



**eNews – February 25, 2026**  
**STEP Canada Tax Technical Committee**

**RE: Proposed Amendments to the Trust Deemed Disposition Anti-Avoidance Rule in Subsection 104(5.8)**

The STEP Canada Tax Technical Committee submitted a letter in response to the Department of Finance's consultation on the draft legislative proposals released January 29, 2026, which include an amendment to the preamble of subsection 104(5.8) of the Income Tax Act, as originally announced in the 2025 federal budget. The letter highlights various issues the proposed amendment could create for ordinary trust and estate planning transactions, including the risk of unintended acceleration of deemed dispositions, significant uncertainty in common planning scenarios, and potentially punitive consequences that are disproportionate to the perceived avoidance concern. The Committee also provided alternative legislative approaches, including recommending that the proposed amendment be abandoned in light of the existing notifiable transaction regime and the Canada Revenue Agency's stated position on the application of the GAAR.

Many thanks to the members of the committee, Kenneth Keung (Chair), Sébastien Desmarais (Deputy Chair), Ian Lebane and Yogesh Bhathella, and members of the STEP Canada Tax Technical Committee for their thoughtful review and contributions.

The STEP Canada Tax Technical Committee is pleased to share this submission with its members [here](#) and in the "Resources" Section in your MY STEP profile on [step.ca](http://step.ca). Members may also wish to note that the new STEP Canada website includes a Submissions [page](#), which provides easy access to STEP Canada's submissions to government

Tax Technical Committee  
STEP Canada

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**About STEP:** The Society of Trust and Estate Practitioners is the leading international organization for trust and estates professionals. Headquartered in London, England, it has more than 22,000 members worldwide in over 100 countries.

**STEP Canada**, founded in 1998, has over 4,000 members with branches in the following cities and regions: Atlantic, Montreal, Ottawa, Toronto, Winnipeg, Saskatchewan, Calgary, Edmonton, and Vancouver, with chapters in Okanagan Valley, and Southwestern Ontario. STEP is a multidisciplinary organization with the most experienced and senior practitioners in the field, including lawyers, accountants, financial planners, insurance advisors, and trust professionals. They provide domestic and international advice on trust and estates, including planning, administration, and related taxes.

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