NATIONAL BANK

CANADA BUDGET 2024-2025

SUMMARY FOR INVESTORS
APRIL 16, 2024

Table of contents

Highlights

1. **Increasing the inclusion rate**: The budget 2024 proposes to increase the inclusion rate for capital gains. The inclusion rate will increase to two-thirds (2/3) of the capital gain realized on or after June 25, 2024. The first $250,000 of the capital gain will be included at half (1/2) for individuals and the excess of the realized capital gain will then be included at two-thirds (2/3). For corporations and trusts, two-thirds (2/3) of the total realized capital gain will be included. The $250,000 threshold for an individual is fully available for 2024. The inclusion rate is the portion of the capital gain that must be taxed at the taxpayer's tax rate. It is currently fifty percent (50%), meaning half, for any capital gain realized, regardless of the taxpayer and the amount reported as a gain.

2. **Increase of the Lifetime Capital Gains Exemption:** The lifetime capital gains exemption on qualified shares or qualified assets (whether qualified small business corporation shares or qualified production and farming assets or shares) will be increased to an amount of $1,250,000 for qualified dispositions on or after June 25, 2024. The lifetime exemption will be indexed to inflation starting in 2025.

3. **Incentive for Canadian Entrepreneurs**: The budget proposes to reduce the tax rate for certain entrepreneurs holding qualified shares. It is proposed that the inclusion rate for the capital gain realized on the disposition of these shares specifically will be one-half of the current inclusion rate at 33.33% up to $2,000,000 of capital gain per individual over the life of the individual and will apply in addition to any qualifying lifetime exemption. Certain specifics apply in order to define the actions eligible for this incentive.

4. **Alternative Minimum Tax (AMT)**: The AMT is intended to ensure that those with the highest incomes cannot disproportionately reduce their tax bill by taking advantage of the benefits provided in the tax system. Budget 2024 makes changes to the modifications already mentioned in the 2023 Budget. These changes are intended to revise the tax treatment of charitable donations (80% of the donation instead of 50%) as well as to allow some deductions and use of certain specific credits.

5. **Home Buyers' Plan (HBP):** The withdrawal limit is increased to $60,000 for RRSP withdrawal years for the HBP starting in 2024 and subsequent years. The budget also proposes to extend the repayment period to fifteen (15) years, starting in the fifth year following the year of the withdrawal.

6. **Registered Education Savings Plan (RESP) – automatic enrolment in the Canada Learning Bond for eligible children**: Budget 2024 proposes automatic enrolment in the Learning Bond for children from low-income families, even if no RESP account has been opened. Starting in 2028-29, the government will automatically provide up to $2,000 for any child born on or after 2024.

7. **Capping NSF fees**: Budget 2024 proposes to cap NSF fees for financial institutions. The maximum fee proposed will be $10 and financial institutions will have to give people a grace period to avoid those fees.

8. **Enhancement of bank accounts with no or low fees**: The government wants to negotiate with financial institutions for bank accounts that are accessible at little or no monthly fees.

9. **Other Measures**: The budget also proposes to strengthen the Canada Pension Plan and expand the concept of qualified investments for registered plans. Certain other measures, credits, allowances and deductions are also proposed in Budget 2024. Several measures have also been announced to meet the demand to create and make housing affordable and available.

Individual

1. Capital Gains Inclusion Rate

One half of a capital gain is included in computing a taxpayer's income. This is referred to as the capital gains inclusion rate. The current one-half inclusion rate also applies to capital losses.

Budget 2024 announces the government's intention to increase the inclusion rate on capital gains realized annually above $250,000 by individuals and on all capital gains realized by corporations and trusts from one-half to two-thirds. The inclusion rate for capital gains realized annually up to $250,000 by individuals will continue to be one-half.

These changes will apply to capital gains realized **on or after June 25, 2024**.

Example

An individual with a $400,000 salary also has a $300,000 gain from the sale of a second property (*that will not benefit from the principal residence exemption*). Under the current rules, they pay income tax on 50 per cent—$150,000—of that capital gain.

If they have the same gain in 2025, they will now pay tax on $158,333 of the gain (50 per cent x $250,000 = $125,000) plus (2/3 x $50,000 = $33,333) = $158,333).

The $250,000 threshold would effectively apply to capital gains realized by an individual, either directly or indirectly via a partnership or trust, net of any:

- current-year capital losses;
- capital losses of other years applied to reduce current-year capital gains; and
- capital gains in respect of which the Lifetime Capital Gains Exemption, the proposed Employee Ownership Trust Exemption or the proposed Canadian Entrepreneurs' Incentive is claimed.

Claimants of the employee stock option deduction would be provided a one-third deduction of the taxable benefit to reflect the new capital gains inclusion rate, but would be entitled to a deduction of one half the taxable benefit up to a combined limit of $250,000 for both employee stock options and capital gains.

Net capital losses of prior years would continue to be deductible against taxable capital gains in the current year by adjusting their value to reflect the inclusion rate of the capital gains being offset. This means that a capital loss realized prior to the rate change would fully offset an equivalent capital gain realized after the rate change.

For tax years that begin before and end on or after June 25, 2024, two different inclusion rates would apply. As a result, transitional rules would be required to separately identify capital gains and losses realized before the effective date (Period 1) and those realized on or after the effective date (Period 2). For example, taxpayers would be subject to the higher inclusion rate in respect of the portion of their net gains arising in Period 2 that exceed the $250,000 threshold, to the extent that these net gains are not offset by a net loss incurred in Period 1 or any other taxation years.

The annual $250,000 threshold for individuals would be fully available in 2024 (i.e., it would not be prorated) and would apply only in respect of net capital gains realized in Period 2.

Other consequential amendments would also be made to reflect the new inclusion rate.

Additional design details will be released in the coming months.

2. Enhanced Lifetime Capital Gains Exemption

The income tax system provides an individual with a lifetime tax exemption for capital gains realized on the disposition of qualified small business corporation shares and qualified farm or fishing property. The amount of the Lifetime Capital Gains

Exemption (LCGE) is $1,016,836 in 2024 and is indexed to inflation.

Budget 2024 proposes to increase the LCGE to apply to up to $1.25 million of eligible capital gains. This measure would apply to dispositions that occur **on or after June 25, 2024,** and indexed to inflation after 2025. Canadians with eligible capital gains of up to $2.25 million will be better off under these changes.

3. Canadian Entrepreneurs' Incentive

Budget 2024 proposes to introduce the Canadian Entrepreneurs' Incentive. This incentive would reduce the tax rate on capital gains on the disposition of **qualifying shares** by an eligible individual. Specifically, this incentive would provide for a capital gains inclusion rate that is one half the prevailing inclusion rate, i.e. 33,3%[1], on up to $2 million in capital gains per individual over their lifetime. **This measure would apply in addition to any available capital gains exemption.**

A share of a corporation would be a **qualifying share** if certain conditions are met, including all the following conditions:

- At the time of sale, it was a share of the capital stock of a small business corporation (for the purposes of the Income Tax Act) owned directly by the claimant.
- Throughout the 24-month period immediately before the disposition of the share, it was a share of a Canadian-Controlled Private Corporation and more than 50 per cent of the fair market value of the assets of the corporation were:
  - used principally in an active business carried on primarily in Canada by the Canadian-Controlled Private Corporation, or by a related corporation,
  - certain shares or debts of connected corporations, or
  - a combination of these two types of assets.
- The claimant was a founding investor at the time the corporation was initially capitalized and held the share for a minimum of five years prior to disposition.
- At all times since the initial share subscription until the time that is immediately before the sale of the shares, the claimant directly owned shares amounting to more than 10 per cent of the fair market value of the issued and outstanding capital stock of the corporation and giving the individual more than 10 per cent of the votes that could be cast at an annual meeting of the shareholders of the corporation.
- Throughout the five-year period immediately before the disposition of the share, the claimant must have been actively engaged on a regular, continuous, and substantial basis in the activities of the business.
- The share does not represent a direct or indirect interest in a professional corporation, a corporation whose principal asset is the reputation or skill of one or more employees, or a corporation that carries on certain types of businesses including a business:
  - operating in the financial, insurance, real estate, food and accommodation, arts, recreation, or entertainment sector; or
  - providing consulting or personal care services.
- The share must have been obtained for fair market value consideration.

The lifetime limit would be phased in by increments of $200,000 per year, beginning on January 1, 2025, before ultimately reaching a value of $2 million by January 1, 2034.

N.B.: Combined with the enhanced LCGE (see measure above), when this incentive is fully rolled out, entrepreneurs will have a combined exemption of at least $3.25 million when selling all or part of a business and entrepreneurs with eligible capital gains of up to $6.25 million will be better off under these changes.

[1]Under the two-thirds capital gains inclusion rate proposed in Budget 2024, this measure would result in an inclusion rate of one third for qualifying dispositions.

4. Alternative Minimum Tax

The Alternative Minimum Tax (AMT) is a parallel tax calculation that allows fewer tax credits, deductions, and exemptions than under the ordinary personal income tax rules. Taxpayers pay either regular tax or AMT, whichever is highest. Budget 2023 announced amendments to the *Income Tax Act* that would change the AMT calculation. Budget 2024 proposes to make further changes to the AMT proposals, as described below.

- The tax treatment of charitable donations will be revised to allow individuals to claim 80 per cent (instead of the previously proposed 50 per cent) of the Charitable Donation Tax Credit when calculating AMT;
- Fully allow deductions for the Guaranteed Income Supplement, social assistance, and workers' compensation payments;
- Allow individuals to fully claim the federal logging tax credit under the AMT;
- Fully exempt Employee Ownership Trusts from the AMT;
- Allow certain disallowed credits under the AMT to be eligible for the AMT carry-forward (i.e., the federal political contribution tax credit, investment tax credits, and labour-sponsored funds tax credit).
- Exempt certain trusts for the benefit of indigenous groups.

These amendments would apply to taxation years that begin on or after January 1, 2024 (i.e., the same day as the broader AMT amendments).

5. Home Buyers' Plan

The home buyers' plan (HBP) helps eligible home buyers save for a down payment by allowing them to withdraw up to $35,000 from a registered retirement savings plan (RRSP) to purchase or build their first home, or a home for a specified disabled individual, without having to pay tax on the withdrawal. Eligible home buyers purchasing a home jointly may each withdraw up to $35,000 from their own RRSP under the HBP.

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. Otherwise, amounts due for repayment within a specific year are taxable as income for that year.

a. Increasing the withdrawal limit

Budget 2024 proposes to increase the withdrawal limit from $35,000 to $60,000. This increase would also apply to withdrawals made for the benefit of a disabled individual. This measure would apply to the 2024 and subsequent calendar years in respect of withdrawals made after Budget Day.

b. Temporary repayment relief

Budget 2024 proposes to temporarily defer the start of the 15-year repayment period by an additional three years for participants making a first withdrawal between January 1, 2022, and December 31, 2025. Accordingly, the 15-year repayment period would start the fifth year following the year in which a first withdrawal was made.

6. A Stronger Canada Pension Plan

Budget 2024 announces that the federal government, in coordination with provincial partners, proposes to make technical amendments to the CPP legislation. These amendments would provide:

- A top-up to the Death Benefit for certain contributors;
- Introduce a partial children's benefit for part-time students;
- Extend eligibility for the disabled contributors children's benefit when a parent reaches age 65; and,
- End eligibility for a survivor pension to people who are legally separated after a division of pensionable earnings.

7. Qualified Investments for Registered Plans

RRSPs, RRIFs, TFSAs, RESPs, RDSPs, FHSAs, and DPSPs can invest only in qualified investments for those plans. A broad range of assets are qualified investments, including mutual funds, publicly traded securities, government and corporate bonds, and guaranteed investment certificates.

Introduced in 1966, the qualified investment rules have been incrementally expanded to include more than 40 types of assets and to reflect the introduction of new types of registered plans. However, this incremental approach has resulted in qualified investment rules that can be inconsistent or difficult to understand in some cases.

Budget 2024 invites stakeholders to provide suggestions on how the qualified investment rules could be modernized on a prospective basis to improve the clarity and coherence of the registered plans regime.

Stakeholders are invited to submit comments by July 15, 2024.

8. Employee Ownership Trust Tax Exemption

Budget 2023 proposed tax rules to facilitate the creation of employee ownership trusts (EOTs). These legislative proposals are currently under review. The 2023 Fall Economic Statement proposed to exempt the first $10 million in capital gains realized on the sale of a business to an EOT from taxation, subject to certain conditions.

Budget 2024 provides further details on the proposed exemption and conditions.

The exemption would be available to an individual (other than a trust) on the sale of shares to an EOT where the following conditions are met:

- The individual, a personal trust of which the individual is a beneficiary, or a partnership in which the individual is a member, disposes of shares of a corporation that is not a professional corporation.
- The transaction is a qualifying business transfer (as defined in the proposed rules for EOTs) in which the trust acquiring the shares is not already an EOT or a similar trust with employee beneficiaries.
- Throughout the 24 months immediately prior to the qualifying business transfer:
  - the transferred shares were exclusively owned by the individual claiming the exemption, a related person, or a partnership in which the individual is a member; and
  - over 50 per cent of the fair market value of the corporation's assets were used principally in an active business.
- At any time prior to the qualifying business transfer, the individual (or their spouse or common-law partner) has been actively engaged in the qualifying business on a regular and continuous basis for a minimum period of 24 months.
- Immediately after the qualifying business transfer, at least 90 per cent of the beneficiaries of the EOT must be resident in Canada.

If the above conditions are satisfied, the individual would be able to claim an exemption for up to $10 million in capital gains from the sale.

If a disqualifying event occurs within 36 months of the qualifying business transfer, the exemption would not be available. Where the individual has already claimed the exemption, it would be retroactively denied.

A disqualifying event would occur if an EOT loses its status as an EOT or if less than 50 per cent of the fair market value of the qualifying business' shares is attributable to assets used principally in an active business at the beginning of two consecutive taxation years of the corporation.

If a disqualifying event occurs more than 36 months after a qualifying business transfer, the EOT would be deemed to realize capital gain equal to the total amount of exempt capital gains.

Capital gains exempted through this measure would be subject to an inclusion rate of 30 per cent for the purposes of the alternative minimum tax.

Budget 2024 also proposes to expand qualifying business transfers to include the sale of shares to a worker cooperative corporation. Additional details on this aspect of the exemption will be released in the coming months.

This measure would apply to qualifying dispositions of shares that occur between January 1, 2024 and December 31, 2026

9. Disability Supports Deduction

The Disability Supports Deduction allows individuals who have an impairment in physical or mental functions to deduct certain expenses that enable them to earn business or employment income or to attend school.

In order for an expense to qualify, it must be specified in the Income Tax Act and a medical practitioner must either prescribe the expense or otherwise certify in writing that the expense is required.

Budget 2024 proposes to expand the list of expenses recognized under the Disability Supports Deduction, subject to the specified conditions:

- Where an individual has a severe and prolonged impairment in physical functions:
    - the cost of an ergonomic work chair, including related amounts paid for an ergonomic assessment to a person engaged in the business of providing such services;
    - the cost of a bed positioning device, including related amounts paid for an ergonomic assessment to a person engaged in the business of providing such services; and - the cost of purchasing a mobile computer cart.
- Where an individual has an impairment in physical or mental functions:
    - the cost of purchasing an alternative input device to allow the individual to use a computer; and
    - the cost of purchasing a digital pen device to allow the individual to use a computer.
- Where an individual has a vision impairment, the cost of purchasing a navigation device for low vision.
- Where an individual has an impairment in mental functions, the cost of purchasing memory or organizational aids.

Budget 2024 also proposes that expenses for service animals, as defined under the Medical Expense Tax Credit rules in the *Income Tax Act,* be recognized under the Disability Supports Deduction. Taxpayers would be able to choose to claim an expense under either the Medical Expense Tax Credit or the Disability Supports Deduction.

This measure would apply to the 2024 and subsequent taxation years.

10. Indigenous Child and Family Services Settlement

Budget 2024 proposes to amend the *Income Tax Act* to exclude the income of the trusts established under the First Nations Child and Family Services, Jordan's Principle, and Trout Class Settlement Agreement from taxation. This would also ensure that payments received by class members as beneficiaries of the trusts would not be included when computing income for federal income tax purposes.

This measure would apply to the 2024 and subsequent taxation years.

11. Mineral Exploration Tax Credit

Flow-through shares allow resource companies to renounce or "flow through" tax expenses associated with their Canadian exploration activities to investors, who can deduct the expenses in calculating their own taxable income. The Mineral Exploration Tax Credit provides an additional income tax benefit for individuals who invest in mining flow-through shares, which augments the tax benefits associated with the amounts that are flowed through. This tax credit provides support to junior mining companies engaged in certain grassroots mineral exploration. The tax credit is equal to 15 per cent of the specified mineral exploration expenses incurred in Canada and renounced to flow-through share investors. The Mineral Exploration Tax Credit is legislated to expire on March 31, 2024.

As announced on March 28, the government proposes to extend eligibility for the Mineral Exploration Tax Credit for one year, to flow-through share agreements entered into on or before March 31, 2025.

.12. Canada Child Benefit for Grieving Families

The Canada Child Benefit (CCB) is an income-tested benefit that is paid monthly and provides support for eligible families with children under the age of 18.

Grieving families should not be worried about their finances during the most difficult of life circumstances. However, some families who have lost a child may currently receive correspondence from the government requiring them to repay any Canada Child Benefit amount received after their child's death.

To support parents who have lost a child, the government is providing new support through the Canada Child Benefit to ensure they can focus on what matters most—healing.

In recognition of the burdens on grieving parents, Budget 2024 announces the government's intention to amend the Income Tax Act to continue to pay the Canada Child Benefit for six months after a child's death, as of January 2025.

13. Charities and Qualified Donees – Donation Receipts

Registered charities and qualified donees can issue official donation receipts for gifts that they receive. The *Income Tax Act* and the *Income Tax Regulations* set out the minimum requirements for a receipt to be valid and the processes that must be followed when issuing receipts.

Budget 2024 proposes a number of changes to simplify the issuance of official donation receipts. Budget 2024 proposes to remove the requirement that official donation receipts contain:

- the place of issuance of the receipt;
- the name and address of the appraiser, if an appraisal of the donated property has been done; and
- the middle initial of the donor.

Budget 2024 also proposes to allow charities to mark a donation receipt as "void", as an alternative to the term "cancelled", where a receipt has been spoiled, as well as removing the requirement that it be stored with a duplicate copy.

Budget 2024 also proposes to update the regulations to expressly permit charities to issue official donation receipts electronically, provided that they contain all required information, they are issued in a secure and non-editable format, and the charity maintains an electronic copy of the receipts.

All measures would apply upon royal assent.

14. Registered Education Savings Plan and Future Automatic Enrolment in the Canada Learning Bond for Eligible Children

To help low-income families, the government created the Canada Learning Bond in 2004. The Canada Learning Bond provides up to $2,000—without any family contribution necessary.

The only requirement is that an RESP is opened for a child. However, many families are simply not aware that their child is entitled to these benefits, and for those who do know, the onus of enrollment can be challenging while raising a family.

Budget 2024 announces the government's intention to amend the *Canada Education Savings Act* to introduce automatic enrolment in the Canada Learning Bond for eligible children who do not have a RESP opened for them by the time the child turns four.

- Starting in 2028-29, all eligible children born in 2024 or later would have an RESP automatically opened for them and the eligible Canada Learning Bond payments would be auto-deposited in these accounts.

- To ensure that all children can benefit from this simplified process, starting in 2028-29, caregivers of eligible children born before 2024 would also be able to request that Employment and Social Development Canada open an RESP for their child and auto-deposit the eligible Canada Learning Bond payments.
- This will ensure that 130,000 additional children receive the Canada Learning Bond each year through automatic enrolment.

Budget 2024 also announces the government's intention to introduce changes to the *Canada Education Savings Act* to extend the age from 20 to 30 years to retroactively claim the Canada Learning Bond. This would provide those who start their post-secondary education later to benefit from the government's contribution to their education savings.

Business

1. Capital Gains Inclusion Rate

Budget 2024 proposes to increase the capital gains inclusion rate from one half (50%) to two thirds (66,67%) for corporations and trusts and such, for capital gains realized on or after June 25, 2024. For more information, see section 1. under Individuals.

2. Accelerated Capital Cost Allowance – Purpose-Built Rental Housing

The capital cost allowance (CCA) system determines the deductions that a business may claim each year for income tax purposes in respect of the capital cost of its depreciable property.

Currently, purpose-built rental buildings are eligible for a CCA rate of four per cent under Class 1. Budget 2024 proposes to provide an accelerated CCA of ten per cent for new eligible purpose-built rental projects that begin construction on or after Budget Day and before January 1, 2031, and are available for use before January 1, 2036.

Eligible property would be new purpose-built rental housing that is a residential complex:

- with at least four private apartment units (i.e., a unit with a private kitchen, bathroom, and living areas), or 10 private rooms or suites; and
- in which at least 90 per cent of residential units are held for long-term rental.

Projects that convert existing non-residential real estate, such as an office building, into a residential complex would be eligible if the conditions above are met. The accelerated CCA would not apply to renovations of existing residential complexes. However, the cost of a new addition to an existing structure would be eligible, provided that addition meets the conditions above.

Investments eligible for this measure would continue to benefit from the Accelerated Investment Incentive, which currently suspends the half-year rule, providing a CCA deduction at the full rate for eligible property put in use before 2028.

After 2027, the half-year rule would apply, which limits the CCA allowance in the year an asset is acquired to one-half of the full CCA deduction.

Other Measures

1. More Affordable Homes

a. **Building More Homes**

- **Taxing Vacant Lands to Incentivize Construction:** The government will launch consultations later this year on a potential tax on residentially zoned vacant land.
- **Building Apartments, Bringing Rents Down**: With a $15 billion top-up to the Apartment Construction Loan Program, which will build 30,000 more new homes across Canada. This brings the program's total to $55 billion in low-cost financing, and the program's total contribution to over 131,000 new homes by 2031-32.
- **Introducing an Accelerated Capital Cost Allowance for new purpose-built rental projects** to enable homebuilders to increase their cashflow, and more quickly reinvest into more projects, create more jobs, and build more apartments. This will help move more apartment projects from unfeasible to feasible.

b. **Making It Easier to Own or Rent a Home**

- **Credit for Paying Rent:** Help renters more easily qualify for a mortgage, and maybe even at a lower rate, by establishing the expectation that lenders take on-time rental payment history into account when performing credit evaluations for mortgage applications.
- **30-Year Amortizations for First-Time Buyers Purchasing New Builds**: With insured mortgages, to make it easier for younger Canadians to enter the housing market by enabling lower mortgage payments and get those first keys to their first home, while they climb the income ladder.
- **Increasing the Home Buyers' Plan from $35,000 to $60,000:** This measure will be available to first-time buyers after April 16, 2024.
- **Banning Foreign Buyers of Canadian Homes:** The government introduced a two-year ban on the purchase of residential property by foreign investors, effective January 1, 2023.

  To help ensure that homes are used for Canadians to live in, not as a speculative asset class for foreign investors, on February 4, 2024, the government announced it intends to extend the ban on foreign buying of Canadian homes by an additional two years, to January 1, 2027.

  Foreign commercial enterprises and people who are not Canadian citizens or permanent residents will continue to be prohibited from purchasing residential property in Canada.

c. **Helping Canadians Who Can't Afford a Home**

- **Lower Energy Bills for Renters and Homeowners** by increasing support for energy efficient home retrofits, including launching a new Canada Greener Homes Affordability Program.

2. Capping Non-Sufficient Funds Fees at $10

To help Canadians who are struggling to make payments to improve their financial situation, the government is announcing its intent to cap the NSF fees charged by banks to $10 per instance, as well as:

- Requiring banks to alert consumers that they are about to be charged an NSF fee, and providing a grace period to deposit additional funds to avoid the fee;
- Prohibiting multiple NSF fees when the same transaction reoccurs;
- Restricting the number of NSF fees that may be charged to one in every 72-hour period; and,

- Prohibiting NSF fees for small overdrawn amounts under $10.

The government will release draft NSF fees regulations in the coming months.

3. Enhancing Free and Affordable Bank Accounts

To ensure affordable banking options meet the needs of Canadians, the government directed the Financial Consumer Agency of Canada (FCAC) to secure new agreements from financial institutions for enhanced free and affordable banking accounts.

- Budget 2024 announces that FCAC is in negotiations with banks to secure enhanced agreements to offer modernized $0 per month and up to $4 per month bank accounts that reflect the realities of banking today, including more transactions, as well as expanded eligibility for $0 accounts.
- The government hopes that FCAC can reach a positive outcome and secure an agreement that serves the interests of the wider Canadian public.

4. Consumer-Driven Banking (« Open Banking")

Consumer-driven banking, also known as open banking or consumer-driven finance, provides a way for people and businesses to securely transfer their financial data to different service providers, including banks, credit unions, and accredited fintechs. To drive an innovative consumer-driven banking ecosystem in Canada, the 2023 Fall Economic Statement announced that the federal government would introduce legislation to establish Canada's Consumer-Driven Banking Framework. This Framework will regulate access to financial data, providing Canadians and small businesses with safe and secure access to financial services and products that help them manage and improve their finances.

- Budget 2024 announces that the Financial Consumer Agency of Canada (FCAC) will be mandated to oversee, administer, and enforce Canada's Consumer-Driven Banking Framework.
- Budget 2024 proposes to provide $1 million in 2024-2025 for FCAC to support preparation for its new responsibilities and to begin development of a consumer awareness campaign. The FCAC will transition to a full cost-recovery basis once the framework is in place.
- Budget 2024 also proposes to provide $4.1 million over three years starting in 2024-25 for the Department of Finance to complete policy work necessary to establish and maintain a consumer-driven banking oversight entity and framework, including the implementation of a national security regime.

The government will soon table framework legislation that will expand FCAC's mandate and establish foundational framework elements related to scope, system participation, criteria and process for the technical standard, safeguards in respect of personal financial data security and integrity, and common rules.

5. Deposit Insurance Review

Maintaining the effectiveness of the deposit insurance framework requires ongoing assessment to adapt to the evolving financial system and marketplace.

- To uphold Canada's robust deposit insurance framework and protect Canadians' savings, Budget 2024 announces the government's intention to undertake a review of the federal deposit insurance framework, starting in 2024.
- This work will be led by the Department of Finance Canada, in collaboration with the Canada Deposit Insurance Corporation and other financial sector agencies. The government will hold consultations later in 2024 and explore what changes to the depositor protection framework, if any, are necessary to best support the evolving needs of Canadians and uphold financial stability.

6. Automatic Tax Filing for Low-Income Canadians

In February 2024, the Canada Revenue Agency (CRA) increased the number of eligible Canadians for SimpleFile by Phone (formerly File My Return) to 1.5 million people, more than double the number of people eligible last year. The CRA is on track to increase this number to two million by 2025.

In summer 2024, the CRA will pilot new automatic filing services, SimpleFile Digital and SimpleFile by Paper, to help more Canadians who do not currently file their taxes receive their benefits. CRA will provide an update on this work in fall 2024.