Budget 2026: Key Changes

What's New in the Federal Budget?

What It Can Mean for You, Your Family, and Your Business

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The short version

Ottawa tabled Budget 2026 on November 5, 2026. The theme is a simpler, more efficient tax system: fewer receipts to keep, one filing deadline for everyone, fewer quarterly instalments, and more time to dispute the CRA. Alongside that, there is targeted support for families, caregivers and lower-income workers, more flexibility for retirement savers, and new incentives for business investment and housing.

One thing to keep in mind as you read: **the federal measures are still proposals.** Most tax changes need legislation before they take effect, and details can change along the way.

Many of the federal changes start with the 2027 or 2028 tax year, which leaves time to plan around them.

For individuals and families

The most immediate change is a **one-time grocery top-up**, paid in early 2027. It equals half of the 2026-27 maximum Canada Groceries and Essentials Benefit (the credit formerly known as the GST credit), so if you already receive that benefit, you can expect a bit extra.

GROCERY AND ESSENTIALS TOP-UP (ONE TIME, EARLY 2027)

Per adult	Up to $223
Per child	Up to $117
Single supplement	Up to $117
Government estimate	Up to $339 for a single person; up to $679 for a couple with two children

For caregivers, the **Canada Caregiver Credit becomes refundable** from the 2027 tax year. Today, a non-refundable credit only helps if you owe tax. Making it refundable means caregivers with little or no tax owing can still benefit: for 2027, relief of up to $1,260 when caring for an infirm adult relative, or up to $394 in other cases.

Lower-income workers would see the Canada Workers Benefit replaced by an enhanced **Build Canada Workers Benefit**. You would qualify from just $500 of earnings (down from $3,000), and the 2027 maximums would rise to $1,859 for singles and $3,143 for families. Advance payments would drop to 25% for 2027 and end in 2028.

Tax filing also gets simpler. For several common claims, you could take a **flat amount instead of itemizing** every receipt. You still need to be eligible for the claim; you just would not need to add up every cost.

OPTIONAL FLAT CLAIMS (MOSTLY FROM 2027; GLUTEN-FREE FROM 2026)

Moving expenses	$1,000
Adoption	$1,200 per adopted child
Home Accessibility Tax Credit	$1,000 (one time)
Gluten-free food (celiac)	$1,000
Incontinence products	$500
Service dog costs	$2,000

Medical expense claims get easier too. From the 2026 tax year, some items (such as insulin, CPAP machines and diabetes infusion pumps) would no longer need a prescription, and for others a practitioner's certification of the condition would replace it.

A few smaller changes round this out. Small Canada Child Benefit and Grocery Benefit amounts would be paid as one lump sum (thresholds rise to $50 a month and $70 a quarter, for benefits paid after June 2027). Commission employees could claim car and travel costs alongside other employment expenses, employer-funded programs would no longer block the scholarship exemption, and the volunteer firefighter and search-and-rescue credits would combine into one 14% credit on $6,000 (up to $840).

For retirees, savers and investors

The headline for retirees is the **"RRSP for life"** proposal. Today, you must convert your RRSP into a RRIF by the end of the year you turn 71. The government intends to merge the RRSP and RRIF rules into one account, so that forced conversion would go away. Minimum withdrawals would still apply after 71. It is also looking at letting a spouse take over the account as a "successor holder" and at simpler tax-free transfers to survivors. This one is still at the consultation stage: comments are due January 8, 2027, with details to follow.

Two changes reduce paperwork for many retirees, especially those whose OAS, CPP and RRIF income has no tax withheld at source.

INSTALMENTS AND DEADLINES: TODAY VERSUS PROPOSED

	TODAY	PROPOSED
Quarterly instalments required when tax owing exceeds	$3,000	$7,500, indexed (tax years starting 2028)
Filing and payment deadline	April 30 (self-employed file by June 15 but pay by April 30)	May 15 for everyone (2027 returns, filed in 2028)

If you hold investments outside Canada, such as U.S. shares in a non-registered account, the **foreign property reporting threshold (form T1135)** would double from $100,000 to $200,000 of total cost, with simplified reporting available under $500,000.

Families supporting a loved one with a disability will welcome a permanent fix for the **RDSP**: the rule allowing a parent, spouse or sibling to open and hold an RDSP for an adult whose capacity to contract is in doubt would become permanent (the temporary rule ran to the end of 2026).

Taxpayers would also get **more time to object** to a CRA assessment: the later of one year after the notice of assessment or two years after the filing due date. And the government intends to launch **Canada Strong Notes** in 2027, a new principal-protected retail investment linked to the $25 billion Canada Strong Fund, sold through

participating financial institutions.

For business owners and the self-employed

The biggest new idea for investors in private companies is the **Canada Growth Incentive**, a capital gains exemption aimed at money that flows into growing Canadian businesses. It is generous, but narrow, so the details matter.

CANADA GROWTH INCENTIVE AT A GLANCE

Exemption	Up to $15 million of capital gains, per person, per business
Qualifying shares	Newly issued shares of a Canadian-controlled private corporation with assets of $100 million or less
Holding period	At least 36 months
Excluded sectors	Many, including professional practices, consulting, real estate, finance, food and accommodation, and franchises
Window	Shares issued November 5, 2026 to the end of 2036

Related to that, the **small business investment rollover** would give you more time to reinvest the proceeds from selling eligible small business shares and defer the gain: the year of sale plus three years, or up to five with a future-equity agreement such as a SAFE (for sales on or after January 1, 2027).

If most of your income comes from a business, profession or commissions, you could make **one annual instalment** (two-thirds of your tax owing) by December 31 instead of four quarterly payments, starting with the 2028 tax year. The corporate instalment threshold would also rise to $7,500.

On the **preferred share regime**, Canadian-controlled private corporations would be exempt from Part VI.1 tax on taxable preferred share dividends paid from November 5, 2026. For other payers, the dividend allowance would rise from $500,000 to $1.5 million, and a broader review is open for comment until January 8, 2027.

The **Productivity Mega Deduction**, announced in September and confirmed in the budget, allows an immediate, permanent write-off for a broader range of business capital assets acquired on or after September 15, 2026. Finance estimates it cuts the marginal effective tax rate on new business investment from 13% to 6.4%. If you were already planning equipment or other capital purchases, the timing is worth a conversation.

Owner-managers with an **Individual Pension Plan (IPP)** should note tighter rules from 2027 and 2028: a broader IPP definition, the same investment rules as other registered plans, and deregistration risk for plans holding assets above 200% of their liabilities.

Other business items include an expanded SR&ED program (covering regulatory testing and IP protection costs), a consultation on moving losses within corporate groups, higher fixed-dollar CRA penalties, a GST/HST exemption for qualifying massage therapy, and an extension of the family farm and fishing rollover to nieces and nephews from 2027.

For homebuyers

The price limit for **optional mortgage insurance** would rise from $1 million to $1.5 million, with 30-year amortizations available where at least one borrower is a first-time buyer or the home is newly built. Timing is still to be confirmed.

To encourage **“missing middle” housing**, new insured financing would be available for building or buying new 3 to 4 unit homes (up to 90% loan-to-value with a 30-year amortization), along with new insurance for 5 to 50 unit residential properties that private insurers could also offer. Applications open on or after February 1, 2027.

On transparency, the Bank of Canada would publish insured mortgage rate information, the CRA would offer an income-verification service for lenders, and there would be a consultation on clearer prepayment penalties. The ban on foreign purchases of existing homes would also be extended two years, to January 1, 2029 (newly built homes are exempt).

What didn’t change

Just as useful is what the budget left alone. There are no new changes to federal income tax rates or brackets, no new changes to TFSA, FHSA or RESP rules, and no change to OAS or CPP benefit amounts or to the capital gains inclusion rate. The budget reflects the base CPP contribution rate cut announced in the Spring Economic Update 2026, and earlier measures still apply, such as the middle-class tax cut (up to $840 this year for a two-income family, per the government) and GST relief on new homes for first-time buyers (up to $50,000).

Our take

Many of these changes are steps in the right direction, but we hold them loosely until they are law. This is not the first time a federal government has proposed big changes and not followed through, so our approach is simple: plan around what is certain, and keep an eye on what is proposed. If one of these changes touches your situation, that is a good reason to talk it through before the 2027 and 2028 tax years arrive.

Thanks,
MWP Team

Sources

Budget 2026: Masters of our destiny (budget plan, November 5, 2026): https://budget.canada.ca/2026/report-rapport/pdf/budget-2026.pdf

Tax Measures: Supplementary Information: https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

Chapter 6, A more efficient government: https://budget.canada.ca/2026/report-rapport/chap6-en.html

Notice of Ways and Means Motion (Income Tax Act): https://budget.canada.ca/2026/report-rapport/nwmm-amvm-1-en.html

Chapter 3, A more affordable life: https://budget.canada.ca/2026/report-rapport/chap3-en.html

Finance Canada, Budget 2026 key measures: https://www.canada.ca/en/department-finance/news/2026/11/budget-2026-key-measures.html

Finance Canada, mortgage insurance rule changes: https://www.canada.ca/en/department-finance/news/2026/11/mortgage-insurance-rule-changes-to-support-missing-middle-housing.html

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Questions about Budget 2026? Our team is happy to walk through what that could mean for you.
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