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2026 Spring Economic Update – April 28, 2026

An overview of key measures that may impact you

Please contact us for more information about the topics discussed in this article.

Finance Minister, François-Philippe Champagne, tabled the Spring Economic Update (SEU) on April 28, 2026. The 2026 SEU sets out the government's plan to build a stronger Canada by introducing Canada's first sovereign wealth fund – the Canada Strong Fund (the Fund). The Fund will invest in strategic Canadian projects and companies, alongside other investors, with a clear objective to achieve commercial returns to build the wealth of Canada. The government will initially provide \$25 billion over three years, on a cash basis, to seed the Fund. For any Canadian who wants to participate directly, there will be an opportunity to invest into the Fund.

No changes to personal or corporate income tax rates were proposed in the 2026 SEU.

The following is a summary of some of the significant tax and financial planning measures announced in the 2026 SEU.

Personal tax measures

Making the Employee Ownership Trust (EOT) tax exemption permanent

An EOT is a form of employee ownership where a trust holds shares of a corporation for the benefit of its employees. EOTs may facilitate the purchase of a business by its employees and provide business owners an additional option for succession planning. A temporary \$10 million capital gains tax exemption, in effect for the

2024, 2025 and 2026 tax years, was introduced in the 2023 Fall Economic Statement to incentivize EOT creation. The government is proposing to make this tax exemption permanent.

Supporting workers

The SEU proposes the following measures to support workers.

- The government intends to introduce legislative amendments to the Canada Pension Plan (CPP) to implement a reduction in the

contribution rate in the base CPP from 9.9 percent to 9.5 percent, effective January 1, 2027. The proposed reduction in the CPP contribution would translate into annual savings of about \$133 for an employee earning \$70,000 a year, with equivalent savings for their employer.

- The government proposes to amend the Employment Insurance Act to extend the temporary measure that provides up to five additional weeks of Employment Insurance regular benefits to seasonal claimants in 13 regions until October 2028.
- The Labour Mobility Deduction for Tradespeople allows eligible tradespeople and apprentices working in the construction industry who undertake an eligible temporary relocation to deduct up to \$4,000 in eligible temporary relocation expenses per year. The government proposes to increase the limit on eligible temporary relocation expenses that can be deducted in a year from \$4,000 to \$10,000 in 2026, with annual indexation thereafter. The distance rule will be modified as well, such that the temporary lodging must be at least 120 kilometres (currently 150 kilometres) closer to each temporary work location than the taxpayer's ordinary residence. This measure would apply to the 2026 and subsequent taxation years.
- The government intends to seek the views of Canadians and stakeholders on extending the Canadian Journalism Labour Tax Credit to audio and audiovisual news production. Further details on the consultation process will be released on the Department of Finance Canada website.

Home buyers' plan (HBP)

The HBP helps eligible home buyers save for a down payment by allowing them to withdraw up to \$60,000 from a registered retirement savings plan (RRSP) to purchase or build their first home, or a home for a specified person with a disability, without having to pay tax on the withdrawal.

Amounts withdrawn under the HBP must be repaid to an RRSP over a period not exceeding 15 years, starting the second year following the year in which a first withdrawal was made. The 2024 Budget temporarily increased the grace period during which homeowners aren't required to start repaying their HBP withdrawals. The grace period was increased from two years to five years for participants making a first withdrawal between January 1, 2022, and December 31, 2025.

The government proposes to extend that five-year grace period to be available for participants making a first withdrawal up to the end of 2028. As such, the 15-year repayment period would start the fifth year following the year in which a first withdrawal was made.

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Disability Tax Credit (DTC)

The DTC provides tax relief for persons with disabilities and their supporting family members. Eligibility for the credit serves as a key requirement for other supports, including the Canada Disability Benefit, the Child Disability Benefit and the registered disability savings plan (RDSP), along with the Canada Disability Savings Grant and Bond.

To improve the DTC application for persons with disabilities and for their families, and to reduce paperwork for medical practitioners, the government proposes to:

- Streamline the application process for individuals with a formal diagnosis of certain long-lasting medical conditions (e.g. Alzheimer's disease, or advanced or severe Parkinson's disease). The proposal would not change the disability criteria to qualify for the credit, and the Canada Revenue Agency (CRA) would continue to have authority to ask for additional information to verify that these criteria are met. This measure would apply for the 2026 and subsequent taxation years.
- Expand the list of medical practitioners who can certify eligibility for the DTC to include podiatrists (for a specific type of impairment) and broaden the types of impairments that can be certified by physiotherapists, speech-language pathologists and occupational therapists, within the scope of their training and practice. This measure would apply to DTC certificates issued after 2026 for the 2027 and subsequent taxation years.
- Recognize provincial or territorial public guardians and trustees as being qualified to certify for the DTC on behalf of adults in their care for property matters who have a valid certificate of incapacity based on a medical practitioner's assessment of their mental impairment. This measure would apply to the 2026 and subsequent taxation years.

Business tax measures

Accelerated capital cost allowance rates for low-carbon liquefied natural gas facilities

Budget 2025 proposed to reinstate accelerated capital cost allowances (CCAs) for eligible liquefied natural gas (LNG) equipment and related buildings for low-carbon

LNG facilities. The SEU introduces the implementation details for this measure. For certified LNG facilities, the accelerated CCA rates would be available for eligible assets acquired on or after November 4, 2025, and up to the end of 2034.

Investment tax credit for carbon capture, utilization and storage (CCUS)

The CCUS investment tax credit is a refundable tax credit that provides support for eligible expenditures relating to CCUS. The government proposes that enhanced oil recovery (EOR) be made an eligible use for the purposes of the CCUS tax credit. This measure would apply as of April 28, 2026, and would be subject to the designation of EOR-eligible jurisdictions.

Modern tax rules for charities

The government plans to undertake an exercise to modernize the framework for the charitable sector in 2026–2027. As a first step, the government will undertake a consultation with key stakeholders and relevant agencies for them to provide feedback and align with best practices adopted by other G7 countries.

Previously announced tax measures

The government confirms its intention to proceed with previously announced tax measures and related measures, as modified to take into account consultations and deliberations since their release, and to introduce other technical amendments as required to improve the certainty and integrity of the tax system.

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Prior to implementing any strategies, individuals should consult with a qualified tax advisor, legal professional or other applicable professional.

While it has been the long-standing practice of the CRA to allow taxpayers to file their tax returns based on proposed legislation, a taxpayer remains potentially liable for taxes under current law in the event that a proposal is not ultimately passed. Therefore, if proposed legislation does not become law, it is possible that the CRA may assess or reassess your tax return based on existing legislation. It is recommended that you consult a professional tax advisor to assist you in assessing the costs and benefits of proceeding with specific proposals as they relate to you.

If you have questions on any of the issues in this article, please speak with your advisor.



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