

2024 Federal Budget Highlights

Overview

[Fairness for Every Generation](#), the federal government's 2024 Budget puts a spotlight on housing, affordability, and fairness across generations.

It includes a landmark investment in free financial advice that will enable Prosper Canada to work with community organizations to expand programming and advice.

Budget 2024 also included the first investment in the Canada Disability Benefit. It renews and enhances commitments to automatic tax filing, cracking down on predatory lending and consumer protection. For the financial sector, a specific focus was on lower banking fees, digital innovation (Open Banking/ Consumer-Driven Banking), and accessibility.

Some of the most significant initiatives related to the financial empowerment field, and the financial ecosystem more broadly, are outlined below.

Free Financial Advice

- Budget 2024 announces the government's commitment to provide **\$60 million over five years**, starting in 2024-25, to Prosper Canada to **expand the community-delivered financial help services available to Canadians**. These enhanced services are expected to reach one million low- to moderate-income Canadians over five years, helping them receive nearly \$2 billion in unclaimed tax and benefit income.
- This support will enable Prosper Canada, working with community organization partners, to expand free programming and free advice services. These free programs help Canadians do their taxes and find the benefits they are entitled to, find affordable ways to build their savings, and improve their financial situations so they can get ahead.

Canada Disability Benefit

- Budget 2024 proposes funding of **\$6.1 billion over six years** beginning in 2024-25, and \$1.4 billion per year ongoing, **for a new Canada Disability Benefit**, including costs to deliver the benefit.

- The government would begin providing **payments to eligible Canadians starting in July 2025**, following successful completion of the regulatory process and consultations with persons with disabilities.
- To ensure access to the Canada Disability Benefit for eligible Canadians, and to address an anticipated significant financial barrier associated with benefit take-up, Budget 2024 further proposes funding of **\$243 million over six years**, beginning in 2024-25, and \$41 million per year ongoing, **to cover the cost of the medical forms required to apply for the Disability Tax Credit.**
- The proposed design is based on a **maximum benefit amount of \$2,400 per year for low-income persons with disabilities between the ages of 18 and 64.** To deliver the benefit as quickly as possible and to ensure nation-wide consistency of eligibility, the proposed **Canada Disability Benefit would be available to people with a valid Disability Tax Credit certificate.** As proposed, this benefit is estimated to increase the financial well-being of over 600,000 low-income persons with disabilities.
- The **federal government is calling on provinces and territories to exempt Canada Disability Benefit payments from counting as income** in relation to provincial or territorial supports.
- The government aspires to see the combined amount of federal and provincial or territorial income supports for persons with disabilities grow to the level of Old Age Security (OAS) and the Guaranteed Income Supplement (GIS), to fundamentally address the rates of poverty experienced by persons with disabilities.

Capping Non-Sufficient Funds Fees at \$10

- Budget 2024 announces the governments intention to **cap the NSF fees charged by banks to \$10** per instance, as well as:
 - **Requiring banks to alert consumers** that they are about to be charged an NSF fee, and providing a grace period to deposit additional funds to avoid the fee;
 - **Prohibiting multiple NSF fees** when the same transaction reoccurs;
 - **Restricting the number of NSF fees** that may be charged to one in every 72-hour period; and,
 - **Prohibiting NSF fees for small overdrawn amounts** under \$10.

The government will release draft NSF fees regulations in the coming months.

Free and Affordable Bank Accounts

- Budget 2024 announces that **FCAC is in negotiations with banks to secure enhanced agreements to offer modernized \$0 per month and up to \$4 per month bank accounts** that reflect the realities of banking today, including more transactions, as well as expanded eligibility for \$0 accounts.

Predatory Lending

In Budget 2023, the government committed to lowering the criminal rate of interest, from the equivalent of 48 per cent APR to 35 per cent APR, following Quebec in setting the lowest maximum interest rate in Canada. The government also committed to limit the costs of payday loans to no more than \$14 per \$100 borrowed.

- Budget 2024 announces the government's intention to **amend the *Criminal Code* to enhance enforcement of the criminal rate of interest**. These amendments will include empowering law enforcement by prohibiting offering credit at a criminal rate of interest and allowing for prosecutions of illegal and predatory lenders without the approval of the Attorney General.
- Budget 2024 also announces the government's intention to **strengthen its crackdown on predatory lending by working with provinces and territories to harmonize and enhance consumer protections** across Canada, which could include legislative action on the part of the federal government. Specific measures include:
 - **Capping the costs of optional insurance products** for high-cost loans, including payday loans;
 - **Enhancing transparency and marketing practices** for high-cost and payday loans, including limiting advertising of these products;
 - **Strengthening payday loan regulations**, including disclosure requirements to protect Canadians from harmful terms and conditions, adding a minimum number of days for the loan terms, a requirement for borrowers to repay in installments, and prohibiting loan rollovers;
 - **Increasing action and harmonization on proactive approach toward lead generators**;
 - **Enhancing monitoring and data collection practices** in the high-cost loan market, including payday loans.

Automatic Tax Filing for Low-Income Canadians

- In summer 2024, the **CRA will pilot new automatic filing services, SimpleFile Digital and SimpleFile by Paper**, to help more Canadians who do not currently file their taxes receive their benefits.
- The CRA will engage leading experts and industry to **identify further opportunities to help more Canadians receive benefits** designed to support them. CRA will provide an update on this work in fall 2024.

Reducing CRA Call Centre Wait Times

- Budget 2024 proposes to provide **\$336 million over two years**, starting in 2024-25, to the Canada Revenue Agency to **maintain call centre resources and improve the efficiency of its call centres**.

Improving Benefit Delivery

- Budget 2024 proposes to provide a total of **\$2.9 billion over five years**, starting in 2024-25, on a cash basis, to Employment and Social Development Canada **to migrate Old Age Security and Employment Insurance onto a secure, user-friendly platform**.
- The government also remains committed to **implementing an ePayroll solution** which would reduce the reporting burden on Canadian businesses, especially small businesses, while modernizing and improving how benefits are provided through the Employment Insurance and tax systems.

Automatic Enrolment in RESPs and access to Canada Learning Bond

- Budget 2024 announces the government's intention to amend the *Canada Education Savings Act* to introduce **automatic enrolment in the Canada Learning Bond for eligible children who do not have a Registered Education Savings Plan opened for them** by the time the child turns four.
- Starting in 2028-29, all eligible children born in 2024 or later would have a Registered Education Savings Plan automatically opened for them and the **eligible Canada Learning Bond payments would be auto deposited in these accounts**.

Consumer-Driven Banking/ Open Banking

- The Budget announced that the Financial Consumer Agency of Canada (FCAC) **will be mandated to oversee, administer, and enforce Canada’s Consumer-Driven Banking Framework.**
- Budget 2024 proposes to provide **\$1 million in 2024-2025 for FCAC** to support preparation for its new responsibilities and **to begin development of a consumer awareness campaign.** The FCAC will transition to a full cost-recovery basis once the framework is in place.
- Budget proposes **\$4.1 million over three years** starting in 2024-25 for the Department of Finance to complete policy work necessary **to establish and maintain a consumer-driven banking oversight entity and framework.**
- As detailed in the [Consumer-Driven Banking Framework](#) that was released on April 16, 2024, the government intends to **introduce legislation to establish foundational elements of the Consumer-Driven Banking Framework this Spring** related to scope, system participation, safeguards in respect of integrity and security, and common rules to address privacy, liability and security.

Building Credit for a Mortgage:

- The government announced a variety of new measures aimed at more affordable housing, including **enhancing the Canadian Mortgage Charter to support renters, borrowers and first-time home buyers.**
- The Budget announced that the government is calling on banks, fintechs, and credit bureaus to prioritize launching tools to **allow renters to opt-in to reporting their rent payment history to credit bureaus, to strengthen their credit scores** and unlock pathways for more renters to become homeowners.

Anti-Money Laundering and Anti-Terrorist Financing:

- The government proposed amendments to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA), the Criminal Code, the Income Tax Act, and the Excise Tax Act, with consequential and coordinating amendments to other statutes, to **strengthen the supervision, enforcement, and information-sharing tools of Canada’s Anti-Money Laundering and Anti-Terrorist Financing framework.**

Increasing Taxes on Capital Gains

- Budget 2024 announces the government's intention to **increase the inclusion rate on capital gains realized annually above \$250,000 by individuals and on all capital gains realized by corporations and trusts** from one-half to two-thirds, by amending the *Income Tax Act*, effective June 25, 2024. The inclusion rate for capital gains realized annually up to \$250,000 by individuals will continue to be one-half.