



eNews – May 6, 2026

STEP Canada Tax Technical Committee

RE: NWMM addresses STEP Canada's Tax Technical Committee concerns with proposed subsection 104(5.8)

We wanted to share a positive development arising out of the recent Department of Finance consultations.

On February 25, 2026, the STEP Canada Tax Technical Committee made a [submission](#) to the Department of Finance as part of its consultation on draft tax proposals, including the proposed expansion of the trust deemed disposition anti avoidance rule in subsection 104(5.8). Our concern was that the original proposal was drafted so broadly that it risked tainting subsequent trusts established by beneficiaries who received property from an existing trust, by effectively importing the original trust's 21 year anniversary date. This had the potential to disrupt common and well established planning, including alter ego trust planning and refreeze transactions, well beyond the targeted avoidance the provision was intended to address.

On May 4, 2026, Finance released a [Notice of Ways and Means Motion](#) containing a revised version of the proposed amendment to subsection 104(5.8). The revised approach is much more narrowly targeted. In particular, **it now limits the expansion of subsection 104(5.8) to tax-deferred capital distributions to a beneficiary in which an interest is held directly or indirectly by another trust at the relevant time.**

We commend Finance for adopting this more focused approach, which addresses the identified planning concern without inadvertently affecting routine and legitimate estate planning arrangements. Thank you to all members who support this work and to those who continue to flag practical issues for consideration.

Tax Technical Committee
STEP Canada

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, trust professionals and wealth managers. They provide domestic and international advice on trust and estates, including planning, administration, and related taxes.

Click to [edit Email Preferences](#) or [Unsubscribe](#) from this list.

STEP Canada
45 Sheppard Avenue East
Suite 510
Toronto, ON M2N 5W9 - Canada
Telephone: 416-491-4949