



## NAVIGATING THE NEW HORIZON: UNRAVELING THE LATEST TAX AND FINANCIAL CHANGES FOR BUSINESS OWNERS IN 2024

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To say the tax and financial landscape, specifically for business owners, has changed over the last couple of years is an understatement. Here's a list of some of the more meaningful changes:

### **Changes to the Alternative Minimum Tax (AMT)**

The AMT is exactly as the name describes- an alternative method to calculate income tax owing. Income taxes are filed, resulting in an amount of tax owing. Under certain circumstances the taxes owing relative to the income earned is low and then a second or alternative calculation is completed and if the amount of taxes owing using the AMT is higher, then you need to pay the higher amount. There's been many changes within the AMT and the biggest impact is for high income earners making large charitable donations.

### **Reportable and notifiable transactions**

The CRA has a new and growing list of transactions individuals or companies must report or notify them on. If an individual or company fails to comply, penalties apply. The list is growing and it had accountants scrambling towards the end of 2023 to complete transactions which would otherwise have to be reported/notified in 2024.

### **Employee Ownership Trusts (EOT)**

The EOT regime started on Jan 1 2024. EOTs provide another option for business owners looking to transition to the business to employees. There's a long list of rules and regulations to along with EOTs.

### **Changes to the lifetime capital gains exemption (LCGE)**

Previously, business owners looking to sell their business to immediate family members couldn't take advantage of the LCGE- a tax exemption which allows Canadian business owners to shelter up to ~\$1m in capital gains on the sale of their business if certain conditions are met. Then in 2023, with the passing of Bill C-208, the issue was addressed, and intergenerational family business transitions were able to benefit from the LCGE. However, along with the changes came loopholes which had families taking advantage of the LCGE without transitioning the business. For 2024, these loopholes have been addressed/closed.

### **Underused Housing Tax (UHT)**

A new tax applicable to foreign nationals who own real estate which they aren't living in.

There's lots going on out there in the world of tax. Having an experienced and reliable group of advisors who communicate with each other is a powerful asset to help you navigate the changing landscape.

If you are going to sell your business at some point, it's never too early to have a conversation which is the first step in developing a plan specifically designed for you and your family.

We're happy to connect you with great people - feel free to [reach out](#).

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