

2026 FEDERAL BUDGET SUMMARY

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2026
Federal Budget Summary

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INTRODUCTION

On November 5, 2026, the Minister of Finance and National Revenue, the Honourable François-Philippe Champagne, presented Budget 2026 : **Masters of our destiny.** The Budget 2026 contains several tax measures aimed in particular at supporting individuals and businesses and simplifying the Canadian tax system.

For individuals, the budget proposes, among other things, to:

> Change the income tax filing deadline and the balance-due date to May 15, starting in 2027, including for self-employed individuals;

> Introduce the Canada Growth Incentive, which has two components: a capital gain exemption (up to a limit of $15 million) on the disposition of eligible shares of an eligible corporation, and an enhanced capital gains rollover for small businesses;

> Simplify the tax system, in particular to make it easier to file income tax returns and to access tax relief and benefits.

For businesses, the budget proposes, among other things, to:

> Expand the eligible activities and expenditures under the SR&ED program;

> Extend the clean electricity and clean technology investment tax credits in respect of eligible property;

> Relax Part VI.1 rules, in particular for CCPCs and private holding companies.

Finally, the budget also proposes the following measures **for taxpayers:**

> Raise the threshold for the foreign income verification statement (Form T1135);

> Amend the deadline for most taxpayers to file a notice of objection to an income tax assessment;

> Raise the threshold for instalment payments.

Here are the highlights of the 2026 budget.



MEASURES PERTAINING TO INDIVIDUALS

2027 Canada Groceries and Essentials Benefit Supplement

Budget 2026 proposes to deliver a one-time Canada Groceries and Essentials Benefit (CGEB) supplement, to be delivered in early 2027, equal to half of the maximum annual CGEB amounts for the 2026-27 benefit year.

> The maximum amounts of this supplement would be $223 per adult, $117 per child and $117 for the single supplement.
> For this supplement only, the phase-in and phase-out rates would be adjusted to 6 per cent and 15 per cent, respectively, to ensure that the supplement would be fully phased in and phased out at the same income levels as under the current rules.

Mineral Exploration Tax Credit and Critical Mineral Exploration Tax Credit

Budget 2026 proposes to extend eligibility for the Mineral Exploration Tax Credit and Critical Mineral Exploration Tax Credit (CMETC) for five years, to flow-through share agreements entered into on or before March 31, 2032.

Budget 2026 also proposes to expand the CMETC to include antimony as an eligible critical mineral.

Coming into Force

This expansion would apply to expenditures renounced under eligible flow-through share agreements entered into after November 5, 2026 and on or before March 31, 2032.

Canada Caregiver Credit

Budget 2026 proposes to make the Canada Caregiver Credit (CCC) refundable to ensure that eligible caregivers can receive the full amount even if they have little or no tax liability.

A refundable CCC would retain the same design parameters of the current non-refundable credit, including the annual indexation of the maximum amounts and income threshold.

Coming into Force

This measure would apply to the 2027 and subsequent taxation years.

Canada Growth Incentive – Capital Gains Exemption

Budget 2026 proposes to introduce a new Canada Growth Incentive (CGI) capital gains exemption which would allow a Canadian-resident individual to claim a tax exemption on capital gains realized on the disposition of qualifying shares of a qualifying corporation, up to a $15-million limit. This $15 million would apply separately to each qualifying individual in respect of each business.

Qualifying Individual

A qualifying individual would have to be an individual other than a trust and be at least 18 years old at the time they acquired a qualifying share. The individual would have to be resident in Canada throughout the year in which they claimed the exemption. The claim could relate to a capital gain realized on the disposition of a qualifying share in that year or a preceding taxation year.

A qualifying share would have to be issued by a qualifying corporation to the qualifying individual (or a partnership of which the qualifying individual is a member) and owned directly by the qualifying individual or by the partnership. Where a partnership acquired a qualifying share, at the time that the partnership acquired the share, the qualifying individual would have to have been a member of the partnership and at least 18 years old.

Qualifying Shares

A share of the capital stock of a corporation would be a qualifying share of a qualifying corporation if the following conditions were met.

> At the time of share issuance:
  - the corporation must be a Canadian-controlled private corporation; and
  - all or substantially all of the fair market value (FMV) of the corporation's assets must be attributable to assets used, or reasonably intended to be used within 36 months, principally in a qualifying business carried on primarily in Canada.



- Immediately before and after the share's issuance, the combined carrying value of the assets of the corporation and all corporations related to it must not exceed $100 million.
- The share must have been issued either solely for cash consideration or in exchange for employment services provided by the qualifying individual to the qualifying corporation. Continuity rules would be proposed to accommodate certain share-for-share exchanges and other corporate reorganizations that could occur after qualifying shares have been issued.
- Throughout the period during which the qualifying individual or a partnership of which the qualifying individual is a member owned the qualifying share, 50 per cent or more of the FMV of the corporation's assets must be attributable to assets used, or reasonably intended to be used, principally in a qualifying business. Further, for a minimum period of 24 consecutive months immediately following share issuance, the qualifying business would be required to be carried on primarily in Canada.
- For a minimum period of 36 consecutive months immediately before the disposition, the share must have been held by the qualifying individual or the partnership of which the qualifying individual was a member.
- At the time of disposition:
  - the corporation must be a Canadian-resident corporation that is either a private corporation or a public corporation listed on a designated stock exchange located in Canada; and
  - all or substantially all of the FMV of the corporation's assets must be attributable to assets used principally in a qualifying business.

Qualifying Business

A qualifying business would be an active business other than:

- a business providing consulting services, a professional practice of an accountant, lawyer, notary, physician, other health care practitioner, engineer, architect, and any business whose principal asset is the reputation or skill of one or more employees;
- a business operating in the agricultural, fishing, forestry, mining, financial, insurance, utilities, real estate, food and accommodation, arts, recreation, or entertainment sectors; and
- a business operating under a licensing or franchising agreement.

Integrity Rules

Additional rules will be proposed to prevent individuals from accessing the CGI exemption in circumstances that do not align with the intent of the measure, including the multiplication of the exemption limit through the use of multiple corporations that carry on the same underlying business.

Details of these rules will be released at a later date.

Alternative Minimum Tax

Capital gains exempted through this measure would be subject to an inclusion rate of 30 per cent for the purposes of the Alternative Minimum Tax, consistent with the treatment of gains eligible for the Lifetime Capital Gains Exemption.

Interaction with Other Capital Gains Exemptions

A CGI exemption claimed on qualifying shares of a qualifying corporation would limit the ability of a qualifying individual to claim the Lifetime Capital Gains Exemption for a sale of shares of the same corporation. Similarly, a Lifetime Capital Gains Exemption claimed on the sale of shares of a corporation would limit the ability of a qualifying individual to claim the CGI exemption on the sale of shares of that same corporation.

A qualifying individual could generally claim both the capital gains exemption on a sale to an Employee Ownership Trust or a worker cooperative and the CGI exemption on the same sale of shares, with the use of one exemption having no impact on the limit available under the other exemption.

Coming into Force

This measure would apply in respect of qualifying shares of a qualifying corporation issued on or after November 5, 2026 and before 2037.



Canada Growth Incentive – Rollover for Investments in Small Businesses

Period to acquire replacement shares

Budget 2026 proposes to increase the period to acquire replacement shares and to introduce a special provision for individuals who have entered into agreements for future equity.

First, the period to acquire replacement shares would be extended to encompass the year of disposition and the three following calendar years. In general terms, an individual who made a qualifying disposition in a taxation year and did not reinvest the proceeds in that year would be able to choose either to pay tax on the capital gain for the year of disposition or to claim a reserve that defers recognition of the gain to the following year. This deferral mechanism would be available until the end of the replacement period.

Second, an individual who, before the end of the proposed three-year replacement period, enters into an agreement with an eligible small business corporation (ESBC) under which the investor provides upfront capital in return for shares to be issued at a future date, would be able to defer the capital gain for an additional two years, for a total replacement period of up to five years. If no ESBC shares are issued to the individual under the agreement by the end of the fifth year following the year of disposition, the deferred gain would be taxed.

With respect to any proceeds of a qualifying disposition that are not ultimately invested in replacement shares, interest would apply at a prescribed rate from the balance-due day for the year of disposition to the last day of the taxation year in which the gain is taxed.

Active business requirement

Budget 2026 proposes to lower the threshold from “all or substantially all” to “primarily” for the active business requirement’s asset test that must be met throughout the period during which the individual owned the shares. However, the “all or substantially all” threshold would need to be met at the time of issuance and disposition of the shares.

Finally, the active business would be required to be carried on primarily in Canada at the time of share issuance and for a continuous period immediately following issuance. That period would be the lesser of two years and the period during which the individual owned the shares.

Coming into force

These measures would apply to qualifying dispositions that occur on or after January 1, 2027.

Income Tax Return Filing and Balance-Due Dates for Individuals

Budget 2026 proposes to change the T1 filing and balance-due dates to May 15 for all individuals, including self-employed individuals and their spouses or common-law partners.

Coming into Force

These measures would apply to the 2027 and subsequent taxation years.

Northern Residents Deductions

Residency Deduction

Budget 2026 proposes to eliminate these restrictions:

> The amount of the residency deduction is reduced by the amount of non-taxable employer-provided benefits received by the taxpayer for board and lodging at special work sites in the north.
> The residency deduction cannot exceed 20 per cent of the individual’s net income.

Travel Deduction

Budget 2026 proposes to eliminate the limit, which is based on employer-provided travel benefits or the portion of the $1,200 standard amount allocated to the trip. All eligible northern residents would therefore be able to claim their travel expenses subject to the same limits, whether or not they receive employer-provided travel benefits.

Coming into Force

These measures would apply to the 2027 and subsequent taxation years.

Expansion of the Intergenerational Farm and Fishing Property Rollover

Budget 2026 proposes to expand the rollover so that it is available for transfers to a niece, nephew, grandniece, or grandnephew of the taxpayer or the taxpayer’s spouse or common-law partner.

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Coming into Force

This measure would be effective for transfers that occur on or after January 1, 2027.

Registered Disability Savings Plan

Budget 2026 proposes to make the qualifying family member measure permanent, allowing a qualifying family member of the individual to open an Registered Disability Savings Plan and be the plan holder.

Optional Flat Amounts for Personal Income Tax Deductions and Credits

Budget 2026 proposes optional flat-amount calculation methods for certain deductions and credits. Individuals would still need to establish their eligibility.

Coming into Force

These measures would apply to the 2027 and subsequent taxation years.

Moving Expense Deduction

Budget 2026 proposes to allow individuals making an eligible relocation to deduct a flat $1,000 in respect of the relocation instead of tracking and claiming their deductible moving expenses. The amount deducted would still be limited to the individual's employment or self-employment income earned at the new location, or to the student's taxable income from scholarships, bursaries and research grants. If an individual claims the flat amount in respect of an eligible relocation, that individual's spouse or common-law partner would not be permitted to claim a deduction in respect of the same eligible relocation.

Clergy Residence Deduction

Budget 2026 proposes to allow eligible individuals to deduct a flat amount in a year of $1,000 for each month in which they are eligible for the deduction, up to a maximum of $12,000 for a year, instead of claiming according to the existing detailed method. The amount deducted would still be limited to the individual's remuneration for the year from their office or employment.

If both members of a couple are eligible to claim the deduction and live in the same residence, only one could deduct $1,000 for a month in which both qualify for the deduction. If either the individual or their spouse or common-law partner chooses to deduct the flat amount for a year, neither would be permitted to claim a deduction using the detailed method in respect of that residence for that year.

Labour Mobility Deduction for Tradespeople

Budget 2026 proposes to allow eligible tradespeople and apprentices working in the construction industry who undertake an eligible temporary relocation to deduct a flat $1,500 per year instead of claiming actual eligible expenses incurred.

Home Accessibility Tax Credit

Budget 2026 proposes to allow eligible individuals who incur qualifying expenses to calculate the Home Accessibility Tax Credit using a one-time optional flat-expense amount of $1,000 for a year instead of claiming their actual expenses incurred. The following conditions would apply to any flat-amount claim:

> Only one taxpayer would be allowed to claim the flat amount in respect of the same eligible dwelling for a particular year.
> If an individual chooses to claim the credit based on their detailed expenses in respect of an eligible dwelling for a particular year, the flat amount would not be available to any claimant in respect of that dwelling for that year. Instead, each individual with eligible expenses could claim eligible expenses under the existing rules.
> An eligible individual would be allowed to claim the flat amount under the Home Accessibility Tax Credit only once in their lifetime. An individual who claimed the flat amount in a given year would, however, still be able to claim the credit in future years based on their detailed expenses, provided all eligibility requirements are met.
> Individuals claiming the flat amount would continue to be required to retain some documents that substantiate that they incurred qualifying expenses for a qualifying renovation.

Adoption Expense Tax Credit

Budget 2026 proposes to allow eligible adoptive parents to calculate the Adoption Expense Tax Credit using an optional flat expense amount of



$1,200 per adopted child in the year an adoption is completed, instead of their actual eligible adoption expenses.

> Only one taxpayer would be allowed to claim the flat amount in respect of the same adopted child.
> If one individual chooses to claim the credit based on their detailed expenses under the existing rules, all claimants would also have to use this method (and would not be able to claim the flat amount).

Apprentice Vehicle Mechanics' Tools Deduction

Budget 2026 proposes to allow apprentice vehicle mechanics to deduct all eligible expenses under the apprentice vehicle mechanics' tools deduction.

Subject to certain other existing rules, the deduction would equal the total cost of new eligible tools acquired in the taxation year, less the Canada Employment Credit amount. It would no longer be reduced by the $1,000 amount available under the deduction for tradespeople's tool expenses or by an amount based on the apprentice's income.

Apprentice vehicle mechanics' tools would no longer qualify for the deduction for tradespeople's tool expenses. However, an apprentice vehicle mechanic could continue to claim both deductions if they also incurred eligible tool expenses in the course of employment as a tradesperson other than as an apprentice vehicle mechanic.

Coming into Force

This measure would apply to the 2027 and subsequent taxation years.

Medical Expense Tax Credit and Disability Supports Deduction

Documentation Requirements for Certain Eligible Expenses

Budget 2026 proposes to simplify the Medical Expense Tax Credit (METC) while maintaining the integrity of the credit by reducing the documentation requirements for certain eligible expenses, as described below.

> For certain expenses that are incurred exclusively for medical purposes (described in Appendix 1), remove the requirement for a prescription; a certification of the individual's medical condition would continue to not be required.
> For certain expenses that may be incurred for non-medical purposes (described in Appendix 2), replace the prescription requirement with a requirement that an authorized medical practitioner certify the individual's medical condition.

The Canada Revenue Agency (CRA) would continue to have the authority to ask for additional documentation or information to verify that all requirements for claiming the METC are met.

Coming into Force

This measure would apply to the 2026 and subsequent taxation years.

Flat-Amount Method

Budget 2026 proposes to allow individuals to claim an optional flat amount in respect of the following categories of expenses. For a particular year, an individual who incurs expenses in an eligible category could choose to either claim the applicable flat amount or itemize and claim the expenses they actually incurred. An individual who chooses the flat amount would not be required to calculate the actual expenses incurred or retain receipts for those expenses. The existing eligibility conditions would continue to apply.

If the flat-amount method is chosen for a category of expenses in respect of an eligible individual, only one individual would be able to claim that flat amount and itemized expenses could not be claimed. If multiple individuals wish to claim the same category of expenses in respect of the same eligible individual, the flat amount would not be available, and each would be required to itemize their expenses and keep receipts to claim them.

Gluten-free Food Expenses

Budget 2026 proposes to allow an METC claim in respect of an individual with celiac disease based on an optional flat amount of $1,000 for incremental gluten-free food expenses incurred over a particular year. Under this method, it would no longer be necessary to calculate the incremental cost of gluten-free food products.

Coming into Force



This measure would apply to the 2026 and subsequent taxation years.

Incontinence Product Expenses

Budget 2026 proposes to allow an METC claim based on an optional flat amount of $500 in respect of these expenses incurred over a particular year.

Coming into Force

This measure would apply to the 2027 and subsequent taxation years.

Service Dog Expenses

Budget 2026 proposes to allow an METC or Disability supports deduction (DSD) claim based on an optional flat amount of $2,000 for expenses that are incurred in relation to a service dog over a particular year. The cost incurred to acquire a service dog could be itemized and claimed separately in addition to the flat amount in a particular year.

The flat-amount method would not be allowed for eligible expenses in respect of a service animal other than a dog. It would continue to be necessary, under the METC and the DSD, to itemize expenses incurred in respect of these other service animals and retain receipts.

Coming into Force

This measure would apply to the 2027 and subsequent taxation years.

Deductibility of Expenses Against Commission Income

Budget 2026 proposes to eliminate the rules that prevent commission employees from deducting travel and motor vehicle expenses under the general employee provisions when they also claim expenses under the commission-employee rules. This would allow a commission employee claiming travel or motor vehicle expenses under the general provisions to additionally claim other employment expenses as a commission employee up to the amount of their commission income.

Coming into Force

This measure would apply to the 2027 and subsequent taxation years.

Lump-sum Thresholds for Periodic Payment of Benefits

Budget 2026 proposes to increase the lump-sum payment threshold to $50 per month for the Canada child benefit (CCB), to $70 per quarter for the CGEB and, for the 2027 taxation year only, to $70 per payment for the Advance Canada workers benefit (CWB).

Coming into Force

This measure would apply to benefits paid after June 2027.

Budget 2026 also proposes to index the CCB and CGEB thresholds annually to inflation, rounded to the nearest $5, as of July 2028.

Scholarship, Fellowship, and Bursary Income

Budget 2026 proposes to allow a program to qualify even where a student received financial assistance from an arm's-length person. As a result, receiving employer or other arm's-length assistance for a program would no longer prevent students from claiming the exemption for scholarships, fellowships or bursaries received for that program.

Coming into Force

This measure would apply to the 2027 and subsequent taxation years.

Deductibility of Expenses by Employed Artists

Budget 2026 proposes to replace the existing cap on the deduction with a limit equal to the amount of the artist's employment income for the year from the specified artistic activities.

Coming into Force

This measure would apply to the 2027 and subsequent taxation years.

Volunteer Firefighters and Search and Rescue Volunteers Tax Credit

Budget 2026 proposes to combine the Volunteer Firefighters Tax Credit and the Search and Rescue Volunteers Tax Credit into a single 14 per cent non-refundable Volunteer Firefighters and Search and Rescue Volunteers Tax Credit calculated on an amount of $6,000. Eligible



volunteer firefighter and search and rescue services would both count towards the 200-hour requirement for the combined credit.

Coming into Force

This measure would apply to the 2027 and subsequent taxation years.

Registered Retirement Savings Plan

Budget 2026 announces the government's intention to merge the core features of the Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund under the *Income Tax Act* (Act) into a single "RRSP for life" and to make other changes to improve and modernize the RRSP tax rules.

The government is seeking Canadians' views on this proposal.

Excess Corporate Holdings Regime for Private Foundations

Budget 2026 proposes to eliminate the excess corporate holdings regime. Instead, the rules that currently prohibit public foundations from acquiring control of a corporation would be extended to private foundations.

Coming into Force

This measure would apply to taxation years that begin on or after January 1, 2027.

Trust Distributions to Non-Residents

Budget 2026 proposes to broaden the current rollout denial rule to include indirect distributions of trust property to non-resident beneficiaries. The rollout would be denied for any property that is transferred to a corporation (or partnership) that has a direct or indirect non-resident shareholder (or partner).

Coming into Force

This measure would apply in respect of distributions of property that occur on or after November 5, 2026.

Information Sharing – Pension Administrators

Budget 2026 proposes to amend the Act to permit the CRA to confirm to the administrator of a registered pension plan (RPP) that a plan member is deceased.

Coming into Force

This measure would apply on royal assent of the enacting legislation.

Registered Pension Plans

Revocation of a Registered Pension Plan

Budget 2026 proposes to provide express tax consequences under the Act and *Income Tax Regulations (Regulations)* where the CRA revokes the registration of an RPP.

> A revoked plan would be liable to pay a special tax, equal to 10 per cent of the FMV of its property immediately prior to the revocation, subject to waiver or cancellation by the CRA.
> A revoked plan would be deemed to become a "retirement compensation arrangement" (RCA)—another type of retirement savings vehicle under the Act.
> An amount equal to the FMV of its property (less any revocation tax assessed) would be deemed to be contributed to the RCA. As a result, the RCA would be required to remit a 50 per cent refundable tax on the deemed contribution.

Coming into Force

These measures would apply to revocations of RPPs after 2026.

Individual Pension Plans

Budget 2026 proposes to expand the Individual Pension Plans (IPP) definition to include defined benefit RPPs under which all members are either related to a participating employer or do not deal at arm's length with any member related to a participating employer.

Coming into Force

This measure would apply as of January 1, 2027.

Non-qualified Investments

Budget 2026 proposes to subject IPPs to the same advantage rules, non-qualified investment rules, and prohibited investment rules that currently apply to other registered plans of controlling individuals. Consequently, if the IPP acquires a non-qualified or prohibited investment, or if it receives an advantage, the controlling individual of an IPP would be liable to pay a tax equal to



- 50 per cent of the FMV of a non-qualified investment or prohibited investment acquired by the IPP; and
- 100 per cent of the value of an advantage in relation to the IPP.

Coming into Force

This measure would apply as of January 1, 2028. Transitional rules would apply to investments acquired before 2028 that become non-qualified or prohibited on January 1, 2028.

Excessive Surplus

Budget 2026 proposes to impose a new condition that an IPP must satisfy to maintain its RPP registration. If the value of an IPP's assets exceeds 200 per cent of its pension liabilities, the plan would become a "revocable plan" for RPP registration purposes. The CRA is required to issue a notice of intent to revoke at least 30 days prior to issuing a revocation letter. This would provide the plan administrator with time to take steps (such as withdrawing excess amounts) to comply with the registration condition and thus no longer be in a revocable position. If the plan's registration were ultimately revoked by the CRA, the same tax consequences of becoming a revoked plan, as described above, would apply.

Coming into Force

This measure would apply as of January 1, 2028.

Build Canada Workers Benefit

Advance Canada Workers Benefit

For the 2027 taxation year, Budget 2026 proposes to reduce the Advance CWB from 50 per cent to 25 per cent of the individual's CWB entitlement for the 2026 taxation year. The Advance CWB would be eliminated beginning in the 2028 taxation year.

Enhancing the Benefit

Budget 2026 proposes to enhance the benefit and rename it the Build Canada Workers Benefit (BCWB). For the 2027 taxation year, the enhanced benefit would:

- reduce the phase-in threshold to $500;
- increase the maximum benefit amounts to $1,859 for single individuals without children and to $3,143 for families; and
- adjust the phase-out thresholds to $27,104 for single individuals without children and to $30,731 for families, so that the higher maximum benefits do not change the income levels at which the entitlement is fully phased out.

The BCWB would retain the supplement for individuals eligible for the Disability Tax Credit. The phase-in threshold of the BCWB disability supplement would be reduced to $200 (down from $1,150 under the CWB).

BCWB parameters would be indexed in the same manner as those of the CWB for years after 2027.

Coming into Force

These measures would apply to the 2027 and subsequent taxation years.

MEASURES PERTAINING TO BUSINESSES

Clean Electricity and Clean Technology Investment Tax Credits

Extension to 2040

Budget 2026 proposes to extend the Clean Electricity and Clean Technology investment tax credits to eligible property that becomes available for use before 2041.

The credit rate of the Clean Technology investment tax credit would continue to be reduced to 15 per cent for its last year of availability, which would be for property that becomes available for use in 2040 instead of 2034.

High-Voltage Intra-Provincial Electricity Transmission

Budget 2026 proposes to expand eligibility for the Clean Electricity investment tax credit to include intra-provincial electricity transmission property built to operate at or above the highest voltage currently used for transmission lines in each province, and at or above 69 kilovolts in the territories.

Eligible property would include certain equipment and structures related to transmission lines and substations, including cables, towers, lattices, and transformers. Eligible property would exclude buildings and electricity distribution equipment, as well as certain property that is used for international transmission.



Further details on what would constitute eligible intra-provincial electricity transmission property will be made available at a later date.

Coming into Force

This measure would apply with respect to property that is acquired on or after November 5, 2026.

Scientific Research and Experimental Development Tax Incentive Program

Budget 2026 proposes to expand the activities and expenditures eligible under the Scientific Research and Experimental Development (SR&ED) program.

Regulatory and Certification Requirements

The expanded scope of eligible activities would include tests, technological validations, and studies conducted to meet regulatory requirements for obtaining the initial approval or certification necessary to commercialize a product or process.

To be eligible, these activities would need to directly relate to a project that is eligible under the SR&ED program's existing rules.

The types of expenditures that could be claimed in respect of these additional eligible activities would be the same as those eligible under the SR&ED program.

Intellectual Property Protection

Eligible expenditures would be expanded to include costs related to the registration and maintenance of intellectual property (IP) protection in respect of IP developed in the course of conducting a project that is eligible under the existing scope of activities under the SR&ED program.

Eligible IP would include IP registered or protected as patents, certificates of supplementary protection, plant breeders' rights, or copyrighted software, under the relevant Canadian legislation or equivalent legislation in another jurisdiction.

Eligible expenditures would include costs reasonably incurred to obtain and, where applicable, maintain protection for eligible IP. In general, this would include expenses incurred to prepare and file an application for an eligible form of IP protection, as well as maintenance costs payable on a periodic basis to keep IP rights in force. Eligible expenditures would not include those incurred to enforce IP rights, such as litigation costs in respect of alleged IP infringement, or those not directly connected to securing and maintaining IP rights.

While administrative fees payable to an IP office outside Canada would be eligible, costs of supporting activities, such as those in respect of preparing an application, would be eligible only if those activities are conducted in Canada.

In the event that a taxpayer disposes of IP in respect of which SR&ED support was provided for IP protection costs, recapture rules would apply in respect of the related SR&ED deduction and investment tax credit amounts.

Coming into Force

This measure would apply to taxation years that begin on or after November 5, 2026.

Interest Deductibility Limits

Indirect Borrowings

Budget 2026 proposes to expand the two Excessive interest and financing expenses limitation exceptions to cover a borrower's interest and financing expenses where the borrowed funds are used for eligible activities carried on by another corporation, trust or partnership within the same group of affiliated entities. The exceptions would also be available where the eligible activities are carried on by a partnership in which the borrower (together with affiliated entities) has at least a 40 per cent interest. Additional consequential changes would be made to the proposed exceptions.

Regulated Energy Utility Business

Budget 2026 also proposes to expand and clarify the definition of a regulated energy utility business in Canada to cover cases where the prices of all or substantially all of the products or services of the business are:

> government-established, approved or guaranteed (including sales to Crown corporations); or
> established through a government-operated market that facilitates delivery for consumption or use in Canada.



Coming into Force

These measures would apply to taxation years that begin on or after October 1, 2023.

Canadian Journalism Labour Tax Credit

Extension to Audio and Audiovisual News

Budget 2026 proposes to extend eligibility for the Canadian Journalism Labour Tax Credit (CJLTC) to the production of audio and audiovisual news. Audio and audiovisual news organizations that qualify as a qualified Canadian journalism organization (QCJO) and meet existing CJLTC-specific Canadian ownership requirements would be eligible to claim the tax credit in respect of the salary or wages of an eligible newsroom employee.

Qualifying organizations would be entitled to the same 35-per-cent credit rate and annual labour expenditure limit of $85,000 per employee that apply to written news production.

An eligible newsroom employee would need to spend at least 75 per cent of their time engaged in the production or post-production of original news content, including researching, collecting information, verifying facts, photographing, recording or editing video or sound, writing, editing, designing, presenting a news bulletin or segment, and undertaking other activities related to the preparation or presentation of original news content.

All other existing eligibility criteria under the CJLTC in respect of an eligible newsroom employee would continue to apply.

Coming into Force

This measure would apply to qualifying labour expenses incurred on or after November 5, 2026.

Extension of the Enhanced Credit Rate

Budget 2026 proposes to extend the 35-per-cent rate until December 31, 2028.

Taxable Preferred Shares

Budget 2026 proposes to introduce the following measures:

> Exempt Canadian-controlled private corporations from the taxable preferred share regime by excluding dividends they pay from Part VI.1 tax. This measure would apply to dividends paid on or after November 5, 2026.
> Increase the dividend allowance from $500,000 to $1,500,000 and the threshold for the reduction of the dividend allowance from $1,000,000 to $3,000,000. This measure would apply to taxation years that end after 2026.

The government is also reviewing the broader preferred share regime and is seeking stakeholders' views on the impact of the rules and on potential improvements.

Helium Exploration, Development and Resource Expenses

Budget 2026 proposes to allow helium exploration and development expenses to qualify as Canadian exploration expense and Canadian development expense, consistent with the treatment of similar expenses in the petroleum and natural gas sector. Expenses incurred to acquire helium resource properties would qualify as Canadian oil and gas property expense.

Coming into Force

This measure would apply to expenses incurred on or after November 5, 2026.

Corporate Tax Elections

Budget 2026 proposes to eliminate the existing requirements for corporations to file a certified copy of a resolution or authorization when making certain elections or agreements. This measure would apply to elections and agreements made on or after the date of royal assent of the enacting legislation.

Corporate Loss Transfers

Budget 2026 invites stakeholders to comment on the introduction of a corporate loss transfer rule.

This mechanism would allow the transfer of current-year non-capital losses between corporations under certain conditions. The Department is interested in stakeholder views on the proposed conditions, the potential effects and practical operation of the mechanism, and whether the proposed parameters should be revised.



Qualifying Corporate Group

Loss transfers would be permitted in the following cases:

> between a parent corporation and a subsidiary corporation that is wholly owned, directly or indirectly, by the parent corporation; and
> between two subsidiary corporations that are wholly owned, directly or indirectly, by the same parent corporation.

Eligible Corporations

The rule would apply only to corporations resident in Canada that are subject to tax under Part I of the Act. However, certain types of corporations that are considered conduits for their shareholders or members would not be able to transfer or receive losses.

Eligible Losses and Annual Joint Election

The rule would permit current-year non-capital losses to be transferred. A corporation could elect to transfer all or part of its current-year non-capital loss.

The transferor and transferee would be required to make a joint election. The transferee would be permitted to deduct the elected amount in computing its income for the relevant taxation year. The transferor's non-capital loss for the relevant taxation year would be reduced by the elected amount. Any portion of the transferred amount that is not deducted by the transferee in that year would not be made available for carryback or carryforward.

Provincial Allocation

A loss arising in a province or territory could only be transferred to offset income arising in that same jurisdiction.

In particular, the rule would be available only where:

> the transferor has a permanent establishment in only one province or territory;
> the transferee has a permanent establishment in only one province or territory; and
> the permanent establishments of the transferor and transferee are located in the same province or territory.

Tax Integrity

The purpose of a loss transfer rule would be to provide a more efficient mechanism by which income of a corporate group could be offset by non-capital losses of the group.

However, applying a loss transfer mechanism to a group of corporate entities, each of which is taxed on a stand-alone basis, may result in other unintended tax benefits.

These tax integrity concerns could be addressed through rules that adjust the tax cost of a group member's shares or underlying assets, or that recalculate tax attributes when a corporation enters or leaves a wholly owned corporate group.

Administrative Penalties

Budget 2026 proposes several amendments to administrative penalties under federal tax statutes.

Inflation Adjustment of Fixed-Dollar Administrative Penalties

Budget 2026 proposes to increase most fixed-dollar penalties to broadly account for inflation since their enactment, so that they remain meaningful and proportionate. Generally, older penalties would increase by a factor of two or three, depending on when they were enacted, while most recent penalties would remain unchanged, subject to limited exceptions. Budget 2026 also proposes to index these fixed amounts to inflation once every five years.

Medium and Large Corporations and Partnerships

Budget 2026 proposes to calibrate certain penalty amounts by taxpayer size. These would apply to penalties for failing to provide required information on a form, failing to file certain tax forms, and failing to comply with certain other obligations under the Act.

Individuals and smaller corporations and partnerships would remain subject to a base level of fixed penalty amounts. Medium corporations and partnerships would be subject to penalties equal to three times the base amounts. Large corporations and partnerships would be subject to penalties equal to eight times the base amounts.

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Medium corporations would be those that, together with any related corporations, have a combined total of more than $10 million and up to $50 million of taxable capital employed in Canada. Large corporations would be those that, together with any related corporations, have a combined total of more than $50 million of taxable capital employed in Canada. For this purpose, a corporation that is a Canadian-controlled private corporation would only be treated as related to a corporation with which it is also associated.

Medium partnerships would be those that have $2 million but less than $10 million in gross revenue and large partnerships would be those that have $10 million or more in gross revenue.

Repeated Failures

Budget 2026 proposes new penalties that would apply to repeated failures to file tax forms and repeated failures to comply with obligations that do not have a more specific penalty. These penalties would generally double the base penalty that applies in respect of the first failure. The amount of the penalty would be further increased in accordance with the calibration rules for corporations and partnerships discussed above.

These penalties would apply only to a failure in respect of a particular taxation year if the person or partnership has been liable for a penalty for the same type of failure in any of the three preceding taxation years. In addition, the person or partnership must have failed to remedy the current failure after being sent a notice, requirement or demand by the CRA.

Technical Act Amendments

Budget 2026 also proposes to make a number of technical amendments to maintain the integrity of the penalty regime in the Act.

Other Tax Statutes

Changes are also proposed to certain penalties under the Goods and Services Tax/Harmonized Sales Tax (GST/HST) provisions of the *Excise Tax Act* (ETA), the *Excise Act, 2001*, the *Air Travellers Security Charge Act*, the *Select Luxury Items Tax Act* and to align them with inflation adjustments proposed under the Act. Specifically, Budget 2026 proposes to increase most fixed-dollar administrative penalties under these statutes and index them to inflation once every five years in line with proposed income tax penalties. These amounts would be increased by a factor of two or three, or otherwise adjusted as necessary to ensure consistency across the federal tax statutes.

Under the *Excise Act, 2001*, the Minister may issue a demand for any person to file a return within a reasonable period of time. Budget 2026 proposes to increase the amount for the penalty for failing to file a return following a ministerial demand from $250 to $1,000.

Coming into Force

These Act measures would apply to taxation years or fiscal periods ending after 2027. Changes to penalties under the ETA, *Excise Act, 2001*, *Select Luxury Items Tax Act* and *Air Travellers Security Charge Act* would generally apply to reporting periods that end after 2027.

MEASURES PERTAINING TO TAXPAYERS

Instalment Payments for Individuals and Corporations

Increasing the Instalment Thresholds

Budget 2026 proposes to increase the threshold from $3,000 to $7,500 for corporations and individuals resident outside Quebec, and from $1,800 to $4,500 for individuals resident in Quebec. The thresholds would be indexed to inflation and rounded to the nearest $500. Any remaining tax payable for a taxation year would be due on the applicable balance-due date.

Coming into Force

This measure would apply to taxation years that begin on or after January 1, 2028. As with the current rules, in determining whether instalments would be required, the relevant threshold would need to be exceeded for the current year and either of the two previous years.

Allowing an Annual Instalment for All Individuals with Business Income

Budget 2026 proposes that individuals whose primary source of income is from a business (including professional or commission income) be allowed to make a single annual instalment payment, instead of quarterly instalments. The single instalment payment would equal two thirds



of their combined federal-provincial net tax owing for the year and be due by December 31. The remainder would be due on the applicable balance-due date. This change would extend similar treatment to what is currently available for farming and fishing income to other business income.

Coming into Force

This measure would apply to the 2028 and subsequent taxation years.

Foreign Income Verification Statement – Form T1135

Budget 2026 proposes to increase the threshold above which Form T1135 must be filed from $100,000 to $200,000. The CRA would also increase the threshold for simplified reporting from less than $250,000 to less than $500,000.

Coming into Force

These measures would apply to taxation years or fiscal periods that end after 2026.

Objections to Assessments

Budget 2026 proposes, for most taxpayers, to amend the deadline to file a notice of objection to an income tax assessment to one year after the day the notice of assessment is sent. For individuals and graduated rate estates, Budget 2026 proposes to amend the deadline to the later of one year after the notice of assessment is sent and two years from the tax return filing due date for the taxation year being assessed. Consequently, taxpayers would no longer need to apply for an extension of time and the ability to do so would be eliminated.

Coming into Force

This amendment would apply to assessments sent on or after the day that is three months after royal assent.

Disclosure of Tax Debt to Credit Bureaus

Budget 2026 proposes to amend the Act to allow the CRA to disclose information about a taxpayer's tax debts to credit bureaus.

The CRA would be permitted to disclose a taxpayer's tax debt only where:

- the taxpayer's outstanding tax debt exceeds $50,000;
- the assessments or reassessments giving rise to the tax debt are not under objection or appeal, and all rights of objection and appeal in respect of them have expired or been exhausted;
- the CRA has notified the taxpayer in writing of its intention to disclose the tax debt at least 30 days prior to disclosure; and
- before the disclosure, the CRA has taken reasonable steps to collect the tax debt and has given the taxpayer an opportunity to make reasonable repayment arrangements.

Similar amendments would be made to the ETA on the same conditions to allow the CRA to disclose information about GST/HST debts to credit bureaus.

Coming into Force

This measure would apply on royal assent of the enacting legislation.

MEASURES PERTAINING TO SALES AND EXCISE TAX

GST/HST Health Measures

Budget 2026 proposes changes to ensure that the GST/HST treatment of certain health care services and devices remains aligned with developments in the health care sector.

GST/HST Treatment of Massage Therapy Services

Budget 2026 proposes that qualifying massage therapists be added to the list of health care practitioners whose professional services are exempt from the GST/HST.

Qualifying massage therapy services would generally be exempt from the GST/HST if they are supplied by a person who practices the profession of massage therapy and either of the following conditions are met:

- where the person is required to be licensed or certified to practice the profession in the province in which the service is supplied, the person is so licensed or certified; or
- where the person is not required to be licensed or certified to practice the profession in that province, the person has qualifications



equivalent to those necessary to be so licensed or certified in another province.

Coming into Force

This measure would apply to qualifying supplies of massage therapy services made after November 5, 2026.

GST/HST Treatment of Alternating Electric Field Therapy Devices

Budget 2026 proposes to add devices that are specially designed for alternating electric field therapy for use by an individual with cancer to the list of medical devices eligible for zero-rating under the GST/HST. An alternating electric field therapy device to treat glioblastoma multiforme, an aggressive form of brain cancer, is approved by Health Canada for use in Canada.

Coming into Force

This measure would apply to qualifying supplies made after November 5, 2026.

Pre-Approval Regime for GST/HST Input Tax Credit Allocation Methods of Financial Institutions

Budget 2026 proposes to amend the ETA to allow certain financial institutions to apply for pre-approval of their GST/HST input allocation methods for three consecutive fiscal years, rather than only in respect of one fiscal year. In the case of a three-year application, the Minister could approve the methods for the first fiscal year only (for example, where the proposed methods are novel). In that case, the financial institution could make subsequent pre-approval applications for the second and third fiscal years and request to use the same or different methods.

Coming into Force

This measure would apply in respect of fiscal years of a financial institution beginning after June 30, 2027.

Product Descriptions and Regulatory Cross-References in Sales and Excise Tax Rules

Budget 2026 proposes to update outdated Harmonized Commodity Description and Coding System codes and regulatory cross-references in the sales and excise tax rules. Most of these changes would preserve the existing tax treatment of affected goods while making the rules easier for importers and administrators to interpret and apply. In some cases, the changes would also broaden or simplify relief to align it with current customs rules, commercial practices or the treatment of comparable goods.

Coming into Force

These changes would generally come into force on the first day of the second month after the enacting legislation receives royal assent.

Cannabis Taxation

Budget 2026 proposes changes to the cannabis excise duty stamping regime and measures to strengthen the penalty framework.

Budget 2026 proposes changes to the cannabis excise duty stamping regime. A new common stamp would be used for products sold in all provinces and territories with the same duty rate (Quebec, Nova Scotia, New Brunswick, British Columbia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories and Yukon) and in other participating jurisdictions that choose to adopt the common stamp in their jurisdictions.

Coming into Force

Provinces and territories would have until January 31, 2027 to confirm their participation to the Minister of Finance and National Revenue.

Spirits Licence Security Requirements

Budget 2026 proposes to:

> Require excise warehouse licensees authorized to possess non-duty-paid packaged spirits to provide security as a condition of licensing. This requirement would not apply to an excise warehouse licence held by His Majesty in right of a province or a liquor authority.
> Base security amounts on monthly excise duty liabilities. Security would be subject to a minimum of $5,000 and a maximum of $2 million for each licence.

Coming into Force

The measure would apply to spirits licences and excise warehouse licences issued on or after the



day that the enacting legislation receives royal assent.

Federal Fuel Excise Tax Licensing Framework

Budget 2026 proposes amendments to the ETA to expand the eligibility for a wholesaler licence to businesses that resell gasoline, diesel and aviation fuel (collectively, "fuel") in the normal course of their business and to broaden the relieving rules for fuel purchased or imported by licensed manufacturers. Budget 2026 also proposes to introduce a time-limited payment in respect of certain past instances in which tax became payable more than once on the same quantity of fuel.

Expansion of the Wholesale Licensing Framework

Under the proposed new rules, an entity would be eligible to apply for a wholesaler licence if the entity meets expanded conditions. Specifically, the entity must be in the business of selling or delivering fuel and, in the normal course of that business, must deliver fuel to a purchaser that is a licensed manufacturer, a licensed wholesaler, or another entity that will resell the fuel in the normal course of their business.

Coming into Force

These proposed changes would come into force on the first day of the month following royal assent of the enacting legislation.

Relieving Rules for Licensed Manufacturers

The proposed new rules would also permit licensed manufacturers to import fuel without paying the tax, or to purchase fuel without triggering the tax for the vendor, if they intend to resell the fuel. In the case of purchased fuel, relief would be available whether the fuel is acquired from a licensed manufacturer or a licensed wholesaler.

Coming into Force

These proposed changes would come into force on the day following November 5, 2026.

Time-limited Payment

Budget 2026 proposes a time-limited payment to provide relief in certain past cases where the tax effectively applied more than once to the same quantity of fuel. The Minister of National Revenue would be authorized to make a payment to a licensed manufacturer (the "applicant") when all of the following conditions are met:

> Tax was paid by another entity on or after January 1, 2017 and before November 5, 2026 in respect of fuel acquired by the applicant, and that tax was reflected in the applicant's purchase price;
> Tax subsequently became payable on or after January 1, 2017 and before November 5, 2026 by the applicant on the fuel when the fuel was resold;
> The applicant did not embed any portion of the first instance of tax in the selling price when reselling the fuel;
> The applicant claimed deductions corresponding to the first instance of tax for reporting periods ending on or after January 2017 and before November 5, 2026 and those deductions were denied by the Minister of National Revenue on assessment or reassessment;
> No refund, rebate, drawback, remission or other payment in respect of the first instance of tax has been or may be granted to any entity;
> The applicant provides evidence satisfactory to the Minister of National Revenue that all the above conditions are met; and,
> The application is made within two years after the day on which the enacting legislation receives royal assent.

Coming into Force

The proposed amendments for this payment would come into force on the day following royal assent of the enacting legislation.

MEASURES PERTAINING TO INTERNATIONAL TAX

Common Reporting Standard

Budget 2026 announces the government's intention to consult on potential measures to strengthen Canada's implementation of the Common Reporting Standard.



Taxable Canadian Property

Canada generally taxes non-residents on their income and gains from the disposition of taxable Canadian property (TCP).

Corporate Vendors

Budget 2026 proposes to reduce the withholding and remittance rates from 25 and 50 per cent to 15 and 30 per cent, respectively (as shown in Appendix 3).

Section 85 Rollovers

Budget 2026 proposes to exempt vendors and purchasers from the withholding and tax remittance requirements for fully tax-deferred section 85 rollovers of TCP provided that, within 30 days of the disposition, the section 85 election form is filed and the purchaser provides a notice to the CRA setting out information regarding the transaction and the vendor.

An existing anti-avoidance rule denies a tax-deferred rollover if, within three years, there is a subsequent disposition of the transferred property or substituted property, and one of the main purposes of the series was to benefit from an exemption from Canadian tax (e.g., under a tax treaty). Budget 2026 proposes to strengthen this rule for rollovers of TCP by non-residents by extending the three-year period to five years and ensuring that a subsequent disposition of a property that principally derives its value from the transferred property or substituted property is also subject to the rule.

Coming into Force

These measures would apply to dispositions that occur on or after January 1, 2027.

OTHER MEASURE

Indigenous Tax Jurisdiction Arrangements

Budget 2026 proposes enhancements to First Nations Personal Income Tax and First Nations Goods and Services Tax arrangements.

> Increasing the First Nations Personal Income Tax revenue-sharing rate from 95 per cent to 99 per cent of revenues attributable to a participating government, in conjunction with a revised revenue-sharing mechanism.

> Establishing an annual ceiling on a participating Indigenous government's share of the cost of the Canada Groceries and Essentials Benefit under First Nations Goods and Services Tax arrangements.

Coming into Force

These enhancements would be implemented through negotiations between the federal government and interested Indigenous governments.

PREVIOUSLY ANNOUNCED MEASURES

Budget 2026 confirms the government's intention to proceed with the following previously announced tax and related measures, with any modifications resulting from consultations and deliberations since their release.

> Legislative and regulatory proposals released on September 15, 2026, to implement the Productivity Mega Deduction.

> Legislative and regulatory proposals released on July 23, 2026, including the following measures:

- Disability Tax Credit;
- Red Seal Completion Bonus;
- Investment Tax Credit for Carbon Capture, Utilization and Storage;
- Investment Income Derived from Assets Supporting Canadian Insurance Risks;
- Transfer Pricing;
- Hybrid Mismatch Arrangements;
- GST/HST reverse charge mechanism;
- Technical amendments to the Act and Regulations;
- Technical amendments to the *Global Minimum Tax Act*; and
- Technical amendments to the ETA, the *Excise Act, 2001*, the *Air Travellers Security Charge Act*, the *Select Luxury Items Tax Act*, and related regulations.

> Legislative proposals released on January 29, 2026, to implement reporting requirements for non-profit organizations.

> Legislative proposals released on August 12, 2024, with respect to technical amendments to the Act.

> Tax measures relating to non-compliance with information requests, announced in



Budget 2024, to be implemented through amendments to the ETA, the *Air Travellers Security Charge Act*, the *Excise Act, 2001* and the *Select Luxury Items Tax Act*.

> Legislative proposals released on August 4, 2023, with respect to tax-exempt sales of motive fuels for export.

> Legislative and regulatory proposals released on August 9, 2022, including the following measures:

- Technical amendments to the Act and Regulations; and
- Remaining legislative proposals relating to excise duties.

Budget 2026 also reaffirms the government's commitment to move forward as required with other technical amendments to improve the certainty and integrity of the tax system.

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APPENDIX 1

Expenses for which no prescription or certification of the medical condition would be required

Eligible expense
Insulin
Device or equipment designed exclusively for individuals suffering from a severe chronic respiratory ailment or a severe chronic immune system disregulation (e.g., continuous positive airway pressure machine)
Infusion pump, including disposable peripherals, used in the treatment of diabetes
Blood coagulation monitor, including disposable peripherals, for anti-coagulation therapy

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APPENDIX 2

Expenses for which only certification of the medical condition would be required

Eligible expense and medical condition to be certified by an authorized medical practitioner
Liver extract injectible or vitamin B12 for use by an individual who has pernicious anaemia
Device or equipment exclusively designed to pace or monitor the heart of an individual who suffers from heart disease
External breast prosthesis for use by an individual who has had a mastectomy
Teletypewriter or similar device, including a telephone ringing indicator, for use by a mute or deaf individual to make and receive phone calls
Optical scanner or similar device designed to be used by a blind individual to read print
Device or software designed to be used by an individual who is blind or has a severe learning disability to read print
Power-operated lift or transportation equipment designed exclusively for use by, or for, a disabled individual, to allow the individual to gain access to different areas of a building, to assist the individual to gain access to a vehicle, or to place the individual's wheelchair in or on a vehicle
Device designed exclusively to enable an individual with a mobility impairment to operate a vehicle
Braille printer designed exclusively to be used by a blind individual
Electronic speech synthesizer for use by a mute individual
Visual or vibratory signaling device, including a visual fire alarm indicator, for an individual with a hearing impairment
Device designed to be attached to infants diagnosed as being prone to sudden infant death syndrome in order to sound an alarm if the infant ceases to breathe
Talking textbook for use by an individual with a perceptual disability in connection with their enrolment at an educational institution in Canada or a designated educational institution
Braille note-taker designed to be used by a blind individual
Page turner designed to be used by an individual who has a severe and prolonged impairment that markedly restricts their ability to use their arms or hands
Altered auditory feedback device designed to be used by an individual who has a speech impairment
Standing device designed to be used by an individual who has a severe mobility impairment

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APPENDIX 3

Current and Proposed Withholding and Remittance Requirements

Type of TCP	Current Rules		Proposed Rules	
	Purchaser's Withholding Obligation	Vendor's Tax Remittance for Issuance of a Clearance Certificate	Purchaser's Withholding Obligation	Vendor's Tax Remittance for Issuance of a Clearance Certificate
Capital property other than specified TCP	25 per cent of the purchase price	25 per cent of the capital gain	15 per cent of the purchase price	15 per cent of the capital gain
Specified TCP	50 per cent of the purchase price	Such amount as is acceptable to the CRA	30 per cent of the purchase price	Same rules apply

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