

HIGHLIGHTS

Federal Economic Update

April 28, 2026

MEASURES PERTAINING TO INDIVIDUALS

- 1. Making it Easier to Access the Disability Tax Credit:** The Spring Economic Update 2026 (“The Update”) proposes to streamline the application process for individuals with certain long-lasting medical conditions, beginning in the 2026 taxation year, and expand the list of medical practitioners who can certify eligibility for the Disability Tax Credit, beginning in the 2027 taxation year.
- 2. Extending the Grace Period for the Home Buyers’ Plan:** The Update proposes to extend the grace period during which homeowners are not required to start repaying their Home Buyers’ Plan withdrawals from their Registered Retirement Savings Plan (RRSP) from two years to five years, for participants making a first withdrawal between January 1, 2026 and December 31, 2028. This extended grace period already applies to withdrawals made between 2022 and 2025.
- 3. Employee Ownership Trust Tax Exemption:** Individuals (other than trusts) are provided an exemption from taxation on up to \$10 million in capital gains realised on the sale of a business, including to an employee ownership trust, subject to certain conditions. The exemption was introduced as a temporary measure. The Update proposes to make this exemption permanent.
- 4. Enhancing the Labour Mobility Deduction for Tradespeople:** The Update proposes to increase the annual limit on expenses that can be deducted under the Labour Mobility Deduction for Tradespeople from \$4,000 to \$10,000, indexed annually to inflation, and to modify the minimum distance threshold for relocations from 150 kilometers to 120 kilometers, effective for the 2026 and subsequent taxation years.
- 5. Supporting Workers and Young People:** The Update proposes to launch Team Canada Strong to recruit, train, and hire new Red Seal skilled trade workers, by providing:
 - Up to \$10,000 per apprentice to support employers, particularly small and medium-sized businesses, to hire, train, and retain apprentices.
 - Enhanced income supports during training, including a \$400 per week Apprenticeship Training Grant while apprentices are in mandatory in-class technical training.In addition, there will be new pathways to skilled trades through the Canadian Armed Forces.
- 6. Supporting Workers and Businesses by Reducing Canada Pension Plan Contributions:** The Update announces the government’s intention to introduce legislative amendments to the Canada Pension Plan (CPP) that would implement a reduction in the contribution rate in the base CPP from 9.9 per cent to 9.5 per cent, effective January 1, 2027.
- 7. Extending Employment Insurance Support for Seasonal Workers:** The Update proposes to extend the temporary measure that provides up to five additional weeks of Employment Insurance regular benefits to seasonal claimants in 13 regions, until October 2028.

MEASURES PERTAINING TO BUSINESSES

- 1. Accelerated Capital Cost Allowance Rates for Low-Carbon Liquefied Natural Gas Facilities:** Budget 2025 proposed to reinstate accelerated capital cost allowances for eligible liquefied natural gas (LNG) equipment and related buildings for low-carbon LNG facilities. The Update proposes the implementation details for this measure.

2. **Investment Tax Credit for Carbon Capture, Utilization, and Storage:** The Update proposes that enhanced oil recovery be made an eligible use for the purposes of the Carbon Capture, Utilization, and Storage investment tax credit.

OTHER MEASURES

1. **Canada Strong Fund:** Canada is creating its own sovereign wealth fund – the Canada Strong Fund. The Fund will invest in key, strategic Canadian projects and companies on a commercial basis and alongside private sector investors. Canadians will have the opportunity to invest in the Fund and share in the financial returns generated by these projects and companies. Initially, the government will provide \$25 billion over 3 years to seed the Canada Strong Fund. The Canada Strong Fund will operate as a new Crown corporation, at arms-length from government.
2. **Prioritising Nation-Building Projects in Tax Processes:** The Update announces that the Canada Revenue Agency will prioritise requests for advance income tax rulings related to large-scale, nation-building projects—such as housing and infrastructure—as well as projects of national importance. Priority will also be given to advance income tax ruling requests relating to investments that enhance productivity and strengthen critical sectors of Canada’s economy.
3. **Previously Announced Measures:** The Update confirms the government’s intention to proceed with certain [previously announced tax and related measures](#), as modified to take into account consultations and deliberations since their release, including:
 - a. **Making Essentials More Affordable Through the Canada Groceries and Essentials Benefit:** In January 2026, the federal government announced the new Canada Groceries and Essentials Benefit (CGEB). The CGEB builds on the existing Goods and Services Tax (GST) Credit through:
 - A one-time top-up payment to be issued June 5th—equal to a 50 per cent increase in the annual 2025-26 value of the GST Credit.
 - An increase in the value of the GST Credit by 25 per cent for five years starting in July 2026.
 - b. **Making New Homes More Affordable for First-Time Buyers:** The Government of Canada has eliminated the GST for first-time home buyers on new homes costing up to \$1 million, and reduced the GST for first-time home buyers on new homes between \$1 million and \$1.5 million. This measure generally applies to first-time home buyers who meet eligibility requirements and entered into an agreement to purchase a new home on or after March 20, 2025 and before 2031.
 - c. **Temporarily Suspending the Federal Fuel Excise Tax:** The Government of Canada announced a temporary suspension of the federal fuel excise tax on gasoline, diesel, and aviation fuels. The federal tax rates would be set to zero cents per litre, effective April 20, 2026 until and including September 7, 2026.
 - d. **Increasing Student Grants and Loans:** As announced on March 23, 2026, the government will maintain for one additional year the increase in full-time Canada Student Grants from \$3,000 to \$4,200 per year, and interest-free Canada Student Loans from \$210 to \$300 per week. Increased students grants and loans will be available for the 2026-2027 school year. Québec, the Northwest Territories, and Nunavut do not participate in the federal program, and offer provincial/territorial student assistance programs.