



Table of Contents

Tax Tidbits	1
Liberal Election Platform: Potential Tax-Related Changes	1
First-Time Home Buyers' (FTHB) GST Rebate: Relief for New Home Purchases	3
Automatic Change to Electronic Mail for Businesses: Action Needed.....	3
Electronic Correspondence With CRA: Caution!.....	4
Electronic Payments: CRA Enforcement.....	4
Uncashed Cheques From CRA: Is There One for You?	4
Statute-Barred Assessments: Review Those Returns!	5
Transfer of Property to Shareholder: Tax Consequences	5

This publication is a high-level summary of the most recent tax developments applicable to business owners, investors and high net worth individuals. Enjoy!

Tax Tidbits

Some quick points to consider...

- The government has proposed to **reduce** the **tax rate** on the **lowest bracket** to 14% (from 15%) effective July 1, 2025, resulting in reduced tax for many individuals. This change would be implemented as a 14.5% rate for 2025 and 14% for 2026 onwards. However, the rate for personal tax credits would likewise be reduced, resulting in lower tax credits. Employers were expected to implement this change on a best effort basis for the first pay of July 2025.
- **Applications** for the new **Canada disability benefit** are **now open** and can be made through an electronic [application portal](#), by phone or in person at a Service Canada centre. This is an income-tested benefit intended for working-age people who are approved for the disability tax credit.
- CRA launched a new [self-evaluation and learning tool](#) link (SELT) to help taxpayers assess eligibility for **penalties and interest relief** due to financial hardship, circumstances beyond the taxpayer's control, actions of CRA or other reasons.
- The government has reiterated that the **Canada carbon rebate for small businesses** should be **tax-free**, retroactive to the start of the program (available in AB, SK, MB, ON, NB, NS, PEI and NL). Draft legislation has been released. Once it receives Royal Assent, CRA will be authorized to process amended T2 corporation income tax returns for businesses that previously included the rebate in their taxable income.

Liberal Election Platform: Potential Tax-Related Changes

With the most recent **federal election** resulting in a **Liberal minority** government, individuals and businesses should be aware of their **tax-related platform proposals**, as summarized in the listing below. Many are broad and lack detail, and some were previously announced by the former government.

Business items included:

- reintroducing the **multi-unit rental building (MURB) tax incentive** for home builders (first introduced in the 1970s);
- **broadening the critical mineral exploration tax credit** by expanding qualifying minerals to include critical minerals necessary for defence, semiconductors, energy and other clean technologies;
- **expanding eligible activities** under **Canadian exploration expenses** to include the costs of technical studies, such as engineering, economic and feasibility studies for critical minerals projects;
- **modifying the clean technology manufacturing investment tax credit** to include critical mineral mine development expenses for brownfield sites while expanding the list of priority critical minerals;
- **extending the carbon capture, utilization and storage (CCUS) investment tax credit** to 2035;
- **reinstating the CCA accelerated investment incentive**, including **immediate expensing** for manufacturing or processing machinery and equipment, clean energy generation, energy conservation equipment and zero-emission vehicles;
- **increasing the claimable amount** under the **scientific research and experimental development** tax incentive program (SR&ED) for Canadian companies to \$6 million (from \$3 million);
- establishing a **Canadian patent box** which, according to the costing submission made to the [Parliamentary Budget Officer](#), would carry a **tax rate that is half** of the current federal corporate income tax rate on income derived from certain types of intellectual property, effective July 1, 2025;
- **expanding the flow-through share regime** to include certain **startups**, allowing investors to deduct eligible R&D expenses directly;
- **reducing/removing interprovincial trade barriers** and achieving mutual **recognition of credentials**; and
- introducing a **20% artificial intelligence (AI) deployment tax credit** for small and medium-sized businesses in respect of qualifying **AI adoption** projects, if the taxpayer can demonstrate that the AI expenditure increases jobs.

CRA items included:

- introducing **automatic tax filing**, starting with low-income households and seniors;
- leveraging technology to better **identify and prosecute** instances of **tax evasion**, **fix loopholes** and **strengthen enforcement**; and
- collecting an additional **\$3.75 billion** from **increasing penalties and fines** over a three-year period.

Capital gains/losses items included:

- **cancelling** the proposed **increase to the capital gains inclusion rate**, thereby retaining the 50% inclusion rate.

Corporate tax items included:

- conducting a **review of the corporate tax system** based on the principles of fairness, transparency, simplicity, sustainability and competitiveness.

Employment items included:

- expanding the **labour mobility tax deduction** to cover tradespeople who **travel more than 120 km** from their home to a job site (currently 150 km), as well as significantly **increasing the per-year tax deduction** limit (no amounts were provided);
- supporting **workers affected by US tariffs** by implementing various EI measures; and
- enhancing the EI system to better reflect the **modern workforce with flexible** support.

Estate planning items included:

- **reducing** the **minimum amount** that must be withdrawn from a **registered retirement income fund (RRIF)** by 25% for **one year**; and
- **increasing** the **guaranteed income supplement (GIS)** by 5%.

GST/HST items included:

- reducing GST costs for **first-time homebuyers** by **eliminating the GST on homes** up to \$1 million and reducing it on homes between \$1 million and \$1.5 million.

Personal items included:

- **reducing** the **marginal tax rate** on the **lowest tax bracket** by 1%;
- reviewing and reforming the **process** to apply for the **disability tax credit (DTC)**;
- introducing an **apprenticeship grant** of up to \$8,000 for registered apprentices (it would convert to an interest-free loan if the program was not completed) in addition to the current \$20,000 interest-free loan provided to apprentices; and
- introducing a **refundable health care workers hero tax credit** for personal support workers valued at up to \$1,100 a year.

 **ACTION:** Watch for developments in these areas!

First-Time Home Buyers' (FTHB) GST Rebate: Relief for New Home Purchases

The government has proposed to provide **GST relief** on the purchase of **new homes valued at up to \$1.5 million by first-time home buyers**. Eligible purchases would be entitled to a **100% GST rebate** on homes valued at **up to \$1 million**. The rebate would be **phased out in a linear manner** for homes valued between **\$1 million and \$1.5 million**. For example, a \$1.25 million home would get a 50% rebate on the lesser of \$50,000 (i.e. the GST on \$1 million) and the actual GST paid.

Eligible acquisitions

The FTHB GST rebate would be available on **purchases from a builder, owner-built homes** and on **shares of cooperative housing** corporations. It would generally be available in respect of a detached or semi-detached single-unit house, a duplex, a condominium unit, a townhouse, a unit in a co-operative housing corporation, a mobile home (including a modular home) and a floating home.

First-time home buyer

At least **one of the purchasers must be a first-time home buyer** who is not only **acquiring/building** the new home for **use as their primary place of residence** but also must be the **first to occupy** it as a place of residence. To be a first-time home buyer, the taxpayer would need to meet the following conditions:

- be at least **18 years** of age;
- be either a Canadian **citizen** or a **permanent resident** of Canada; and
- **not have lived in a home**, whether inside or outside Canada, that they **owned** or that their spouse or common-law partner owned in the calendar year or in the **four preceding calendar years**.

Acquisition date

For those acquiring the home **from a builder**, the purchase agreement must have been entered into between **May 27, 2025 to December 31, 2030**, inclusive. For **owner-built homes, construction must begin no earlier than May 27, 2025**. In both cases, construction must begin before 2031 and be substantially completed before 2036.

Limitations

A taxpayer would **not be permitted to claim** an FTHB GST rebate if they or their spouse or common-law partner had **previously claimed an FTHB GST rebate**. If the home was acquired pursuant to an **assignment sale**, the original purchase agreement cannot have been entered into before May 27, 2025. There is also an anti-avoidance measure that prevents the cancellation of an agreement before May 27, 2025 and a replacement agreement entered into on or after that date.

ACTION: Be aware of this new incentive for first-time home buyers.

Automatic Change to Electronic Mail for Businesses: Action Needed

As of June 16, 2025, CRA **changed the default correspondence method for most businesses to online only** (i.e. not delivered by paper mail). As business correspondence is presumed **received** on the date that it is **posted online** to CRA's My Business Account, it can be **problematic** if correspondence requiring action **goes unnoticed**.

To receive **notifications** that mail has been posted online, the taxpayer must provide CRA with an **email address** and **register** that address for notifications related to **each applicable program** (e.g. GST/HST, payroll, corporate tax, etc). **Regardless** of whether the business registers for notifications or even **provides an email address**, it will **still be transitioned** to online mail. The presumption of receipt applies regardless of whether the taxpayer receives notifications. Businesses should ensure to **sign up for My Business Account** to avoid losing access to important CRA correspondence.

Businesses **can opt out** of receiving online mail (thereby receiving paper mail) by changing their settings in the Profile section of **My Business Account** or by **submitting Form RC681** Request to Activate Paper Mail for my Business to CRA. However, CRA may still provide **online-only mail** until they finish **processing the request**. Communications posted within 30 days of a request are still presumed to be received on the day of posting. As such, taxpayers should **monitor** their online CRA account during the **transition period**. Requests can only be made by an individual with signing authority, such as an owner, director or legal representative as reflected in CRA's records.

It is important to ensure that **mailing addresses are kept current** as **undeliverable mail** will result in a **change back to online mail**. In addition, businesses will need to make a **new request** to activate paper mail **every two years**.

If paper mail is selected for existing business program accounts and a **new account** is registered, a **new request for paper mail** will be required for that account.

ACTION: Consider whether paper mail or online-only mail is your preferred method of communication with CRA. If you prefer paper mail, ensure to opt out of online mail for all relevant program accounts and monitor your online accounts during the transition period.

Electronic Correspondence With CRA: Caution!

An April 29, 2025 French **Federal Court** case reviewed the taxpayer's application for **judicial review** of CRA's **denial** of a waiver of **interest and penalty taxes** on her excess TFSA contributions for the 2021 and 2022 taxation years (1%/month during which the excess contributions remained in the TFSA).

On **July 26, 2022**, CRA issued a notice of **assessment** outlining the **excess** contributions, which was delivered to the taxpayer's **online CRA account**. The taxpayer, unaware of this communication, discovered the excess contribution in **February 2023**, when she **logged in** to her online CRA My Account to apply for employment insurance sickness benefits. She **withdrew the excess within days**.

The taxpayer argued that she had **forgotten** that she had **changed** her **communication preferences** from paper to **electronic** and, given her **lack of technological expertise**, she had **not linked** her **email address** with her online CRA account to receive the notifications.

CRA denied the relief, asserting that the **excess must be withdrawn "without delay"** for discretionary relief to be considered. Without delay has been defined administratively by CRA as a period of **30 days following** the time that the individual is **informed** of the **excess contribution**. CRA asserted that this was the **date** that the **assessment was posted electronically** (July 26, 2022). As the amount was withdrawn **more than 6 months** after this time (February 2023), CRA's position was that the amount was **not withdrawn without delay**.

Taxpayer loses

The Court found **CRA's denial reasonable**, emphasizing that taxpayers who opt for **electronic communication** and **neglect** to **check their account regularly cannot complain** that they are unaware of CRA communications. In addition, CRA is not required to demonstrate that a taxpayer received mail; **CRA must only demonstrate** that the **mail was posted**.

ACTION: If receiving electronic-only CRA communications, ensure to provide CRA your email address to get notifications and check the portal regularly.

Electronic Payments: CRA Enforcement

Since January 1, 2024, most remittances or **payments to the Receiver General** (e.g. GST/HST and income tax) in amounts exceeding **\$10,000** have been **required** to be made by electronic payment unless the payer or remitter cannot reasonably do so. A penalty of \$100 can apply for each failure.

In June 2025, CRA advised CPA Canada that they will **not currently enforce** these **penalties** and will give **advance notice if this changes**. Meanwhile, it will focus on educating and encouraging taxpayers to make electronic payments, including those made through banks, credit unions, online banking, CRA portals or third-party providers.

ACTION: Although CRA is not currently assessing penalties, taxpayers should consider switching to electronic payments now to avoid surprises if/when enforcement begins.

Uncashed Cheques From CRA: Is There One for You?

Government-issued cheques never expire, so they can be cashed at any time. If they have been lost or damaged, they can be **replaced** at the **taxpayer's request**. To find uncashed cheques for individuals, taxpayers should go to their **online CRA account** (My Account) and select "Uncashed cheques" on the "Overview" page or the "Accounts and payments" page. If an uncashed cheque is listed, taxpayers may download, print, and submit the pre-filled form (Form PWGSC 535, Undertaking and Indemnity) to request that the cheque be replaced.

A May 12, 2025 National Post article (CRA looking for the owner of 160 cheques worth over \$100K. Could it be you?, Christopher Nardi) noted that there were **over ten million uncashed cheques**, worth approximately **\$1.7 billion**. While the **vast majority** are **under \$1,000**, the article indicated that **nearly 190,000** are **larger**, with **160 exceeding \$100,000**. These cheques date back as far as 1998.

ACTION: Check your CRA My Account to see if you have any uncashed cheques from CRA.

Statute-Barred Assessments: Review Those Returns!

An April 17, 2025 **Tax Court of Canada** case considered whether CRA could **reassess beyond the normal reassessment period** for the 2014 and 2015 taxation years based on alleged misrepresentations related to **omitted capital gains** and **improperly claimed capital cost allowance (CCA)** and recapture. Gross negligence penalties were also assessed.

Taxpayer loses – statute-barred

A **\$6.1 million taxable capital gain** for 2015 was omitted due to what the taxpayer called an **“inexplicable glitch”** in the **external accountant’s** preparation process. Although the capital gain had been **correctly included** in earlier **draft financial** statements, it was ultimately omitted from the final tax return **without** anyone having **reviewed** the return before filing.

In respect of **CCA and recapture** for 2014 and 2015, the taxpayer argued that **CRA’s failure** to provide **finalized undepreciated capital cost (UCC) balances**, which was promised during previous audits, left them unable to claim accurate amounts. However, the Court noted that the taxpayer **decided to file** the corporate tax returns **without** the finalized UCC balances **or even reviewing the returns**. The Court found that the circumstances surrounding **both issues amounted to neglect**, noting that the taxpayer’s use of financial statements and Form T183 (this is the form with limited income information that authorizes e-filing) as proxies for the tax return review was insufficient. Reassessment beyond the normal reassessment period was permitted.

Taxpayer wins – gross negligence penalties

The Court found that while the taxpayer’s conduct may have been **negligent**, it did **not rise to gross negligence**, which would require a high degree of disregard for tax obligations. Longstanding practices, reliance on both internal and external accountants and a lack of egregious indifference led the Court to conclude that there was **no mal intent or wilful blindness**. The gross negligence penalties were cancelled.

ACTION: Review the full tax return and not just Form T183 before filing.

Transfer of Property to Shareholder: Tax Consequences

In a May 1, 2025 French **Federal Court of Appeal (FCA)** case, the Court considered whether a taxable benefit was conferred on the **transfer of real property** from a corporation to its **shareholder**.

In 2013, a corporation **owned** equally (50/50) by the taxpayer and her spouse **transferred a building** worth \$430,000 to them. CRA reassessed the taxpayer to include a **taxable benefit** for her portion of the building’s value (\$215,000).

Taxpayer loses

Although the taxpayer argued that she had provided **consideration** by **assuming three mortgages on the building**, the Tax Court of Canada (TCC) found that she had **not** assumed the obligations **personally**. The taxpayer also argued that the **benefit** should be **negated** because she **resold the building** to the corporation for \$1 in 2017. The FCA noted that **no provision** in the Income Tax Act **retroactively nullifies a taxable benefit** due to a subsequent transaction. As such, the FCA upheld the TCC decision that there was a taxable benefit.

ACTION: If transferring assets out of the corporation, talk to a professional to determine the tax consequences and what supporting documents should be retained.

The preceding information is for educational purposes only. As it is impossible to include all situations, circumstances and exceptions in a newsletter such as this, a further review should be done by a qualified professional.

No individual or organization involved in either the preparation or distribution of this letter accepts any contractual, tortious, or any other form of liability for its contents.

If you have any questions, give us a call!



GRAHAM SCOTT ENNS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

P. 519-633-0700 • F. 519-633-7009
450 Sunset Drive, St. Thomas, ON N5R 5V1

P. 519-773-9265 • F. 519-773-9683
25 John Street South, Aylmer, ON N5H 2C1

www.grahamscottenns.com