

# Federal Government Announces Delay in Changes to Employee Stock Option Regime

December 23, 2019

Budget 2019 highlighted the Federal Government's intention to limit the preferential treatment of employee stock options under tax legislation to restrict benefits currently available to mature companies. On June 17, 2019, the Minister of Finance tabled a Notice of Ways and Means motion to amend the Income Tax Act. Under the proposed legislation, new rules capping the preferential treatment of stock options would come into effect as of January 1, 2020. However, certain entities, including Canadian-Controlled Private Corporations (CCPCs), and companies which qualified as "start-ups, emerging, or scale-up companies" would be exempt from these rules. An industry consultation was launched to seek input regarding what companies should qualify as exempt and ended on September 16, 2019. More information regarding the original legislation can be found in our [bulletin from June 27, 2019](#).

On December 19, 2019, the Ministry of Finance provided an update advising that it was still reviewing the input received during consultations. As a result, the proposed changes will not come into force as of January 1, 2020, as initially planned. According to the Ministry, more information will be provided in Budget 2020, including a new date on which legislation will come into force. This suggests that the issue of limiting preferential tax treatment of employee stock options is very much live, though it is unclear what aspects of the current draft legislation will be changed. It is likely that the Notice of Ways and Means will be reintroduced (subject to any changes) with a new effective date.

By

[Pamela L. Cross, Bhuvana Rai](#)

Expertise

[Tax](#)

---

## BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 800 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

[blg.com](http://blg.com)

### BLG Offices

#### Calgary

Centennial Place, East Tower  
520 3rd Avenue S.W.  
Calgary, AB, Canada  
T2P 0R3

T 403.232.9500  
F 403.266.1395

#### Ottawa

World Exchange Plaza  
100 Queen Street  
Ottawa, ON, Canada  
K1P 1J9

T 613.237.5160  
F 613.230.8842

#### Vancouver

1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC, Canada  
V7X 1T2

T 604.687.5744  
F 604.687.1415

#### Montréal

1000 De La Gauchetière Street West  
Suite 900  
Montréal, QC, Canada  
H3B 5H4

T 514.954.2555  
F 514.879.9015

#### Toronto

Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, ON, Canada  
M5H 4E3

T 416.367.6000  
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing [unsubscribe@blg.com](mailto:unsubscribe@blg.com) or manage your subscription preferences at [blg.com/MyPreferences](http://blg.com/MyPreferences). If you feel you have received this message in error please contact [communications@blg.com](mailto:communications@blg.com). BLG's privacy policy for publications may be found at [blg.com/en/privacy](http://blg.com/en/privacy).

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.