



ADVANCED WEALTH PLANNING GROUP  
CAPITAL GAINS INCLUSION  
**RATE INCREASE POSTPONED**



## Federal Government Defers Capital Gains Inclusion Rate Increase to 2026

Today, the Minister of Finance and Intergovernmental Affairs, Dominic LeBlanc, announced that the federal government will postpone the implementation of the proposed increase to the capital gains inclusion rate—from one-half to two-thirds. Originally set to take effect on June 25, 2024, the new proposed implementation date is now **January 1, 2026**.

While this announcement provides little solace to taxpayers who had already undertaken planning for the previous June 25, 2024 implementation date, it does offer clarity for individual taxpayers regarding their 2024 tax reporting.

### Key Highlights:

#### Increase to the Lifetime Capital Gains Exemption (LCGE)

The proposed increase in the LCGE to \$1.25 million on the sale of qualified property remains unchanged. Importantly, this measure is still proposed to come into effect as of **June 25, 2024**, and will not be deferred to January 1, 2026.

#### \$250,000 Annual Threshold for Individuals

The government reaffirmed its commitment to introducing an annual \$250,000 threshold for individuals, meaning only capital gains exceeding this threshold amount will be subject to the higher inclusion rate. This measure is now proposed to take effect on **January 1, 2026**.

#### Canadian Entrepreneurs' Incentive

The Canadian Entrepreneurs' Incentive, which was announced alongside these measures in the 2024 Federal Budget, will proceed as planned, taking effect starting on **January 1, 2025** and will not be deferred to January 1, 2026.

- For additional information on the previously announced measures, be sure to check out the AWPG article titled "2024 Federal Budget Highlights" found [HERE](#).

## **Impact on Administration and Tax Filings:**

Previously, the Canada Revenue Agency (CRA) stated that it would cease to administer the proposed measure if no implementation bill is passed by Parliament, and the government signals its intent to not proceed with the proposals. Given today's announcement, it is unlikely that the CRA will proceed with administering the proposed increase to the capital gains inclusion rate for the 2024 taxation year.

Corporations that have already filed tax returns based on the previously announced June 25, 2024 implementation date for the capital gains inclusion rate increase may need to amend their returns to recover any excess taxes paid.

The official news release can be found on the Department of Finance website [HERE](#).