CRA delays GST/HST changes on trailing commissions to 2028

May 28, 2026

On May 13, 2026, the Canada Revenue Agency (CRA) advised industry groups that the application of its revised administrative position on the taxability of trailing commissions will not proceed on July 1, 2026, as previously indicated. Subsequently on May 26, 2026, the CRA released a revised version of GST/HST Notice 344 – Application of the GST/HST to Mutual Fund Trailing Commissions (Notice 344), formalizing the previously announced deferral of enforcement until Jan. 1, 2028.

CRA's shift on GST/HST treatment of trailing commissions

On Feb. 10, 2026, the CRA announced a major change to the goods and services tax/harmonized sales tax (GST/HST) treatment of mutual fund trailing commissions (trailing commissions). Notice 344 originally confirmed an earlier GST/HST Ruling provided to industry stakeholders in late 2025 and advised that, effective July 1, 2026, Trailing Commissions would be treated as taxable supplies. This represented a reversal of the CRA's long-standing position that such payments were consideration for exempt financial services.

Following consultation with industry stakeholders, the CRA has now announced that it will delay enforcement of this change until Jan. 1, 2028, to allow affected taxpayers sufficient time to implement the necessary operational and compliance changes.

What the deferral means for industry

Industry will welcome the formal announcement of an extension on May 26, 2026. Given the significance of the operational changes required to comply with the CRA's revised position on the application of GST/HST to trailing commissions, affected stakeholders should continue their efforts to implement the necessary changes to their tax compliance processes.

Industry had consistently indicated that the approximate six-month implementation period previously provided was insufficient. That position was articulated during consultations preceding the GST/HST Ruling released in December 2025, as well as in

formal submissions made prior to the release of Notice 344 in February 2026. As a result, while the deferral is welcome, this announcement may nonetheless give rise to some frustration within the industry. More broadly, the pattern of announcing deferrals to significant tax changes after their initial release is unfortunate.

Stakeholders will also be watching for corresponding announcements from Revenu Québec, which only announced last month its intention to align the QST treatment of trailing commissions with GST/HST.

With respect to the prospect of legal challenges to the revised administrative position, most stakeholders are currently focused on complying with the CRA's revised position. That said, from a technical perspective, the fact that this change has been introduced through a CRA ruling rather than a legislative amendment may provide a basis for challenge. In particular, existing jurisprudence has recognised trailing commissions as exempt financial services and has emphasised that the characterization of a supply should be determined from the perspective of the recipient, rather than solely by reference to the supplier's activities—an approach that appears to have been adopted in the technical ruling underlying this change.

Questions on CRA GST/HST changes to trailing commissions and the delay to 2028?

Contact BLG's Tax Group. Our team advises clients across the investment and financial services sector on GST/HST matters, including the treatment of trailing commissions, compliance requirements and audit risk. We can help you assess the impact of the CRA's revised position and support your preparation for the 2028 implementation.

By

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