

PROPOSED CHANGES TO CAPITAL GAINS – INCLUSIONS RATES

The federal budget has proposed increasing the inclusion rate on capital gains from 50% to 66.667%.

The proposal applies to capital gains realized on or after June 25, 2024. There is a \$250,000 “safe harbour” for individuals.

Assuming that [1] Québec harmonizes and [2] that RDTOH rates remain the same, the chart below summarizes the impact of the change.

EXISTING RATES				
	<u>Individual</u>			<u>Corporation</u>
	100			100
	(50)			(50)
	50 x .5331			50 x .5067
	(26.655)			(25.335)
	23.345			24.665
				15.33
				50 x .30667 = 15.33
Total	50			40
	23.35			x .4870
	73.35			(19.48)
				20.52
			Total	50
				20.52
				70.52
PROPOSED RATES				
	<u>Individual</u>			<u>Corporation</u>
	100			100
	(33.33) x .5331			(33.33)
	66.67			66.67
	(35.54)			x .5067
	31.13			(33.78)
				32.89
				20.45
				66.67 x .30667 = 20.45
Total	33.33			53.34
	31.13			x .4870
	64.46			(25.98)
				27.36
				33.33
				60.69

[1] There will be significant activity. We anticipate that there will be significant structuring activity between now and June 24, 2024 to lock in the existing rate.

[2] We encourage you to identify clients that may require assistance immediately.