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LEGISLATIVE SUMMARY

BILL C-31: A SECOND ACT TO IMPLEMENT CERTAIN PROVISIONS OF THE BUDGET TABLED IN PARLIAMENT ON NOVEMBER 4, 2025

45-1-C31-E

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BUDGET IMPLEMENTATION BILL

UNEDITED

AUTHORSHIP

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Joey Arsenault-Watters
Antoine Dedewanou
Kelly Farrah
Jesse Good
Brian Hermon
Alexandre Lafrenière
Michaël Lambert-Racine
Olivier Leblanc-Laurendeau
Andrés León
André Léonard
Joëlle Malo
Robert Mason
Perez-Leclerc, Mayra
Édison Roy-César
Katherine Simonds
Anne-Marie Therrien-Tremblay
Maxime-Olivier Thibodeau
Ryan van den Berg
Adriane Yong

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For clarity of exposition, the legislative proposals set out in the bill described in this legislative summary are stated as if they had already been adopted or were in force. It is important to note, however, that bills may be amended during their consideration by the Senate and House of Commons and have no force or effect unless and until they are passed by both houses of Parliament, receive Royal Assent and come into force.

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Legislative Summary of Bill C-31
(Budget implementation bill)

45-1-C31-E

Ce document est également publié en français.

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LEGISLATIVE SUMMARY OF BILL C-31: A SECOND ACT TO IMPLEMENT CERTAIN PROVISIONS OF THE BUDGET TABLED IN PARLIAMENT ON NOVEMBER 4, 2025*

1 BACKGROUND

Bill C-31, A second Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025 (short title: Budget 2025 Implementation Act, No. 2),[1] was introduced in the House of Commons on 6 May 2026 by the Honourable François-Philippe Champagne, Minister of Finance and National Revenue. As suggested by the long and short titles, the purpose of the bill is to implement the federal government's overall budget policy, presented to the House of Commons on 4 November 2025.

The bill has four parts:

- Part 1 of Bill C-31 amends the *Income Tax Act* (ITA)[2] and the *Income Tax Regulations* (ITR)[3] to: provide temporary immediate expensing for eligible manufacturing or processing buildings; deliver automatic federal benefits for lower-income individuals; expand the anti-avoidance rule for direct trust to-trust transfers to include indirect transfers of trust property to other trusts; limit the deferral of tax on investment income resulting from the use of tiered corporate structures with mismatched year ends; clarify the expenses that qualify as Canadian exploration expenses; implement the Crypto-Asset Reporting Framework; remove bankrupt corporations, trusts and partnerships from the exception to the debt forgiveness rules; introduce a supplementary rule to strengthen the tax debt anti-avoidance rule; expand the clean hydrogen investment tax credit to include hydrogen produced from methane pyrolysis as an eligible production pathway; enhance the efficiency and effectiveness of information gathering during tax audits; provide that no Canada Carbon Rebate payments will be made in respect of tax returns, or adjustment requests, filed after 30 October 2026; simplify, streamline and harmonize the qualified investment rules; and make a number of technical amendments, including to correct inconsistencies and to better align the law with its intended policy objectives. Part 1 of Bill C-31 also amends the *Excise Tax Act* (ETA),[4] the *Air Travellers Security Act*,[5] the *Excise Act, 2001* (EA, 2001)[6] and the *Select Luxury Items Tax Act*[7] in relation to certain measures of the ITA, and the *Income Tax Conventions Implementation Act, 1996*,[8] which suspends the operation of the Canada–Russia Income Tax Agreement[9] (clauses 2 to 143).

- Part 2 of Bill C-31 amends the *Global Minimum Tax Act* (GMTA)[10] to implement the Undertaxed Profits Rule (UTPR) that subjects the Canadian constituent entities of certain Multinational Enterprise (MNE) groups to top-up tax in respect of the low-taxed profits of constituent entities of those MNE groups not already subject to an Income Inclusion Rule (IIR) or qualified domestic minimum top-up tax, implement certain aspects of the administrative guidance in respect of the GloBE Model Rules approved by the Inclusive Framework and published by the Organisation for Economic Co-operation and Development, and implement a number of technical amendments to correct mistakes or inconsistencies and to better align the GMTA with its intended policy objectives. It also makes amendments to the *Access to Information Act*,[11] the *Income Tax Conventions Interpretation Act*[12] and the *Tax Court of Canada Act*[13] (clauses 144 to 176).
- Part 3 of Bill C-31 amends the ETA, the *Excise Act*,[14] the EA, 2001 and related regulations to implement various measures (clauses 177 to 227).
- Part 4 of Bill C-31, which is divided into 17 divisions, implements various measures. It amends numerous existing Acts that cover many areas of law. It also enacts the Defence Investment Agency Act (clauses 228 to 364).

This unedited legislative summary provides a brief description of the main measures proposed in Bill C-31. For ease of reference, the information is presented in the same order as it appears in the summary of the bill. Unless otherwise specified, provisions in this bill come into force on Royal Assent.

2 DESCRIPTION AND ANALYSIS

2.1 PART 1: IMPLEMENTATION OF VARIOUS INCOME TAX MEASURES

2.1.1 Providing Temporary Immediate Expensing for Eligible Manufacturing or Processing Buildings

Budget 2025 proposed to introduce temporary immediate expensing – that is, a 100% deduction of the capital cost in the first year – for eligible manufacturing and processing buildings, including the cost of eligible additions or alterations, that are acquired on or after 4 November 2025 (Budget Day) and first used for manufacturing or processing before 2030.[15]

Eligible manufacturing or processing buildings in Canada are prescribed a capital cost allowance (CCA) rate of 4% under Class 1, plus an additional 6% for manufacturing and processing buildings, for a total of 10 %. Clause 114(1) of Bill C-31 adds section 1100(1)(a.1)(i) to the *Income Tax Regulations* (ITR) to provide for the immediate expensing of the cost of an "eligible manufacturing building that meets the manufacturing floor space requirement" acquired on or after

4 November 2025 and first used for manufacturing before 2030. The measure would then be phased out over the next four years. A first-year CCA rate of 75% would be provided for eligible property first used in 2030 and 2031, and a rate of 55% for eligible property would be provided for property first used in 2032 or 2033. Clauses 114(2) and 114(3) of Bill C-31 provide that property eligible for this new deduction measure under new section 1100(1)(a.1)(i) in a year would not be eligible for any other CCA deductions or the enhanced first-year CCA for reaccelerated investment incentive property for that year.

Clause 117 of Bill C-31 amends section 1104(2) of the ITR by introducing the definitions of "eligible manufacturing building and manufacturing floor space requirement." In particular, an eligible manufacturing building must be located in Canada, acquired on or after 4 November 2025 and included in CCA Class 1. As well, the property must be new to the taxpayer. It cannot have been previously owned by the taxpayer or a related person, and it cannot have been transferred to the taxpayer on a tax-deferred basis. To meet the manufacturing floor space requirement, at least 90% of the floor space of an eligible manufacturing building must be used for manufacturing.

Clause 5 of Bill C-31 amends section 13 of the *Income Tax Act* to introduce a CCA recapture rule in case a taxpayer who deducted an amount under new section 1100(1)(a.1)(i) of the ITR begins to use more than 10% of the floor space of the building for income-earning purposes other than manufacturing or processing within 10 calendar years of the end of the taxation year in which the deduction was made. Clause 116 of Bill C-31 amends section 1102 of the ITR to provide the rules applicable to the additions to, or alterations of, an eligible manufacturing building, and to the capital cost of an eligible manufacturing building that was under construction on 4 November 2025. The provisions implementing this measure are deemed to have come into force on 4 November 2025.

2.1.2 Delivering Automatic Federal Benefits for Lower-Income Individuals

To be eligible for certain tax credits and benefits, individuals must file a tax return. The Canada Revenue Agency (CRA) then uses the reported net income to determine eligibility. In budget 2025, the government announced its intention to offer low-income individuals the option to have CRA prefill their income tax return.

Clause 51(2) of Bill C-31 implements this measure by providing that CRA may produce an income tax return for an individual if all of the following conditions are met:

- the individual did not advise CRA not to do so;

- the individual did not file an income tax return at least once in the three previous years;
- the individual did not produce their most recent return, 45 days after the deadline (usually, 30 April);
- all of the individual's income comes from sources for which defined information returns were filed with CRA;
- the individual's taxable income for the year does not exceed the lesser of the federal basic personal amount and the provincial equivalent (plus the age amount or the disability amount, if applicable);
- after having received information about themselves from CRA, the individual did not advise CRA of corrections to be made or file an income tax return themselves, within the following 90 days; and
- the individual did not file for bankruptcy during the year.

Under clause 51(3) of Bill C-31, this measure enters into force as of the 2025 taxation year. Clause 52(1) of Bill C-31 contains consequential amendments.

2.1.3 Expanding the Anti-Avoidance Rule for Direct Trust-to-Trust Transfers to Include Indirect Transfers of Trust Property to Other Trusts

Under the *Income Tax Act* (ITA), most trusts are deemed to have disposed of capital property at fair market value 21 years after the trust was created and every 21 years after that, called the "21-year rule." This rule is designed to prevent trusts from being used to hold property in order to indefinitely postpone the paying of tax on any accrued capital gains. Section 104(5.8) of the ITA is an anti-avoidance rule that prevents trust property from being transferred to a new trust in order to restart the clock for 21-year rule. The anti-avoidance rule maintains the original 21-year rule anniversary date for the property transferred to the new trust.

Clause 14 of Bill C-31 amends section 104(5.8) of the ITA to expand the anti-avoidance rule to include property that will be held directly or indirectly in the new trust. This amendment addresses those circumstances where trust property is transferred to intermediate entities, such as private corporations, that are owned by the new trust. These types of transfers have been used to avoid both the 21-year rule and the anti-avoidance rule under section 104(5.8).

Clause 14 of Bill C-31 applies to transfers of property that occur on or after 4 November 2025.

2.1.4 Limiting the Deferral of Tax on Investment Income Resulting from the Use of Tiered Corporate Structures with Mismatched Year Ends

This section provides a summary of the main amendments made by Bill C-31 to the rules regarding the dividend refund (DR) and Part IV tax set out in the *Income Tax Act* (ITA).

In general, a private corporation:

- May deduct from its income for a taxation year, for the purposes of calculating tax owed under Part I of the ITA, an amount equal to the "taxable dividends" received from most corporations resident in Canada.[16] This means that such taxable dividends do not have an inherent underlying tax impact on the corporation receiving them.
- Must, however, pay a temporary tax under Part IV of the ITA in respect of "assessable dividends" received from a corporation during the taxation year.[17] In the case of connected corporations, the amount of this tax is determined "based on the amount of the payer corporation's dividend refund."[18]
- May subsequently receive a DR when it in turn pays "taxable dividends" during the taxation year.[19]

In accordance with the principle of integration underlying the Canadian tax system,

> this refundable tax system is meant to prevent individuals from deferring personal tax on investment income and portfolio dividend income earned and retained in a private corporation.[20]

However, according to the federal government,

> [c]ertain tax planning techniques have been employed to take advantage of this timing difference to defer, at times indefinitely, the tax liability on investment income by interposing corporations with staggered year ends in a corporate chain.[21]

For example, if a private corporation is entitled to a DR equal to the Part IV tax owed for its taxation year, this generally means that, in practice, no Part IV tax is payable by that corporation for that year. At the same time, if a taxable dividend were paid by that first corporation (the payer corporation) at the end of its taxation year, but received by a shareholder corporation (the payee corporation) at the beginning of the latter's taxation year, it could take several months, or even nearly a year, before the payee corporation is required to pay any Part IV tax.[22]

It is in this context that clause 36(1) of Bill C-31 amends section 129 of the ITA to add four new sections.

Generally, new section 129(1.3) of the ITA provides that a dividend is deemed not to be a taxable dividend (and therefore does not entitle to the DR)[23] if it is received directly or indirectly by a payee corporation that is "connected"[24] to the payer corporation, and the former receives the dividend during its taxation year that ends after the taxation year of the payer corporation in which the dividend is paid. This provision thus temporarily suspends the effect of the payment of a taxable dividend for the payer corporation, until the conditions of new section 129(1.32) of the ITA are met.

Under this new section, a taxable dividend must generally be subsequently paid by the payee corporation "out of the affiliated and connected corporate group to which [it] … belongs [or to individuals] such that no corporate income tax deferral advantage remains."[25] "No double counting" rules must also be followed, to prevent, among other things, new section 129(1.32) of the ITA from applying more than once with respect to the same dividend whose effects have been suspended.

Exceptions are provided, including in cases where the payee corporation pays taxable dividends, no later than the tax balance-due day of the payer corporation for the year in which it paid the dividend, in an amount at least equal to the amount of the original dividend it received – thereby ensuring that there is no deferral of Part IV tax – and that no attempt is made to circumvent the application of the new dividend suspension rule through the use of an affiliated group, for example.

Pursuant to clause 36(2) of Bill C-31, these amendments apply to dividends paid in taxation years beginning on or after 4 November 2025, the date on which the 2025 budget announcing these amendments was tabled.[26]

2.1.5 Clarifying the Expenses that Qualify as Canadian Exploration Expenses

Canadian exploration expenses are defined under section 66.1(6) of the *Income Tax Act* and are fully depreciable for the taxation year in which they are incurred or in a subsequent taxation year. These are expenses incurred "for the purpose of determining the existence, location, extent or quality" of an accumulation of petroleum or natural gas or mineral resource.

Clauses 9(1) and 9(2) of Bill C-31 replace the word "quality" in this definition by the words "inherent natural qualities." This clarification allows for eligible expenses to be limited to those incurred to determine the underlying or inherent physical characteristics of the resource and to exclude the expenses related to determining the economic viability or technical feasibility of extracting the resource.

Under clause 9(3) of Bill C-31, this change is deemed to have entered into force on 4 November 2025.

2.1.6 Implementing the Crypto-Asset Reporting Framework

As the Organisation for Economic Co-operation and Development (OECD) explains,

> the OECD adopted the Standard for Automatic Exchange of Financial Account Information in Tax Matters, also referred to as the Common Reporting Standard (CRS) [in February 2014]. The Standard calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis.[27]

In the 2015 budget, the government had announced its intention to implement the CRS starting on 1 July 2017, pointing out that it would "further the government's commitment to tax fairness and responsible fiscal management."[28]

Nearly a decade later, it is clear that "financial markets have continued to evolve,"[29] notably with the emergence of crypto-assets. Thus, "[i]n April 2021 the G20 mandated the OECD to develop a framework providing for the automatic exchange of tax-relevant information on Crypto-Assets,"[30] which was approved in August 2022. It was in the 2024 budget that the government announced its intention to implement this new reporting framework, "to permit exchanges under the new and amended reporting requirements beginning in 2027."[31] Legislative proposals on this matter were also released in August 2025.[32]

Clause 99(1) of Bill C-31 therefore adds sections 296 to 303 to the *Income Tax Act* (ITA), which include definitions and interpretive provisions.

Generally speaking, this new reporting framework imposes two main requirements on "reporting crypto-asset service providers" (RCASPs):

- implementing due diligence procedures to determine which of their clients are subject to the reporting requirements; and
- reporting requirements, namely the annual electronic submission to the Minister of National Revenue of information identifying each client subject to the reporting requirements, as well as information regarding certain crypto-asset transactions carried out by those clients.

A RCASP generally refers to a business operated by an individual or entity resident in Canada for tax purposes, or carried on in Canada, that conducts "exchange transactions" for clients – that is, exchanges between crypto-assets and fiat currencies or between one or more forms of crypto-assets – or that makes an exchange platform available to them.[33]

However, a RCASP is generally not required to comply with these new obligations if it fulfills equivalent obligations in a "partner jurisdiction," defined as a jurisdiction designated as such by the Minister of National Revenue on the Canada Revenue Agency's website (or by any other means the minister deems appropriate).

Pursuant to clause 99(2) of the bill, all of these changes apply to the calendar years 2027 and thereafter.

2.1.6.1 Reasonable Due Diligence Procedures

New section 299 of the ITA requires RCASPs to implement due diligence procedures so that they can identify which of their clients are "reportable users." Note that a RCASP may satisfy this new obligation by relying on the due diligence procedures performed under sections 274 and 276 of the ITA in Part XIX regarding the CRS, when it is also a "financial institution,"[34] or by relying on a self-certification already collected for other tax purposes, provided that it meets certain validity conditions.

These due diligence procedures vary depending on whether the client is an individual or an entity, but generally require obtaining a valid self-certification that allows the RCASP to determine the client's residence for tax purposes and to confirm the reasonableness of the self-certification[35] based on the information obtained, including documents collected in accordance with the obligations imposed under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA).[36]

It should be noted that a RCASP

> does not have to carry out the due diligence procedures to determine if the ["active entity"] has controlling persons. For this reason, to the extent that an "active entity" is not itself [subject to the reporting requirements] the crypto-asset service provider would not have reporting obligations in respect of the entity.[37]

An "active entity" includes, among others, entities where less than 50% of gross income consists of passive income and less than 50% of the assets held are assets that generate passive income, certain newly incorporated entities that do not yet engage in activities other than investing in assets, and most non-profit entities incorporated and operated exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes.

Finally, these due diligence procedures must be implemented when a RCASP establishes a relationship with a client for the purpose of conducting certain transactions involving crypto-assets, or by 2028 if a relationship with such a client existed as of 31 December 2026.

2.1.6.2 Reporting Requirements

In accordance with new section 298 of the ITA, a RCASP must generally report annually by 2 May certain information regarding each of its clients who have been identified as "reportable users" or, in the case of a client that is an entity, whose controlling persons have been identified as subject to the reporting requirements. Such a report covers the preceding year.

Generally, this includes the RCASP's clients – both individuals and entities – who engage in crypto-asset exchange transactions or transfers. In addition, this includes clients who transfer crypto-assets to a merchant for whom the RCASP processes payments in exchange for goods or services valued at more than US$50,000 and in respect of whom the RCASP is required to verify identity under the PCMLTFA. Exceptions are, however, provided to exclude certain public corporations, government entities, and central banks, among others.[38]

It should be noted that a penalty of $500 applies for any failure to provide a tax identification number otherwise required to a RCASP.

2.1.7 Removing Bankrupt Corporations, Trusts and Partnerships from the Exception to the Debt Forgiveness Rules

Budget 2024 announced the government's intention to address a corporate income tax avoidance strategy involving insolvent corporations. The strategy entails the manipulation of bankrupt status of an insolvent corporation by certain taxpayers, "with a view to benefiting from the exception in the debt forgiveness rules while also avoiding the loss restriction rule applicable to bankrupt corporations," and using the preserved losses and tax attributes to reduce the income tax of a profitable corporation.[39] Budget 2024 proposed to repeal the exception to the debt forgiveness rules for bankrupt corporations and the loss restriction rules applicable to such corporations. The government confirmed that it would proceed with these changes in budget 2025.

Clause 11 of Bill C-31 amends paragraph (i) of the description of B in the definition of forgiven amount in section 80(1) of the *Income Tax Act* (ITA) to eliminate the exemption to the debt forgiveness rules for bankrupt corporations, partnerships or trusts. This change applies to bankruptcy proceedings of corporations that are commenced on or after 16 April 2024, and to bankruptcy proceedings of partnerships and trusts that are commenced on or after 12 August 2024.

As well, clause 34 of Bill C-31 amends section 128(1) of the ITA to eliminate the loss restriction rules for bankrupt corporations. This change applies to bankruptcy proceedings of corporations that are commenced on or after 16 April 2024.

2.1.8 Introducing a Supplementary Rule to Strengthen the Tax Debt Anti-Avoidance Rule

This section provides a summary of the main changes made by Bill C-31 to the rules regarding tax debt avoidance.

Section 160 of the *Income Tax Act* (ITA) sets out rules applicable to transactions intended to avoid the collection of tax debts. These rules target situations where a person transfers property to their spouse or common-law partner, to a person under the age of 18, or to another person with whom they do not deal at arm's length,[40] while owing a tax debt. When they apply, they generally have the effect of making the transferor and the transferee jointly and severally liable for the payment, in whole or in part, of an amount owed by the transferor under the ITA.

Section 160(5) of the ITA further includes anti-avoidance rules designed to counteract arrangements intended to circumvent the conditions for the application of the section or to avoid its consequences. A scheme that triggers the application of any of the rules in that section is a "section 160 avoidance transaction," within the meaning of section 160.01(1) of the ITA, and may give rise to a penalty for, among others, planners and promoters of tax avoidance schemes who engage in, participate in, assent to, or acquiesce in such activities.

First, clause 56(2) of Bill C-31amends this definition to include a transfer that triggers the application of new section 160(7) of the ITA.

Second, clause 55(2) of Bill C-31 amends section 160 of the ITA by adding three paragraphs. Generally, under new sections 160(6) and 160(7) of the ITA, a transfer is deemed to have occurred between the transferor and the transferee in respect of property where a "planner" has transferred property to the transferee,[41] pursuant to the direction of, or with the concurrence of the transferee, and the transferor has transferred a property to the planner.[42] Furthermore, it must be reasonable to conclude that one of the purposes for these transactions was to avoid joint and several, or solidary, liability of the transferee and transferor for an amount payable under the ITA.

Then, under the new section 160(8) of the ITA, where a section 160 avoidance transaction[43] exists, in determining the amount the transferee and transferor are jointly and severally, or solidarily, liable to pay, the value of the consideration given by a transferee is deemed to be nil where it is reasonable to conclude that one of the purposes of that transaction was to avoid the joint and several liability of the transferee and the transferor with respect to an amount payable under the ITA.

As the government explains,

> [t]he courts have held that a taxpayer who engages in tax debt avoidance planning is normally not jointly and severally, or solidarily, liable for the portion of the tax debt that has effectively been retained by the planner as a fee. This remains the case even where the amount retained by the planner is moved offshore and out of the reach of the Canada Revenue Agency.[44]

Accordingly, these amendments aim to "strengthen the tax debt anti-avoidance rule"[45] by taking into account the fact that "[s]ome taxpayers continue to engage in planning that is intended to circumvent the tax debt avoidance rule, often with the assistance of a planner who receives a significant fee that is effectively funded by a portion of the avoided tax debt."[46]

Section 325 of the *Excise Tax Act*, section 297 of the *Excise Act, 2001*, and section 150 of the *Select Luxury Items Tax Act*, among others, which contain provisions similar to those in section 160 of the ITA, are also subject to similar amendments under clauses 100(1) and 102(1), 106(1) and 106(2), as well as 108(1) and 108(2) of Bill C-31, respectively.

In accordance with clauses 55(3), 56(3), 100(2), 102(2), 106(3), and 108(3) of Bill C-31, these amendments apply in respect of a transaction or series of transactions carried out on or after 16 April 2024, the date on which the 2024 budget was tabled.

2.1.9 Expanding the Clean Hydrogen Investment Tax Credit to Include Hydrogen Produced from Methane Pyrolysis as an Eligible Production Pathway

Currently, the eligible methods of hydrogen production under the Clean Hydrogen Investment Tax Credit include hydrogen produced through water electrolysis, reforming or partial oxidation of natural gas or other eligible hydrocarbons, provided that emissions are mitigated through carbon capture, utilization and storage (CCUS).

Clause 31 of Bill C-31, in addition to making general amendments to the Clean Hydrogen Investment Tax Credit, expands it to include hydrogen production by methane pyrolysis among the eligible production methods. By triggering the chemical reaction that separates hydrogen from carbon in an oxygen-free environment, the process has the potential to produce clean hydrogen from natural gas or other hydrocarbons without the need to invest in CCUS.[47]

Clauses 31(1) to 31(17) of Bill C-31 add or amend several definitions related to the application of the Clean Hydrogen Investment Tax Credit, namely "operating year," "fuel life cycle assessment [LCA]," "clean hydrogen project plan," "dual-use

electricity and heat equipment," "eligible clean hydrogen property," "eligible pathway," "eligible power purchase agreement," "eligible renewable hydrocarbon," "excluded property," "qualified clean hydrogen project," "oxygen and nitrogen production equipment," "solid carbon," "combustion," "qualifying economic purpose," "excluded hydrogen," "end-use plan," "expected hydrogen use percentage," "actual hydrogen use percentage," "expected hydrogen production," and "pyrolysis reactor system."

Among other things, the addition of a definition for "end-use plan" is intended to require taxpayers to track the final use of their solid carbon with this plan, which accounts for the solid carbon produced and its final use over a seven-year period, from the start of hydrogen production under the project.[48]

Under section 127.48(4) of the *Income Tax Act* (ITA) the form to claim a Clean Hydrogen Tax Credit must be filed no later than the later of 31 December 2026, and the day that falls one year after the filing deadline applicable to the taxpayer for that year. Clause 31(18) of Bill C-31 provides that this date shall be 31 December 2028, and not 2026, for pyrolysis projects.

Clauses 31(19) to 31(27) of Bill C-31 amend section 127.48(6) of the ITA, which establishes the method for calculating the carbon intensity of hydrogen produced and to be produced by a clean hydrogen project of a taxpayer.

Clause 31(28) of Bill C-31 adds section 127.48(6.1) to the ITA to address two issues related to the environmental attribute certificates: first, the withdrawal of environmental attributes from the appropriate provincial government would not constitute a "disposition" of environmental attributes. Second, the new section creates a presumption of disposition of environmental attributes if the relevant certificates associated with eligible renewable electricity or hydrocarbons used by the project during its compliance period are not retired prior to the filing of the compliance report for the project's fifth year of operation.

Clauses 31(29) and 31(30) of Bill C-31 amend section 127.48(7) of the ITA, which sets out the provisions in force when there are changes to a clean hydrogen project. These clauses state that taxpayers may voluntarily produce a revised project plan by advising the Minister of Natural Resources in writing.

Clauses 31(31) and 31(32) of Bill C-31 amend section 127.48(8) of the ITA, among others, to provide adjustments made to the credit value based on changes to the project.

Clause 31(33) of Bill C-31 amends section 127.48(9) of the ITA to require the taxpayer to present the information requested by the Minister of Natural Resources at the latest on the day following the 180 days from the date the information was

requested and, if later, 60 days after the availability of the information; otherwise the minister may refuse to confirm the clean hydrogen project plan (original or revised).

Clauses 31(34) and 31(35) of Bill C-31 amend section 127.48(10) of the ITA to distribute the cost of certain goods used in the production of hydrogen and ammonia between two distinct categories of capital costs that will be subject to two different specified percentages. This distribution is based on the expected use of the equipment in the first years 20 years of the operation of the clean hydrogen project.

Clause 31(36) of Bill C-31 adds sections 127.48(10.1) to 127.48(10.3) to the ITA to introduce a limit on the capital cost of a pyrolysis reactor system that may be eligible for the Clean Hydrogen Tax Credit, at $3,000 per tonne of annual hydrogen production capacity. The maximum amount may be reduced or increased if the number of tonnes produced is greater or lesser than the forecast.

Clauses 31(37) and 31(38) of Bill C-31 amend section 127.48(16) of the ITA to clarify that the downtime to include in each compliance report is the period during which the project is not producing hydrogen. It is also amended to add the requirement of including, in each compliance report, the end use of the solid carbon produced by the project during the operating year. Moreover, the report that must be prepared by an eligible audit firm must verify the actual percentage of the project's hydrogen use at the end of the compliance period as well as the end use of the solid carbon produced by the project.

Clause 31(39) of Bill C-31 adds new section 127.48(17.1) to the ITA to provide that if a project uses hydrocarbon pyrolysis and, at the end of the project's compliance period, the project's actual percentage of hydrogen use is less than 90%, or the project consumed at least 50% of the hydrogen produced during the compliance period, the full amount of the credits granted will be recovered.

Similarly, clause 31(39) of Bill C-31 also amends section 127.48(18) of the ITA to take into account the pyrolysis method to adjust the credits if the actual carbonic intensity is lower or higher than the forecast.

Clause 31(42) of Bill C-31 adds new section 127.48(22.1) to the ITA setting out the calculation method for recapture or recovery related to the capital cost of property forming part of a pyrolysis reactor system.

Clause 31(43) of Bill C-31 amends section 127.48(30) of the ITA to establish that after the compliance period, if the project produces hydrogen through pyrolysis, the project's expected hydrogen use percentage is deemed to be equal to the project's actual hydrogen use.

Clauses 31(45), 31(46) and 31(47) of Bill C-31 provide for the coming into force of the various subclauses of clause 31 of Bill C-31 on 28 March 2023, 16 December 2024 or 4 May 2026.

2.1.10 Enhancing the Efficiency and Effectiveness of Information Gathering During Tax Audits

Clauses 77 to 83 of Bill C-31 amend several sections of Part XV – Administration and Enforcement – of the *Income Tax Act* (ITA). These measures were announced in budget 2024.[49]

Section 231.1(1) of the ITA lists the information-gathering powers of "authorized persons" (employees of the Canada Revenue Agency [CRA]). Clause 78(1) of Bill C-31 amends this section to indicate that these powers are granted not only for the administration and enforcement of the ITA, but also of a "listed international agreement," such as the *Convention on Mutual Administrative Assistance in Tax Matters*,[50] a tax information exchange agreement or a tax treaty with another country. It also clarifies that administration or enforcement includes the collection of any amount payable under the ITA. A similar amendment is made, on the one hand, by clause 177(3) of Bill C-31, which adds the definition of "administration or enforcement of this Part" to the new section 123(5) of the *Excise Tax Act* and, on the other hand, by clause 218 of Bill C-31, which amends the definition of the term "administration or enforcement" in section 4 of the *Excise Act, 2001*, for the same purposes.

In addition, clauses 78(2) and 78(3) of Bill C-31 amend section 231.1 of the ITA to provide that an authorized person may require any person to provide any information or document, in a reasonable manner, within a reasonable amount of time, except where such a request involves one or more unnamed persons. In such a case, "the information or document would need to be sought under section 231.2 [of the ITA]."[51]

Clause 79(1) of Bill C-31 amends section 231.2(1) of the ITA to specify that the CRA may, with certain exceptions, by giving notice, require that any person provide information or documents within a reasonable amount of time and also in a reasonable manner.

Clause 79(2) of Bill C-31 amends section 231.2(3) of the ITA, which sets out the conditions that must be met in order for a judge of the Federal Court to authorize the Minister of National Revenue to compel a third party to provide information or any documents relating to one or more unnamed persons. This amendment makes the provision possible not only for the purpose of verifying compliance under the ITA, but also for the purpose of administering a listed international agreement or a tax treaty with another country. Similar amendments are made by clauses 187(2) and 224(2) of Bill C-31 to sections 289(3) of the ITA and 208(3) of the *Excise Act, 2001*.

Clause 81 of Bill C-31 amends section 231.6 of the ITA to make the same amendments as clauses 78 and 79 of Bill C-31 (not only under the ITA, but also under an international agreement or tax treaty, in a reasonable manner and within a reasonable time), but for the provisions relating to obtaining foreign-based documents. Clause 81 of Bill C-31 also includes changes to clarify and simplify the text.

Clause 82(1) of Bill C-31 amends section 231.7(1) of the ITA to provide that an order may be sought to obtain information sought by the CRA under section 231.6 (foreign-based documents), in addition to sections 231.1 and 231.2 (information for a person or an unnamed person, respectively). Section 231.7(1) is also amended to confirm that a judge may order a person to answer all of the CRA's questions orally or in writing, and to include foreign-based documents and "answers to questions" among the items that, if not provided, may lead to a compliance order without protection from disclosure by solicitor-client privilege.

Clause 82(2) of Bill C-31 adds new sections 231.7(6) to 231.7(10) to the ITA, to indicate the consequences of the order under section 231.7(1) of the ITA. These include the following:

- The taxpayer is, in addition to any penalty otherwise provided, liable to a penalty equal to 10% of the aggregate amount of tax payable by the taxpayer for each taxation year to which the order relates.
- This penalty does not apply if one of the taxpayer's reasons for not complying with the order was the taxpayer's reasonable belief that the information was protected by solicitor-client privilege, or if the amount of tax payable by the taxpayer for each taxation year to which the order relates is under $50,000. The penalty does not apply in the context of a request for information to third parties.
- The CRA may assess this penalty.
- The Minister may waive or cancel the penalty if the minister considers it disproportionate or unfair.

Section 152(4) of the ITA provides that the CRA may make a tax assessment (by way of a notice of assessment). Section 231.8 of the ITA provides that certain periods of time lead to a suspension of the time within which an assessment may be made. This suspension corresponds to the period of time between the day on which an application for judicial review in respect of a requirement to provide information or the filing of a notice of appearance and the day on which the application for judicial review or for a compliance order is finally resolved.

Clause 83 of Bill C-31 amends section 231.8 of the ITA, which becomes section 231.8(1). Some paragraphs of this subsection are amended and others are

added, so that the period between the day on which an application for judicial review or review is made in respect of a notice and the day on which the application is finally disposed of does not count in the computation of the period of time within which an assessment may be made. This notice may be for a requirement to provide information about a person, a third party, a foreign-based document, or a person not dealing at arm's length with the taxpayer.

Finally, clause 83 of Bill C-31 adds new section 231.9 to the ITA, to provide an alternative means of enforcing sections 231.1, 231.2 and 231.6 of the ITA, by allowing the minister to issue a notice of non-compliance to anyone who has not fulfilled their obligations under these sections:

- A person may, within 90 days after the day on which the notice is sent or served, request that the notice be reviewed.
- The minister must vary, vacate or confirm the notice of non-compliance within 180 days from the date of receipt of the request for review, failing which it is deemed vacated.
- The minister must vacate the notice of non-compliance if the minister determines that it was unreasonable to issue it or that the person had, prior to the issuance of the notice of non-compliance, done everything reasonably necessary to comply with each requirement or notice in respect of which the notice of non-compliance was issued.
- A person may, within 90 days after the day on which the person is notified of the minister's decision, apply to a judge for a review of that decision. The judge may then confirm, vary or vacate the decision if the judge determines that the minister's decision was not reasonable.
- A person sent or served a notice of non-compliance is liable to a penalty of $50 for each day the notice of non-compliance is outstanding, to a maximum of $25,000. The penalty is not imposed if one of the reasons for the person not complying with the requirement was the person's reasonable belief that the information, documents or answers were protected from disclosure by solicitor-client privilege. Assessments may be made for the payment of this penalty.

2.1.11 Providing that No Canada Carbon Rebate Payments Would be Made in Respect of Tax Returns, or Adjustment Requests, Filed After 30 October 2026

The Canada Carbon Rebate was a tax-free amount paid to residents of provinces other than Quebec and British Columbia to return direct proceeds from the federal fuel charge to residents of the provinces where it applied. It was not paid to residents of Quebec and British Columbia, as they had their own carbon pricing mechanisms that were considered equivalent to federal standards. An eligible individual was required to file an income tax return for a taxation year in order to receive a Canada Carbon Rebate payment for that year.

On 15 March 2025, the federal government announced the end of carbon pricing and, accordingly, of the Canada Carbon Rebate, effective 1 April 2025.[52]

Clause 24 of Bill C-31 amends subsection 122.8(4) of the *Income Tax Act* to set 30 October 2026 as the deadline for an eligible individual to file an income tax return for a taxation year in order to receive a Canada Carbon Rebate payment for that year, request an adjustment to a previously filed return or make an application for a determination for a taxation year in respect of the Canada Carbon Rebate payment.

This change is deemed to have come into force on 4 November 2025.

2.1.12 Simplifying, Streamlining and Harmonizing the Qualified Investment Rules

Budget 2025 announced changes to simplify, streamline, and harmonize the qualified investment rules, which apply to registered plans: Registered Retirement Savings Plans (RRSPs), Registered Retirement Income Funds (RRIFs), Tax-Free Savings Accounts, Registered Education Savings Plans (RESPs), Registered Disability Savings Plans (RDSPs), First Home Savings Accounts, and Deferred Profit Sharing Plans (DPSPs).[53]

The definition of "qualified investment*"* under section 207.01(1) of the *Income Tax Act* (ITA) is amended by clause 70 of Bill C-31 to become the main qualified investment provision for all registered plans except DPSPs. Clauses 41, 42, 43 and 44 of Bill C-31 amend various provisions of sections 146 (RRSPs), 146.1 (RESPs), 146.3 (RRIFs) and 146.4 (RDSPs) of the ITA, respectively, to repeal existing definitions of qualified investment and add new references to the amended definition under section 207.01(1). Several paragraphs of the amended definition replicate existing provisions of the definition of "qualified investment" under section 204 of the ITA applicable to DPSPs, while others replace equivalent provisions that are being repealed. Finally, paragraph (l) of the amended definition deals with investments prescribed by regulation.

Part XLIX of the *Income Tax Regulations* (ITR) lists additional qualified investments for certain registered plans. Clause 121 of Bill C-31 replaces Part XLIX with new Part L, which is updated and reorganized by asset class: debt instruments (new section 5001), equity instruments (section 5002), trust units (new section 5003) and other types of investments (new section 5004). As well, new section 5006 provides a list of prohibited investments for registered plans.

Regarding DPSPs, clause 65 of Bill C-31 amends the definition of "qualified investment" under section 204 of the ITA because of the changes to the definition of "qualified investment*"* under section 207.01(1) and the addition of the new Part L to the ITR.

These changes come into force on 1 January 2027.

Budget 2025 also announced the replacement of the registered investment regime with two new categories of qualified investments. Under the ITA, registered investments are qualified investments for all registered plans. The regime is meant for "a trust or corporation that is not sufficiently widely held (e.g., a trust that does not have the 150 unitholders required to qualify as a mutual fund trust) to qualify as a registered investment,"[54] and be a qualified investment. According to budget 2025, "stakeholders have suggested that the registration process does not add sufficient value to justify its associated compliance and administration burdens."[55]

Clause 66 of Bill C-31 repeals Part X.2 of the ITA related to registered investments. The two new types of qualified investment categories replacing the registered investment regime are defined in new Part L of the ITR. They are:

- units of a trust that is subject to the requirements *of National Instrument 81-102 Investment Funds* of the Canadian Securities Administrators (CSA);[56] and
- units of a trust that is an investment fund that satisfies certain conditions under the ITA and that is managed by a registered investment fund manager as described in *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations*[57] of the CSA.

Before the repeal of Part X.2 of the ITA and Part XLIX of the ITR goes into effect, clauses 66 and 120 of Bill C-31 amend these parts to exempt the new qualified investment categories from the application of special taxes imposed on registered investments. This change is effective from 4 November 2025 to the repeal of these provisions on 1 January 2027.

2.1.13 Suspending the Operation of the Canada–Russia Income Tax Agreement

On 18 November 2024, the federal government announced the suspension of the Canada–Russia Income Tax Agreement [58] (the Agreement), as well as its intention to introduce legislative proposals to give effect to this suspension.[59] The government confirmed that it would proceed with these changes in budget 2025. This announcement follows Russia's decision to suspend its tax treaties with several countries, including Canada, in 2023.[60]

Clause 103 of Bill C-31 adds new section 7.1 to the *Income Tax Conventions Implementation Act, 1996* to give effect to this suspension. New section 7.1 states that the Agreement is deemed to be suspended and of no force or effect starting on 18 November 2024 until the day before the recommencement date, to be fixed by order of the Governor in Council, which may have retroactive effect. Any obligation or liability of the Crown and any right or privilege of anyone under the Agreement, or

arising in connection with the Agreement, are deemed to be extinguished and no compensation shall be paid to anyone in connection with the suspension.

2.2 PART 2: AMENDMENTS TO THE *GLOBAL MINIMUM TAX ACT*

Part 2 of Bill C-31 amends the *Global Minimum Tax Act* (GMTA) to add new provisions dealing with the undertaxed profit rule (UTPR) and to make technical amendments.[61] This section summarizes the new provisions related to the UTPR, which were included in the legislative proposals released in August 2024.[62]

The implementation of a global minimum tax is the second pillar of the international tax reform put forward by the Organisation for Economic Co-operation and Development/Group of 20 Inclusive Framework on base erosion and profit shifting (the Inclusive Framework).

In general, the global minimum tax "is intended to reduce the incentive for [multinational enterprises (MNEs)] to shift profits into low-tax jurisdictions and, at the same time … [set] a floor"[63] on international tax competition by "ensuring that large [MNEs] are subject to a minimum effective tax rate of 15 per cent on their profits in every jurisdiction in which they operate."[64]

To facilitate coordinated and uniform implementation of Pillar Two, the Inclusive Framework adopted the Global Anti-Base Erosion Model Rules (the GloBE Rules). These rules, which are "the product of extensive international negotiation,"[65] provide details on the two main mechanisms through which the global minimum tax is levied, namely:

- a primary taxation rule, the Income Inclusion Rule (IIR); and
- a secondary taxation rule that acts as a backstop, the UTPR.

In addition, countries can also levy a domestic minimum top-up tax (DMTT) on their national entities, subject to certain conditions.

The *Budget Implementation Act, 2024, No. 1*[66] enacted the GMTA to implement the IIR and the DMTT in Canada for fiscal years beginning on or after 31 December 2023. At that time, the government indicated that it "will continue to monitor international developments as it moves forward with the implementation of Pillar Two"[67] and that it "intend[ed] to release … draft legislative proposals for the UTPR … at a later time."[68] The UTPR was originally intended to apply for fiscal years beginning on or after 31 December 2024.[69]

Thus, clause 166(1) adds Part 2.1, entitled "UTPR," to the GMTA.

As explained by the government:

> If a parent jurisdiction of an MNE has not implemented the IIR, other jurisdictions in which the MNE operates that have implemented the UTPR would impose the top-up tax on the group entities located in their jurisdiction, with the top-up tax being allocated among those jurisdictions on a formulary basis. This ensures that MNEs whose parent entities are located in non-implementing jurisdictions are nonetheless subject to top-up tax in respect of their low-taxed income.[70]

Generally, a "constituent entity"[71] is required to pay tax under the new part of the GMTA if it is located in Canada and is a member of a "qualifying MNE group."[72] This tax is equal to the employee's "Canadian UTPR top-up amount" for the year, which is calculated in two steps.

First, the share of the top-up amounts for the constituent entities of an MNE group that is allocated to Canada must be determined by multiplying:

- the total obtained by adding the "top-up amount,"[73] minus any amount already subject to an eligible IIR, for each constituent entity of an MNE group; and
- the proportion that the number of employees and the net book value of the tangible assets of all the constituent entities of the MNE group located in Canada (weighted equally) is of the number of employees and the net book value of the tangible assets of all the constituent entities of the MNE group located in a jurisdiction in which a qualifying UTPR is in effect.

Since the UTPR acts as a backstop, a constituent entity's "UTPR top-up" is nil where, for example, the constituent entity is the ultimate parent entity and is subject to a qualifying IIR in the jurisdiction in which it is located.

Next, each constituent entity of the MNE group located in Canada must be allocated its share of the top-up amounts allocated to Canada by multiplying the result obtained in step one

> by the proportion that the particular [constituent] entity's number of employees and net book value of tangible assets (weighted equally) is of the number of employees and net book value of tangible assets of all the Canadian-located constituent entities of the MNE group.[74]

In simpler terms:

> [T]he UTPR top-up tax liability is … allocated among an MNE group's constituent entities located in Canada by determining each such entity's "UTPR top-up amount" [which is used to calculate the total top-up amount in the first step of the calculation] using a substance-based allocation key.[75]

It should be noted that "securitization entities and investment entities are effectively excluded from the application of [the UTPR]."[76] Regarding investment entities, the provisions "[deem] an investment entity to have no employees or tangible assets."[77] The government explains that this exclusion "[implements], in part, paragraph 20 of Section 6 of the June 2024 Administrative Guidance."[78] Joint venture entities in relation to MNE groups are excluded only in certain cases.

As with the tax payable under the other parts of the GMTA, an annual return containing, among other things, an estimate of the tax payable, must be submitted to the Minister of National Revenue by any person liable for tax under the UTPR.

Pursuant to clause 166(2), these changes apply to the fiscal years of a qualifying MNE group that began on or after 31 December 2025.

2.3 PART 3: AMENDMENTS TO THE *EXCISE TAX ACT*, THE *EXCISE ACT*, THE *EXCISE ACT, 2001* AND RELATED REGULATIONS TO IMPLEMENT VARIOUS MEASURES

2.3.1 Amendments to the *Excise Tax Act* and Related Regulations

2.3.1.1 Clarify the Tax Treatment of Federally Regulated Credit Unions for Goods and Services Tax and Harmonized Sales Tax Purposes

Clause 177(1) of Bill C-31 amends the definition of "bank" in section 123(1) of the *Excise Tax Act* (ETA) to exclude "credit unions."[79] Consequently, a federal credit union that is otherwise a bank listed in Schedule I of the *Bank Act*[80] is no longer included in the definition of "bank" under the ETA.[81]

Although the provisions of the ETA applicable to "financial institutions" generally apply to both banks and credit unions, certain provisions apply differently depending on the entity.[82]

Pursuant to clause 177(4) of Bill C-31, this change is deemed to have come into force on 19 December 2012, the date on which the provisions establishing the legislative framework governing federal credit unions came into force.[83] This framework, announced in the 2010 budget, was intended to "enable co-operatives to incorporate and operate as federal entities."[84] This change was also included in the legislative proposals released in August 2024.[85]

2.3.1.2 Clarify the Application of the Imported Supply Rules to Financial Institutions in Respect of Insurance Policies or Loans Relating to Persons Resident in, or Property Located in, Canada

Division IV of Part IX of the ETA sets out the rules relating to tax on imported taxable supplies. Generally, section 218.01 of the ETA provides that a "qualifying taxpayer" must pay tax calculated at a rate of 5% on the total of its "internal charges"[86] and "external charges,"[87] or on the total of all amounts that are "qualifying consideration,"[88] as the case may be. The term "qualifying taxpayer," as defined in section 217.1(1) of the ETA, includes certain "financial institutions,"[89] for example those resident in Canada.[90] A similar provision is set out in section 218.1(1.2) of the ETA with respect to participating provinces; the applicable rate is then the rate for the participating province in question.

Clause 182(1) of Bill C-31 amends the definition of the term "Canadian activity" in section 217 of the ETA to specifically include certain activities, such as an activity in respect of an "insurance policy"[91] insuring a risk relating to property ordinarily situated in Canada or a risk relating to a person resident in Canada and a debt in connection with the supply of real property that is situated in Canada.

This definition is used to determine whether an outlay that is made or an expense that is incurred (collectively, an expense) outside Canada must otherwise be included in determining external charges or qualifying consideration, as the case may be: such an expense must reasonably be regarded as being applicable to a "Canadian activity" of the taxpayer. If so, the goods and services tax applies to that expense and must be paid to the Receiver General by the qualifying taxpayer.

Pursuant to clause 182(2) of Bill C-31, this change is deemed to have come into force on 13 August 2024. It also applies in respect of a person's "specified year"[92] that includes 13 August 2024. It was included in the legislative proposals released in August 2024.[93]

2.3.1.3 Clarify the Goods and Services Tax/Harmonized Sales Tax Treatment of Certain Services Supplied by the Canadian Payments Association or Any of Its Members

Pursuant to paragraph 4(2)(i) of the *Canadian Payments Act*,[94] a "payment service provider" that carries out a "retail payment activity," as those terms are defined in section 2 of the *Retail Payment Activities Act*,[95] is entitled to be a member of the Canadian Payments Association (CPA), provided that it meets the requirements set out in the regulations and the by-laws. This paragraph was added by the *Fall Economic Statement Implementation Act, 2023*[96] and has been in effect since 25 September 2025.[97]

Clause 189(1) of Bill C-31 amends section 3 of the *Financial Services and Financial Institutions (GST/HST) Regulations*,[98] which specify which services are prescribed for the purposes of the definition of "financial service" in section 123(1) of the ETA. Financial services are generally exempt under Part VII of Schedule V of the ETA. This amendment excludes services provided by a CPA member who is entitled to be a member solely because of section 4(2)(i) of the *Canadian Payments Act*.

This change was included in the legislative proposals published in August 2024[99] and, pursuant to clause 189(2) of Bill C-31, is deemed to have come into force on 25 September 2025.

2.3.1.4 Ensure that Special Goods and Services Tax and Harmonized Sales Tax Rules for Financial Institutions Apply Correctly to Certain Entities

Section 149(1)(a) of the ETA provides a list of entities considered "listed financial institutions" for the purposes of the ETA. This list includes banks, credit unions, insurers and investment plans.

Some of these listed financial institutions may also be considered "selected listed financial institutions" (SLFIs). This requires, among other things, an adjustment to the net tax payable, otherwise determined under section 225 of the ETA, through the "special attribution method" (SAM). The rules governing the SAM are set out in section 225.2 of the ETA and in the *Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations* (the SLFIAM Regulations),[100] and are used to determine the provincial portion of the harmonized sales tax that an SLFI must pay for each participating province.

The term SLFI is defined in section 225.2(1) of the ETA and includes, in particular, a "listed financial institution" referred to in any of the subparagraphs149(1)(a)(i) to 149(1)(a)(x) of the ETA, namely, certain listed financial institutions such as a bank, a credit union and an insurer or an investment plan that has a permanent establishment in a participating province as well as a permanent establishment in another province.

Thus, while an "investment plan"[101] may generally be considered an SLFI, a "private investment plan,"[102] a "pension entity of a pension plan"[103] and a "qualifying small investment plan"[104] are excluded from the definition of an SLFI when certain conditions are met.[105]

Clause 194(1) of Bill C-31 amends section 7 of the SLFIAM Regulations to exclude "qualifying private investment plans" from the definition of "qualifying small investment plan," and the definition of the former is added to the same section. Generally speaking, a "qualifying private investment plan" is a private investment

plan, a pension entity of a pension plan or a master pension entity that meets certain conditions.

As the government explains:

> Currently an investment plan that would generally be a qualifying private investment plan for a fiscal year of the investment plan is automatically excluded by section 13 of the Regulations from being a selected listed financial institution for its following fiscal year. Amendments to section 7 and other provisions of the Regulations generally treat qualifying private investment plans similarly to qualifying small investment plans and generally allow for such a plan to elect to be a selected listed financial institution under section 14.[106]

Accordingly, clauses 195(1) and 197(1) of Bill C-31 amend sections 10 and 14(1) of the SLFIAM Regulations, respectively, to exclude a qualifying private investment plan from the definition of an SLFI, unless an election is made by the entity. The entity may also make the opposite election, under certain conditions, following the changes made to section 15 of the SLFIAM Regulations by clauses 198(1) and 198(2) of Bill C-31.

Lastly, section 13 of the SLFIAM Regulations, which excluded a private investment plan or a pension entity of a pension plan from the definition of an SLFI under certain conditions, is consequentially repealed by clause 196(1) of Bill C-31.

Pursuant to clauses 194(4), 195(2), 196(2), 197(3) and 198(3) of Bill C-31, these changes, which were included in the legislative proposals released in August 2022,[107] apply in respect of the fiscal years of a person that end after 9 August 2022.

2.3.1.5 Ensure that the Goods and Services Tax and Harmonized Sales Tax Apply Properly to Lloyd's Insurance

Clause 177(2) of Bill C-31 adds a definition to section 123(1) of the *Excise Tax Act* (ETA), namely the definition of the term "Lloyd's association." As the government explains, this definition

> is restricted to associations (commonly called syndicates) of one or more persons that are each members of the Society of Lloyd's (the Society incorporated by the Lloyd's Act, 1871 (U.K.), 34 Vict., c. 21) and that together issue insurance policies under the supervision of the Society.[108]

Clause 179(1) of Bill C-31 further adds section 149.1 to the ETA, in particular to impose joint and several, or solidary, liability on members where a given Lloyd's association enters into a reinsurance to close agreement with another Lloyd's association.

These changes were included in the legislative proposals released in 2022[109] and, pursuant to clauses 177(2) and 179(2) of Bill C-31, are deemed to have come into force on 10 August 2022.

Lastly, clause 183(3) of Bill C-31 amends section 217.1 of the ETA to set out the rules applicable to a Lloyd's association with respect to the tax on imported taxable supplies. Generally, section 218.01 of the ETA provides that a "qualifying taxpayer" must pay tax calculated at a rate of 5% on the total of its "internal charges"[110] and "external charges,"[111] or on the total amounts that are "qualifying consideration,"[112] as the case may be. An outlay made or an expense incurred (collectively, an expense) outside Canada must be included in the determination of external charges or amounts that are qualifying consideration, as the case may be, to the extent that, among other things, it is reasonably regarded as being applicable to a "Canadian activity" of the taxpayer. A similar provision is set out in section 218.1(1.2) of the ETA with respect to participating provinces; the applicable rate is then the rate of the participating province in question.

Accordingly, new sections 217.1(9) to 217.1(12) of the ETA contain presumptions providing for situations in which:

- a Lloyd's association is deemed to be a qualifying taxpayer, and a member of a Lloyd's association is deemed not to be;
- an activity of a member of the association is deemed to be a "Canadian activity" of the Lloyd's association;
- certain expenses incurred outside Canada are deemed to be qualifying consideration of the Lloyd's association;
- certain expenses incurred outside Canada are deemed to be external charges of the Lloyd's association;
- certain amounts relating to transactions or dealings are deemed to be external charges of the Lloyd's association;
- certain amounts of qualifying consideration, external charge amounts or internal charge amounts, as the case may be, are not to be included in the determination of tax under section 218.01 or 218.1(1.2) of the ETA;
- certain persons are deemed not to be dealing at arm's length with each other; and
- a property or a service, or internal property or internal service, to which a deemed qualifying consideration amount, a deemed external expense amount or a deemed internal expense amount relates, is deemed to have been acquired by the Lloyd's association (this is relevant for the purposes of determining the Lloyd's association's input tax credit).

These changes were also included in the legislative proposals released in 2022[113] and, pursuant to clause 183(5) of Bill C-31, they apply in respect of any "specified year"[114] of a person that ends after 9 August 2022. However, a transitional provision is also provided due to the amendment made by clause 182(1) of Bill C-31 to the definition of "Canadian activity" under section 217 of the ETA, which is deemed to have come into force on 13 August 2024.

2.3.1.6 Clarify Rules Related to the Recovery of Embedded Goods and Services Tax/Harmonized Sales Tax Amounts

Clause 180(1) of Bill C-31 amends the formula for determining real property credits set out in section 193(1) of the ETA.

With regard to financial institutions,

> [w]hile subsection 193(1) [of the ETA] only refers to taxable sales of real property, subsections 204(3), 205(1) and 205(3) of the [ETA] provide that subsection 193(1) also applies under certain circumstances to allow the claiming of an input tax credit in respect of personal property of a financial institution that is a registrant.[115]

Accordingly, a section is added to each of these formulas to provide the factors to be included where the registrant is a "selected listed financial institution"[116] (SLFI), since SLFIs are subject to specific rules for determining their net tax.

Specifically,

> the tax that is or would be payable in respect of the taxable supply is adjusted by removing the provincial component of the tax payable and then adding an amount in respect of each participating province determined based on the federal component of the tax payable, the tax rate for the participating province, the federal tax rate and the registrant's prescribed percentage for the participating province and its taxation year.[117]

Clause 180(2) of Bill C-31 makes a similar amendment to the formula set out in section 193(2.1) of the ETA, which limits the credit where the taxable supply of real property is made by a public sector body to another person with whom it does not deal at arm's length. The amendment modifies the formula when the public sector body in question is an SLFI.

Pursuant to clause 180(3) of Bill C-31, these changes, which were included in the legislative proposals released in August 2025,[118] apply in respect of a supply for which the tax becomes payable, or would become payable in the absence of section 167 of the ETA, after 14 August 2025.

2.3.1.7 Amend Filing Requirements for the Purposes of the Goods and Services Tax and the Harmonized Sales Tax Following the Death of an Individual Who Is a Registrant

Clauses 184(2) and 185(1) of Bill C-31 amend sections 238 and 273.2 of the ETA, respectively, to provide for a six-month period, following the death of an individual who is a Goods and Services Tax and the Harmonized Sales Tax (GST/HST) registrant, during which no return is required to be filed.

Pursuant to clauses 184(4) and 185(2) of Bill C-31, these changes, which were included in the legislative proposals released in August 2025,[119] apply to returns, interim returns and final returns that would normally have been required to be filed on or after 15 August 2025.

2.3.1.8 Provide the Consequences Regarding the Goods and Services Tax and the Harmonized Sales Tax Reporting Election Following the Amalgamation, Merger or Wind-Up of a Supplier or Its Agent

Clause 190(1) of Bill C-31 amends the schedule to the *Amalgamations and Windings-Up Continuation (GST/HST) Regulations*[120] so that a GST/HST reporting election between a supplier and its agent continues to apply despite the amalgamation, merger or wind-up of either party.

Pursuant to clause 190(2) of Bill C-31, this change, which was included in the legislative proposals released in August 2023,[121] is deemed to have come into force on 4 August 2023.

2.3.2 Amendments to the *Excise Act*, the *Excise Act, 2001* and Related Regulations

2.3.2.1 Make Technical Corrections and Clarifications

Clauses 217 and 219 of Bill C-31 make technical corrections to the calculation of the additional excise duty on cigars and negative amounts generated by formulas provided by the *Excise Act, 2001*, by amending the definition of the term “sale price” included in section 2 of that Act and introducing section 6.1 to that Act, respectively.

In addition, clauses 220 to 224 of Bill C-31 amend various sections of the *Excise Act, 2001* to clarify the tax treatment of certain cannabis and vaping products for personal use or which are unaccounted.

All of these changes were included in the legislative proposals released in August 2024.[122]

2.3.2.2 Implement a New Limit on Packaged Raw Leaf Tobacco that Can Be Imported for Personal Use

Pursuant to section 32(2)(j) of the *Excise Act, 2001*, no person can sell, offer for sale or possess a "tobacco product" – which includes packaged raw leaf tobacco[123] – that is not stamped, unless the product is in the possession of an individual who has imported it for their personal use in quantities not in excess of prescribed limits.

In addition, in accordance with section 35(2)(c) of the *Excise Act, 2001*, an imported tobacco product must be stamped and packaged in a package that has printed on it prescribed information before it is released, unless it is imported by an individual for their personal use in quantities not in excess of prescribed limits.

According to section 2 of the *Excise Act, 2001*, raw leaf tobacco is "packaged" when it is presented in a prescribed package.

In accordance with section 5(1) of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*[124] (SMTCVPR), the prescribed limit is five units of tobacco products. Section 5(2) of the SMTCVPR defines what constitutes a unit for various tobacco products, except for packaged raw leaf tobacco.

Clause 227(1) of Bill C-31 amends section 5(2) of the SMTCVPR to add that a quantity of 500 grams of packaged raw leaf tobacco corresponds to one unit of a tobacco product for the purposes of the import limit.[125]

In addition, clause 226(1) of Bill C-31 amends section 2(a) of the SMTCVPR to provide that the prescribed package for raw leaf tobacco is the smallest package, including the outer shell, package, box or other container, in which it is sold to the consumer, which must not contain more than 500 grams of raw leaf tobacco.

These changes were announced in budget 2024[126] and, in accordance with clauses 226(2) and 227(2) of Bill C-31, they come into force on the first day of the month following the month that includes the day on which the bill receives Royal Assent.

2.3.2.3 Allow the Canada Revenue Agency to Review and Provide Relief to Brewers

Clauses 215 and 216 of Bill C-31 amend sections 99 and 110.1 of the *Excise Act*, respectively, to give the Minister of National Revenue the discretion to waive or reduce certain penalties or interest payable by a person under this Act, on his or her initiative or at the request of the person, no later than 10 years after the day on which the amount in question was to be paid.

These new provisions mirror those already included in other tax laws[127] and were included in the legislative proposals released in August 2025.[128]

2.3.2.4 Extend the Maximum Validity Period of Certain Licences

Clause 225 of Bill C-31 amends section 4(b) of the *Regulations Respecting Excise Licences and Registrations*[129] to provide that a spirits licence, a wine licence, a user's licence and an excise warehouse licence (with some exceptions) are valid for a maximum of three years, as is the case for a vaping product licence.

This change was included in the legislative proposals released in August 2025.[130]

2.4 PART 4: IMPLEMENTATION OF VARIOUS MEASURES

2.4.1 Division 1: Amendments to the *Trust and Loan Companies Act*, the *Bank Act* and the *Insurance Companies Act* (Bearer Instruments)

An Act to amend the Canada Business Corporations Act, the Canada Cooperatives Act, the Canada Not-for-profit Corporations Act, and the Competition Act (Bill C-25)[131] received Royal Assent on 1 May 2018, amending the *Canada Business Corporations Act*[132] and the *Canada Cooperative Act*[133] to clarify that bearer shares, bearer certificates and bearer share warrants are prohibited. Shareholders or cooperative members can convert existing bearer instruments into a registered form of security, such as a common share.[134]

In its legislative summary of Bill C-25, the Library of Parliament explained that bearer shares, bearer certificates, and bearer share warrants can be used for money laundering and terrorist financing:

> The ownership of bearer shares, bearer certificates and bearer share warrants is not registered with the relevant corporation, and these instruments exist only as a physical document. The Financial Action Task Force and the Global Forum on Transparency and Exchange of Information for Tax Purposes have identified bearer instruments as vehicles for laundering money and financing terrorism.[135]

In budget 2025, the government stated that it would amend the *Trust and Loans Companies Act* (TLCA),[136] the *Bank Act*[137] and the *Insurance Companies Act* (ICA)[138] to prohibit federally regulated financial institutions from issuing documents that give conversion privileges, options, or rights to acquire a share in bearer form.[139] The federally regulated financial institutions would only be allowed to issue these documents – or replace existing ones in bearer form – in registered form.

These measures are implemented as follows:

- Clauses 228 to 231 of Bill C-31 add new sections 36(2), 72.1 to the TLCA, and amend sections 93 and 102 of the TLCA.
- Clauses 232 to 236 of Bill C-31 add new sections 38(3), 69.1, 713.1 to the *Banking Act*, and amend sections 90 and 99 of the *Bank Act*.

Clauses 237 to 241 of Bill C-31 add new sections 37(2), 73.1, 752.1 to the ICA, and amend sections 94 and 103 of the ICA.

2.4.2 Division 2: Amendments to the *Trust and Loan Companies Act*, the *Bank Act* and the *Insurance Companies Act* (Immunity – Good Faith Actions)

In budget 2025, the government stated that it would amend the *Trust and Loan Companies Act* (TLCA), the *Bank Act* and the *Insurance Companies Act* (ICA) to ensure that the Minister of Finance and government officials are protected against civil liability in the good faith performance or omission of actions under those Acts.[140]

Clauses 242 to 244 of Bill C-31 create new sections 530.1 of the TLCA, 977.1 of the *Bank Act* and 1020.1 of the ICA to provide that no action lies against His Majesty in right of Canada, the Minister of Finance, the Commissioner of the Financial Consumer Agency of Canada, the Superintendent of Financial Institutions, any officer or federal employee or any person acting under the direction of the minister, the commissioner or the superintendent for anything done or omitted while carrying out duties in good faith under those Acts.

2.4.3 Division 3: Amendments to the *Bank Act*

In budget 2025, the government proposed to amend the *Bank Act* to allow for regulations that would ensure distribution channels for brokered deposits are not unduly limited.[141] The goal of this measure is to strengthen small banks' access to brokered deposits.

Clause 245 of Bill C-31 adds new Part VIII.1 entitled Non-Discrimination – Deposit Products after Part VIII of the *Bank Act*. Section 463.1 of Part VIII.1 provides the definitions of a deposit product and an institution. Section 463.2 of Part VIII.1 states that a bank or an authorized foreign bank cannot directly offer or sell in Canada a deposit product of a Canadian financial institution unless it does so in a non-discriminatory manner. Section 463.3 of Part VIII.1 states that an institution cannot offer or sell one of its deposit products in Canada through any of its affiliates unless the affiliate offers or sells the deposit product in a non-discriminatory manner.

Section 463.4 of Part VIII.1 allows the Minister of Finance to make regulations respecting what constitutes offering or selling a deposit product in a non-discriminatory manner for the purposes of sections 463.2 and 463.3.

Clause 246 of Bill C-31 provides for the coming into force of this measure on a day to be fixed by order of the Governor in Council.

2.4.4 Division 4: Amendments to the *Financial Administration Act*, the *Department of Public Works and Government Services Act* and the *National Capital Act*

Clause 247 of Bill C-31 modifies section 41 of the *Financial Administration Act*,[142] allowing the Governor in Council to regulate the conditions under which Crown corporations, the Canada Revenue Agency and the Invest in Canada Hub may enter into contracts. Moreover, it allows the Governor in Council to regulate the conditions of contract entry for the Canada Pension Plan Investment Board (a Crown corporation), but only for contracts subject to any provision of a trade agreement. These organizations are currently exempt from such regulations.

Clause 251 of Bill C-31 repeals section 15(3) of the *National Capital Act*,[143] which is made redundant by clause 247 of Bill C-31.

Clauses 248 to 250 of Bill C-31 amend the *Public Works and Government Services Act*[144] (PWGSA) concerning the Governor in Council's regulation-making power over complaints made to the Procurement Ombud. The Procurement Ombud is an arms-length body within the Department of Public Works and Government Services that reviews complaints about the award of certain federal contracts and about the administration of any federal contract.

Currently, section 22.1(3)(b) of the PWGSA mandated the Procurement Ombud to review complaints about the award of contracts issued by departments subject to the *Canadian Free Trade Agreement* (CFTA), as though the contracts in question met the dollar-value threshold for coverage under the CFTA.[145] Clause 248 of Bill C-31 removes all reference to the CFTA, mandating the Procurement Ombud instead to review complaints about the award of contracts as prescribed by regulations issued by the Governor in Council. Clause 249 of Bill C-31 removes the requirement in section 22.2(1) for a complainant to be "a supplier with a place of business in Canada."[146]

Accordingly, clause 250 of Bill C-31 amends section 23.1(b) of the PWGSA to specify that Governor in Council's regulation-making power concerning complaints to the Procurement Ombud includes the power to regulate "the contracts and subject-matter that may be reviewed [and] the persons who may file complaints."

Clauses 247 to 251 of Bill C-31 come into force on a day to be fixed by order of the Governor in Council.

2.4.5 Division 5: Amendments to the *Tax Court of Canada Act*

The Tax Court of Canada (TCC) has exclusive jurisdiction to hear and determine appeals and references on matters arising from various Acts, such as the *Income Tax Act* and Part IX of the *Excise Tax Act*. The TCC provides a more informal and simplified mechanism to resolve lower-value tax disputes called the Informal Procedure. For income tax appeals, the Informal Procedure is limited to cases in which the amount of federal tax and penalties in dispute for each taxation year, excluding interest, is $25,000 or less, or cases in which the amount of loss in issue is $50,000 or less. For goods and services tax (GST) appeals, the procedure is limited to cases in which the amount in issue is $50,000 or less.

In budget 2025, the federal government announced its intention to increase these limits for accessing the Informal Procedure in income tax appeals and GST appeals, which have not been updated since 2013.[147]

Part 4, Division 5 of Bill C-31 amends the *Tax Court of Canada Act* to increase the limits for accessing the Informal Procedure. Clauses 253, 254, 255, 256 and 257 of the bill amend sections 18, 18.1, 18.11, 18.12 and 18.13, respectively, to increase the limits applicable to income tax appeals. Specifically, they increase the limit for the amount of federal tax and penalties in dispute for each taxation year from $25,000 to $50,000, and the limit for the amount of loss in issue from $50,000 to $100,000.

Clauses 259, 260, 261 and 262 of Bill C-31 amend sections 18.3001(c)(ii), 18.30012, 18.30022 and 18.30024, respectively, to increase the limits applicable to GST appeals. Specifically, they increase the limit for the amount in issue from $50,000 to $100,000.

Paragraphs 18.27(a) and 18.27(b) of the *Tax Court of Canada Act* currently allow the Governor in Council to make regulations to increase the limits for accessing the Informal Procedure for income tax appeals from $25,000 to up to $50,000 for the amount of federal tax and penalties in dispute for each taxation year, and from $50,000 to up to $100,000 for the amount of loss in issue. Clause 258 of Bill C-31 amends section 18.27 to repeal these two paragraphs. As well, clause 264 of Bill C-31 repeals the *Maximum Amounts for Informal Procedure Regulations*,[148] which have not been updated since 1993.

Lastly, clause 263 of Bill C-31 provides that the new limits apply only to appeals for which a notice is filed after Division 5 comes into force.

2.4.6 Division 6: Amendments to the *Access to Information Act*

Section 24 of the *Access to Information Act*[149] (ATIA) states that "[t]he head of a government institution shall refuse to disclose any record … that contains information the disclosure of which is restricted by or pursuant to any provision set out in Schedule II."

Clause 265 of Bill C-31 adds sections 62(1) and 63(1) of the *Retail Payment Activities Act*[150] (RPAA) to Schedule II to the ATIA. These sections provide for the obligation to treat any information as confidential when obtained under the RPAA – or prepared from that information – by the Bank of Canada, the Minister of Finance or the person or government authority designated under the RPAA.

2.4.7 Division 7: Amendments to the *National Housing Act* and the *Protection of Residential Mortgage or Hypothecary Insurance Act*

To support homeownership and multi-unit rental housing construction, the government proposed in budget 2025 to amend the *National Housing Act* (NHA)[151] to increase the Canada Mortgage and Housing Corporation's (CMHC) guarantees-in-force limit[152] to $1 trillion and to decouple this limit from CMHC's insurance-in-force limit.[153] It also proposed to amend the *Protection of Residential Mortgage or Hypothecary Insurance Act* (PRMHIA)[154] to increase the protected limit for mortgage or hypothecary loans insured under that the PRMHIA to $500 billion.[155]

Section 11 of the NHA sets CMHC's insurance-in-force limit to $800 billion and any additional amounts authorized by Parliament under an appropriation act or other act of Parliament on or after the day on which the *Budget Implementation Act, 2024, No. 1* received Royal Assent. Section 15 of the NHA sets CMHC's guarantees-in-force limit to the total amount provided in section 11 or the total amount authorized by Parliament under an appropriation act or other act of Parliament.

Section 27 of the PRMHIA sets the protected loan limit for mortgage or hypothecary loans insurance under the Act to $300 billion or any other amount that is authorized for the purposes of this section under an appropriation act.

Clause 266 of Bill C-31 amends section 15 of the NHA to increase CMHC's guarantees-in-force limit to $1 trillion and any additional amounts authorized by Parliament under an appropriation act or other act of Parliament on or after the day on which Bill C-31 receives Royal Assent.

Clause 267 of Bill C-31 amends section 27 of the PRMHIA to increase the protected loan limit to $500 billion or any other amount authorized by Parliament under an

appropriation act or other act of Parliament on or after the day on which Bill C-31 receives Royal Assent.

2.4.8 Division 8: Amendments to the *Bankruptcy and Insolvency Act*

Licensed Insolvency Trustees, which are appointed and regulated by the Office of the Superintendent of Bankruptcy, are the only professionals authorized to administer insolvency proceedings under the *Bankruptcy and Insolvency Act* (BIA),[156] such as bankruptcies and consumer proposals. In the *Fall Economic Statement 2024*, the federal government announced its intention to better protect Canadians from unlicensed debt advisors, also called lead generators. In particular, it indicated that they

> often deceive vulnerable borrowers towards the consumer proposal or bankruptcy process in exchange for payment. Lead generators do this by falsely marketing themselves as Licensed Insolvency Trustees regulated by the Office of the Superintendent of Bankruptcy, when they are, in fact, unlicensed.[157]

To address this issue, the federal government proposed to amend the BIA to increase the fines for certain offences and add civil remedies for when unlicensed persons are found to have engaged in certain conduct. This proposal was reaffirmed in budget 2025.

Section 202(1) of the BIA provides that a person who acts as, or represents themselves to be, a licensed trustee while not being one; or directly or indirectly solicits or canvasses any person to make a filing under the BIA; is guilty of an offence punishable on summary conviction and liable to a maximum fine of $5,000 and/or imprisonment for a term of up to one year. Clause 270 of Bill C-31 amends section 202 to increase the maximum fine for these offences to $100,000 for an individual and $1,000,000 for a person other than an individual, such as a corporation.

In addition, clause 269 of Bill C-31 adds new sections 9.1, 9.2 and 9.3 to the BIA to allow for civil remedies against a person who engages in such conduct. New section 9.1 states that a person has engaged in "reviewable conduct" if that person:

- represents themselves in a manner that leads to reasonable belief that the person is a licensed trustee while not being one;
- acts as a licensed trustee, or represents themselves to be, while not being one;
- directly or indirectly solicits or canvasses any person to make a filing under the BIA; or
- makes a representation to the public relating to bankruptcy or insolvency that is materially false or misleading.

New section 9.3(1) allows the Superintendent of Bankruptcy to apply to court[158] for a determination that a person has engaged in reviewable conduct. Upon such determination, new section 9.3(1) provides that the court may order the person to:

- not to engage in such conduct;
- publish and disseminate a notice regarding the court's determination of reviewable conduct; and
- make a restitution to any person or the trustee of the bankrupt of any amount of money that the person or estate has been deprived of as a result of the reviewable conduct.

New section 9.3(1) also allows the court to grant any other relief it considers appropriate.

New section 9.3(2) provides that the following matters do not need to be established for a determination of reviewable conduct: whether any person was deceived or misled, any member of the public to whom the representation was made was in Canada, and the representation was made in a place to which the public had access. As well, new section 9.3(3) provides that the general impression conveyed by a representation as well as its literal meaning must be taken into account in determining whether a person has engaged in reviewable conduct.

2.4.9 Division 9: Amendments to the *Canada Labour Code*

Clause 271 of Bill C-31 adds Division XI.1, entitled "Non-Compete Clauses and Other Employment-Related Restrictions," to Part III of the *Canada Labour Code* (CLC)[159]. The government announced its intention to amend the CLC to "restrict the use of non-compete agreements in employment contracts for federally regulated businesses" in budget 2025, indicating that this measure would "protect workers' rights, promote labour mobility, strengthen competition, and empower workers to move to a higher-paying job or start their own business."[160]

The term "non-compete clause" is defined under the new division as a term of employment, condition of employment or clause in an agreement prohibiting an employee, upon ceasing their employment, from engaging in a business or other activity that is in competition with the employer's federal work, undertaking or business. It is to be differentiated from the term "other employment-related restriction," which is part of a class to be specified by regulation (new section 237.1).

Under the new division, employers are prohibited from agreeing to a non-compete clause or other employment-related restriction with an employee or a trade union, or from imposing one on an employee (new section 237.2(1)). Such arrangement is

"void" or, in Quebec, "null," subject to a transitional provision under clause 273 of Bill C-31 with respect to the first year the prohibition is in force (new section 237.2(2)). People exempted from the prohibition include: persons holding the position or performing the functions of chief executive officer or other prescribed executive role; and persons who lease or sell a work, undertaking or business to an employer and later become their employee, provided certain conditions are met (new section 237.2(3)).

Employers are also prohibited from taking reprisals against an employee for refusing to agree to or comply with a non-compete clause or other employment-related restriction (new section 237.3). At the same time, section 246.1(1)(a.1) of the CLC is amended by clause 272 of Bill C-31 to allow an employee to make a complaint to the Canada Industrial Relations Board if they believe that their employer has taken action against them in contravention of the new prohibition relating to reprisals.

Employers hold the burden of proof in certain proceedings under parts III and IV of the CLC if they allege that an arrangement is not a non-compete clause or other employment-related restriction or that it is not "void" or "null" (new section 237.4). In addition, the Governor in Council is authorized to make regulations prescribing various aspects of Division XI.1 of the CLC (new section 237.5).

Division XI.1 of the CLC comes into force on a day to be fixed by order of the Governor in Council, pursuant to clause 274 of Bill C-31.

2.4.10 Division 10: Amendments to the *Canadian Human Rights Act*

Clause 275 of Bill C-31 amends section 26 of the *Canadian Human Rights Act* (CHRA)[161] to eliminate the position of Deputy Chief Commissioner of the Canadian Human Rights Commission.

Clause 276 of Bill C-31 makes a coordinating amendment to section 31 of the CHRA.

Clause 277 of Bill C-31 is a transitional provision, providing that the Deputy Chief Commissioner will be deemed to have been appointed as Chief Commissioner on the day before the bill receives Royal Assent. This effectively confirms the current occupant of the role, who was appointed as Deputy Chief Commissioner in October 2022 but has served as the acting Chief Commissioner since December 2022. As a result, she will be eligible to serve as Chief Commissioner for the remainder of the seven-year term that she began in 2022.

2.4.11 Division 11: Amendments to the *International Development Research Centre Act*

Division 11 of Part 4 of Bill C-31 amends the *International Development Research Centre Act (*IDRC Act*)* [162] to reduce, from 14 to 12, the number of members on the Board of Governors of the International Development Research Centre (IDRC). In budget 2025, the federal government indicated that this amendment will "reduce governance expenses through the reduction of honoraria, travel and in-person Board meetings (holding more virtual meetings)."[163] According to budget 2025, "[r]educing the number of Governors would not have an adverse impact on the Board's oversight and would align its size with that of other Crown corporations' boards."[164]

Clause 278 of Bill C-31 amends section 3 of the IDRC Act to specify that the IDRC's Board of Governors shall be composed of a Chairperson, the IDRC President and 10 other governors. Clause 279 of Bill C-31 makes consequential amendments to sections 10(1) and 10(2) of the IDRC Act with regard to the number of members of the Board who must be Canadian citizens and possess certain relevant professional qualifications. Clause 280 of Bill C-31 makes a consequential amendment to section 16(3) of the IDRC Act to update the Board's quorum requirements.

2.4.12 Division 12: Amendments to the *Tobacco and Vaping Products Act*

Clause 281 of Bill C-31 replaces section 60.1 of the *Tobacco and Vaping Products Act* (TVPA).[165] New section 60.1(1) requires the Minister of Health to review the TVPA within the five-year period beginning on 1 July 2026 and, after each review report has been tabled in both Houses of Parliament, within each following five-year period. The minister must table a report within six months after the applicable review period ends or, if a House is not sitting during that six-month period, within the next 30 sitting days (new section 60.1(2)).

Currently, section 60.1 requires a review three years after that provision came into force and every two years after that, with a report tabled in both Houses of Parliament no later than one year after the review is completed.

2.4.13 Division 13: Amendments to the *Pest Control Products Act*

This section describes the major changes that Part 4, Division 13 of Bill C-31 makes to the *Pest Control Products Act* (PCPA).[166]

Section 16(2) of the PCPA requires the Minister of Health to initiate a systematic re-evaluation of a registered pest control product within one year after the 15th anniversary of the most recent major registration decision.

Clause 282 of Bill C-31 replaces this mandatory cyclical re-evaluation requirement with a requirement for the minister to first initiate an assessment of a product's health or environmental risks within 15 years after the most recent major registration decision. If, following the assessment, the minister determines that the risks have increased significantly, the minister must initiate a re-evaluation of the product.

Under section 17(1) of the PCPA, the minister must initiate a special review, which is narrower in scope than a re-evaluation, if there are reasonable grounds to believe that a registered product poses unacceptable health or environmental risks or lacks acceptable value. Clause 282 of Bill C-31 allows the minister to delay an assessment of a product if a special review of that product is ongoing and to limit the scope of a subsequent re-evaluation, if one is required, by excluding issues that prompted the special review.

Clause 283 of Bill C-31 amends section 17.1 of the PCPA to authorize the minister to terminate a special review of a product if the minister initiates a re-evaluation which includes the issue that triggered the special review.

Clause 284 of Bill C-31 replaces section 17.2 of the PCPA, adding new provisions regarding information the minister must make public, including the decision and reasons for:

- a determination, following an assessment, that there are reasonable grounds to believe that a product's risks have increased significantly;
- delaying an assessment because of an ongoing special review; and
- terminating a special review.

2.4.14 Division 14: Amendments to the *Territorial Lands Act*

The *Territorial Lands Act* (TLA)[167] is a federal statute governing the administration, disposition and regulation of certain federal Crown lands in the territories, primarily in the Northwest Territories and Nunavut. The TLA and its regulations are administered by Crown-Indigenous Relations and Northern Affairs Canada. The *Territorial Land Use Regulations*[168] regulate surface activities and land use permits, including for mineral exploration and mining activities, while the *Nunavut Mining Regulations*[169] regulate mining rights, mineral tenure and the acquisition of subsurface rights to Crown lands in Nunavut.

Significant amendments to the *Nunavut Mining Regulations* were made in 2020, which came into force in 2023. Those amendments changed the manner in which mineral claims are staked in Nunavut, moving from a field-based, on-the-ground physical activity to an online, digital system. More than half of the existing mineral claims staked in Nunavut were filed after this change.

Clause 286 of Bill C-31 amends section 12 of the TLA, which deals with mining rights. New section 12.1 creates a new federal "national interest" power for mineral rights on Crown lands in Nunavut. If the Governor in Council, on the recommendation of the Minister of Northern Affairs, is of the opinion that it is "in the national interest," it may make an order affecting mineral tenure in Nunavut. Such an order could cancel mineral rights; freeze new claims; block leases, renewals and transfers; prohibit former licensees from reacquiring legal or beneficial interests in the affected claim or lease; and prevent lands covered by a cancelled claim from being reopened for prospecting for a specified period. New section 12.1(8) requires orders to be published in the *Canada Gazette* within 23 days of an order being made. The amendments also create a compensation regime for affected claim holders and authorize the Governor in Council to make regulations to implement these changes.

Notably, "national interest" is not defined in Bill C-31. However, budget 2025 stated the amendments are intended "to protect and advance the national interests of Canada and the interests of Inuit in Nunavut."[170] Federal government briefing materials prepared in advance of the bill's introduction, link the amendments to protecting Canadian and Inuit sovereignty, Arctic security and enabling critical mineral development and supply-chain transportation in Nunavut.[171] Somewhat similar powers are found in the devolution legislation for the Northwest Territories and for Yukon, both of which reserve "national interest" powers for the Governor in Council.[172] However, the TLA amendments are more narrowly focused on mining claims and on preserving federal authority to be able to revoke or prohibit claims in Nunavut.

As set out in the 2024 *Nunavut Lands and Resources Devolution Agreement*, devolution is scheduled to take effect on 1 April 2027, at which point the Government of Nunavut will assume responsibility for the functions being devolved, including jurisdiction over lands and waters. The Agreement provides that the TLA and any regulations made under it that apply to public lands[173] are to be repealed through federal legislation, which has not yet been introduced in Parliament.[174] Meanwhile, territorial land-use plans are still being prepared by the Nunavut Planning Commission and have not yet been finalized. As a result, lands that may ultimately be held back from mining and other development could already be subject to mineral claims.

2.4.15 Division 15: Amendments to the *Red Tape Reduction Act*

The *Red Tape Reduction Act* (RTRA)[175] was amended by the *Budget 2025 Implementation Act, No. 1* (which received Royal Assent on 26 March 2026).[176] These amendments gave all ministers the power to create regulatory sandboxes (temporary exemptions from federal regulatory and legislative requirements) to stimulate innovation in the clean technology and financial technology sectors. Under the RTRA's new section 11, however, certain statutes are carved out as "excluded Acts," meaning ministers cannot grant sandbox exemptions from their requirements.

Clause 287 of Bill C-31 amends the RTRA to add the *Official Languages Act* to that list of excluded Acts. The practical effect is that no ministers can use the RTRA sandbox power to temporarily exempt an entity from its obligations under the *Official Languages Act*, putting it on equal footing with the *Access to Information Act*, the *Conflict of Interest Act*, the *Criminal Code* and the *Financial Administration Act*, among others.

Clause 288 of Bill C-31 makes two amendments to the RTRA. First, it fixes ambiguous wording in the English version of section 12(1)(c), which defines what provisions a minister can designate for sandbox purposes. The amendment clarifies that the carve-out covers not just excluded Acts themselves but also instruments (such as regulations) made under the excluded Acts. For example, a minister could not create exemptions to regulations flowing from the *Criminal Code* any more than from the *Criminal Code* itself. Secondly, it replaces the word "écotechnologies" ("ecotechnologies") with "technologies propres" in section 12(3)(a)(ii) of the French version, to better align with the narrower English wording ("clean technologies"). Clause 289 of Bill C-31 makes the same change to section 14.2(2) in French.

2.4.16 Division 16: Enactment of the Defence Investment Agency Act and Amendments to the *Defence Production Act*

Created in October 2025, the Defence Investment Agency (DIA) is currently a special operating agency within Public Services and Procurement Canada (PSPC). A chief executive officer (CEO) leads the DIA and is accountable to PSPC's deputy minister, with the Secretary of State (Defence Procurement) overseeing the agency.[177] Canada's Defence Industrial Strategy indicated the Government of Canada's plans to enact legislation in spring 2026 to establish the DIA as a "stand-alone entity."[178] Also, in February 2026, Prime Minister Mark Carney stated that the DIA will streamline Canada's defence procurement processes, accelerate the delivery of military equipment to the Canadian Armed Forces (CAF), prioritize domestic manufacturing and partnerships, and "lead Canada's participation in joint procurement initiatives" with the country's allies.[179]

Part 4, Division 16 of Bill C-31 comprises 48 clauses divided into two subdivisions. Subdivision A enacts the Defence Investment Agency Act (the DIA Act) and makes related and consequential amendments to other statutes. Subdivision B amends the *Defence Production Act*,[180] including to rename the statute as the Defence and National Security Production and Procurement Act (DNSPPA), and makes consequential amendments to other statutes.

Clause 338 of Bill C-31 states that Division 16 of Bill C-31 will come into force on a day or days to be fixed by order of the Governor in Council.

2.4.16.1 Subdivision A: Enactment of the Defence Investment Agency Act

Clause 290 of Bill C-31 enacts the DIA Act, which establishes the DIA as an independent federal entity and provides for a minister to be designated as the Minister responsible for the DIA (the minister). The DIA Act also outlines the minister's powers, duties and functions, as well as of those of the CEO of the DIA.

2.4.16.1.1 Minister Responsible for the Defence Investment Agency

Section 3 of the DIA Act enables the Governor in Council to designate a member of the King's Privy Council for Canada as the minister.

Sections 11(1) and 11(2) of the DIA Act outline the minister's powers, duties and functions. Section 11(1) indicates that the minister is responsible for all matters relating to national defence and security production, procurement and investment, other than in: areas that are outside federal jurisdiction; and matters that are otherwise assigned under existing legislation to another federal department, board or agency. Section 11(2) provides a non-exhaustive list of the minister's powers, duties and functions, and specifically mentions initiating, recommending, implementing and promoting policies, directives and programs relating to national defence and security production, procurement and investment.

Section 12 of the DIA Act identifies the following factors that the minister must consider when performing the powers, duties and functions outlined in sections 11(1) and 11(2) of the DIA Act:

- the efficiency of national defence and security procurement;
- the promotion of investment in the national defence and security sectors;
- the promotion of research, development and innovation in the national defence and security sectors;
- opportunities for joint procurement and other forms of cooperation with governments of foreign jurisdictions and international organizations; and
- the acquisition and protection of intellectual property rights.

Sections 13(1) to 13(5) of the DIA Act give the minister the ability to enter into contracts and set their terms, which is an ability that the Minister of Public Works and Government Services currently has under the *Department of Public Works and Government Services Act*.[181] Specifically, section 13(1) provides that, on behalf of the Government of Canada, the minister may enter into contracts for the purpose of exercising the powers, duties and functions outlined in sections 11(1) and 11(2) of the DIA Act. Sections 13(2) to 13(5) of the DIA Act indicate that the minister may fix

terms and issue instructions relating to such contracts, and may make regulations that specify the manner in which such terms or instructions are to be published.

Clause 292 of Bill C-31 transfers all agreements, contracts and other arrangements relating to defence procurement or the construction of defence projects that were previously entered into by the Minister of Public Works and Government Services to the minister responsible for the DIA.

With certain exceptions, sections 14(1) and 14(2) of the DIA Act give the minister the ability to delegate powers, duties and functions to another minister or to the chief executive of another federal entity, with sections 14(4) and 14(5) of the DIA Act allowing those individuals to delegate their powers, duties and functions to their respective subordinates. The exceptions are the powers, duties and functions outlined in the following sections:

- section 11(2) of the DIA Act, concerning policies, directives and programs relating to national defence and security production, procurement and investment;
- section 15(1) of the DIA Act, concerning the appointment of advisors and the establishment of advisory committees;
- sections 15.1(1) and 17(1) of the DNSPPA, concerning the minister's financial powers; and
- section 26(2) of the DNSPPA, concerning the minister's ability to determine whether a contract is considered a defence contract that is subject to competitive procurement.

Section 15(1) of the DIA Act gives the minister the power to appoint advisors and to establish advisory committees. These advisors and advisory committees provide the minister with advice and support in performing the powers, duties and functions outlined in sections 11(1) and 11(2) of the DIA Act.

2.4.16.1.2 Mandate of the Defence Investment Agency

Pursuant to section 4, the DIA's mandate is to assist the minister in the carrying out the ministerial powers, duties and functions specified in the DIA Act or the DNSPPA.

2.4.16.1.3 Chief Executive Officer and Other Personnel of the Defence Investment Agency

Section 7(1) of the DIA Act provides that the Governor in Council appoints the CEO of the DIA for a renewable term of up to five years. Pursuant to sections 7(2) and 7(3) of the DIA Act, the CEO has the rank of a deputy head of a federal department, and is compensated in a manner determined by the Governor in Council. Clause 293 of Bill C-31 indicates that the person serving as the CEO of the DIA a day prior to the

date on which the DIA Act enters into force will remain in that role for the remainder of the term in office.

Section 7(4) of the DIA Act gives the minister the power to designate any person to serve as acting CEO of the DIA in situations in which the CEO is absent or unable to perform the duties of the position. The acting CEO cannot hold office for a term of more than 90 days without the Governor in Council's approval.

Section 7(5) of the DIA Act states that, on a temporary basis, the CEO of the DIA may seek the services of persons with technical or other relevant expertise to advise and assist in carrying out the powers, duties and functions of the CEO's position. With the approval of the Treasury Board of Canada Secretariat, the CEO may provide compensation to those persons.

Clause 294 of Bill C-31 provides that, upon the DIA Act's entry into force, all individuals employed at the DIA will maintain their employment status.

2.4.16.1.4 Governor in Council Regulations

Section 16 of the DIA Act gives the Governor in Council the power to make regulations regarding the implementation of the DIA Act.

2.4.16.1.5 Related and Consequential Amendments.

Clauses 296 to 302 of Bill C-31 amend certain provisions of the following statutes to add references to the DIA, the minister or the CEO of the DIA:

- Schedule I of the *Access to Information Act*;
- Schedules I.1, IV and VI of the *Financial Administration Act*;
- the Schedule of the *Privacy Act*;[182]
- Schedule I of the *Public Service Superannuation Act*;[183] and
- Schedule I of the *Public Sector Compensation Act*.[184]

Clause 303 of Bill C-31 amends item No. 9982.00.00 in the schedule to the *Customs Tariff* to replace the reference to the Minister of Public Works and Government Services with a reference to the minister responsible for the DIA and the Minister of National Defence.[185]

2.4.16.2 Subdivision B: Amendments to the *Defence Production Act*

Subdivision B of Division 16 of Bill C-31 amends the *Defence Production Act* (DPA)[186] to broaden the scope of the statute's application and to give certain powers to the minister responsible for the Defence Investment Agency (DIA) (minister). It also gives the minister new financial powers and establishes rules on competitive procurement pertaining to national defence and national security.

Clauses 304 and 305 of Bill C-31 replace the long title and the short title of the DPA, which will now be the Defence and National Security Production and Procurement Act (DNSPPA).

Currently, the Minister of Public Works and Government Services is responsible for administering the DPA. Clause 307 of Bill C-31 amends the definition of "Minister" in section 2 of the DNSPPA to give the Minister responsible for the DIA the power to administer Part 1, which addresses "Production, Procurement and Investment." Responsibility for administering Part 2, which addresses "Controlled Goods," remains with the Minister of Public Works and Government Services.

2.4.16.2.1 Definitions

Clause 307 of Bill C-31 amends section 2 of the DNSPPA to broaden the definitions of several terms and to add definitions.

The definition of "associated government" is broadened to include governments of foreign jurisdictions and international organizations that the North Atlantic Treaty Organization recognizes as a "partner," as well as the European Union and its member states. With the approval of the Governor in Council, section 11 allows the minister to exercise – on behalf of an associated government – the powers provided by Part 1 of the DNSPPA.

The definition of "defence projects" is broadened to include works in relation to residential properties located on federal property administered by the Minister of National Defence and projects "required for the purposes of national security."

The definition of "defence contract" is broadened to include contracts relating to defence services.

The definition of "defence supplies" is broadened to include "anything" required for the purposes of national defence, national security or cooperative efforts for defence and security being carried on by the Government of Canada or an associated government.

A definition of "defence services" that has a similar scope as the broadened definition of "defence supplies" is added. Legal services, as well as services provided by federal employees and Canadian Armed Forces members, are excluded from this definition.

Clause 308 of Bill C-31 replaces section 3 of the DNSPPA to clarify that defence projects, defence supplies and defence services can have purposes other than those relating to defence.

2.4.16.2.2 Purposes of Part 1 of the Act on Production, Procurement and Investment

Bill C-31 amends the structure of Part 1 of the DNSPPA, including by changing the order of certain provisions, with associated renumbering. As a result, some of the DPA's current sections are retained but moved to a different location, occasionally with slight revisions. For example, provisions addressing non-disclosure of information in new section 5, Crown corporations in new section 6, corporations in new sections 30 to 32.1, and staff in new sections 36.1 and 36.2 currently appear elsewhere in Part 1 of the DPA.

As well, clause 308 of Bill C-31 adds new section 7 to set out Part 1's two purposes: provide things and services relating to national defence and national security, including "by fostering the capabilities and capacities" of individuals and industries to supply them; and regulate procurement relating to national defence and national security.

2.4.16.2.3 The Powers and Duties of the Minister Responsible for the Defence Investment Agency

Clause 309 of Bill C-31 amends sections 10(1) and 10(2) of the DNSPPA to give the minister the power to acquire national defence-related and national security-related defence supplies and defence services for any federal department, board or agency, except for certain services that Shared Services Canada provides.

Clause 312 of Bill C-31 amends section 12 of the DNSPPA to clarify and expand the duties of the minister to include the provision of defence services, as well as the responsibility to assess, organize, mobilize and conserve the "defence workforce."

2.4.16.2.4 Request for Information

Clause 313 of Bill C-31 amends sections 13(1) and 13(2) of the DNSPPA to broaden the scope of the minister's powers to request "any information" from specified parties in the defence industry to include information relating to defence services. New section 13(1.1) outlines a duty to provide the requested information, and to do so in accordance with the terms specified in the minister's written notice.

2.4.16.2.5 Stockpiling

Clause 315 of Bill C-31 amends section 15 of the DNSPPA to allow the minister to stockpile "anything" that the Governor in Council designates as "essential to the needs of Canada, of a community in or outside of Canada or of an associated government," with such stockpiling occurring for the following purposes:

- national defence;
- national security, including economic security;
- the defence or security of an associated government or other state; or
- safeguarding against possible shortages.

2.4.16.2.6 Ministerial Powers, Including Financial Powers

Clause 316 of Bill C-31 adds new section 15.1(1) to the DNSPPA to give the minister the power to make loans, advanced payments, grants and other types of financial arrangements for the purposes of national defence or national security. Certain types of financial arrangements, such as the power to own shares in a corporation, are subject to the approval of the Minister of Finance.

Clause 320 of Bill C-31 replaces sections 17 through 19 of the DNSPPA relating to the minister's use of the Consolidated Revenue Fund. In particular, new section 17(1) allows the minister to use those funds to exercise the stockpiling-related powers outlined under amended section 15 of the DNSPPA, enter into certain financial agreements consistent with new section 15.1(1), and to exercise the ministerial powers outlined under amended section 16.

New section 17(2) of the DNSPPA establishes a $1-billion aggregate expenditure limit under the Consolidated Revenue Fund, which is an amount that can be amended through an appropriation statute authorized by Parliament. New section 17(3) outlines the types of revenue and recoveries that can be deducted from the aggregate expenditure limit. Amended section 18 specifies that, unless authorized by a regulation made with the Minister of Finance's approval under new section 33(2), the minister cannot issue a loan from the Consolidated Revenue Fund for certain capital projects or for the purposes of research, development or innovation in relation to defence supplies or defence services.

2.4.16.2.7 Rules on Competitive Procurement

Clause 322 of Bill C-31 establishes rules on competitive procurement relating to defence contracts and contracts relating to stockpiling.

New section 27 of the DNSPPA indicates that the minister must conduct a competitive procurement process before entering into a contract, with new section 28 outlining several exceptions to this requirement. The minister may choose not to conduct a competitive procurement process if the minister is of the opinion that the contract: addresses "urgent operational requirements"; safeguards national security; supports a Canadian economic sector that is important to national defence or security, including economic security; ensures interoperability; involves "sensitive technology"; or relates to research, development and innovation, among other exceptions. Pursuant to clause 324 of Bill C-31, new section 33(1)(f) allows the Governor in Council to make regulations to clarify the meaning of certain exceptions identified in new section 28, including the terms "urgent operational requirement" and "sensitive technology."

New section 26(2) of the DNSPPA gives the minister the exclusive authority to determine whether a contract is subject to the rules on competitive procurement.

New section 29 provides the minister with discretionary power to exclude persons from participating in a competitive procurement process if there are "reasonable grounds to believe" that their involvement in a contract poses a risk to national defence, national security or public safety.

2.4.16.3 Regulations and Orders

Clause 324 of Bill C-31 amends section 33 of the DNSPPA, which gives the Governor in Council the power to make regulations and orders, to add a non-exhaustive list of regulations that the Governor in Council may make to carry out the objectives of Part 1 of the DNSPPA. In addition to regulations regarding the meaning that should be given to certain terms for the purposes of new section 28, the Governor in Council may make regulations regarding the minister's powers under amended section 15 in relation to stockpiling, the terms and classes of contracts, and the rules on competitive procurement. New section 33(2) indicates that certain regulations relating to the minister's financial powers must be made on the recommendation of the minister and with the agreement of the Minister of Finance.

2.4.16.4 Administrative Monetary Penalties and Other Offences

Clause 325 of Bill C-31 provides for the establishment, by regulation, of an administrative monetary penalty scheme to enforce certain provisions of the DNSPPA. Those provisions are: new section 33(1)(b), which pertains to regulations authorizing a person to take stockpiling-related actions under the minister's direction; and new section 33(1)(d), which pertains to regulations made in relation to providing information about a defence contract.

Clause 327 of Bill C-31 amends section 45(2) of the DNSPPA to provide that contraventions of new section 27, which requires the minister to conduct a competitive procurement process, do not constitute an offence under this provision.

2.4.16.5 Transitional, Consequential and Related Amendments

Clauses 329 to 332 of Bill C-31 provide transitional provisions, with clauses 331 and 332 of Bill C-31 deeming Defence Construction Canada to have been incorporated under section 30 of the DNSPPA, which addresses corporations. Contracts between Defence Construction Canada and the Minister of Public Works and Government Services that are in effect prior to the day on which Division 16 comes into force are transferred to the minister responsible for the DIA.

Clauses 333 and 334 of Bill C-31 make consequential amendments to the *Access to Information Act* to replace references to the DPA with references to the DNSPPA. Clauses 335 and 336 of Bill C-31 make terminology changes to reflect the new title in other federal statutes and regulations.

2.4.16.6 Ministerial Review and Report

Clause 337 of Bill C-31 requires the minister to undertake a review of the operation of the amendments to the DNSPPA within three years after entry into force. The report must be tabled as soon as possible following completion in both the Senate and the House of Commons.

2.4.17 Division 17: Amendments to the *Canada Transportation Act*

Part 4, Division 17, of Bill C-31 makes three groups of amendments to the procedure provided in the *Canada Transportation Act*[187] for addressing air travel complaints. The first (clauses 339 to 348 of Bill C-31) amends existing provisions to transfer responsibility for the complaints resolution process from the Canadian Transportation Agency to the Minister of Transport. The second (clause 349 of the bill) adds new provisions to provide for an alternative resolution process for air travel complaints. The third (clauses 354 to 362 of the bill) establishes a transitional procedure for the purpose of addressing the current backlog of air travel complaints. This division also transfers regulation-making powers from the Agency to the minister, increases maximum penalties for corporations, and coordinates amendments with provisions of a previous Act that have not yet come into force.

2.4.17.1 Responsibility for the Complaints Resolution Process

A number of provisions in the bill replace references to the Canadian Transportation Agency and to complaint resolution officers (designated by the Agency to handle complaints) with the Minister of Transport in sections 85.04 to 85.16 of the *Canada Transportation Act* (clauses 341 to 344, and 347 and 348 of the bill). For example, under clause 341(1) of Bill C-31, complaints under section 85.04(1) of the Act are filed with the minister rather than with the Agency. However, clause 349 of Bill C-31 provides that the minister may, by order, require the Agency to administer sections 85.04 to 85.14 of the Act.

Clause 341(2) of Bill C-31 adds section 85.04(1)(e) to the Act, which provides that a person may not file a complaint with the minister if the person has a proceeding before a court or has obtained a final decision from a court in respect of a dispute with a carrier regarding the application of a fare, rate, charge, or term or condition of carriage set out in the carrier's tariff.

Clause 341(3) of Bill C-31 amends section 85.04(2)(a) of the Act to provide that the minister may refuse to deal with a complaint if any of the conditions set out in section 85.04(1) has not been met. Currently, all the conditions have been met for the Agency to refuse to deal with a complaint.

Section 85.05(1) of the Act currently provides that a mediation process must commence no later than the 30th day after the day on which the complaint is filed, without any requirement for the prior consent of the parties. The *Guideline on the Canadian Transportation Agency's Complaint Resolution Office Air Travel Complaints Process* states that, if one of the parties to the mediation process refuses to participate, the mediation ends.[188] Clause 342 of Bill C-31 amends section 85.05(1) of the Act to specify that the minister must offer to mediate the complaint, and that the mediation process may start only if the parties consent.

Clause 342 of Bill C-31 also amends section 85.05(2) of the Act so that an agreement that is reached by the parties as a result of mediation may be made an order of the Federal Court or of any superior court, in which case it is enforceable in the same manner as such an order. Section 85.05(2) of the Act currently provides that an agreement that was reached as a result of mediation was enforceable as if it were an order of the Agency, which could also be made an order of the Federal Court or of any superior court under section 33(1) of the Act.

Moreover, clause 342 of Bill C-31 replaces section 85.06 of the Act and changes the start date for calculating the time limit within which the minister must make an order in respect of the complaint. Specifically, the minister must make an order no later than the 90th day after the day on which the complaint is filed. Currently, a

complaint resolution officer has to make an order no later than the 60th day after the day on which the mediation started. The time limit for the minister is essentially the same, since mediation must start no later than the 30th day after the day on which the complaint is filed, as set out in section 85.05(1) of the Act. The amendment reflects the change to section 85.05(1) of the Act that provides that the mediation process may start only if the parties consent.

Currently, section 85.09 of the Act provides that the process of dealing with a complaint was confidential, with a few exceptions. This section is repealed by clause 345 of Bill C-31. Section 85.14 of the Act currently provides that orders must be made public, unless the Agency, at the request of a party, decides to keep confidential any part of an order other than the information referred to in section 85.14(1) of the Act. This section of the Act is amended by clause 347 of Bill C-31 to replace the Agency with the minister.

Clause 346 of Bill C-31 replaces sections 85.1 to 85.13 of the Act with a completely new section 85.09 of the Act, which specifies that a carrier has 30 days to pay any compensation or refund that it is required to pay under an agreement between the parties or under an order of the minister. Sections 85.1 to 85.13 of the Act previously set out the procedure for complaint resolution officers to deal with complaints.

2.4.17.2 Alternative Resolution Process

Clause 349 of Bill C-31 also establishes a new alternative resolution process for air travel complaints, through which a "designated person" will be responsible for resolving complaints made with a specific airline. This process may be triggered by an order made by the Governor in Council to suspend the application of the regular complaint resolution process, either generally or for a particular class of complaints, as of the date of the order. Complaints filed before such an order is made would not be addressed through this alternative process (section 85.19 of the *Canada Transportation Act*). Such an order could be revoked, in which case the designated persons would be required to assist the Minister of Transport in resolving any outstanding complaints, as soon as feasible (section 85.27).

Under the alternative process, an air carrier will be required to enter into a direct agreement or arrangement with a designated person, which it can select from a list published on the minister's website (sections 85.2 and 85.21). Complaints related to an air carrier's tariffs are then to be made to the designated person responsible for that particular carrier. The same conditions apply for the filing of a complaint as specified in the regular process under section 85.04(1). The designated person has essentially the same powers to resolve complaints as are otherwise held by the

minister under sections 85.04 to 85.07, although fewer timelines are stipulated (sections 85.22 to 85.25).

An air carrier is liable to the minister for any payments made by the minister to a designated person regarding the resolution of a complaint (section 85.29).

2.4.17.3 Transitional Process (Backlog of Air Travel Complaints)

Clauses 355 to 359 of Bill C-31 provide transitional provisions for the explicit purpose of resolving the existing backlog of air travel complaints. The Governor in Council is authorized to make an order that would suspend the application of existing complaint resolution provisions to complaints or a class of complaint that have already been filed with the Canadian Transportation Agency as of the date of the order. The Minister of Transport or, if so directed by the minister, the Agency may then enter into a contract with a third party who would be responsible for resolving those complaints. This third party would have the same powers as those conferred upon a "designated person" under the new alternative resolution process. Carriers have 30 days to pay any compensation or refund ordered. Failure to pay within that timeline, unless the carrier has entered into a compensation agreement with the Agency or requested a review by tribunal, may result in a penalty of up to $1,000,000.

2.4.17.4 Power to Make Regulations

Currently, the Canadian Transportation Agency is empowered, under section 86.11 of the *Canada Transportation Act*, to make regulations establishing a carrier's obligations towards its passengers. It is under this authority that the Agency developed the *Air Passenger Protection Regulations*.[189] Clause 350 of Bill C-31 amends section 86.11 to transfer this regulation-making authority to the Minister of Transport.

The maximum penalty for violating a regulation made under this section is also increased, in the case of a corporation, from $25,000 to $1,000,000. The same maximum penalty is set for an air carrier that violates certain requirements under the new alternative resolution process (clause 351 of the bill).

2.4.17.5 Coordinating Amendments (*Budget Implementation Act, 2023, No. 1*)

Clause 363 of Bill C-31 provides amendments to coordinate language with certain provisions of the *Budget Implementation Act, 2023, No. 1* [190] which have not yet come into force. Specifically, the *Budget Implementation Act, 2023, No. 1* included provisions to reframe carriers' existing obligations towards passengers by eliminating the question of whether a delay, cancellation or denial of boarding was "within a

carrier's control." Instead, a presumption would be established that a carrier is required to compensate the passenger "for inconvenience," unless certain exceptions apply. As a result, the burden of proof is shifted to the carrier, who must demonstrate that such an exception exists. Coordinating amendments in Bill C-31 ensure continuity of language, depending upon whether those provisions of the *Budget Implementation Act, 2023, No. 1* come into force before or after its own provisions.

NOTES

* This Legislative Summary was prepared by the following authors:

- Dedewanou, Antoine, section 2.4.12;
- Farrah, Kelly, section 2.4.13;
- Good, Jesse, section 2.4.14;
- Hermon, Brian, section 2.4.11;
- Lafrenière, Alexandre and Arsenault-Watters, Joey, section 2.4.17;
- Lambert-Racine, Michaël, sections 2.1.1, 2.1.7, 2.1.12, 2.1.13, 2.4.5 and 2.4.8;
- Leblanc-Laurendeau, Olivier, section 2.4.15;
- Léonard, André, sections 2.1.2, 2.1.5, 2.1.9, 2.1.10 and 2.1.11;
- Malo, Joëlle, sections 2.1.4, 2.1.6, 2.1.8, 2.2 and 2.3;
- Mason, Robert, section 2.4.10;
- Perez-Leclerc, Mayra, section 2.4.9;
- Roy-César, Édison, "Background," and sections 2.4.1, 2.4.2, 2.4.3 and 2.4.7;
- Therrien-Tremblay, Anne-Marie, Simonds, Katherine and León, Andrés, section 2.4.16;
- Thibodeau, Maxime-Olivier, section 2.4.6;
- van den Berg, Ryan, section 2.4.4; and
- Yong, Adriane, section 2.1.3.

1. Bill C-31, A second Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025, 45th Parliament, 1st session.
2. *Income Tax Act* (ITA), R.S.C., 1985, c. 1 (5th Supp.).
3. *Income Tax Regulations*, C.R.C., c. 945.
4. *Excise Tax Act* (ETA), R.S.C., 1985, c. E-15.
5. *Air Travellers Security Charge Act*, S.C. 2002, c. 9, s. 5.
6. *Excise Act*, 2001, S.C. 2002, c. 22.
7. *Select Luxury Items Tax Act*, S.C. 2022, c. 10, s. 135.
8. *Income Tax Conventions Implementation Act*, 1996, S.C. 1997, c. 27.
9. *Agreement Between the Government of Canada and the Government of the Russian Federation for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital*, E102408 – CTS 1997 No. 6.
10. *Global Minimum Tax Act* (GMTA), S.C. 2024, c. 17, s. 81.

11. *Access to Information Act*, R.S.C., 1985, c. A-1.

12. *Income Tax Conventions Interpretation Act*, R.S.C., 1985, c. I-4.

13. *Tax Court of Canada Act*, R.S.C., 1985, c. T-2.

14. *Excise Act*, R.S.C., 1985, c. E-14.

15. Department of Finance Canada, "Tax Measures: Supplementary Information – Immediate Expensing for Manufacturing and Processing Buildings," *Canada Strong*, Budget 2025.

16. See sections 82(1) and 112(1) and definition of the term "taxable dividend" in section 248(1) of the ITA.

17. See section 186(1) of the ITA.

18. Government of Canada, "Tax Deferral Through Tiered Corporate Structures," *Explanatory Notes to Legislative Proposals Relating to the* Income Tax Act *and Regulations*. See sections 186(2) and 186(4) of the ITA for the meaning of "connected." It generally includes cases when a corporation controls another, or owns more than 10% of the issued share capital, in voting rights and fair market value, of the other.

19. See section 129(1) of the ITA.

20. Government of Canada, *Income Tax Folio S3-F2-C2, Taxable Dividends from Corporations Resident in Canada*, para. 2.35.

21. Department of Finance Canada, *Canada Strong*, Budget 2025, p. 401.

22. Assuming the corporate shareholder does not in turn pay a taxable dividend to another corporate shareholder during the year, failing which the tax payable under Part IV could be further deferred: see the examples provided in Government of Canada, "Tax Deferral Through Tiered Corporate Structures," *Explanatory Notes to Legislative Proposals Relating to the* Income Tax Act *and Regulations*.

23. As the government explains: "[t]his deeming rule applies to the dividend payer only; accordingly, the taxable dividend keeps its character in the hands of the dividend payee." However, the consequential amendments to section 186 of the ITA, which provides for the refundable temporary tax under Part IV of the ITA, ensure that this tax is levied only at the time the dividend refund is granted to the payer corporation, and not at the time the dividend is received by the payee corporation, but that its effects are suspended. These amendments seek to "ensure that … does not result in double taxation under Part IV": Government of Canada, "Tax Deferral Through Tiered Corporate Structures," *Explanatory Notes to Legislative Proposals Relating to the Income Tax Act and Regulations*.

24. Within the meaning of section 251.1 of the ITA.

25. Government of Canada, "Tax Deferral Through Tiered Corporate Structures," *Explanatory Notes to Legislative Proposals Relating to the* Income Tax Act *and Regulations*.

26. Department of Finance Canada, *Canada Strong*, Budget 2025, pp. 400–402.

27. Organisation for Economic Co-operation and Development, *Consolidated text of the Common Reporting Standard (2025): Standard for Automatic Exchange of Financial Account Information in Tax Matters*, p. 3.

28. Department of Finance Canada, *Strong Leadership*, Budget 2015, p. 484.

29. Department of Finance Canada, "Tax Measures: Supplementary Information," *Fairness for Every Generation*, Budget 2024, p. 42.

30. Organisation for Economic Co-operation and Development, "Crypto-Asset Reporting Framework," *International standards on tax transparency*.

31. Department of Finance Canada, *Fairness for Every Generation*, Budget 2024, p. 398.

32. Government of Canada, "Crypto-Asset Reporting Framework and the Common Reporting Standard," *Legislative Proposals Relating to the* Income Tax Act *and the* Income Tax Regulations.

33. It should be noted that, for the purposes of the new Part XXI of the ITA, this definition does not include a "central bank digital currency," a "specified electronic money product" (as those terms are defined in section 270(1) of the ITA), and any crypto-asset for which the reporting crypto-asset service provider reasonably believes cannot be used for payment or investment purposes (see the definition of "relevant crypto-asset" in new section 296(1) of the ITA).

34. Within the meaning of section 270(1) of the ITA.

35. Generally speaking, this is a document that is signed or authenticated, as applicable, and contains information that identifies the client: see the new sections 299(8) and 299(9) of the ITA.

36. *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17.

37. Government of Canada, "Clause 6," *Explanatory Notes to Legislative Proposals Relating to the* Income Tax Act *and Regulations*.

38. See definition of "excluded person" in new section 296(1) of the ITA.

39. Department of Finance Canada, "Tax Measures: Supplementary Information – Manipulation of Bankrupt Status," *Fairness for Every Generation*, Budget 2024.

40. The term "at arm's length" is defined in section 251(1) of the ITA. An individual and a corporation may have a non-arm's length relationship if the individual controls the corporation, for example (section 251(1)(a) and section 251(2)(b)(i) of the ITA). For more information, see Government of Canada, *Income Tax Folio S1-F5-C1, Related Persons and Dealing at Arm's Length*.

41. Or to a person with whom they do not have an arm's length relationship. For the meaning of the term "at arm's length," see endnote 43.

42. Or to any other person.

43. By virtue of the operation of paragraph (a) of the definition of the term "section 160 avoidance transaction" set out in section 160.01(1) of the ITA, or of new paragraph (c) of that definition.

44. Government of Canada, "Avoidance of Tax Debts," *Explanatory notes on Legislative Proposals Relating to the* Income Tax Act *and the Income Tax Regulations*.

45. Department of Finance Canada, "Tax Measures: Supplementary Information," *Fairness for Every Generation*, Budget 2024, p. 37.

46. Ibid.

47. Government of Canada, "Tax Measures: Supplementary Information – Clean Hydrogen Investment Tax Credit – Methane Pyrolysis," *Fall Economic Statement 2024: Reducing Everyday Costs and Raising Wages*.

48. For more technical details on the eligible definitions and pathways, see the explanatory notes from the Department of Finance: "Clean Hydrogen Investment Tax Credit," *Explanatory Notes to Legislative Proposals Relating to the* Income Tax Act *and Regulations*, January 2026.

49. Department of Finance Canada, "Tax Measures: Supplementary Information – Non-Compliance with Information Requests," *Fairness for Every Generation*, Budget 2024.

50. Department of Finance Canada, *Convention on Mutual Administrative Assistance in Tax Matters*.

51. Government of Canada, "Non-Compliance with Information Requests," *Explanatory Notes to Legislative Proposals Relating to the* Income Tax Act *and Regulations*, August 2025.

52. Department of Finance Canada, *Removing the consumer carbon price, effective April 1, 2025*, Backgrounder, 15 March 2025.

53. Department of Finance Canada, "Tax Measures: Supplementary Information – Qualified Investments for Registered Plans," *Canada Strong*, Budget 2025.

54. Ibid.

55. Ibid.

56. Canadian Securities Administrators, *CSA National and Multilateral Instruments*.

57. Ibid.

58. *Agreement Between the Government of Canada and the Government of the Russian Federation for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital*, E102408 – CTS 1997 No. 6.

59. Department of Finance Canada, *Suspension of the Tax Agreement between Canada and Russia*, 18 November 2024.

60. Ton Van Doremalen, "Russia suspends tax treaties with "unfriendly" countries," *DLA Piper*, 31 August 2023.

61. The technical amendments were included in the legislative proposals released in August 2025 and January 2026: Government of Canada, *Legislative Proposals Relating to the* Global Minimum Tax Act; and Government of Canada, *Legislative Proposals Relating to the* Global Minimum Tax Act.

62. Government of Canada, *Legislative Proposals Relating to the* Global Minimum Tax Act *and to the* Income Tax Conventions Interpretation Act. Note that the names of certain terms are different in these proposals. Thus, the "UTPR top-up amount" becomes the "Canadian UTPR top-up amount" in Bill C-31, the "Canadian UTPR top-up amount" becomes the "Canadian share of the total UTPR top-up amount" and the "total UTPR top-up amount" becomes the "UTPR top-up amount" (a definition is added to Bill C-31 in relation to the "total UTPR top-up amount"). The "Canadian UTPR percentage" remains.

63. Department of Finance Canada, "Tax Measures: Supplementary Information – International Tax Measures," *A Made-in Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future*, Budget 2023.

64. Department of Finance Canada, "9.1 A Fair Tax System," *A Plan to Grow Our Economy and Make Life More Affordable*, Budget 2022.

65. Department of Finance Canada, "Tax Measures: Supplementary Information – Consultation on Pillar Two," *A Plan to Grow Our Economy and Make Life More Affordable*, Budget 2022.

66. *Budget Implementation Act, 2024, No. 1*, S.C. 2024, c. 17.

67. Department of Finance Canada, "Tax Measures: Supplementary Information – International Tax Measures," *A Made-in Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future*, Budget 2023.

68. Ibid.

69. Ibid. The effective date was reiterated in Government of Canada, *Legislative Proposals Relating to the* Global Minimum Tax Act *and to the* Income Tax Conventions Interpretation Act.

70. Department of Finance Canada, "Tax Measures: Supplementary Information – International Tax Measures," *A Made-in Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future*, Budget 2023.

71. As defined in section 10(1) of the GMTA. For more information on this definition and other terms used in this part, see *Legislative Summary of Bill C-69: An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024*, Publication no. 44-1-C69-E, Library of Parliament, 31 May 2024, Part 2.2.

72. Within the meaning of section 9(1) of the GMTA.

73. Within the meaning of section 30(1) of the GMTA.

74. Government of Canada, "Clause 11," *Explanatory Notes to Legislative Proposals Relating to the* Global Minimum Tax Act, August 2024.

75. Ibid.

76. Ibid.

77. Ibid. See new section 49.8 of the GMTA for a presumption to this effect.

78. Government of Canada, "Clause 11," *Explanatory Notes to Legislative Proposals Relating to the* Global Minimum Tax Act, August 2024. See Organisation for Economic Co-operation and Development, *Tax Challenges Arising from the Digitalisation of the Economy – Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar Two), June 2024*, 2024.

79. This term is also defined in section 123(1) of the ETA. Bill C-31 makes no changes to this definition.

80. *Bank Act*, S.C. 1991, c. 46.

81. The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, "Part 1 – Draft Amendments to the *Excise Tax Act*," *Explanatory Notes Relating to the Goods and Services Tax/Harmonized Sales Tax, Excise Levies and Other Taxes and Charges*, August 2024.

82. See, in particular, sections 149 and 150 of the ETA.

83. See *Order Fixing the Day on which this Order is registered as the Day on which Certain Sections of the Act Come into Force*, SI/2012-99, 19 December 2012, in *Canada Gazette*, Part II, 19 December 2012.

84. Department of Finance Canada, *Leading the Way on Jobs and Growth*, Budget 2010, p. 118.

85. Government of Canada, *Legislative and Regulatory Proposals relating to the* Excise Tax Act, *the* Excise Act, 2001, *the* Air Travellers Security Charge Act, *the* Greenhouse Gas Pollution Pricing Act, *the* Underused Housing Tax Act *and the* Select Luxury Items Tax Act, s. 1.

86. Within the meaning of section 217.1(4) of the ETA.

87. Within the meaning of section 217 of the ETA. See also section 217.1(2) of the ETA.

88. Within the meaning of section 217 of the ETA.

89. Within the meaning of section 149(1) of the ETA.

90. Note, however, that a "selected listed financial institution," within the meaning of section 225.2(1) of the ETA, is not subject to these provisions, barring exceptions, pursuant to section 218.1(2) of the ETA.

91. Within the meaning of section 123(1) of the ETA.

92. Within the meaning of section 217 of the ETA.

93. Government of Canada, *Legislative and Regulatory Proposals relating to the* Excise Tax Act, *the* Excise Act, 2001, *the* Air Travellers Security Charge Act, *the* Greenhouse Gas Pollution Pricing Act, *the* Underused Housing Tax Act *and the* Select Luxury Items Tax Act, s. 4.

94. *Canadian Payments Act*, R.S.C. 1985, c. C-21.

95. *Retail Payment Activities Act*, S.C. 2021, c. 23, s. 177.

96. *Fall Economic Statement Implementation Act, 2023*, S.C. 2024, c. 15.

97. The date set by the *Order Fixing the Day on Which this Order Is Made as the Day on Which Sections 219 to 228 of the Fall Economic Statement Implementation Act, 2023 Come into Force*, SI/2025-102, 8 October 2025, in *Canada Gazette*, Part II, 8 October 2025.

98. *Financial Services and Financial Institutions (GST/HST) Regulations*, SOR/91-26.

99. Government of Canada, *Legislative and Regulatory Proposals relating to the* Excise Tax Act, *the* Excise Act, 2001, *the* Air Travellers Security Charge Act, *the* Greenhouse Gas Pollution Pricing Act, *the* Underused Housing Tax Act *and the* Select Luxury Items Tax Act, s. 17.

100. *Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations* (the SLFIAM Regulations), SOR/2001-171.

101. Within the meaning of section 149(5) of the ETA.

102. Within the meaning of section 1(1) of the SLFIAM Regulations.

103. Within the meaning of section 123(1) of the ETA.

104. Within the meaning of section 7(2) of SLFIAM Regulations.

105. For more information, see Canada Revenue Agency, "Investment plans that are not selected listed financial institutions," *Definition of "Selected Listed Financial Institution"*, GST/HST memorandum 17.6.1, July 2014.

106. The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, "Clause 53," *Explanatory Notes Relating to the Goods and Services Tax/Harmonized Sales Tax, Excise Levies and Other Taxes and Charges*, August 2022.

107. Government of Canada, "Division 3," *Legislative and Regulatory Proposals Relating to the Excise Tax Act, the Air Travellers Security Charge Act, the Excise Act, 2001, the Greenhouse Gas Pollution Pricing Act, the Underused Housing Tax Act and Related Legislation*.

108. The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, "Clause 2," *Explanatory Notes Relating to the Goods and Services Tax/Harmonized Sales Tax, Excise Levies and Other Taxes and Charges*, August 2022.

109. Government of Canada, *Legislative and Regulatory Proposals Relating to the Excise Tax Act, the Air Travellers Security Charge Act, the Excise Act, 2001, the Greenhouse Gas Pollution Pricing Act, the Underused Housing Tax Act and Related Legislation*, ss. 2(3), 4 and 10(3).

110. Within the meaning of section 217.1(4) of the ETA.

111. Within the meaning of section 217 of the ETA. See also section 217.1(2) of the ETA.

112. Within the meaning of section 217 of the ETA.

113. Government of Canada, *Legislative and Regulatory Proposals Relating to the Excise Tax Act, the Air Travellers Security Charge Act, the Excise Act, 2001, the Greenhouse Gas Pollution Pricing Act, the Underused Housing Tax Act and Related Legislation*, ss. 2(3), 4 and 10(3).

114. Within the meaning of section 217 of the ETA.

115. Government of Canada, "Subclause 2(1)," *Explanatory Notes Relating to the Goods and Services Tax/Harmonized Sales Tax and Excise Levies*.

116. Within the meaning of section 225.2(1) of the ETA.

117. Government of Canada, "Subclause 2(1)," *Explanatory Notes Relating to the Goods and Services Tax/Harmonized Sales Tax and Excise Levies*.

118. Government of Canada, *Legislative and Regulatory Proposals Relating to the* Excise Tax Act, *the* Excise Act, 2001 *and the* Excise Act, s. 2.

119. Government of Canada, *Legislative and Regulatory Proposals Relating to the* Excise Tax Act, *the* Excise Act, 2001 *and the* Excise Act, ss. 3–4.

120. *Amalgamations and Windings-Up Continuation (GST/HST) Regulations*, SOR/91-33.

121. Government of Canada, "Division 2," *Legislative and Regulatory Proposals Relating to the* Excise Tax Act*, the* Excise Act, 2001 *and the* Select Luxury Items Tax Act.

122. Government of Canada, *Legislative and Regulatory Proposals relating to the* Excise Tax Act, *the* Excise Act, 2001, *the* Air Travellers Security Charge Act, *the* Greenhouse Gas Pollution Pricing Act, *the* Underused Housing Tax Act *and the* Select Luxury Items Tax Act, ss. 6 to 11.

123. See the definition of the term "tobacco product" in section 2 of the *Excise Act, 2001*.

124. *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations*, SOR/2003-288.

125. Thus, the limit is equal to a total of 2,500 grams, or five units of 500 grams each of packaged raw leaf tobacco.

126. Department of Finance Canada, "Tax measures: Supplementary Information," *Fairness for every generation*, Budget 2024, p. 48.

127. See, for example, sections 173 and 255.1 of the *Excise Act, 2001*, S.C. 2002, c. 22.

128. Government of Canada, *Legislative and Regulatory Proposals Relating to the* Excise Tax Act, *the* Excise Act, 2001 *and the* Excise Act, ss. 6 and 7.

129. *Regulations Respecting Excise Licences and Registrations*, SOR/2003-115.

130. Government of Canada, *Legislative and Regulatory Proposals Relating to the* Excise Tax Act, *the* Excise Act, 2001 *and the* Excise Act, s. 9.

131. *An Act to amend the Canada Business Corporations Act, the Canada Cooperatives Act, the Canada Not-for-profit Corporations Act and the Competition Act*, S.C. 2018, c. 8.

132. *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.

133. *Canada Cooperatives Act*, S.C. 1998, c. 1.

134. Francis Lord and Brett Capstick, *Legislative Summary of Bill C-25: An Act to amend the Canada Business Corporations Act, the Canada Cooperatives Act, the Canada Not-for-profit Corporations Act, and the Competition Act*, Publication no. 42-1-C25-E, Library of Parliament, 28 June 2018.

135. Ibid.

136. *Trust and Loan Companies Act*, S.C. 1991, c. 45.

137. *Bank Act*, S.C. 1991, c. 46.

138. *Insurance Companies Act*, S.C. 1991, c. 47.

139. Department of Finance Canada, "Annex 5: Legislative measures," *Canada Strong*, Budget 2025.

140. Ibid.

141. Ibid.

142. *Financial Administration Act*, R.S.C. 1985, c. F-11.

143. *National Capital Act*, R.S.C. 1985, c. N-4.

144. *Department of Public Works and Government Services Act*, S.C. 1996, c. 16.

145. Canadian Free Trade Agreement, *Covered Procurement Thresholds*.

146. *Canadian Free Trade Agreement*, 29 March 2026, s. 520.

147. Department of Finance Canada, *Canada Strong*, Budget 2025, p. 316.

148. *Maximum Amounts for Informal Procedure Regulations*, SOR/93-295.

149. *Access to Information Act*, R.S.C. 1985, c. A-1.

150. *Retail Payment Activities Act*, S.C. 2021, c. 23, s. 177.

151. *National Housing Act*, R.S.C., 1985, c. N-11.

152. The guarantees-in-force represents the maximum principal obligation related to the Canada Mortgage and Housing Corporation's (CMHC) timely payment guarantee to investors in *National Housing Act* Mortgage-Backed Securities and Canada Mortgage Bonds. It totalled $573 billion as of 31 December 2025. CMHC, *2025 Annual Report*, p. 27.

153. The insurance-in-force refers to CMHC's maximum potential exposure to losses if borrowers default on insured mortgages provided by approved lenders. It totalled $471 billion as of 31 December 2025. CMHC, *2025 Annual Report*, p. 80.

154. *Protection of Residential Mortgage or Hypothecary Insurance Act*, S.C. 2011, c. 15, s. 20. Under this Act, the Minister of Finance authorizes approved private mortgage insurers – Sagen (formerly Genworth Canada) and Canada Guaranty – to offer mortgage insurance backed by the federal government.

155. Department of Finance Canada, "Annex 5: Legislative measures," *Canada Strong,* Budget 2025.

156. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

157. Department of Finance Canada, *Fall Economic Statement 2024*, 16 December 2024, p. 64.

158. According to new section 9.2, "court" in this instance refers to bankruptcy courts as set out in section 183(1) or 183(1.1) of the *Bankruptcy and Insolvency Act* or the Federal Court.

159. *Canada Labour Code*, R.S.C. 1985, c. L-2. For a list of federally regulated industries to which Part III of the *Canada Labour Code* applies, see Government of Canada, *List of federally regulated industries and workplaces*.

160. Department of Finance Canada, "Restricting Non-Compete Agreements," *Canada Strong*, Budget 2025.

161. *Canadian Human Rights Act*, R.S.C. 1985, c. H-6.

162. *International Development Research Centre Act*, R.S.C. 1985, c. I-19.

163. Department of Finance Canada, "Annex 5: Legislative Measures," *Canada Strong*, Budget 2025.

164. Ibid.

165. *Tobacco and Vaping Products Act*, S.C. 1997, c. 13.

166. *Pest Control Products Act* (PCPA), S.C. 2002, c. 28. Note that Division 8 of Bill C-30 An Act to implement certain provisions of the spring economic update tabled in Parliament on April 28, 2026, 45th Parliament, 1st session, also amends the PCPA.

167. *Territorial Lands Act*, R.S.C. 1985, c. T-7.

168. *Territorial Land Use Regulations*, C.R.C., c. 1524.

169. *Nunavut Mining Regulations*, SOR/2014-69.

170. Department of Finance Canada, *Canada Strong*, Budget 2025.

171. Crown-Indigenous and Northern Affairs Canada, "13. *Territorial Lands Act* Amendments," *Appearance before Standing Committee on Indigenous and Northern Affairs – Budget 2025 – The Honourable Rebecca Chartrand (November 17, 2025)*.

172. *Northwest Territories Devolution Act*, S.C. 2014, c. 2, s. 55; and *Yukon Act*, S.C. 2002, c. 7, s. 49.

173. According to the *Nunavut Lands and Resources Devolution Agreement*, public lands are federal Crown land in the Onshore area, including any interest in that land. This includes the land itself, waterbeds, minerals, oil, gas, buildings, structures, improvements and other fixtures, whether they are on, above or below the surface. It does not include Commissioner's Lands or any other lands or interests that the Agreement specifically excludes from transfer. Commissioner's lands are Crown lands that were under the administrative control of the Commissioner of Nunavut, prior to the devolution transfer date.

174. Government of Canada, *Nunavut Lands and Resources Devolution Agreement*, art. 3.7(h), 18 January 2024.

175. *Red Tape Reduction Act*, S.C. 2015, c. 12.

176. *Budget 2025 Implementation Act, No. 1*, S.C. 2026, c. 3.

177. See Prime Minister of Canada, *Prime Minister Carney launches new Defence Investment Agency to rebuild, rearm, and reinvest in the Canadian Armed Forces faster*, News release, 2 October 2025; and Defence Investment Agency, *Defence Investment Agency: About Us*.

178. National Defence, *Canada's Defence Industrial Strategy*, 2026.

179. Prime Minister of Canada, *Prime Minister Carney launches Canada's first Defence Industrial Strategy to strengthen security, create prosperity, and reinforce strategic autonomy*, News release, 17 February 2026.

180. *Defence Production Act*, R.S.C. 1985, c. D-1.

181. *Department of Public Works and Government Services Act*, S.C. 1996, c. 16.

182. *Privacy Act*, R.S.C. 1985, c. P-21.

183. *Public Service Superannuation Act*, R.S.C. 1985, c. P-36.

184. *Public Sector Compensation Act*, S.C. 1991, c. 30.

185. *Customs Tariff*, S.C. 1997, c. 36; and Canada Border Services Agency, *Customs Tariff 2026*.

186. *Defence Production Act*, R.S.C. 1985, c. D-1.

187. *Canada Transportation Act*, S.C. 1996, c. 10.

188. Canadian Transportation Agency, *Guideline on the Canadian Transportation Agency's Complaint Resolution Office air travel complaints process*.

189. *Air Passenger Protection Regulations*, SOR/2019-150.

190. *Budget Implementation Act, 2023, No. 1*, S.C. 2023, c. 26.