TOMPKINSights

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# Bill C-15 – Items of interest

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On November 18, 2025 Bill C-15, Budget Implementation Act, No. 1 received first reading. It contained a couple of items that we've been following.

**Life insurance and exemptions from the Trust reporting rules**

They listened.

Exempt life insurance issued by a Canadian life insurer is now listed as a qualifying asset for the exemption from reporting for trusts with a fair market value (FMV) of up to $250,000 at clause 150(1.2)(b.1)(iii)(L). For these purposes, the FMV of life insurance is determined by its cash surrender value. As we noted previously, (Exemptions from the Trust Reporting rules – What is the value of Life insurance? – Tompkins Insurance) both STEP and CALU advocated for this change. Oddly, in the amendments, there is no valuation rule for life insurance relating to the $50,000 blanket exemption.

**Capital Loss Carry-Back Planning**

Also included is the technical amendment to subsection 164(6) that extends the period of redemption and capital loss carry-back planning to the first 3 taxation years of a graduated rate estate applicable to deaths occurring on or after August 12, 2024. (See: Technical amendment expands the time frame for post-mortem capital loss carry-back planning – Tompkins Insurance). Related to this change is also an amendment to the 50% stop-loss rule to also extend the period to the first three taxation years of the GRE in subparagraph 112(3.2)(a)(iii) for GRE's of individuals who died on or after August 12, 2024.

This change will allow time for a more thoughtful approach to occur for post-mortem planning. However, be mindful when time is taken to determine the post-mortem plan. Tax is payable in the deceased's terminal return in respect of the deemed disposition of private company shares. A refund would only arrive in respect of any redemption and capital loss carry-back once 164(6) planning is done. If payment of the terminal tax liability is not made, interest and penalties would apply even if a refund is received later.  Life insurance to deliver the liquidity to fund the terminal tax liability is an obvious solution.

Life insurance would not only deliver liquidity but also CDA to integrate with post-mortem planning.



**FOOTNOTE:**



*Should you wish to discuss this or any other TOMPKINSights article, please contact* florence@tompkinsinsurance.com