

PUBLIC POLICY PRIORITIES



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Recommendations for the federal government

Supporting small business owners

Issue: Tax reform

- Several new tax rules affecting small businesses have been implemented or proposed in recent years.
- Taken individually, some of these rules have benefitted businesses. But collectively, they have increased business planning complexities and compliance costs. They have also created a disincentive to establishing and growing small businesses in Canada.
- An expert review of the corporate tax system was promised during the 2025 federal election campaign.

Recommendation:

- **Promptly begin the promised review of the corporate tax system, including a focus on small business taxation.**

Enhancing Canada's retirement system

Issues: RRSPs and RRIFs

- Global and domestic forces are increasingly challenging the affordability of Canadians of all ages to provide for their retirement.
- Younger Canadians are experiencing difficulties saving sufficient funds in their Registered Retirement Savings Plans (RRSPs) due to competing financial demands early in their working lives.
- Equally, some seniors risk outliving their savings because tax rules force them to take money out of their Registered Retirement Income Fund (RRIF) by age 71 even if they don't have a financial need to do so.
- CALU believes all Canadians should have sufficient retirement income throughout their expected lifetimes.

Recommendations:

- **Change RRSP rules to allow indexing of unused contribution room and permit contributions past age 71.**
- **Change RRIF rules by increasing the conversion age to 75; reducing the formula to allow more tax sheltering of funds; and allowing RRIF holders to exclude up to \$180,000 (indexed) from the application of the minimum payment formula until the individual reaches age 85. Also improve the transparency of the factors determining the minimum payment formula and establish a regular review process to ensure it continues to meet the needs of older retirees.**



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Strengthening the health care system

Issues: Dental care and pharmacare

- CALU supports the federal government's broad intention to help individuals who need, but cannot afford, dental care or prescription medications through the Canadian Dental Care Plan (CDCP) and pharmacare.
- Most Canadians already have access to dental care and prescription medications through workplace insurance plans and are very well served by them.
- The CDCP, for which millions of Canadians of working age (18-64) are now eligible, may inadvertently incentivize businesses – in particular small businesses – to abandon their existing plans in favour of the federal plan, and therefore increase costs to the public purse.
- While pharmacare is in the early stages of implementation with much uncertainty ahead, its future development should fill the coverage gap for those who need it while limiting eligibility to those already covered by private plans.

Recommendations:

- **Introduce a temporary 35 percent refundable tax credit in respect of the cost of dental care programs for employees of small businesses to be reviewed for effectiveness after three years.**
- **Advance pharmacare using the same general approach as the CDCP – supporting those without prescription drug coverage while leaving workplace benefit plans intact.**



More Information



calu@calu.com



www.calu.com



[linkedin.com/company/calucanada](https://www.linkedin.com/company/calucanada)



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