

TAX & RETIREMENT PLANNING

Capital Gains Inclusion Rates 2024: What to Report

The 2024 Federal Budget proposed increasing the capital gains inclusion rate, creating complexity for taxpayers and tax preparers.

Background: The proposed changes would have applied two rates to individuals for gains realized on or after June 25, 2024:

- 50% inclusion rate on realized gains up to \$250,000
- 2/3 inclusion rate on realized gains exceeding \$250,000
- Corporations and most trusts: 2/3 rate from dollar one

Current Status (Feb 2025): The federal government deferred implementation to January 1, 2026. The CRA reverted to the current 50% inclusion rate, with relief on late-filing penalties and arrears interest.

Reporting Guidance:

- Realized capital gains reported on Box 21 of a T3 slip
- Realized capital losses reported on Box 37 of a T3 slip

Taxpayers may now file under current legislation (50% inclusion) without risk of penalties. Always seek professional tax advice.