



Budget 2025 (<https://budget.canada.ca/2025/home-accueil-en.html>) proposed a wide array of changes that impact individuals, businesses and other organizations. Below are the top 9 areas accountants and small business advisors should be aware of:

1. **Accelerated CCA** – Several new and extended accelerated capital cost allowance (CCA) measures would apply to capital asset acquisitions, including:
 - immediate expensing for manufacturing and processing buildings;
 - immediate expensing for productivity-enhancing assets (class 44, 46 and 50), including computers and systems software;
 - reinstatement of the accelerated investment incentive, with phase-out beginning in 2030; and
 - reinstatement of accelerated CCA for manufacturing or processing machinery and equipment, clean energy generation and energy conservation equipment and zero-emission vehicles.
2. **Bare Trust Filing Deferral** – The Government confirmed its intent to proceed with the August 15, 2025 proposals, subject to further modifications following consultations. However, the reporting requirements for bare trusts would be deferred to taxation years ending on or after December 31, 2026. No filings for bare trusts would be required for the 2025 taxation year.
3. **Expanded NPO Reporting Requirement Deferral** – The Government confirmed its intent to proceed with expanded reporting requirements for NPOs, including basic filings for smaller NPOs and regular filing requirements for entities with receipts over \$50,000. However, this proposal would be deferred to apply for taxation years beginning on or after January 1, 2027, rather than commencing for 2026.

4. **Underused Housing Tax (UHT) cancellation** – The UHT would be eliminated as of the 2025 calendar year. No UHT would be payable and no UHT returns would be required for the 2025 and subsequent calendar years. Filing obligations, penalties and interest for prior periods would remain in place.
5. **Intercorporate dividends** – In certain situations, a new rule would suspend dividend refunds that would normally be received on dividends paid to affiliated corporations.
6. **Clean Energy Sector** – Various modifications to incentives related to the clean economy were proposed.
7. **Automated Personal Tax Filing** – The government would begin automatically filing tax returns for certain low-income Canadians starting with the 2025 taxation years. Filing would begin in 2026.
8. **Capital Gains Inclusion Rate and the Canadian Entrepreneurs' Incentive** – The government has confirmed the cancellation of the proposed increase to the capital gains inclusion rate and the Canadian entrepreneurs' incentive.
9. **Previously Announced Measures** – The government stated that it intends to proceed with several previously announced measures, including the capital gains rollover on small business investments, making the Canada carbon rebate for small businesses tax-free, allowing charitable donations made in early 2025 to be claimed in 2024 and increasing the lifetime capital gains exemption limit to \$1,250,000 effective in 2024.

Read the Full Budget here. (<https://budget.canada.ca/2025/home-accueil-en.html>)



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We'll be discussing relevant Federal Budget Updates at Tax Update 2025. Join Canada's top tax experts for practical insights, key updates, and proven strategies at Tax Update 2025, available in-person, virtual live, or on demand. Tax specialists offer insights gained from decades of providing tax advisory services to individuals and owner-managed private corporations. Don't miss this seminar, reserve your spot today!

Already attended Tax Update 2025? Updates related to the Federal Budget will be included in the Follow Up webinar being released to registrants Dec 5, 2025