

# CRA guidance for mandatory disclosure rules - Not so honourable mention

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On April 30, 2026, the CRA issued new and updated guidance for the mandatory disclosure rules (MDR). (See: [Mandatory disclosure rules – Guidance - Canada.ca.](#)) As part of the updates new information was added concerning insurance.

Paragraph 16 under the heading “Interaction with the general anti-avoidance rule...” states:

“Reporting persons may consider filing an optional disclosure in any circumstance where there is uncertainty about whether the GAAR might apply. For example, reporting persons may wish to file an optional disclosure regarding arrangements that the CRA has stated it could apply the GAAR to. Without limiting the foregoing, these could include:...

- Arrangements that circumvent the 2013 amendments to the “LIA Policy” definition, which was intended to eliminate the tax benefits associated with leveraged insured annuity arrangements as expressed at the Conference for Advanced Life Underwriting (“CALU”) Roundtable, Q. 1, CRA document no.2016-0632601C6 and at the CA-LU Roundtable Q. 7, CRA document no.2018-0752971C6.”

It seems abundantly clear to us that the CRA is signalling its displeasure with aggressive planning schemes involving insurance by whatever means at its disposal. Whether this be in MDR guidance as in this case, or Taxpayer Warnings (see: <https://tompkinsinsurance.com/too-good-to-be-true-yep/>). While the paragraph above refers to the 2013 amendments to the “LIA policy” definition, it is in effect indicating that certain leveraged insurance arrangements are very much on the CRA’s watch list. We are not suggesting that all leveraged life insurance plans are aggressive by definition, but we are aware of and get asked to comment on certain leveraged insurance plans that would seem to fall within that category.

## 2026 CALU CRA Roundtable

And if warnings and guidance is not enough, see the CRA’s response to Q 1 at the 2026 CRA Roundtable (2026-1089291C6) discussing audit activities as follows:

“We continue to seek out, audit and re-assess all arrangements which attempt to utilize insurance products or insurance-like products to gain a tax advantage not envisioned by tax policy and legislation.”

### **Insurance for insurance**

No good can come from these aggressive plans and schemes.

Life insurance is a unique financial asset with unique tax attributes. These attributes are appropriate where insurance is used for its time-honoured purpose – funding estate liquidity needs.

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### **FOOTNOTE:**

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