

# FEDERAL BUDGET SUMMARY

April 16, 2024

## TABLE OF CONTENTS

---

[Introduction](#)

[Measures pertaining to individuals](#)

[Measures pertaining to businesses](#)

[Measures pertaining to commodity taxes](#)

[Measures pertaining to international tax](#)

[Previously announced measures](#)

## INTRODUCTION

---

On April 16, 2024, Deputy Prime Minister and Minister of Finance, Chrystia Freeland, presented Budget 2024.

This budget aims to increase lifetime capital gains exemption, introduce a new Canadian Entrepreneurs' Incentive and increase the capital gains inclusion rate.

It also proposes measures to help Canadians buy their first home by increasing the withdrawal limit and granting a temporary repayment relief.

The budget also provides details relating to the Clean Electricity investment tax credit, and proposes to introduce an accelerated capital cost allowance for new purpose-built rental projects and for innovation-enabling and productivity-enhancing assets.

**The following summarizes the highlights of the 2024 budget.**

## MEASURES PERTAINING TO INDIVIDUALS

### Capital Gains Inclusion Rate

Budget 2024 proposes to increase the capital gains inclusion rate from  $\frac{1}{2}$  to  $\frac{2}{3}$  for corporations and trusts, and from  $\frac{1}{2}$  to  $\frac{2}{3}$  on the portion of capital gains realized in the year that exceed \$250,000 for individuals, for capital gains realized on or after June 25, 2024.

The \$250,000 threshold would effectively apply to capital gains realized by an individual, 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 Lifetime Capital Gains Exemption (LCGE), the proposed Employee Ownership Trust (EOT) Exemption or the proposed Canadian Entrepreneurs' Incentive is claimed.

Claimants of the employee stock option deduction would be provided a  $\frac{1}{3}$  deduction of the taxable benefit to reflect the new capital gains inclusion rate but would be entitled to a deduction of one half the taxable benefit up to a combined limit of \$250,000 for both employee stock options and capital gains.

Net capital losses of prior years would continue to be deductible against taxable capital gains in the current year by adjusting their value to reflect the inclusion rate of the capital gains being offset. This means that 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 would be required 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).

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.

Additional design details will be released in the coming months.

### Lifetime Capital Gains Exemption

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

This measure would apply to dispositions that occur on or after June 25, 2024. Indexation of the LCGE would resume in 2026.

### Canadian Entrepreneurs' Incentive

Budget 2024 proposes to introduce the Canadian Entrepreneurs' Incentive. This incentive would reduce the tax rate on capital gains on the disposition of qualifying shares by an eligible individual. Specifically, this incentive would provide for a capital gains inclusion rate that is one half the prevailing inclusion rate, on up to \$2 million in capital gains per individual over their lifetime.

The lifetime limit 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.

Under the  $\frac{2}{3}$  capital gains inclusion rate proposed in Budget 2024, this measure would result in an inclusion rate of  $\frac{1}{3}$  for qualifying dispositions. This measure would apply in addition to any available capital gains exemption.

A share of a corporation would be a qualifying share if certain conditions are met, including all the following conditions:

- > At the time of sale, it was a share of the capital stock of a small business corporation owned directly by the claimant.
- > Throughout the 24-month period immediately before the disposition of the share, it was a share of a Canadian-Controlled Private Corporation and more than 50 % of the fair market value of the assets of the corporation were:
  - used principally in an active business carried on primarily in Canada by the Canadian-Controlled Private Corporation, or by a related corporation,
  - certain shares or debts of connected corporations, or
  - a combination of these two types of assets.

- > 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 amounting to more than 10 % of the fair market value of the issued and outstanding capital stock of the corporation and giving the individual more than 10 % of the votes that could be cast at an annual meeting of the shareholders 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 activities of the business.
- > 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 businesses 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.

### Coming Into Force

This measure would apply to dispositions that occur on or after January 1, 2025.

### Volunteer Firefighters and Search and Rescue Volunteers Tax Credits

Budget 2024 proposes to double the tax credit amount to \$6,000. This would increase the maximum tax relief to \$900.

This enhancement would apply to the 2024 and subsequent taxation years.

### Mineral Exploration Tax Credit

The government proposes to extend eligibility for the tax credit for one year, to flow-through share agreements entered into on or before March 31, 2025.

### Alternative Minimum Tax

Budget 2024 proposes several amendments to the Alternative Minimum Tax (AMT) proposals. These amendments would:

- > allow individuals to claim 80 % (instead of the previously proposed 50 %) of the Charitable Donation Tax Credit when calculating AMT;
- > fully allow deductions for the Guaranteed Income Supplement, social assistance, and workers' compensation payments;
- > allow individuals to fully claim the federal logging tax credit under the AMT;
- > fully exempt Employee Ownership Trusts from the AMT; and
- > allow certain disallowed credits under the AMT to be eligible for the AMT carry-forward (i.e., the federal political contribution tax credit, investment tax credits, and labour-sponsored funds tax credit).

### Coming Into Force

These amendments would apply to taxation years that begin on or after January 1, 2024.

### Canada Child Benefit

Budget 2024 proposes to extend eligibility for the Canada Child Benefit (CCB) in respect of a child for six months after the child's death (the "extended period"), if the individual would have otherwise been eligible for the CCB in respect of that particular child.

A CCB recipient would still be required to notify the Canada Revenue Agency (CRA) of their child's death before the end of the month following the month of their child's death to ensure that there are no overpayments after the new extended period of six months ends.

The extended period would also apply to the Child Disability Benefit, which is paid with the CCB in respect of a child eligible for the Disability Tax Credit.

This measure would be effective for deaths that occur after 2024.

### Disability Supports Deduction

Budget 2024 proposes to expand the list of expenses recognized under the Disability Supports Deduction, subject to certain conditions, such as:

- > service animals trained to perform specific tasks for people with certain severe impairments;
- > alternative computer input devices, such as assistive keyboards, braille display, digital pens, and speech recognition devices; and,
- > ergonomic work chairs and bed positioning devices, including related assessments.

This measure would apply to the 2024 and subsequent taxation years.

### Employee Ownership Trust Tax Exemption

Budget 2024 provides further details on the exemption of the first \$10 million in capital gains realized on the sale of a business and proposed conditions.

Budget 2024 also proposes to expand qualifying business transfers to include the sale of shares to a worker cooperative corporation.

#### Coming into Force

This measure would apply to qualifying dispositions of shares that occur between January 1, 2024 and December 31, 2026.

### Charities and Qualified Donees

#### Foreign Charities Registered as Qualified Donees

Budget 2024 proposes to extend the period for which qualifying foreign charities are granted status as a qualified donee from 24 months to 36 months. In addition, foreign charities would be required to submit an annual information return to the CRA.

#### Modernizing Service

Budget 2024 proposes to permit the CRA to communicate certain official notices digitally, where the charity has opted to receive information from the CRA electronically.

Budget 2024 proposes the revocation of registration would become effective upon the publication of an official notice of revocation on a government webpage.

#### Donation Receipts

Budget 2024 proposes to remove the requirement that official donation receipts contain:

- > the place of issuance of the receipt;
- > the name and address of the appraiser, if an appraisal of the donated property has been done; and
- > the middle initial of the donor.

Budget 2024 also proposes to expressly permit charities to issue official donation receipts electronically.

#### Coming into Force

Measures relating to the extension of the registration period for foreign charities would apply to foreign charities registered after April 16, 2024. New reporting requirements for foreign charities would apply to taxation years beginning after April 16, 2024.

All remaining measures would apply upon royal assent.

### Home Buyers' Plan

#### Increasing the withdrawal limit

Budget 2024 proposes to increase the withdrawal limit from \$35,000 to \$60,000. This increase would also apply to withdrawals made for the benefit of a disabled individual.

This measure would apply to the 2024 and subsequent calendar years in respect of withdrawals made after April 16, 2024.

#### Temporary repayment relief

Budget 2024 proposes to temporarily defer the start of the 15-year repayment period by an additional three years for participants making a first withdrawal between January 1, 2022, and December 31, 2025. Accordingly, the 15-year repayment period would start the fifth year following the year in which a first withdrawal was made.

### Qualified Investments for Registered Plans

Budget 2024 invites stakeholders to provide suggestions by July 14, 2024 on how the qualified investment rules could be modernized on a prospective basis to improve the clarity and coherence of the registered plans regime.

## Deduction for Tradespeople’s Travel Expenses

A private member’s bill (Bill C-241) was introduced to enact an alternative deduction for certain travel expenses of tradespeople in the construction industry, with no cap on expenses, retroactive to the 2022 taxation year.

Budget 2024 announces that the government will consider bringing forward amendments to the *Income Tax Act* (ITA) to provide for a single, harmonized deduction for tradespeople’s travel that respects the intent of Bill C-241.

## MEASURES PERTAINING TO BUSINESSES

### Clean Electricity Investment Tax Credit

Budget 2024 announces the design and implementation details of the Clean Electricity investment tax credit with the following design features:

- > A 15 % refundable tax credit rate for eligible investments in new equipment or refurbishments related to:
  - Low-emitting electricity generation systems using energy from wind, solar, water, geothermal, waste biomass, nuclear, or natural gas with carbon capture and storage.
  - Stationary electricity storage systems that do not use fossil fuels in operation, such as batteries and pumped hydroelectric storage.
  - Transmission of electricity between provinces and territories.
- > The tax credit would be available to certain taxable and non-taxable corporations, including corporations owned by municipalities or Indigenous communities, and pension investment corporations.
- > Provided that a provincial and territorial government satisfies additional conditions, the tax credit would also be available to provincial and territorial Crown corporations investing in that province or territory.
- > Robust labour requirements to pay prevailing union wages and create apprenticeship

opportunities will need to be met to receive the full 15 % tax credit.

The tax credit would apply to property that is acquired and becomes available for use on or after April 16, 2024 for projects that did not begin construction before March 28, 2023. The credit would no longer be in effect after 2034.

### Polymetallic Extraction and Processing

Budget 2024 proposes adjustments to the Clean Technology Manufacturing investment tax credit to provide greater support and clarity to businesses engaged in these activities.

These changes would apply for property that is acquired and becomes available for use on or after January 1, 2024.

### Accelerated Capital Cost Allowance

#### Purpose-Built Rental Housing

Budget 2024 proposes to provide an accelerated Capital Cost Allowance (CCA) of 10 % for new eligible purpose-built rental projects that begin construction on or after April 16, 2024 and before January 1, 2031, and are available for use before January 1, 2036.

#### Eligible Property

Consistent with eligibility under the temporary enhancement to the Goods and Services Tax (GST) New Residential Rental Property Rebate, eligible property would be new purpose-built rental housing that is a residential complex:

- > with at least four private apartment units (i.e., a unit with a private kitchen, bathroom, and living areas), or 10 private rooms or suites; and
- > in which at least 90 % of residential units are held for long-term rental.

Projects that convert existing non-residential real estate, such as an office building, into a residential complex would be eligible if the conditions above are met. The accelerated CCA would not apply to renovations of existing residential complexes. However, the cost of a new addition to an existing structure would be eligible, provided that addition meets the conditions above.



*Interaction with the Accelerated Investment Incentive*

Investments eligible for this measure would continue to benefit from the Accelerated Investment Incentive, which currently suspends the half-year rule, providing a CCA deduction at the full rate for eligible property put in use before 2028.

After 2027, the half-year rule would apply.

**Productivity-Enhancing Assets**

Budget 2024 proposes to provide immediate expensing for new additions of property in respect to the following three classes, if the property is acquired on or after April 16, 2024 and becomes available for use before January 1, 2027:

- > Class 44 (patents or the rights to use patented information for a limited or unlimited period),
- > Class 46 (data network infrastructure equipment and related systems software), and
- > Class 50 (general-purpose electronic data-processing equipment and systems software).

The enhanced allowance would provide a 100 % first-year deduction and would be available only for the year in which the property becomes available for use.

Property that becomes available for use after 2026 and before 2028 would continue to benefit from the Accelerated Investment Incentive.

*Restrictions*

Property that has been used, or acquired for use, for any purpose before it is acquired by the taxpayer would be eligible for the accelerated CCA only if both of the following conditions are met:

- > neither the taxpayer nor a non-arm's-length person previously owned the property; and
- > the property has not been transferred to the taxpayer on a tax-deferred "rollover" basis.

*Short taxation year*

The accelerated CCA would apply in respect of an eligible property on the prorated basis and would not be available in the following taxation year in respect of the property.

**Interest Deductibility Limits – Purpose-Built Rental Housing**

The excessive interest and financing expenses limitation (EIFEL) rules provide an exemption for interest and financing expenses incurred in respect of arm's length financing for certain public-private partnership infrastructure projects.

Budget 2024 proposes expanding this exemption to also include an elective exemption for certain interest and financing expenses incurred before January 1, 2036, in respect of arm's length financing used to build or acquire eligible purpose-built rental housing in Canada.

Consistent with the proposed Accelerated Capital Cost Allowance for Purpose-Built Rental Housing, eligible purpose-built rental housing would be a residential complex:

- > with at least four private apartment units (i.e., a unit with a private kitchen, bathroom, and living areas), or 10 private rooms or suites; and
- > in which at least 90 % of residential units are held for long-term rental.

This change would apply to taxation years that begin on or after October 1, 2023.

**Non-Compliance with Information Requests**

Budget 2024 proposes several amendments to the information gathering provisions in the ITA.

**Notice of Non-Compliance**

Budget 2024 proposes to allow the CRA to issue a new type of notice (referred to as a "notice of non-compliance") to a person that has not complied with a requirement or notice to provide assistance or information issued by the CRA.

Where a notice of non-compliance related to a taxpayer has been issued to the taxpayer or a person that does not deal at arm's length with the taxpayer, the normal reassessment period for any taxation year of the taxpayer to which the notice of non-compliance relates would be extended by the period of time the notice of non-compliance is outstanding.

Budget 2024 proposes to impose a penalty on a person that has been issued a notice of non-compliance of \$50 for each day that the notice is outstanding, to a maximum of \$25,000. This



penalty would not apply if a notice of non-compliance is ultimately vacated by the CRA or a court.

### Questioning Under Oath

Budget 2024 proposes to allow the CRA to include in a requirement or notice that any required information (oral or written) or documents be provided under oath or affirmation.

### Compliance Orders

Currently, the CRA can obtain a compliance order from a court that directs a non-compliant taxpayer to comply with the CRA's information requests.

Budget 2024 proposes to impose a penalty when the CRA obtains a compliance order against a taxpayer. The penalty would be equal to 10 % of the aggregate tax payable by the taxpayer in respect of the taxation year or years to which the compliance order relates. It would only be applied if the tax owing in respect of one of the taxation years to which the compliance order relates exceeds \$50,000.

Budget 2024 further proposes to allow the CRA to seek a compliance order when a person has failed to comply with a requirement to provide foreign-based information or documents.

### Stopping the Reassessment Limitation Clock

Under existing rules, a taxpayer may seek judicial review of a requirement or notice issued to the taxpayer by the CRA. In these circumstances, the reassessment period is extended by the amount of time it takes to dispose of the judicial review. An analogous rule applies in respect of a compliance order.

Budget 2024 proposes to amend the stop the clock rules to provide that they apply when a taxpayer seeks judicial review of any requirement or notice issued to the taxpayer by the CRA in relation to the audit and enforcement process or during any period that a notice of non-compliance is outstanding. Analogous rules would apply where a requirement or notice has been issued to a person that does not deal at arm's length with the taxpayer.

### Other Tax Statutes Administered by the CRA

Budget 2024 proposes that other tax statutes administered by the CRA, which have provisions similar to the ITA, also be amended, as needed.

### Coming into Force

These amendments would come into force on royal assent of the enacting legislation.

### Avoidance of Tax Debts

The ITA includes an anti-avoidance rule that is intended to prevent taxpayers from avoiding paying their tax liabilities by transferring their assets to non-arm's length persons.

Budget 2024 proposes to introduce a supplementary rule to strengthen the tax debt anti-avoidance rule. This rule would apply in the following circumstances:

- > there has been a transfer of property from a tax debtor to another person;
- > as part of the same transaction or series of transactions, there has been a separate transfer of property from a person other than the tax debtor to a transferee that does not deal at arm's length with the tax debtor; and
- > one of the purposes of the transaction or series is to avoid joint and several, or solidary, liability.

Where these conditions are met, the property transferred by the tax debtor would be deemed to have been transferred to the transferee for the purposes of the tax debt avoidance rule. This would ensure that the tax debt avoidance rule applies in situations where property has been transferred from a tax debtor to a person and, as part of the same transaction or series, property has been received by a non-arm's length person.

### Penalty

The ITA contains a penalty for those who engage in, participate in, assent to, or acquiesce in planning activity that they know, or would reasonably be expected to know, is tax debt avoidance planning. The penalty is equal to the lesser of:

- > 50 % of the tax that is attempted to be avoided; and

- > \$100,000 plus any amount the person, or a related person, is entitled to receive or obtain in respect of the planning activity.

Budget 2024 proposes to extend this penalty to tax debt avoidance planning that is subject to the proposed supplementary rule.

### **Expanded Joint and Several, or Solidary, Liability**

Budget 2024 proposes that taxpayers who participate in tax debt avoidance planning be jointly and severally, or solidarily, liable for the full amount of the avoided tax debt, including any portion that has effectively been retained by the planner.

### **Similar Statutes**

Similar amendments would be made to comparable provisions in other federal statutes.

### **Coming into Force**

These measures would apply to transactions or series of transactions that occur on or after April, 16, 2024.

### **Reportable and Notifiable Transactions Penalty**

The ITA includes a general provision that provides that a person who fails to file or make a return or comply with certain specified rules is guilty of an offence, and liable to penalties up to \$25,000 and imprisonment up to a year. The mandatory disclosure rules in the ITA also include specific penalties that apply in these circumstances, making the application of this general penalty provision unnecessary.

Budget 2024 announces the government's intention to remove from the scope of this general penalty provision the failure to file an information return in respect of a reportable or notifiable transaction under the mandatory disclosure rules.

This amendment would be deemed to have come into force on June 22, 2023.

### **Mutual Fund Corporations**

Budget 2024 proposes amendments to preclude a corporation from qualifying as a mutual fund corporation where it is controlled by or for the benefit of a corporate group (including a corporate group that consists of any combination of corporations, individuals, trusts, and

partnerships that do not deal with each other at arm's length). Exceptions would be provided to ensure that the measure does not adversely affect mutual fund corporations that are widely held pooled investment vehicles.

This measure would apply to taxation years that begin after 2024.

### **Synthetic Equity Arrangements**

The ITA allows a corporation to deduct the amount of any dividends received on a share of a corporation resident in Canada, subject to certain limitations.

One of these limitations is an anti-avoidance rule that denies the dividend received deduction in respect of synthetic equity arrangements. Synthetic equity arrangements include agreements that provide all or substantially all of the risk of loss and opportunity for gain or profit (the "economic exposure") in respect of a share to another person.

Where a taxpayer enters into a synthetic equity arrangement in respect of a share, the taxpayer is generally obligated to compensate the other person for the amount of any dividends paid on the share. This compensation payment may result in a tax deduction for the taxpayer in addition to the dividend received deduction.

Budget 2024 proposes to remove the tax-indifferent investor exception (including the exchange traded exception) to the anti-avoidance rule. This measure would simplify the anti-avoidance rule and prevent taxpayers from claiming the dividend received deduction for dividends received on a share in respect of which there is a synthetic equity arrangement.

This measure would apply to dividends received on or after January 1, 2025.

### **Manipulation of Bankrupt Status**

The ITA contains a set of debt forgiveness rules that apply where a commercial debt is settled for less than its principal amount. The Act also contains a rule that entitles an insolvent corporation to a corresponding deduction to offset all or part of an income inclusion from the debt forgiveness rules.

Bankrupt taxpayers are generally excluded from these debt forgiveness rules. Instead, a separate loss restriction rule applies to extinguish the

losses of bankrupt corporations that have received an absolute order of discharge.

Budget 2024 proposes to repeal the exception to the debt forgiveness rules for bankrupt corporations and the loss restriction rule applicable to bankrupt corporations. This change would subject bankrupt corporations to the general rules that apply to other corporations whose commercial debts are forgiven. The bankruptcy exception to the debt forgiveness rules would remain in place for individuals. While bankrupt corporations would be subject to the reduction of their loss carryforward balances and other tax attributes upon debt forgiveness, as insolvent corporations they could qualify for relief from the debt forgiveness income inclusion rule provided under the existing deduction for insolvent corporations.

These proposals would apply to bankruptcy proceedings that are commenced on or after April 16, 2024.

## **MEASURES PERTAINING TO COMMODITY TAXES**

### **Extending GST Relief to Student Residences**

Budget 2024 announces that the eligibility conditions for the removal of GST on new student residences will be relaxed for not-for-profit universities, public colleges, and school authorities.

The relaxed eligibility will apply to new student residences that begin construction on or after September 14, 2023, and before 2031, and that complete construction before 2036. Private institutions will not be eligible for this support.

### **Tobacco and Vaping Product Taxation**

#### **Excise Duty on Tobacco**

Budget 2024 announces the Government's intention to increase the tobacco excise duty rate by \$4 per carton of 200 cigarettes (i.e., for a total of \$5.49 including the automatic inflationary adjustment of \$1.49 per carton of 200 cigarettes that took effect on April 1, 2024).

This measure would come into force on April 17, 2024.

#### **Importation Limit for Packaged Raw Leaf Tobacco for Personal Use**

Budget 2024 proposes to provide a new prescribed limit of up to 2500 grams of packaged raw leaf tobacco for importation for personal use and to amend the definition of "packaged" for raw leaf tobacco.

This measure would come into force on the first day of the month following royal assent to the enabling legislation.

#### **Requiring Information Returns from Tobacco Prescribed Persons**

Budget 2024 proposes to require tobacco prescribed persons to file information returns for tobacco excise stamps.

This measure would come into force on the first day of the month following royal assent to the enabling legislation.

#### **Excise Duty on Vaping Products**

Budget 2024 announces the Government's intention to increase by 12 % the vaping product excise duty rate.

This measure would come into force on July 1, 2024.

## **MEASURES PERTAINING TO INTERNATIONAL TAX**

### **Crypto-Asset Reporting Framework and the Common Reporting Standard**

#### **Crypto-Asset Reporting Framework**

The Organization for Economic Cooperation and Development (OECD) has developed a new framework (referred to as the Crypto-Asset Reporting Framework, or CARF) that provides for the automatic exchange of tax information in relation to transactions in crypto-assets.

Budget 2024 proposes to implement the CARF in Canada. The measure would impose a new annual reporting requirement on entities and individuals (referred to as crypto-asset service providers) that are resident in Canada, or that carry on business in Canada, and that provide

business services effectuating exchange transactions in crypto-assets. This would include crypto exchanges, crypto-asset brokers and dealers, and operators of crypto-asset automated teller machines.

### Common Reporting Standard

Budget 2024 also proposes to implement amendments to the Common Reporting Standard (CRS) that have been endorsed by the OECD in connection with the CARF.

### Coming into Force

These measures would apply to the 2026 and subsequent calendar years. This would allow the first reporting and exchange of information under the CARF and amended CRS to take place in 2027 with respect to the 2026 calendar year.

### Withholding for Non-Resident Service Providers

Budget 2024 proposes to provide the CRA with the legislative authority to waive the withholding requirement, over a specified period, for payments to a nonresident service provider if either of the following conditions are met:

- > the non-resident would not be subject to Canadian income tax in respect of the payments because of a tax treaty between its country of residence and Canada; or
- > the income from providing the services is exempt income from international shipping or from operating an aircraft in international traffic.

This proposal would allow the CRA to waive the withholding requirement on multiple transactions with a single waiver, subject to any conditions and information requirements necessary to reduce compliance risks.

This measure would come into force on royal assent of the enacting legislation.

### PREVIOUSLY ANNOUNCED MEASURES

Budget 2024 confirms the government's intention to proceed with the following previously announced tax and related measures, as modified to take into account consultations, deliberations, and legislative developments, since their release.

- > Legislative proposals released on March 9, 2024, to extend by two years the 2 % cap on the inflation adjustment on beer, spirit, and wine excise duties, and to cut by half for two years the excise duty rate on the first 15,000 hectolitres of beer brewed in Canada.
- > Legislative proposals released on December 20, 2023, including with respect to the following measures:
  - The Clean Hydrogen investment tax credit;
  - The Clean Technology Manufacturing investment tax credit;
  - Concessional Loans;
  - Short-Term Rentals;
  - Vaping Excise Duties; and
  - International Shipping.
- > Legislative and regulatory proposals announced in the *2023 Fall Economic Statement*, including with respect to the following measures:
  - The Canadian journalism labour tax credit;
  - Proposed expansion of eligibility for the Clean Technology and Clean Electricity investments tax credits to support generation of electricity and heat from waste biomass;
  - The addition of psychotherapists and counselling therapists to the list of health care practitioners whose professional services rendered to individuals are exempt from the Goods and Services Tax/Harmonized Sales Tax (GST/HST);
  - Proposals relating to the GST/HST joint venture election rules;
  - The application of the enhanced (100-per-cent) GST Rental Rebate to qualifying co-operative housing corporations; and
  - Proposals relating to the Underused Housing Tax.
- > Regulatory proposals released on November 3, 2023, to temporarily pause the federal fuel charge on deliveries of heating oil.
- > Legislative and regulatory amendments to implement the enhanced (100-percent) GST Rental Rebate for purpose-built rental housing announced on September 14, 2023.

- > Legislative proposals released on August 4, 2023, including with respect to the following measures:
  - The Carbon Capture, Utilization, and Storage investment tax credit;
  - The Clean Technology investment tax credit;
  - Labour Requirements Related to Certain investment tax credits;
  - Enhancing the Reduced Tax Rates for Zero-Emission Technology Manufacturers;
  - Flow-Through Shares and the Critical Mineral Exploration Tax Credit – Lithium from Brines;
  - Employee Ownership Trusts;
  - Retirement Compensation Arrangements;
  - Strengthening the Intergenerational Business Transfer Framework;
  - The Income Tax and GST/HST Treatment of Credit Unions;
  - The Alternative Minimum Tax for High-Income Individuals;
  - A Tax on Repurchases of Equity;
  - Modernizing the General Anti-Avoidance Rule;
  - Global Minimum Tax (Pillar Two);
  - Digital Services Tax;
  - Technical amendments to GST/HST rules for financial institutions;
  - Providing relief in relation to the GST/HST treatment of payment card clearing services;
  - Enhancements to the vaping product taxation framework;
  - Tax-exempt sales of motive fuels for export;
  - Excessive Interest and Financing Expenses Limitations;
  - Extending the quarterly duty remittance option to all licensed cannabis producers;
  - Revised Luxury Tax draft regulations to provide greater clarity on the tax treatment of luxury items; and
  - Technical tax amendments to the ITA and the *Income Tax Regulations*.
- > Legislative amendments to implement changes discussed in the transfer pricing consultation paper released on June 6, 2023.
- > Tax measures announced in Budget 2023, including the Dividend Received Deduction by Financial Institutions.
- > Legislative proposals released on August 9, 2022, including with respect to the following measures:
  - Substantive Canadian-Controlled Private Corporations;
  - Technical amendments to the ITA and *Income Tax Regulations*; and
  - Remaining legislative and regulatory proposals relating to the GST/HST, excise levies and other taxes and charges announced in the August 9, 2022 release.
- > Legislative amendments to implement the Hybrid Mismatch Arrangements rules announced in Budget 2021.
- > Legislative proposals released in Budget 2021 with respect to the Rebate of Excise Tax for Goods Purchased by Provinces.
- > Regulatory proposals released in Budget 2021 related to information requirements to support input tax credit claims under the GST/HST.
- > 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.

---

Thanks to CPA Quebec for their assistance with this Budget Summary.