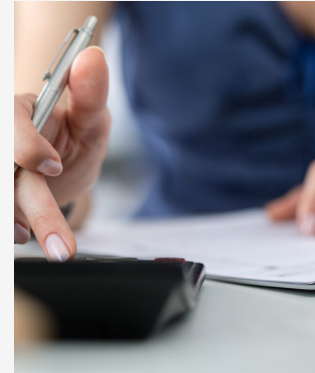


Canadian government delays implementation of employee stock option proposals

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Earlier this year, the Canadian government tabled a Notice of Ways and Means Motion with proposed amendments to the *Income Tax Act (Canada)* to implement the employee stock option proposals from the [2019 Federal Budget](#). The [proposals](#) were to apply to employee stock options granted by corporations and mutual fund trusts on or after January 1, 2020. The tax treatment of options granted before 2020 was, and continues to be, unaffected by the proposals.

The implementation of the proposals was deferred to allow the government to consider responses received as a result of the public consultation process that ended in September.

On December 19, 2019, the Finance Minister [announced](#) that, although the government intends to move forward with the proposals, the implementation of the proposals is being further deferred to allow the government time to consider the responses received in the public consultation process that ended in September. As a result, the proposals will not come into force on January 1, 2020. The government will announce a new coming-into-force date in the 2020 Federal Budget.

The Minister's announcement said the following:

The Government is carefully reviewing the input received during the consultations to ensure that the new regime meets both of its key objectives. As a result, the proposed changes to the tax treatment of employee stock options will not come into force on the previously proposed date of January 1, 2020.

The Government will announce details on how it intends to move forward with the measure in Budget 2020. The new coming-into-force date, to be announced in Budget 2020, will provide individuals and businesses time to review and adjust to the new employee stock option tax rules.

The date of the 2020 Federal Budget is not yet known (but is usually before the end of March). Accordingly, it may be expected that stock options granted before the 2020 Federal Budget will be unaffected by the new employee stock option rules.