Period 1) and those realized on or after the effective date (Period 2). For example, taxpayers would be subject to the higher inclusion rate in respect of the portion of their net gains arising in Period 2 that exceed the $250,000 threshold, to the extent that these net gains are not offset by a net loss incurred in Period 1 or any other taxation years.

The annual $250,000 threshold for individuals would be fully available in 2024 (i.e. it would not be prorated) and would apply only in respect of net capital gains realized in Period 2.

Budget 2024 states that other consequential amendments would also be made to reflect the new inclusion rate, and that additional design details will be released in the coming months.

Alternative Minimum Tax ("AMT")

Budget 2024 contains significant amendments to the AMT, in addition to those amendments to the AMT proposed in Federal Budget 2023[10] and the legislative proposals released with it[11], and the further legislative proposals released in August 2023[12]. Budget 2024 does not alter the 100% inclusion rate in "adjusted taxable income" for capital gains applicable from and after January 1, 2024, proposed in Federal Budget 2023.

Lifetime Capital Gains Exemption ("LCGE")

Subsections 110.6(2) and 110.6(2.1) currently provide an individual with a LGCE for capital gains realized on the disposition of a qualified farm or fishing property or qualified small business corporation shares, as the case may be. The amount of the LCGE for qualified small business corporation shares is currently $1,016,836 in 2024 and is indexed to inflation.

Budget 2024 proposes to increase the LCGE to apply to up to $1.25 million of eligible capital

---

9 Proposed in Federal Budget 2023 for transactions which occur after December 31, 2023. Initial draft legislation to facilitate creating EOTs was introduced in the 2023 Federal Budget. After consultation, changes to the EOT rules were made in draft legislative proposals released on August 4, 2023, and in Bill C-59, *Fall Economic Statement Implementation Act, 2023*. Budget 2024 provides additional details on the EOT rules that were not included in the Fall Economic Statement 2023 or Bill C-59.

10 See https://www.budget.canada.ca/2023/home-accueil-en.html.

11 See https://www.budget.canada.ca/2023/report-rapport/nw-mm-amvm-01-en.html.

12 See https://www.canada.ca/en/department-finance/news/2023/08/government-consults-canadians-on-budget-2023-measures-to-grow-the-clean-economy-close-tax-loopholes-and-deliver-tax-relief-for-canadians.html.

© 2023 Gardiner Roberts LLP

gains, and applicable to dispositions that occur on or after June 25, 2024.[13] Indexation of the LCGE for inflation would resume in 2026.

Canadian Entrepreneurs' Incentive ("CEI")

Budget 2024 proposes to introduce the CEI.[14] The CEI would provide for a 50% reduction of the prevailing CGIR for capital gains realized on the disposition of qualifying shares by an eligible individual, reducing a two-thirds inclusion rate (for dispositions on and after June 25, 2024) to one-third, and a one-half inclusion rate (for dispositions prior to June 25, 2024, and dispositions by individuals after June 25, 2024, which are eligible for the 50% inclusion rate).

An individual could claim the CEI and the LGCE on a qualifying disposition. The CEI would be limited to $2 million in capital gains realized by the individual over their lifetime, and, unlike the LGCE, would not be indexed to inflation. The CEI lifetime limit of $2 million would be phased in by increments of $200,000 per year, beginning on January 1, 2025, before ultimately reaching a value of $2 million by January 1, 2034.

A share of a corporation would be a "qualifying share" if it meets the conditions for the LGCE, and also meets the following conditions:

- The claimant was a founding investor at the time the corporation was initially capitalized and held the share for a minimum of five years prior to disposition.
- At all times since the initial share subscription until the time that is immediately before the sale of the shares, the claimant directly owned shares representing more than 10 per cent of the fair market value and votes attaching to all of the shares of the corporation.
- Throughout the five-year period immediately before the disposition of the share, the claimant must have been actively engaged on a regular, continuous, and substantial basis in the business of the corporation.
- The share does not represent a direct or indirect interest in a professional corporation, a corporation whose principal asset is the reputation or skill of one or more employees, or a corporation that carries on certain types of business, including a business:
    - operating in the financial, insurance, real estate, food and accommodation, arts, recreation, or entertainment sector; or
    - providing consulting or personal care services.
- The share must have been obtained for fair market value consideration.

The CEI would apply to dispositions that occur on or after January 1, 2025.

Planning for the Increased Capital Gains Inclusion Rate – Comparison to Other Tax Rates and Possible Pre-June 25, 2024 Crystallization

Currently, the top combined federal/provincial marginal tax rate for individuals in Ontario[15] and on regular income above $220,000 is 53.53%, and at this highest tax rate 26.77% on capital gains (at a one-half inclusion rate), 39.34% on eligible dividends and 47.74% on non-eligible dividends.

Assuming the highest marginal tax rate in Ontario, the proposed increase to the CGIR to two-thirds would result in a tax rate of 35.69% on capital gains, still below the tax rate on eligible dividends (39.34%) and on non-eligible dividends (47.74%).

13 See note 8, above.
14 See note 8, above.

15 All identified income tax rates assume that the taxpayer is resident in Ontario, unless otherwise stated.

The proposed increase to the CGIR will impact, (i) capital gains arising on actual dispositions of capital property, such as securities and real property investments, shares of private corporations, and business assets, and (ii) capital gains arising on deemed dispositions of capital property at fair market value arising on death[16], ceasing to be a resident of Canada[17], becoming a resident of Canada[18], a change in use of capital property to or from income-earning[19], a transfer of property by way of gift or to a non-arm's length person[20], and the 21st anniversary of the settlement of certain inter vivos trusts[21].

Budget 2024 does not propose to amend paragraph 38(a.1) which provides that there is no tax on capital gains realized on the donation of publicly-traded securities to a registered charity.

Budget 2024 notes that capital gains within a registered retirement savings plan, tax-free savings account, tax-free first home savings account, or other registered savings vehicle, as well as within a registered pension plan and the Canada Pension Plan, will remain tax-free, as will capital gains from the sale of a principal residence. Accordingly, to the extent that it is proposed that individuals will continue enjoy a one-half CIGR for capital gains up to $250,000 annually, and corporations will not, Budget 2024 encourages a shift to (i) direct ownership of investments by individuals (or by a trust where the trust's income is allocated to individual beneficiaries), rather than through a corporation, (ii) ownership of investments by multiple individuals (to multiply the $250,000 annual threshold), (iii) strategic timing of the disposition of investments over multiple tax years (to take advantage of the $250,000 annual threshold), and (iv) owning investments in a registered plan or pension plan.

16 See subsection 70(5).
17 See paragraph 128.1(4)(b).
18 See paragraph 128.1(1)(b).
19 See subsection 45(1).
20 See paragraph 69(1)(b).
21 See subsection 104(4).

Where the proposed tax rate on capital gains (35.69%) is closer to, albeit still less than, the tax rate on eligible dividends (39.34%), assuming a corporation has general rate income pool balance to pay eligible dividends, taxpayers may reconsider planning techniques which would otherwise substitute capital gains for dividends.[22]

Taxpayers who are able to do so may choose to take advantage of the one-half CGIR by accelerating an already planned or commenced but not yet completed disposition of capital property, or otherwise crystalizing capital gains[23] prior to June 25, 2024, and paying (or pre-paying) the tax thereon.

The Canada Revenue Agency (the "**CRA**") has confirmed in document 2024-1016011E5 that the crystallization of an accrued capital gain on the disposal of capital property, solely to take advantage of the current one-half CGIR and to avoid the higher two-thirds CGIR proposed to be in effect from and after June 25, 2024, would not in itself be subject to the general anti-avoidance rule (GAAR) in the Act, unless one of the main purposes of the transaction was to facilitate the extraction of corporate retained earnings other than in the form of a dividend. In other words, the pre-June 25, 2024, crystallization of a capital gain (which does not include a capital gains strip) would not in itself constitute a misuse and abuse of the provisions of the Act having regard to those provisions read as a whole.

22 For example, where a private corporation has a capital dividend account or refundable dividend tax on hand balance, preserving a deceased individual's final year capital gain arising on the deemed disposition on death of the individual's shares of the private corporation by implementing a post-mortem pipeline, rather than or in combination with implementing a subsection 164(6) loss carry-back transaction in the first year following the individual's death.
23 Unlike subparagraph 40(2)(g)(i) which disallows a "superficial loss" (defined in section 54) as a capital loss, there is no parallel rule in the Act preventing the recognition of a gain when property disposed of is immediately reaquired.

In accelerating or crystalizing a capital gain prior to June 25, 2024, taxpayers will need to consider the impact of the proposed changes to the AMT, which generally take effect on January 1, 2024. Under the proposed rules, 100 percent of capital gains will be included in "adjusted taxable income" (other than gains eligible for the LCGE),[24] the basic exemption will increase from $40,000 to approximately $173,000,[25] and the AMT rate will increase to 20.5 percent.

However, and notwithstanding that a time value of money analysis taking into account the projected holding period for a particular capital property (and after considering the potential application of the AMT - which applies only to individuals) may in a specific instance favour a pre-June 25, 2024, accelerated disposition or crystallization[26], there is some uncertainty in doing so where the Department of Finance has not yet released draft legislation for the proposed increase to the CGIR, and where a future government may change the CGIR.

In order to afford more time to analyze a decision whether or not and to what extent to crystalize a capital gain in an internal reorganization or non-arm's length transfer, a capital gain might be crystalized prior to June 25, 2024, so that the amount of the gain is the subject of an election under subsection 85(1) – on the transfer of eligible property to a taxable Canadian corporation - or subsection 97(2) – on the transfer of property to a Canadian partnership - to be filed after June 25, 2024, thereby delaying the identification of the amount of the gain which is crystalized until the election is filed with the CRA.

History of the Capital Gains Inclusion Rate – Changes Over Time Lead to Planning Uncertainty

The proposed increase to the CGIR is significant, to the extent that there has been no change to the CGIR for over 23 years, that is since October, 2000. Capital gains became taxable at a one-half inclusion rate as of January 1, 1972 (under a minority Liberal government), and following the recommendation by the Royal Commission on Taxation, known as the Carter Commission, of full taxation of capital gains. The CGIR was increased to two-thirds effective January 1, 1988 (under a majority Conservative government) and again to three-quarters effective January 1, 1990 (under the same majority Conservative government) and remained at three-quarters for the next decade. The latter two increases to the CGIR were announced well in advance on June 18, 1987, so that taxpayers had significant time to plan their affairs for the increases. In February, 2000, the CGIR was reduced down to two-thirds (under a majority Liberal government), and was further reduced back to one-half in October, 2000 (under the same majority Liberal government), where it remained until the April 16, 2024, proposed increase to two-thirds under Budget 2024 (minority Liberal government).

There is an ongoing academic and public debate over whether the increase to the inclusion rate is good tax policy[27] or bad tax policy[28].

---

24 The inclusion rate for gains that qualify for the LCGE will remain at 30 percent.

25 The basic exemption will be the indexed amount for the fourth highest federal income tax bracket, which is approximately $173,000 in 2024.

26 See for example "A Tool-Kit for Capital Gains Decision Makers", Rob Carrick, Globe and Mail (https://www.theglobeandmail.com/investing/personal-finance/taxes/article-a-toolkit-for-capital-gains-decision-makers/) for a roundup of tools and guidance to assist in deciding whether to accelerate or crystalize a capital gain.

27 See for example "Pathways to reform of capital gains taxation in Canada" by Jonathan Rhys Kesselman posted on March 9, 2023 (https://financesofthenation.ca/2023/03/09/pathways-to-reform-of-capital-gains-taxation-in-canada/) and "A capital gains tax reform simulation model" by Sobia Jafry and Michael Smart posted on April 4, 2023 (https://financesofthenation.ca/2023/04/04/a-capital-gains-tax-reform-simulation-model/).

28 See for example "Correcting Common Misunderstandings About capital Gains Taxes" by Alex Whalen and Jason Clemens, January, 2021, Fraser Institute (https://www.fraserinstitute.org/

In announcing the reduction in the CGIR to one-half in 2000, then Finance Minister Paul Martin stated that the reduction was intended to "encourage entrepreneurship and risk taking".

In announcing on April 16, 2024, the proposed increase in the CGIR to two-thirds, current Finance Minister Chrystia Freeland stated "In Canada and around the world, the 21st century winner-takes-all economy is making those at the very top richer, while too many middle-class Canadians are struggling just to avoid falling behind. The job of our tax system is to lean against this structural inequality… by asking those who are benefitting from the winner-takes-all economy to pay a little bit more."[29] Budget 2024 cites an example of an Ontario resident individual earning wage income of $70,000, versus another Ontario resident individual earning wage income and capital gains of $1 million, and the first individual paying tax at a higher percentage rate (29.7%) than the second (26.8%).[30] The example does not compare the actual tax being paid by each individual, and equates wage income with capital gains, notwithstanding that they are treated differently for tax purposes.

Conservative Leader Pierre Poilievre has declined to comment on whether the Conservative party would reduce the CGIR back to one-half if it forms the next government.[31]

A future government may take a different approach to the CGIR than the current government.

sites/default/files/correcting-common-misunderstandings-about-capital-gains-taxes.pdf) and "New capital gains hike won't work as claimed but will harm the economy" by Alex Whalen and Jake Fuss, April, 2024, Fraser Institute (https://www.fraserinstitute.org/article/new-capital-gains-hike-wont-work-as-claimed-but-will-harm-the-economy).

29 See https://www.canada.ca/en/department-finance/news/2024/04/budget-2024-remarks-by-the-deputy-prime-minister-and-minister-of-finance.html.

30 See https://budget.canada.ca/2024/report-rapport/chap8-en.html.

31 See https://www.ctvnews.ca/politics/conservatives-won-t-say-whether-they-d-reverse-capital-gains-tax-change-1.6855455.

Draft Legislation for the Proposed Changes to the Capital Gains Rules Not Yet Released – Further Planning Uncertainty

The Federal Budget 2024 was accompanied by a Notice of Ways and Means Motion[32], but the Notice did not contain draft legislation for any of the proposed increase to the CGIR, the proposed increase to the LCGE, nor the proposed CEI rules.

On April 30, 2024, the federal government tabled a *Notice of Ways and Means Motion* to introduce Bill C-69, *Budget Implementation Act, 2024, No. 1*[33] to implement many of the provisions of Budget 2024, including in respect of proposed changes to the EOT and AMT rules. The Act received first reading on May 2, 2024. However, Bill C-69 again does not include measures dealing with any of the proposed increase to the CGIR, the proposed increase to the LCGE, nor the proposed CEI rules. Instead, the federal government has indicated it plans to introduce a separate bill dealing with the changes to the capital gains rules, but has yet to do so.

The Budget 2024 proposals do not distinguish between capital gains realized by a resident of Canada and capital gains realized by a non-resident of Canada. It remains to be seen whether the draft legislation to implement the increase to the CGIR will also include an increase to the withholding tax rate on dispositions by non-residents of "taxable Canadian property"[34].

Pending the release of draft legislation to implement the proposed increase to the CGIR, The Joint Committee on Taxation of

32 See https://budget.canada.ca/2024/report-rapport/nwmm-amvm-1-en.html. The Motion contains statements that the Act "is modified to give effect to the proposals".

33 See https://www.parl.ca/legisinfo/en/bill/44-1/c-69

34 As defined in subsection 248(1). A capital gain on taxable Canadian property is taxed when the property is disposed of by a "non-resident" (also defined in subsection 248(1)) person. See paragraph 115(1)(b) and subsection 116(1). Article 13 of Canada's tax treaties generally, but not always, exempts from this tax taxable Canadian property which is not real property.

The Canadian Bar Association and Chartered Professional Accountants of Canada (the "**Joint Committee**") has delivered a letter dated May 1, 2024, to the Department of Finance with a number of recommendations for the design of the legislation to increase the CGIR.[35]

The Joint Committee notes that although it understands that the delay in the effective date of the increase of the CGIR to June 25, 2024, is intended to provide taxpayers sufficient time to plan their affairs, the delay is "insufficient and causes a high degree of uncertainty for taxpayers and their advisors. Further, while there is no draft legislation, any planning prior to June 25, 2024, for the increase to the CGIR would need to be carried out with an unfair level of uncertainty."

The Joint Committee recommends the following:

1. *Election to Realize a Capital Gain* - In order to avoid the uncertainty of there being no draft legislation, the difficulty of closing a disposition of capital property prior to June 25, 2024, the significant costs of crystalizing a gain if a taxpayer wishes to continue to own the asset, and to preserve the Federal Government's tax revenue target, taxpayers should be permitted to file an election to be deemed to have realized all or a portion of their accrued capital gains before that date.[36] The Joint Committee states, "If the government decides to implement an election process, we strongly urge that an announcement be made as soon as possible to prevent a mass sell-off and frantic scramble to obtain professional advice and execute transactions before June 25."

2. *Effective Date* - Alternatively or in addition to an election to crystalize capital gains, and consistent with the change in the inclusion fractions on January 1, 1988 (to two-thirds) and January 1, 1990 (to three-quarters), the effective date should be moved to January 1, 2025. This would:

   (a) provide more time for the Department of Finance to draft legislation and have a public consultation, and for the legislation to be enacted;

   (b) allow taxpayers, at a minimum, to have draft legislation available when planning their affairs. The draft legislation might even be enacted by January 1, 2025, giving a much higher level of certainty;

   (c) be consistent with the legislative changes announced in the 1987 tax reform when the capital gains rate changed to two-thirds on January 1, 1988, and then changed to three-quarters on January 1, 1990. This would provide both the Department of Finance and taxpayers a higher level of certainty given the precedent set for the previous increase;

   (d) align with existing reporting systems that provide detailed reporting of purchases and sales of assets, costs and fair market values, such as reports provided by financial institutions;

   (e) provide taxpayers with sufficient time to properly plan their affairs, particularly for assets that are illiquid or do not have a readily available market; and

35 See https://cpa.cpacanada.ca/en/the-cpa-profession/about-cpa-canada/volunteer-with-cpa-canada/volunteer-committees/tax-committees/59.

36 For a historic example of such an election, see former subsections 110.6(19) to 110.6(30) which provided for an election to crystalize accrued capital gains as of February 22, 1994, to use the now cancelled $100,000 capital gains deduction under repealed subsection 110.6(3).

(f) align with the structure of the Act, which is often based on a taxation year (such as partnership and trust income allocations).

3. *Grandfathering* - The increased inclusion fraction should not apply to dispositions of property occurring pursuant to legally binding obligations entered into by a taxpayer in writing before April 16, 2024, subject to some limitations.

4. *Legislative Amendments Required to Avoid Retroactive Effects.* With a view to avoiding retroactive effects of the increased inclusion fraction:

    (a) *Capital gains reserve* - capital gains reserves under subparagraph 40(1)(a)(iii) from pre-June 25, 2024, dispositions should be brought into income at the existing one-half CGIR;

    (b) *Hybrid surplus* - the ½ deduction should be maintained for distributions from hybrid surplus generated from pre-June 25, 2024 dispositions (which might entail drafting for a second category of hybrid surplus);

    (c) *Stock options* - amendments to paragraph 110(1)(d.1) should include a continuation of the 50% deduction rate for Canadian-controlled private corporation (CCPC) stock options exercised prior to June 25, 2024; and

    (d) *Allocations of capital gains of trusts and partnerships* – a capital gain realized by a trust or partnership prior to June 25, 2024, should retain its status as a capital gain from a pre-June 25, 2024, disposition (i.e. a one-half CGIR) when allocated to beneficiaries or members.

5. *Private Corporations and Integration* – The Joint Committee states, "Incorporation is the normal form of business organization in Canada, allowing for limited liability and facilitating raising capital. As discussed in detail in the Joint Committee's October 2, 2017 submission regarding the taxation of private companies, due to under-integration there is actually no material tax saving to earning active business income or aggregate investment income in a private corporation. Many middle-class Canadian individuals and small business owners indirectly own and operate their businesses through private corporations, including restaurants owners, tech entrepreneurs, doctors, and farmers. Assets accumulated within these corporations are typically used to expand business operations or support the individuals through retirement. In particular, many of these individuals do not have employment pensions to rely on during retirement but rather accumulate investments in their corporations in order to fund what may be 20+ years of retirement." Noting that there is currently under-integration on capital gains realized by private corporations in every province and territory of Canada, the Joint Committee recommends that Canadian individuals should be able to share their $250,000 safe harbour with private corporations of which they are direct or indirect shareholders.

6. *Trusts* – The $250,000 safe harbour granted to individuals was not proposed to be extended to trusts, including graduated rate estates (GRE), qualified disability trusts (QDT) and henson trusts, and alter ego (AE) and joint spousal/partner (JSP) trusts. The Joint Committee recommends that the $250,000 safe harbour be extended to GREs, shared between QDTs and the disabled beneficiary, and shared between AE and JSP trusts and their settlors.

7. *Carry Forward of Threshold* – The Joint Committee states, "The $250,000 annual threshold is a meaningful measure to ensure that middle class Canadians are not impacted as heavily by the increase to the capital gains inclusion rate. However, an annual "use-it-or-lose-it" threshold is not well matched to the reality of how this segment of the population often realizes capital gains. For many people, investment portfolios can be stable for long periods of time, without generating material annual capital gains (until, perhaps, larger dispositions are undertaken as individuals enter retirement). Many Canadians also have significant portions of their wealth tied up in large long term assets, such as small businesses, family farms, real estate, or inherited property. These assets are much more likely to generate very large one-time gains, rather than annual smaller amounts. This is particularly the case where there is a disposition of assets to fund retirement or the deemed disposition of assets realized on an individual's death." The Joint Committee recommends that individuals be able to carry forward unused safe harbour amounts, and that the $250,000 annual safe harbour amount be indexed annually for inflation.

It is hoped that the Department of Finance incorporates these recommendations into the draft legislation to increase the CGIR, and that the draft legislation is issued well in advance of June 25, 2024, so that taxpayers can properly plan their affairs.

Contact Us

If you have a tax and estate planning matter and are in need of legal advice, please do not hesitate to contact **Greg Farano** at 416.865.6787 or via email at gfarano@grllp.com.

(This newsletter is provided for educational purposes only, and does not necessarily reflect the views of Gardiner Roberts LLP.)