2025 2026 Canada's Budget

The Federal government's budget on November 4, 2025 introduces changes that may affect your individual and family finances.

Reflections since the last budget*

Canadian Dollar vs. the U.S. Dollar	S&P/TSX Composite	Oil Price per barrel in $USD	Unemployment Rate
71.14¢	29,819.49	$60.36	7.10%
November 4, 2025	November 4, 2025	November 4, 2025	September 2025
APRIL 16, 2024	APRIL 16, 2024	APRIL 16, 2024	APRIL 16, 2024
72.35¢	21,642.87	$85.28	6.10%

* PERIOD BETWEEN APRIL 16, 2024 AND NOVEMBER 4, 2025

Budget Highlights

The federal budget projects a C$78.3 billion deficit for the fiscal year ending in March—2.5% of GDP—largely in line with economists' expectations. It outlines major investments over five years in housing, infrastructure, defense, and trade, while introducing fiscal guardrails to manage debt and spending. Public debt charges are expected to rise, with the debt-to-GDP ratio increasing slightly before stabilizing.

GST Relief for First-Time Home Buyers

Canada is eliminating the GST on homes up to $1 million and partially reducing it for homes $1–1.5 million. This lowers upfront costs and makes homeownership more accessible.

Top-Up Tax Credit

A temporary top-up tax credit for taxpayers if their non-refundable tax credit amounts exceed the first income tax bracket threshold. The intent is to protect taxpayers from unintended tax increases.

Easier Account Transfers, Fewer Fees

Transfer fees for investment and registered accounts at federally regulated institutions will be eliminated, making it easier to move accounts, save on costs and reduce administrative barriers.

Luxury Tax and Underused Housing Tax (UHT) Removed

The luxury tax on planes and boats and the UHT are being eliminated, with savings redirected to improve tax compliance and reduce unnecessary costs.

Tax Rules for Multinational Insurers

New tax rules ensure multinational insurers pay their fair share on Canadian business, protecting policyholders and promoting fair competition with domestic firms.

One-Time Payment for Disability Tax Credit Costs

A $150 payment will help Canada Disability Benefit recipients cover costs of obtaining or renewing their Disability Tax Credit certificate. This will help reduce financial barriers and make benefits more accessible.

Canada Strong Pass Renewed

The Canada Strong Pass offers free or discounted access to national parks, museums, galleries, and VIA Rail for the 2025–26 holiday season.

Automatic Federal Benefits for Low Income Canadians

Starting 2026, taxes will be automatically filed for eligible low-income Canadians to ensure access to benefits like the GST/HST Credit, Canada Child Benefit, and Canada Workers Benefit. This will help ensure those most in need receive benefits without barriers.

Tax Credit for Personal Support Workers

To help personal support workers who provide essential care, a temporary refundable tax credit of 5% of eligible earnings —up to $1,100 annually—will be available in provinces and territories not previously covered.

Supporting Youth Employment

Funding will support summer jobs, student work placements, and programs with mentorship and training for around 175,000 youth in 2026–27. This measure will help young Canadians gain experience, build skills, and overcome employment barriers.

Home Accessibility and Medical Expense Credits

Starting in 2026, the same expense can't be claimed under both Home Accessibility and Medical Expense Tax Credits, though both still support safety-related renovations.

Personal Income Tax Rates and Tax Brackets

Tax brackets and other amounts have been indexed by 2.7% to recognize the impact of inflation.

Productivity Super-Deduction for Businesses

Businesses can immediately write off new manufacturing buildings, machinery, and productivity-enhancing assets, reducing taxes upfront and encouraging investment. Aimed to boost productivity, support growth, and make Canadian businesses more globally competitive.

Enhanced SR&ED Tax Credits for Small Businesses

The refundable Scientific Research and Experimental Development tax credit for small Canadian businesses is increased, with up to $6 million in R&D expenses now qualifying—boosting innovation and competitiveness.

Your Advisor can help you understand how these changes may impact your finances.

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SOURCES:
Budget 2025: https://budget.canada.ca/2025/home-accueil-en.html
Crude Oil Prices: https://ca.investing.com/commodities/crude-oil-historical-data
US Exchange Rate: https://www.bankofcanada.ca/rates/exchange/currency-converter/
Unemployment Rate: https://www150.statcan.gc.ca/n1/daily-quotidien/251010/dq251010a-eng.htm?indid=3587-2&indgeo=0
S&P/TSX Composite: https://www.spglobal.com/spdji/en/indices/equity/sp-tsx-composite-index/#overview