

# PIVOT



**CPA**  
CANADA

WINTER 2025

## WHY OUR OVERBURDENED TAX SYSTEM COULD USE A BREAK

p. 24



**+** FOLLOWING THE OFFSHORE MONEY / HEDGING AGAINST EXTREME WEATHER / LOCKED OUT OF THE HOUSING MARKET



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**ON THE COVER**

Pressure is mounting on all sides to reform Canada’s overly complex and outdated tax system

**WHAT DO YOU THINK?**

Send your input to the editor at [pivot.letters@cpanada.ca](mailto:pivot.letters@cpanada.ca).

If your letter is chosen for publication, it may be edited for length and clarity.

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# VOICE OF INFLUENCE

CPAs remain stewards of trust in our evolving financial ecosystem **BY PAMELA STEER**

**This fall, I had the opportunity** to speak on behalf of the national body and Canadian CPAs before the Standing Senate Committee on National Finance to discuss CPA Canada's perspectives in the lead-up to Budget 2025.

I highlighted the five main areas of our advocacy focus, including:

- 1 Continuing our long-standing call for a broad-based review and modernization of Canada's tax system;**
- 2 Pledging to embrace AI and ensure that it is adopted and used responsibly;**
- 3 Applying Canada's inaugural sustainability disclosure standards;**
- 4 Protecting whistle-blowers and enhancing anti-money laundering efforts; and**
- 5 Boosting productivity and trade through labour mobility, and the reduction of interprovincial barriers and duplication of regulation.**

In the context of this last point, the Senate committee asked for my stance on a significant shift in the government's reporting framework: distinguishing day-to-day operating expenditures from long-term capital investments. On the surface, it may sound technical.

As every CPA knows, the way financial information is classified



influences how decisions are made and how they are understood. Done well, this change could sharpen transparency and strengthen public trust. Done poorly, it risks confusion and, in the worst case, obscures the true fiscal picture. As I told the Senate committee, the real test lies in consistency and clarity of application. The devil, as always, is in the details.

I share this because it underscores the vital role CPA Canada plays as the national and international representative of Canadian CPAs. When the federal government seeks insight on complex financial and business matters, it turns to us—a testament to the trust and credibility the profession has earned. As a cornerstone of Canada's financial ecosystem, the CPA profession provides the expertise and perspective needed to inform sound public policy.

That trusted voice was also in evidence during the conversation on taxation and the need for modernization. Layered changes have made the system complex, costly and difficult to navigate. A modernized, principle-based review would restore simplicity, fairness and competitiveness. It is work we continue to lead through research, consultation and the expertise of CPAs on the ground.

This is also why we launched CPA Canada Tax 360, a collaborative

platform connecting tax professionals across the country. I have heard time and again from colleagues in tax that navigating through new legislation to interpret meaning can feel like a solitary undertaking.

The shared knowledge and peer support provided by Tax 360 can help CPAs and other tax professionals navigate complexity together—and the insights from that community flow directly into our national advocacy. When we speak to the government, we speak with a community of voices and real experience behind us.

Through CPA Canada Connects, we've continued to foster meaningful national dialogue on the issues shaping our profession and our economy. From sustainability reporting and AI in finance to the evolving tax landscape and federal budget priorities, these sessions have drawn thousands of engaged participants from across the country.

The response has been overwhelmingly positive—a clear reflection of the trust members place in CPA Canada to convene timely, relevant conversations and bring insight to complexity.

That spirit of connection and shared purpose was also on full display in our nation's capital in September at the ONE Conference, our most successful gathering to date.

Thousands of CPAs came together, in person and virtually, to exchange ideas, challenge assumptions and explore the future of our profession. With sessions spanning from audit innovation to leadership in a changing world, the ONE reaffirmed the strength, diversity and unity of the CPA community—and CPA Canada’s role at the centre of it.

**OUR VOICE IS ALSO INFLUENCING OTHER ISSUES SHAPING CANADA’S FUTURE:**

- **Artificial intelligence: CPA Canada is actively contributing to the National AI Strategy consultation, ensuring innovation is matched with ethics, governance and accountability.**
- **Anti-money laundering: As private-sector co-chair of Finance Canada’s Advisory Committee on Money Laundering and Terrorist Financing, we are helping strengthen Canada’s response amid increasing international scrutiny.**

Across fiscal frameworks, taxation, emerging technology and financial integrity, CPAs are helping shape policies that affect every Canadian. That is the value of a strong national organization working alongside provincial, territorial and Bermudian partners: a unified profession advancing the public interest.

Canada is, in many respects, rewriting its fiscal narrative. If that story is to be credible, it must be grounded in transparency, discipline and long-term thinking. And that is what sound accounting provides.

We do this work together—as a profession that listens to one another, learns from one another and stands together in service of Canada’s economic well-being.

As always, CPA Canada is here to support your work and amplify your voice at the highest levels. Together, we will continue to strengthen the financial foundation on which Canada builds its future. ♦



**HAVE YOUR SAY:**  
[pivot.letters@cpacanada.ca](mailto:pivot.letters@cpacanada.ca)

# PIVOT

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**EDITOR**  
Paul Ferriss

**FRENCH EDITOR**  
Mathieu de Lajarte

**SENIOR EDITOR**  
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**SENIOR ART DIRECTOR**  
Adam Cholewa

**ART DIRECTOR**  
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**MANAGING EDITOR**  
Cassandre Cadieux (on leave)

**COPY EDITOR**  
Kelly Jones

**CONTRIBUTORS**  
Liza Agrba, Ali Amad, Brian Bethune, Carol Bethune, David-Alexandre Brassard, Steve Brearton, Jeff Buckstein, Darren Calabrese, Joseph Cicerone, Rob Csernyik, Derek Ford, Sara Kempner, John Lorinc, Kagan McLeod, Ryan Minor, John Oakey, Jozelle Opoku, Filipa Pajevic, Jessica Patterson, Ryan Peruniak, Melissa Robertson, Prasanthi Vasanthakumar, Michele Wood-Tweel

**PUBLISHER**  
CPA Canada

**ASSOCIATE PUBLISHER**  
Douglas Dunlop

**SALES DIRECTOR, CUSTOM CONTENT PUBLICATIONS, SJC MEDIA**  
Karen Kahnert  
karen.kahnert@stjoseph.com

**TRANSLATION**  
CPA Canada Language Services

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**TORONTO**  
145 King St. W., Suite 500, M5H 1J8,  
Tel. (416) 977-3222,  
Fax (416) 204-3409

**MONTREAL**  
2020 Robert-Bourassa Blvd,  
Suite 1900, H3A 2A5,  
Tel. (514) 285-5002,  
Fax (514) 285-5695

**SUBSCRIPTION INQUIRIES**  
Tel. (416) 977-0748 or 1-800-268-3793  
pivot.subscriptions@cpacanada.ca

**ONLINE**  
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**ADVERTISING**  
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# FIRST IN

## PURPOSE DRIVER


# LEGACY BUILDER

Brandon David uses his CPA training to help locals in Upper Hammonds Plains, Nova Scotia, secure affordable homes and preserve the community's heritage **BY ALI AMAD**

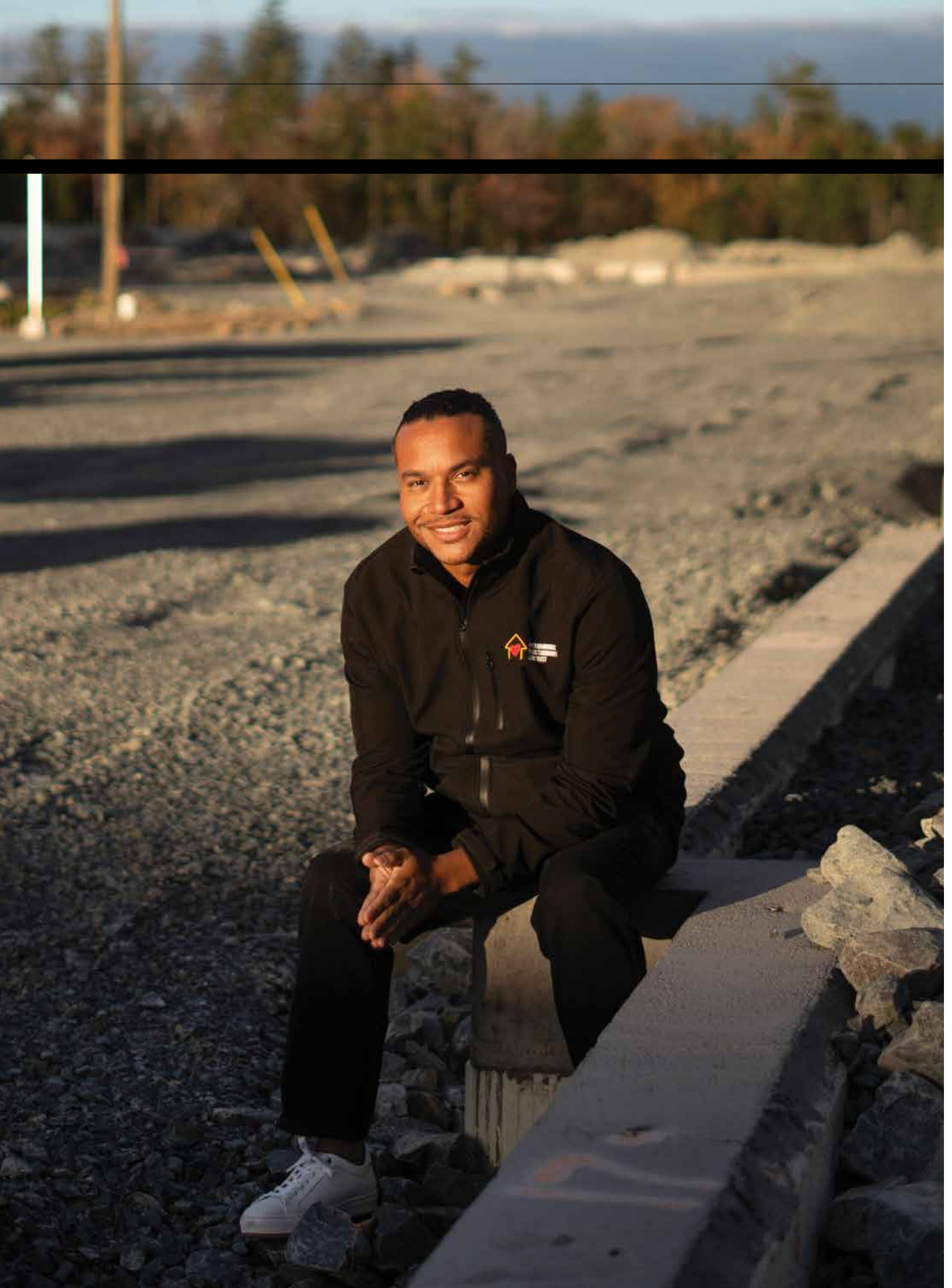
Brandon David, a Nova Scotia-based CPA, was raised listening to stories of his community's resilience. Determined to safeguard its future, he charted a path that would allow him to stay connected to home and make a difference.

Located on the northwestern outskirts of Halifax, Upper Hammonds Plains is a historic settlement founded in 1815 by freed slaves who fought for Britain in the War of 1812. Over two centuries, those settlers and their descendants created a self-reliant settlement that persevered despite poor farmland, poverty, systemic racism and barriers to clean water. In recent years, however, mass development and soaring property values have been displacing many of the families whose ancestors built it.

After graduating from Sobey School of Business at Saint Mary's University in 2015, he moved to Toronto to gain experience in a larger market. There, he became a financial analyst with Metrolinx, an Ontario transportation agency, and earned his CPA designation in 2020. He returned home after receiving a promotion to senior financial analyst at Metrolinx and brought what he learned back with him. He joined local accounting firm Henrikson and Associates and began volunteering as treasurer of the Upper Hammonds Plains Community Land Trust, a non-profit that acquires and stewards land to provide affordable housing and preserve African Nova Scotian culture.



With his CPA background, David helped Upper Hammonds Plains Community Land Trust secure \$61.2 million in federal funding for affordable co-op housing



This year, David helped the Upper Hammonds Plains Community Land Trust secure \$61.2 million in federal funding to build 136 affordable co-operative housing units in his community. The project, which broke ground in August 2025, represents more than new homes—it's a model for helping residents stay rooted in a community they have an ancestral connection to.

**What inspired you to become a CPA and how did that decision help support your community?**

I wanted to help with the finances of my family's construction business, and I loved every part of accounting, from tax to audit. Accounting support was badly needed because the fabric of the community was changing and there wasn't a dedicated local accountant. Residents were losing land—sometimes because of expropriation or unclear titles leading to tax sales—and our zoning rules made it easy for outside developers to build dense projects without consultation. That drove up property values and rents, which pushed many families out. With my CPA background, I've enabled non-profits fighting these changes to become financially organized, better positioning them to secure the funding needed to push back against displacement.

**You helped secure substantial funding for co-operative housing. What does that investment mean for the community?**

Construction of the Upper Hammonds Plains Community Co-operative is expected to be completed by spring 2027 and will offer 136 housing units, according to the Canada Mortgage and Housing Corporation. Anyone can apply to live there, not just people with family roots, but we hope it will provide historical residents who were priced out a pathway to return. Rents will be offered at non-market rates and we plan to pursue provincial subsidies to keep them low. Beyond housing, we plan on offering events and programs to educate residents on the community's heritage.

**Why was the co-op model the right fit for Upper Hammonds Plains?**

We wanted something self-sustaining and truly community-driven. As we researched and met with other co-ops, one lesson stood out: the people who live there are the co-op's greatest asset. Members elect the board and have a say in how the housing is run, keeping control with residents rather than placing it in the hands of a corporation.

David stands on the site where 136 co-operative units are set to be built in Upper Hammonds Plains, Nova Scotia



**“BY DEMONSTRATING STRONG FINANCIAL MANAGEMENT AND ACCOUNTABILITY, MORE PEOPLE STEP UP TO GET INVOLVED”**

**How has your CPA background helped you guide the land trust?**

When you're outcome-driven rather than profit-driven, finances matter even more. Before I got involved, the Upper Hammonds Plains Land Trust didn't have clear financial systems, which made it harder to secure funding and budget effectively. I brought structure to monthly and year-end processes and prepared clean, reliable statements for funders. That transparency built trust, both with government partners and within the community, by showing exactly where money was going.

As we took on new funding, audits became inevitable but I put systems in place so we'd be ready to navigate the process. Having a CPA from the community who understands audits inside and out keeps the board calm and focused on its roles. By demonstrating strong financial management and accountability, more people step up to get involved, confident that our work is being handled responsibly.

PHOTOGRAPH BY DARREN CALABRESE

### Can other communities address housing affordability and preserve heritage by replicating what you've built?

Definitely. In tight-knit communities, a co-op model can be one of the most effective ways to bring people together, secure land through a non-profit structure and keep control in local hands. Once a co-op is established and running well, it can also connect with other co-ops to share knowledge and best practices.

Another advantage is eligibility for housing subsidies. Co-ops can access programs that keep rents affordable, creating an additional path to lower-cost housing beyond traditional government-built social housing. That combination of community ownership and financial support can make a big difference in sustaining affordability and heritage.

### Looking ahead, what's your vision for the land trust and the community?

The land trust is working to acquire more parcels for future developments and collaborating with other African Nova Scotian communities to share resources. We're also exploring other land-use models beyond co-ops. For example, the trust could retain ownership of land while families own the homes built on that land, thus allowing them to build equity.

Another priority is securing broader government support. The federal government funded our first co-op, but we haven't received support from the province. We want to work with provincial and municipal governments to create more policy tools that will allow long-time residents to stay in Upper Hammonds Plains.

### What advice do you have for CPAs who want to get involved in community-led projects?

Be prepared to volunteer a lot at the start and know that the reward is impact, not compensation. Early on as treasurer, I was spending 10 hours a week building our financial systems so we could operate professionally. It was demanding, but once the foundation was in place, we brought in external auditors and bookkeepers so I could shift my focus to governance and oversight.

It's easy to feel frustrated when work piles up and funding is uncertain, but if you stay committed, things start to click: funding comes through, projects break ground and you see the difference you're making. I know I'm helping keep my community alive—that's my reward. ♦

PHOTOGRAPHS BY ISTOCK

## CLIMATE CHANGE

There's growing backlash against diversity, equity and inclusion initiatives in Canada and the United States. Is it just a course correction or a setback? **BY STEVE BREARTON**



The decline in references to diversity, equity and inclusion in Fortune 100 company reports between 2024 and 2025, according to an analysis by Gravity Research, a firm that studies how companies manage their reputations and respond to social pressures

### One in eight

The number of U.S. companies eliminating or reducing DEI programs in 2025. Forty-nine per cent cite changes in the political climate as a key factor, according to a survey by Resume.org.

### Scaling back

Major U.S. employers, including Disney, Amazon, Walmart and IBM, have scaled back or shifted their DEI programs. BlackRock has dropped DEI references in its annual report, and JPMorgan Chase, Morgan Stanley and Citigroup say they are "removing or watering down" language around DEI efforts, reports *Forbes*.

In Canada, Shopify has laid off the team responsible for its social impact initiatives, reports *The Logic*, and Molson Coors has dropped its DEI diversity policies, reports the *Canadian Press*.

### Reframing existing programs

U.S. companies are rejigging programs to avoid the ire of DEI opponents. McDonald's reported it was rebranding its DEI team as its "global inclusion team," and Warner Bros. Discovery said in a staff memo that it will change the name of its DEI programs to "Inclusion."



### Canadians support diversity, equity and inclusion

According to 2025 Abacus polling data:

51%

believe inclusion policies and investments benefit society

35%

say inclusion policies help people like them

46%

believe it brings economic benefit



350

The number of Canadian tech leaders, investors and workers who signed an open letter asking the industry to uphold DEI values, following Shopify axing its social impact programs in early 2025



## THE ECONOMIST

# UNDER PRESSURE

If the federal government really wants to solve the housing crisis, it must also solve the municipal financing crisis



DAVID-ALEXANDRE BRASSARD

In Canada, urbanization remains a marked trend, fuelled mostly by demographic growth linked to immigration, which is largely concentrated in major cities.

This strong pressure on urban centres has contributed to soaring property prices, and these, as we know, have reached dizzying heights. However, there's a slowdown in effect: for the past three years, prices have stagnated in Toronto and Vancouver. They carry significant weight and influence in the market, which is currently experiencing a low transaction level. Still, despite the downturn, markets in these provinces—Ontario (42 per cent) and British Columbia (19 per cent)—continue to be the most expensive in the country, accounting for 60 per cent of Canada's total real estate.

In response to this price dynamic, real estate construction has shifted to regions outside these major centres. In some cities, municipal spending is rising, but the tax base, mainly made up of

property values, is not keeping pace. Although the country's other real estate markets remain more affordable than Toronto and Vancouver, many are headed in the same direction.

Municipalities are therefore faced with a true tax headache.

### An archaic model

The stagnation of real estate values in Canada's major cities is not simply a sign of a slowing market: it's a wake-up call for municipal finances. In Canada, property taxes account for a disproportionate share of government revenues. We were among the top five OECD countries in 2022 in terms of reliance on this source of financing.

## TO PRESERVE CANADIANS' QUALITY OF LIFE, WE NEED TO OFFER MUNICIPALITIES MORE SUSTAINABLE TAX LEVERS

However, with only 10 per cent of total national tax revenue, according to 2022 data, municipalities are responsible for almost 20 per cent of public spending on capital infrastructure investment, while the remaining capacity goes toward services, operations and maintenance. This impossible equation makes them dependent on other levels of government, while

at the same time pushing them to maximize every dollar made from urban space. But at what price? The pressure to make the most of property tax revenue and not raise taxes means that revenue has to come from elsewhere, which then implies that other costs will have to rise, such as public transit and other public services (and investments).

Meanwhile, local and regional government organizations—these were responsible for 72 per cent of transportation and water infrastructure at the end of 2022, according to Statistics Canada—risk paying the price for this accounting logic.

Cities and towns can't continue to carry a growing burden with outdated financial tools. Relying solely on land value, in a context of volatile market dynamics, is like building on sand. To preserve Canadians' quality of life, we need to offer municipalities more sustainable levers, especially as the federal government intends to double the pace of construction in response to the housing crisis. The intention is laudable, but behind this promise lies a worrying reality for Canadian municipalities.

On average, each new home requires more than \$100,000 in infrastructure support over its lifetime: roads, sewers, waterworks, transportation, utilities. Yet most cities have neither the right to run deficits nor can they accumulate debt, as is the case in Ontario, unless it's for capital projects. So how can they absorb such growth without appropriate financial tools?

The answer is simple: they can't. Unless there is a change in the municipal funding model, cities will not be able to deliver the infrastructure required for this expansion.

### Simple solutions that shake up habits

Canadian cities are juggling budgetary constraints that are not shared by the provinces or the federal government. They have long been calling for greater taxing powers, but the response has been weak: no one wants to give up a share of their income. So, programs or agreements are multiplied, funding is linked to infrastructure projects, and accountability and monitoring are duplicated. We end up wasting a lot of resources moving money from the left pocket to the right pocket of our public organizations (governments, health, education, etc.).

Offering municipalities modern tax levers would also improve municipal taxation. I would welcome the elimination of taxes on property transfers to encourage the mobility of people and capital. Development fees, set up to cover infrastructure costs, could be spread out or paid on delivery, reducing risk for developers.

45

The number of U.S. states that allow their municipalities to collect sales taxes

The current approach forces cities to develop innovative financing ideas. Think of public-private partnerships, the pooling of infrastructure projects to attract private or institutional investors, "municipal Crown corporations" to deliver services, or not-for-profit development corporations to enhance public land or spaces.

We could continue to demand that cities move heaven and earth to finance themselves, but we could also keep things simple. We could learn a lesson from the United States. According to the Tax Foundation, 45 U.S. states allow their municipalities to collect sales taxes, and local income taxes are a significant source of municipal tax revenue in six states and at least a modest source in 10 others. ♦

*David-Alexandre Brassard is CPA Canada's chief economist.*

### GUEST COLUMN

## PIVOTAL MOMENT

Bermuda's path forward demands a renewed focus on integrity, collaboration and oversight, and nurturing future accounting professionals



JOZELLE  
OPOKU

CPA Bermuda's annual general meeting panel brought together four women professionals, each leading from a distinct corner of our island's financial ecosystem. The island is at a crossroads: we can play it safe and risk stagnation, or we can step forward with confidence, clarity and courage. That choice isn't just for regulators or policy-makers, because as our moderator Dr. Crystal Clay reminded us, shaping Bermuda's financial future is something we all must face—and own.

As we move forward, our progress depends on how well we collaborate and how firmly we position people at the centre of innovation. Bermuda earned its reputation as a premier jurisdiction through years of coordinated vigilance, documentation, precision and integrity.

As Christal Hanna, interim director and senior legal counsel at Financial Intelligence Agency Bermuda, said, the next phase of anti-money laundering oversight will value effectiveness over technical

compliance. It's no longer enough to show that our rules exist; we must demonstrate that they work.

This evolution isn't procedural—it's purposeful. It demands proof that our teams collaborate across agencies, our systems produce results and our people have the skills to act with fairness. It's also about readiness, since digital assets, new reporting standards and financial tools all require expertise that no statute alone can guarantee.

The same balancing act appears in taxation. Louisa Lewis-Ward, managing director of taxpayer services and compliance for Corporate Income Tax Agency Bermuda, said that, as Bermuda enters a new corporate-income-tax era shaped by the OECD's global minimum-tax rules, the real challenge is keeping our competitive spirit alive as we meet global standards.

Having worked in regulation, I've seen how easily complexity can become a barrier, while simplicity is a competitive advantage. When businesses can navigate a system without confusion, they invest with confidence. When compliance is done well, it becomes a signal of stability—a reason to choose Bermuda.

The question that guides my team is the one that surfaces again and again: How simple can we make compliance so that it truly serves?

Shonette Harrison, senior manager of energy for the Regulatory Authority of Bermuda, noted how regulated tariffs for missed targets in the energy sector have saved consumers upward of \$90 million between 2020 and 2024. At the same time, those frameworks give investors the predictability they need to finance renewable projects, like offshore wind and floating solar. When oversight is transparent and proportionate, it becomes the scaffolding for innovation.

#### **Right-sizing innovation**

Being small is an advantage if we use it wisely. In Bermuda, regulation can be agile and human-scaled with frameworks that are fit for purpose, sustainable over time and guided by a clear sense of why. Once we establish this, good governance and innovation follow.

We're also learning that partnership is its own form of innovation. We don't need to rebuild every system from scratch. Collaborating with peers like CPA Canada allows us to share data, technology and lessons learned.

Bermuda is on the cusp of transition as digital transformation, demographic shifts and new technologies collide. Our task is to integrate these forces without losing what defines us.



Parliament and Supreme Court  
in Hamilton, Bermuda

## **SHAPING BERMUDA'S FINANCIAL FUTURE IS SOMETHING WE MUST ALL FACE—AND OWN**

The discussion had us explore the role of artificial intelligence (AI) and how it can strengthen oversight, while challenging our traditional notions of expertise. Lewis-Ward brought vivid examples of how AI is being used in other jurisdictions: Argentina employs it to draft legal decisions in minutes, while Singapore uses chatbots to respond to taxpayer queries.

The promise of these tools is clear—AI can help us manage information at scale, triage routine work and detect anomalies faster. But as Hanna emphasized, what it can't do is replace the accountability

PHOTOGRAPH BY ISTOCK

and moral reasoning that give financial oversight its legitimacy.

As I reflect on the conversation, I'm reminded that technology is only as ethical as the people who guide it. When algorithms go unchecked, they can distort outcomes, misuse data or even mislead the public. The antidote is continuous, practical education for regulators and citizens alike, so that innovation strengthens trust rather than undermines it.

### Preparing the next generation

Another challenge is the demand for talent exceeding supply. To bolster interest in the profession, CPA Bermuda actively engages with students through its Outstanding Student Awards and the Financial Literacy Program. The former recognizes outstanding academic achievements, extraordinary leadership qualities and strong commitment to community service; the latter, in partnership with CPA Canada, focuses on improving financial literacy in our communities. These initiatives demonstrate to young professionals that accounting isn't just about spreadsheets—it's about people, service and analysis.

We can also borrow good ideas from other countries. Harrison shared examples of how in Jamaica, for instance, large firms recruit accounting majors before graduation, covering exam fees and coursework, up to a certain level, in exchange for post-graduate service.

Too often, CPAs underestimate their own influence. Our insights shape public policy, inform regulation and steady economies. As new technologies like AI redefine what it means to be an expert, the next generation must learn not only technical mastery, but also how to find—and trust—its voice. The same discernment that makes a good accountant also guards against the misuse of technology. We need to understand when to rely on the system and when to look closer.

Bermuda is small enough to be nimble, large enough to matter. If we can pair innovation with integrity, maintain ethical principles and keep collaboration at the heart of our institutions, we'll remain a model for jurisdictions far bigger than ours.

The panel was led by women with expertise in tax, financial intelligence, energy and accounting—a sign of how far our professions have evolved. Bermuda has always thrived on courage and connection. I believe our future will not be shaped by chance but by choice—and we're choosing well. ♦

*Jozelle Opoku is CEO and president of CPA Bermuda.*

## THE BRASS TAX

# A TRADITION OF ADVOCACY

From historic oversight bodies to current collaboration with the CRA, here's how CPA Canada's support for tax reform and clarity continues to expand



JOHN OAKEY

As Canada grows and its economic landscape evolves, CPAs play a crucial role: advocating for clarity, fairness and transparency in the tax system.

While CPA Canada's calls for comprehensive tax review remain unanswered, the organization continues to collaborate with professionals, taxpayers and government agencies, including the Canadian Bar Association (CBA) and Canada Revenue Agency (CRA), on prominent tax issues. These important conversations influence the frameworks and policies that make up the Canadian tax system today.

### Building professional alliances

Collaboration between agencies for tax advocacy in Canada has been happening since the mid-20th century. A collective voice of accountants and legal professionals was needed, resulting in the creation of two organizations: the Joint Committee on Taxation (JCT) and the Canadian Tax Foundation (CTF).

In the early 1940s, there was a wide sentiment that the Canadian tax system needed improvement. In 1944, members of the Dominion Association of Chartered Accountants (a predecessor of CPA Canada) and the CBA formed an alliance with a shared goal to draft and submit tax reform recommendations to the federal government.

H.G. Norman, president of the Dominion Association of Chartered Accountants, commented on the relationship at the association's annual meeting in 1944: "It is felt that joining with the Canadian Bar Association in the formulation of tax proposals is not only a means of cementing the relations between the two associations but is in the best interests of the public generally."

The two organizations formalized their efforts in 1952, creating the Joint Committee on Taxation.

The JCT's role was (and still is) to review, interpret and comment on proposed tax legislation



## CPA CANADA IS PRIVILEGED TO HAVE A STRUCTURED CHANNEL TO RELAY CONCERNS TO THE CRA

and policies. Accounting and legal perspectives gave merit to their recommendations and ensured that technical advice highlighted both the intent and potential implementation challenges. Today, the committee continues to provide insights to the Department of Finance Canada on new tax laws and suggests improvements to current ones.

To accompany the advocacy-focused efforts of the JCT, the Canadian Institute of Chartered Accountants (now CPA Canada) and the CBA banded together again in 1945 to found the Canadian Tax Foundation. The CTF was set up as an independent, not-for-profit organization dedicated to research, education and dissemination of tax knowledge. Its aim was to improve Canadians' understanding of taxation through conferences, seminars, publications and analyses. The foundation continues to make significant contributions, bringing forth relevant insights and concerns surrounding the Canadian tax system to government policy decision-makers and administrators.

Together, the JCT and CTF are helping reshape the tax landscape in Canada, ensuring informed communication for all people in the tax community.

### Progressive initiatives

While the JCT and CTF provide leadership, CPA Canada's advocacy has expanded to include specialized committees and task forces that focus on specific areas of taxation, from small business and international tax to scientific research and tax administration. For example, the Income Tax Education Committee helps develop practitioners' knowledge and skills, and the Commodity Tax Committee gives Canada's CPAs a voice in influencing indirect tax, customs and trade policy matters.

Not only do these groups conduct research, bolster education and provide analyses of tax measures, they provide valuable feedback to the federal government and CRA. And as new topics emerge (for example, cryptocurrency, trust reporting), new committees are assembled to keep CPAs and tax professionals informed.

Another important aspect of CPA Canada's advocacy efforts is its formal relationship with the CRA. CPA Canada regularly schedules meetings with CRA officials to address systematic challenges, share insights and discuss proposed tax changes. The organization also assembles technical working groups to focus on real-world implications of new and existing tax rules, and assists the CRA with important feedback pertaining to taxpayers. CPA Canada is also privileged to have a structured channel to relay concerns and recommendations directly to the CRA. These elements are the foundation of CPAs' meaningful and ongoing voice with the CRA.

### Demystifying taxes

CPA Canada's latest initiative, Tax360, further builds on its advocacy. The online platform is a one-stop resource for tax knowledge and education, where users can engage and learn from others in the Canadian tax community. By offering CPAs peer-driven solutions, they'll be able to empower others with access to timely updates, expert-led Q & As, technical webinars and resources curated by the tax leadership team at CPA Canada.

CPA Canada is dedicated to strengthening Canada's tax dialogue, ensuring that policy is shaped by the voices of its most knowledgeable and dedicated professionals. ♦

*John Oakey, CPA, is vice-president of taxation at CPA Canada.*

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THE FINE PRINT

# TOUGH ON CRIME

Integrity, compliance and ethics remain foundational for good business amid global uncertainty



MICHELE WOOD-TWEEL

As a turbulent 2025 draws to a close, with heightened geopolitical and business tensions roiling the global economy, Canada and other nations remain steadfast in their co-operation to fight money laundering and terrorist financing, strengthen anti-corruption efforts and crack down on sanctions evasion.

Integrity, compliance and ethics continue to be internationally recognized as the foundation for conducting good business. Ethics comprises the framework to help navigate through uncertainties and complexities. These components, combined, represent the tools for success.

Additionally, using a multilateral approach to solve challenging and complex issues provides a scalable strategy to maintain order and help navigate through geopolitical and regulatory uncertainties.

### Canada's developments in 2025

In response to the global turbulence, a recent favoured policy tool with many countries is sanctions. Canada's federal government applies sanctions against both foreign states and non-state actors engaged in activities that violate international laws and norms.

Increasingly, efforts undertaken to evade sanctions have many similarities to money laundering, including the use of complex and opaque legal structures, offshore locations and virtual currencies. These crimes threaten the safety of Canadians and the integrity of our financial system.

Canada's anti-money laundering and anti-terrorist financing regime, including its sanctions efforts, were internationally peer-reviewed in 2025 by the Financial Action Task Force (FATF), the global money laundering and terrorist financing watchdog.

Notably, Canada was the first G7 country to undergo the current (fifth) round of mutual evaluations. The focus of this international peer review was on the operating effectiveness of the Canadian anti-money laundering, anti-terrorist financing and sanctions regime, and to evaluate the progress Canada has made on strengthening it since the last review in 2016.

Canada has made many efforts to bolster its regime since the last FATF review. A recent development designed to strengthen corporate beneficial ownership transparency came into force on October 1, 2025. In circumstances where a FINTRAC reporting entity assesses that a high risk of a money laundering or terrorist financing offence exists for a private company governed by the Canada Business Corporations Act, the reporting entity must report material discrepancies between their records and a company's registry filings to the federal beneficial ownership registry administered by Corporations Canada.



## CANADA HAS MADE MANY EFFORTS TO BOLSTER ITS REGIME SINCE THE LAST FATF REVIEW

Another key domestic development was the release of the 2025 Assessment of Money Laundering and Terrorist Financing Risks in Canada, also known as the National Risk Assessment (NRA). FINTRAC reporting entities should use the NRA to inform their risk-based client and business assessments. Other organizations can also leverage it to enhance their enterprise risk management and compliance programs, helping them understand and navigate the broader risk landscape.

The Business 20 (B20), which is the business voice of the G20, advocates for policies that drive international economic growth and development, echoing the themes of integrity, compliance and ethics at the 2025 G20 Johannesburg summit, ahead of the full

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G20 Summit for world leaders. The B20 discussed topics that included “inclusive growth and prosperity through global co-operation” and “strengthening integrity, transparency and ethical governance.”

The B20 South Africa 2025 Integrity and Compliance Task Force, which focuses on aligning global regulatory frameworks and encouraging responsible business conduct, released a policy paper with a series of recommendations. These include: encouraging the responsible use of technology in integrity and anti-corruption measures; strengthening the integrity embedment in climate and sustainability finance systems, to, for example, reduce and ideally eliminate the possibility of “greenwashing”; and amplifying the collective action and integrity standards for inclusive growth.

**Looking ahead**

In the year ahead, the federal government has two pieces of legislation on the agenda to strengthen Canada’s border, along with a proposed national anti-fraud strategy and an agency to fight financial crime as part of Budget 2025.

Bills C-2 and C-12 are designed to maintain secure borders, fight international organized crime (including the increasingly sophisticated global criminal networks), crack down on money laundering and stop the flow of illegal fentanyl.

CPA Canada has long advocated for a national and comprehensive whistle-blower protection framework, as a valuable tool in combatting financial crime. In 2023, CPA Canada relayed to the Department of Finance Canada that whistle-blowing programs should be a core element in effective financial crime enforcement for the proposed Canada Financial Crimes Agency. The federal government announced in its 2025 budget the establishment of a new Financial Crimes Agency as Canada’s lead enforcement agency against finance crime.

CPAs, along with other Canadian business leaders and professionals, will continue to face a high degree of uncertainty, largely because of the evolving trade and geopolitical environment. Another significant development ahead that will have implications for the broader economy and for individual organizations is Canada’s scheduled formal assessment of the CUSMA free-trade agreement with Mexico and the United States in 2026.

The challenges faced by business and government leaders will continue to be difficult. However, as illustrated over the past year, there are foundational elements for good business and co-operative efforts to meet challenging situations. Efforts to protect the integrity of the financial system are ongoing, and

# SHAM, WOW

A catalogue of recent cons **BY STEPHANIE MATAS**

## EMPLOYMENT HOAX



A complex Amazon scam has cost over 600 Canadians, including dozens in Edmonton, more than \$1.2 million, reports Global News. The Edmonton Police Service (EPS) electronic response team said fraudsters reached out to victims on social media, claiming they had a remote “job and investment opportunity” that involved completing Amazon orders.

Victims were asked to log onto an online platform, then invest money based on order sizes. They were told they needed to process 20 to 40 tasks per day and would earn a set fee for each, notes the Global News report. After receiving an initial payout, they were encouraged to invest more. But successive payouts were never sent.

Police revealed the con was organized by an international crime group based in China, operating out of British Columbia. It had been going on for about three months when the police were contacted, said Constable Brian Mason of the EPS electronic response team. The Canadian Anti-Fraud Centre (CAFC) says reported job scams amounted to \$47.1 million in losses in 2024.

## BLIND LOVE

A 63-year-old Calgary woman was recently lured into a romance scam that cost her her life savings of \$380,000, reports CBC News. She willingly sold her house and moved into a motel, expecting to soon be living with a man in the United States who claimed he loved her.

The pair never met or saw each other. He claimed he worked for the U.S. government and couldn’t share his photo. She proceeded to send payments to the man over several years.

She’s not the only Canadian to recently fall victim to a love hoax. A Toronto man lost nearly \$200,000 after engaging in a long-term online relationship with someone he met on a dating app, reports CityNews.

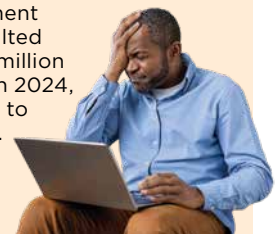
Romance scams—when con artists enter a virtual relationship with victims to gain their trust and affection in an effort to defraud them—are on the rise in Canada. Last year, the CAFC says 1,030 people in reported cases were victims of romance scams, losing a cumulative \$58.4 million.

## INVESTMENT LOSS

An Edmonton man was scammed out of \$500,000 after clicking on a Facebook ad, reports CP24. Soon after filling out some information, a scammer called to say he could make money investing in cryptocurrency.

Despite starting off with investments of \$1,000, he ultimately handed over his life savings, sending wire transfers to accounts in Europe and Switzerland, reports Global News. When he asked to withdraw funds out of his crypto account, the scammers eventually went silent.

The Better Business Bureau ranked investment and cryptocurrency scams as the number one riskiest scam type in 2024. The top platforms where victims were introduced to the fraud were Facebook, Instagram, WhatsApp and TikTok. Reported cases of investment fraud resulted in \$310.6 million in losses in 2024, according to the CAFC.



PHOTOGRAPHS BY ISTOCK

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international co-operation continues from members of organizations like the B20 to ensure integrity, compliance and ethics will prevail globally amid the current uncertainties and turmoil.

CPAs, in particular, have the resilience, knowledge and ethical background to navigate the journey ahead. ♦

*Michele Wood-Tweel is the vice-president of regulatory affairs at CPA Canada.*

ON THE RADAR

# DOUBLING DOWN ON AI

Where Canada is investing in artificial intelligence innovation—and where the federal budget falls short



MELISSA ROBERTSON

After a half-year delay, Canada finally has a federal budget from the new Liberal government—following the spring budget’s unusual push to the fall. Titled “Canada Strong: Budget 2025,” it offers a glimpse into the federal government’s immediate priorities and longer-term ambitions

when it comes to artificial intelligence (AI).

In the 2024 budget under the former government, Canada announced significant investments to support AI adoption in Canada, having invested over \$2 billion since 2017 and now proposing an additional \$2 billion over five years to boost computing capacity and to build the public supercomputing infrastructure needed to support it. This time around, the government is signalling in this budget that it’s “doubling down” on AI investments as part of a broader strategy to drive innovation and restore economic growth. Yet, despite that rhetoric, Budget 2025 proposes lower spending measures on AI, likely reflecting fiscal pressures and an effort to rein in the deficit. So, what does this year’s budget actually deliver for Canada’s AI agenda—and what does it signal about the road ahead?

When it comes to AI, this budget may be as much about what it says as what it leaves unsaid.

**What this budget says about AI**

On the spending front, Budget 2025 proposes \$925.6 million over five years, starting in 2025/26, to continue to support large-scale public AI infrastructure. Notably, \$800 million of this comes

**\$925.6 MILLION**

The proposed amount of funding to support large-scale public AI infrastructure in the 2025 Budget

from previously announced funding, presumably from Budget 2024, leaving roughly \$125.6 million in net new spending—far less than the prior budget, but still a sizable amount given the fiscal pressures this government is facing. Beyond this funding, the budget also includes several initiatives aimed at strengthening Canada’s AI ecosystem:

- The Minister of Artificial Intelligence and Digital Innovation will engage with industry to identify and collaborate on promising AI infrastructure projects.
- The Canada Infrastructure Bank will be enabled to invest in AI infrastructure projects.
- Artificial Intelligence and Technology Measurement Program (TechStat), a new initiative delivered by Statistics Canada, will be designed to collect data and insights on how AI is being used by organizations and its impact on Canadian society, the workforce and the economy.

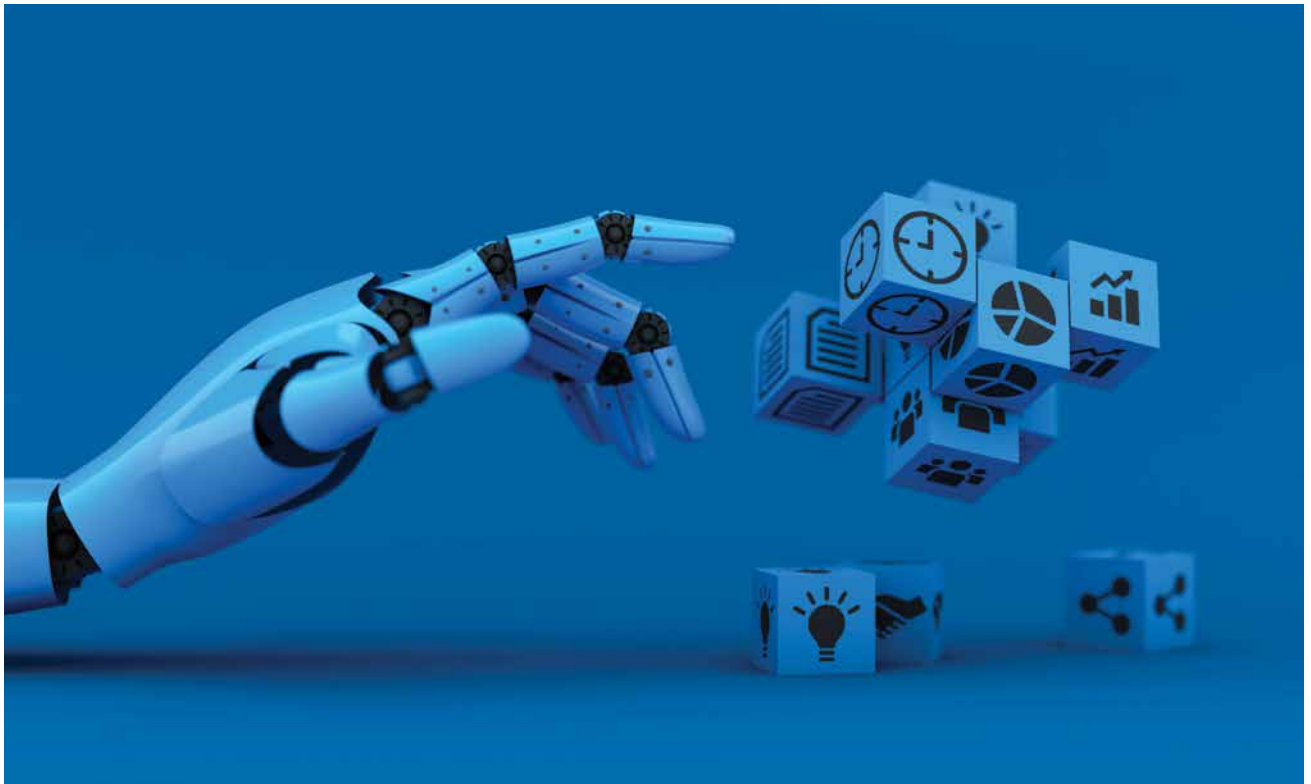
**Leading by example**

In this budget, the government also highlights its own plans to leverage AI across departments to improve operational efficiency and service delivery to Canadians. Although the details remain surface-level, the budget includes declarations on AI adoption for several departments and agencies, including Canada Revenue Agency, Canadian Food Inspection Agency, Employment and Social Development Canada, and Department of Fisheries and Oceans. These announcements continue the government’s previous commitments to modernizing government functions through technology, even if it lacks the specifics of how they intend to do so.

A key component of the government’s planned adoption is the proposed Office of Digital Transformation, which will be tasked with proactively identifying, implementing and scaling the technology across the government. Ideally, this office will serve as a kind of “centre of excellence” to promote best practices across government, ensuring alignment with government-wide objectives, and to draw on expertise from both within government and from private-sector expertise.

**The missing pieces**

Although the budget outlines some infrastructure and operational initiatives, it leaves several critical areas unaddressed, particularly around AI regulation,



trust and safety. The budget doesn't make any investments to tackle the growing trust gap with AI technology, or to address Canada's AI literacy.

Earlier this fall, the federal government announced its intention to produce a new national AI strategy for Canada, slated to be shared by the end of 2025. It appears that the government may be waiting for the results of this exercise to determine how it

## THE FEDERAL GOVERNMENT INTENDS TO PRODUCE A NEW NATIONAL AI STRATEGY

moves next. CPA Canada's pre-budget submission recommended that the government pursue formal regulatory frameworks for AI that ensure accountability, transparency and oversight of AI systems, ideally through legislative action. Ultimately, public trust in AI will depend not only on the performance of the technology, but also on the existence of clear regulatory guardrails and meaningful accountability mechanisms—areas this budget does not yet address.

### A strategic reset

To inform Canada's new national AI strategy, replacing its old Pan-Canadian AI Strategy from 2017, the federal government opened a 30-day public consultation this past October to hear from Canadians. The new strategy will look to answer an ambitious

number of questions, including how Canada can better adopt AI across the economy and public sector, attract new investments in Canada, and build public trust, skills and safety. In response to the public consultation, CPA Canada laid out several recommendations to the federal government to consider in the development of its AI strategy moving forward, with recommendations covering ways to accelerate AI adoption, build safe AI systems and strengthen public trust in AI, and address the education and upskilling needs of the workforce. Among the recommendations: a call to advance legislation to establish a regulatory framework for AI systems and establish best practices for independent assurance for AI systems. Key to this recommendation is the involvement of input from subject matter experts, including CPAs, who understand sound frameworks and methodology for providing assurance.

For now, the government remains focused on investing in AI infrastructure and promoting adoption across the public sector. With the development of a new national AI strategy, a fresh set of initiatives and approaches could emerge. The next federal budget could provide more clarity on the outcomes of this strategy and outline additional investments. Alternatively, the government could make a one-off announcement, as it has done in the past. For now, more details on future plans will have to wait. ♦

*Melissa Robertson is principal, research and thought leadership for CPA Canada.*

BY THE NUMBERS

# TAXING IDEAS

In the late 1990s, a Canadian economist led a major review that prompted the federal government to slash corporate tax rates and enact bipartisan action to boost our global competitiveness. Since then, the world economy has been rewired, but Canada's federal tax system has largely stayed the same. Meanwhile, business leaders, organizations and international institutions are clamouring for bold, comprehensive reform. Here's why it may be time for change and what we can learn from other countries' approaches. —*Steve Brearton*

A re-imagined global tax environment presents “a good opportunity for Canada to rethink its own system,” reads a 2018 International Monetary Fund Staff Report for Canada. “[We recommend] a careful and independent review of the overall Canadian tax system, weighing the pros and cons of incremental versus more radical approaches and assessing their revenue implications and potential spillovers to other countries.”

## THE CASE FOR REFORM

Canadian business leaders, professionals and global institutions are calling for a renewed corporate tax system that is fair, less complex and encourages investment, job creation and economic competitiveness.

# 58 YEARS

How long it's been since Canada's last comprehensive tax review in 1967

# 58%

The percentage of business leaders surveyed by KPMG who identified comprehensive tax reform as a top priority for the federal government to increase business competitiveness

# 9/10

The number of Canadian business leaders of the 250 surveyed by KPMG who say it's time to simplify the tax system and cut the investment tax rate to grow the economy



## INTERNATIONAL APPROACHES

Although Canada's federal government has avoided comprehensive tax reform, other nations haven't been shy about responding to changing global conditions.



### Tax cuts in France

Since 2017, French President Emmanuel Macron has been implementing tax reform measures, including corporate cuts, employer contribution reductions and the introduction of a carbon tax. As a result, government debt as a percentage of GDP rose from 98.5% in 2017 to 113% in 2024, according to Trading Economics data.

### From

**33% TO 25%**

How much France reduced its corporate tax between 2017 and 2022

### About

**€62 BILLION**

The cost of Macron's major reforms for the French treasury between 2018 and 2023, according to a 2024 report from France's court of auditors. That's equivalent to approximately CAD\$100 billion.



### Flat tax in Bulgaria

Following the collapse of the USSR in 1991, former Soviet republics and other Eastern European countries, such as Estonia and Slovakia, adopted flat tax rates. In 2007, Bulgaria introduced a flat 10% corporate tax rate, and in 2008, the 10% flat tax was applicable for all income levels.

### Distributed profits in Latvia

In 2018, Latvia adopted a system where corporate income is not taxed until profits are distributed. No tax is payable on profits reinvested in a company.



### From

**40% TO 10%**

How much Bulgaria's corporate tax rate fell between 1997 and 2007

**#2**

Where Latvia ranks in international competitiveness, according to the Tax Foundation's 2024 International Tax Competitiveness Index—second only to Estonia

**2.3%**

Poland's estimated increase in GDP if the traditional corporate tax is replaced by a distributed profit tax, based on an economic projection by Tax Foundation Europe

### More than

**TWO-THIRDS**

The number of citizens from 17 G20 nations who support a wealth tax to fund major changes to their economy and services, according to a 2024 survey by pollster Ipsos commissioned by Earth4All and the Global Commons Alliance. Eleven per cent were opposed.



**US\$2.1 TRILLION**

The amount nations across the globe could raise annually by adopting Spain's wealth tax on the richest 0.5% of its households at rates between 1.7% and 3.5%, according to a 2024 study by the Tax Justice Network

## GLOBAL MINIMUM CORPORATE TAX

In 2021, the Organisation for Economic Co-operation and Development (OECD) announced a global minimum tax of 15% on corporations, which came into effect in the beginning of 2024. The plan has widespread support and is designed to address companies generating income in one country but shifting profits to other low-tax jurisdictions. The premise shifts the right-to-tax to the location customers are located.

**136**

The number of countries in 2021, including all G20 nations, agreeing to impose the OECD model for a 15% global minimum corporate tax rate. Countries must pass legislation in local legislatures.

### Progress slowed

In August 2025, the Department of Finance Canada introduced a draft proposal for what minimum-tax legislation might look like, while the Trump administration in the U.S. backed out of the scheme completely earlier in the year







# TIME AND PLACE

**For decades, executives, academics and CPA Canada have urged the federal government to overhaul Canada's outdated tax system. Now, with a former central banker in the prime minister's office and the U.S. provoking economic uncertainty, the opportunity for change could be right now.**

**BY JOHN LORINC**

**IN THE RUN-UP** to the much-anticipated release of the federal budget, a group of manufacturing executives sat down with Ottawa journalists to talk taxes. According to a Bloomberg media account of the late October session, a lobbyist with a U.S.-based industry group said its members were encouraging Prime Minister Carney's Liberal government to enact changes to the Income Tax Act that would mirror those in President Trump's One Big Beautiful Bill. Recommendations included full expensing of equipment, matching renewed corporate tax reductions from Trump's first term, and tax rate cuts on domestic activity aimed at foreign sales.

"The only reason why the industry in the U.S. is not in worse shape is because of the big tax package that was passed," the lobbyist, Kip Eideberg, told Bloomberg. "Whether it's R & D [or] bonus depreciation, all of those provisions that were extended or made permanent have been a massive boon to the industry in the U.S. So we've been encouraging the Canadian government to do the same."

Steve Suarez, a tax lawyer and partner at Borden Ladner Gervais LLP (BLG), says these moves in some ways echo, or amplify, what's going on in other countries, where national governments are using their tax codes to boost productivity, export competitiveness and attract foreign investment. "The rest of the world is, to some degree or another, using its tax policy system and tax regime to try and attract domestic investment and stimulate its economy. The U.S. is doing that on steroids."

Suarez laid out a case for such reforms in a 47-page brief he published last summer, which advocates for reforms that would drive productivity and innovation for taxable Canadian corporations. He proposed measures such as targeted incentives for employee retraining, expanded credits for equipment capital investment and the removal of tax-based disincentives for scaling up innovation-oriented firms. "The government needs to stop being a spectator or a passive observer of the economy in terms of tax policy and start thinking about what would really help Canada's economy," he says. "We need to stop thinking that everyone views the world the way that we have historically."

**WHEN THE CARNEY GOVERNMENT** tabled its first budget on November 4, the proposed measures included a cocktail of spending cuts, large-scale military investments and various infrastructure projects, as well as a suite of tax moves, several previously announced. According to Finance Minister François-Philippe Champagne, these are designed to spur private sector investment in productivity-enhancing equipment and R & D using provisions such as 100 per cent expensing of machinery and accelerated depreciation of manufacturing buildings for the first taxation year. There were also tax credits for productivity-enhancing assets, including patents, data network infrastructure and computers, and certain climate investments.

The budget allocates an additional \$440 million “on an ongoing basis” to the existing \$4.2 billion in annual support through the Scientific Research and Experimental Development (SR&ED) tax incentive program. Dubbed the “productivity super-deduction,” these measures will cost an average of \$2.7 billion annually, reports the *Financial Post*, reducing Canada’s marginal effective tax rate (METR) to 13.2 per cent, which the budget states is the lowest among the G7 nations, including the United States

Liberals’ spending plan a C+. “They’re certainly trying to present [the budget] as something that is responsive to what’s happening in the U.S. I would respectfully suggest that’s not really the case.”

In theory, there should be broad political support for the goal of repairing Canada’s creaky and cumbersome tax system. François Brouard, a professor of accounting and taxation at Carleton University’s Sprott School of Business, says that when he canvassed the parties on tax reform prior to the spring election, they all agreed it was needed. “It seems we have a consensus among all the parties that we should have tax reform,” he says.

The government’s latest tax measures come on top of already announced tax policy changes, including the accelerated investment incentive (for writing down capital assets within the first year of ownership), the cancellation of the Trudeau government’s contentious (and ultimately aborted) attempt to reduce the capital gains inclusion rate, and technical changes to rules governing the CRA’s treatment of bare trusts and the underused housing tax (UHT). The budget also proposed to eliminate the UHT as of the 2025 calendar year, and broaden anti-avoidance rules for trust-to-trust transfers.

## OUTDATED RULES AND COMPLEXITY LEAVE TAXPAYERS FACING CONFUSING, COSTLY COMPLIANCE

in the post–One Big Beautiful Bill era. “With the productivity super-deduction,” claimed the 493-page budget document, “Canada’s METRs are competitive with those in the U.S. across most sectors, particularly in manufacturing and processing.”

CPA Canada acknowledged the tight fiscal realities facing Carney’s minority government, but wanted to see much more action on tax reform. “There’s not a lot to unpack on the tax front in this long-awaited budget,” said John Oakey, CPA Canada’s vice-president of tax, in a press release issued by CPA Canada. “The government focused on economic productivity by expanding the SR&ED and critical minerals tax credits and committing to accelerated capital deductions, but left behind many promises outlined in their election platform.”

Indeed, the budget stopped short of advancing comprehensive tax reform, says Suarez, pointing out that the new U.S. capital gain exemptions for small business remain far more lucrative than those available to Canadian entrepreneurs. He gave the

The question is whether these policies, in the aggregate, are sufficient, or if they’ll satisfy the various constituencies in Parliament. CPA Canada expressed that there remains a lot of opportunity to tackle comprehensive tax reform—something that hasn’t happened for decades. The last thorough reviews were the 1967 Royal Commission on Taxation and the 1986 white paper on tax reform, with the latter recommending the elimination of ineffective tax preferences as well as the introduction of a value-added tax to replace the hidden tax on business inputs.

Far-reaching reforms of tax systems have occurred more recently in other jurisdictions, such as Australia, New Zealand and the United Kingdom. It has been several decades since the last comprehensive review, and both domestic and global conditions have changed dramatically in that time, noted CPA Canada in its pre-budget submission to the government. It advocates that the tax system needs to be fit for purpose. CPA Canada’s Oakey

# 3,690

The page count of Canada's Income Tax Act. It's widely considered one of the longest and most complex pieces of tax legislation globally.



added in an op-ed published by *iPolitics* in the lead-up to the budget release that “outdated rules and needless complexity choke innovation, bog down businesses and leave taxpayers facing confusing, costly compliance.”

Other experts point to the risk exposure created by Canada's status quo tax system in the context of the extreme volatility manufactured by Trump. Citing a policy uncertainty barometer, Trevor Tombe, economics professor at the University of Calgary, noted in the Canadian Tax Foundation's *Perspectives* newsletter that “by March 2025, economic policy uncertainty in Canada had risen to levels approximately 5.4 times higher than a year earlier. Among the nearly two dozen countries for which this measure is calculated, Canada has experienced, by far, the largest spike in uncertainty.”

As an antidote, Tombe argues for rule changes such as full-cost expensing for capital investments in computer equipment, indexing asset cost bases to inflation for the purposes of capital gains taxes and tweaking the treatment of corporate tax loss carry-forwards. Some of these fixes showed up in the Liberal election platform in the spring. More recently, Champagne's officials took note and included immediate expensing for manufacturing or processing machinery and equipment, clean-energy generation, energy-conservation equipment and zero-emission vehicles in the November budget.

According to the U.S. Tax Foundation, Canada's international tax competitiveness, calculated before the new budget, is lagging badly compared to the 37 other Organisation for Economic Co-operation and Development (OECD) countries, even before Trump came into office. In 2024, we ranked 17th overall, one place above the United States but well behind northeastern and central European countries and nations such as Turkey and Israel. Canada's corporate and individual income tax rankings were even lower—26th and 31st, respectively.

The reason why we're so keen on a review is that taxes are not the holy grail of productivity and fairness, but they're a big part of it, says Ryan Minor, director of taxation for CPA Canada. “They create incentives or barriers to work, saving and investing. They add costs on society for compliance.” He says that we need to look at not just the existing system, but ahead at the future development of taxes.

**FOR MANY POLITICIANS** across the ideological spectrum, the tax system too often serves as a kind of candy store, with a range of goodies on offer. For instance, during Stephen Harper's time in office, the Conservative government enacted a series of bespoke but small tax credits—for example, for art

school or organized sports—intended more to harvest votes from target constituencies than to achieve wider policy goals. The Trudeau government also muddied the tax code waters with its own carve-outs as well as punitive surtaxes ostensibly designed to discourage certain behaviours, such as leaving dwellings unoccupied in a housing crisis.

Later in Harper's term, the Tories advanced a more serious effort at reform by cutting the federal corporate tax rate to 15 per cent. But that move—which sought to eliminate the marginal corporate tax rate as a decision point for companies choosing where in North America to locate—was largely undermined by some provinces raising their corporate tax rates, which erased the advantage created by the federal reduction, and also left Ottawa with a sizable gap in its operating revenues.

From an economic policy point of view—though not the public's—the Harper government's most controversial reform was shaving two points off the Goods and Services Tax. Canada's first value-added tax, the GST, dates to the early 1990s and Brian Mulroney's term. Despite the political firestorm that accompanied its introduction, subsequent governments, until Harper, maintained it, both because the GST brought in a lot of revenue but also for its cost effectiveness and transparency. "If you study the tax policy underlying it," says CPA Bertrand Lemieux, a doctoral candidate in management and a lecturer in taxation at Carleton University's Sprott School of Business, the GST "is a more equitable tax because people with more wealth tend to spend more ... people that have less money consume less ... All this creates a fair system."

This past summer, the C.D. Howe Institute put forward a case in the Canadian Tax Foundation's *Perspectives* newsletter for rejigging Canada's major tax streams to promote productivity in a revenue-neutral way. Its six key moves included: cuts to both the federal corporate tax rates and the top three income brackets; a restoration of two points to the GST; and other adjustments to the basic personal amount, medical expense exemptions and the federal age credit. As the authors—Alexandre Laurin, vice-president and director of research, and Nicholas Dahir, research officer at C.D. Howe—point out, such reforms aim to reduce the marginal cost of collecting taxes and mitigate the negative impact of corporate taxes on business investment.

Yet for a government run, at least for now, by a former central banker, it seems likely that tax measures aimed at boosting Canada's sluggish productivity, as well as its historically middling performance when it comes to business innovation, will gain the most traction.

The Liberals' election platform promised a number of reforms, including extending flow-through shares to the tech sector, incentives for small businesses to adopt AI and the establishment of a so-called "patent box," a measure designed to reduce the tax on income from intellectual property and encourage Canadian firms to retain patents instead of selling them to offshore investors. None of which were included in the budget.

The patent-box proposal is a direct response to the long-standing concerns that Canadian companies either tend not to invest in R & D or, when they do, lose control of their intellectual property

## THERE'S NOW A PRESSING POLITICAL AND ECONOMIC CASE FOR FILLING THE GAPS BETWEEN CANADA'S TAX SYSTEM AND THE NEW U.S. RULES



by selling their patents to offshore firms. Although patent or innovation boxes are used in jurisdictions like the United Kingdom, some experts have questioned their effectiveness. “Other countries have these regimes and they don’t work,” says Minor. “Generally, the empirical [research] has said that they’re not very effective.”

In his own menu of possible fixes, BLG’s Suarez also cites the potential for tax support aimed at encouraging companies to invest in artificial intelligence (AI), AI training and investor-focused incentives designed to de-risk investments in innovation-oriented firms. He says some U.S. states

and Australia provide tax credits for angel investors and other qualified investors in firms that are deemed eligible based on various innovation tests. Lastly, Suarez and others argue that the tax system can be used to reward those who back successful innovation-oriented firms by enhancing capital gains exemptions for investors when they eventually dispose of their shares in such firms.

“The government has talked about flow-through share financing for certain kinds of businesses,” he adds. “I used to do mining 15 years ago and did plenty of flow-through share deals. I’m not sure if it’s adaptable for this sector, but [why not] give it a try.”

**DAVID PIERCE**, vice-president of government relations for the Canadian Chamber of Commerce, offers a higher-level view of the narrative surrounding tax reform. Although political and media attention since January has been primarily focused on the consequences of Trump’s tariffs, Pierce says the relatively less-discussed implications of the aggressive tax moves in the One Big Beautiful Bill are at least as, if not more, transformative. “Trump is essentially weaponizing his tax system to bring companies to the United States,” he says. “We’re saying this to anyone that will listen.”

Pierce recounts a recent discussion with an unnamed Canadian firm that was assessing whether to stay or move to the United States. The firm concluded that “the reason to stay in Canada is because it’s the right thing to do. The business case is eroding.”

The Chamber had a generally positive response to the federal budget, lauding reforms to the SR&ED tax credit. But, the organization noted, “The test ahead is execution and follow-through—ensuring that policies translate into real-world competitiveness and growth.”

However, the Liberals’ budget plan, at least for this coming fiscal year, has failed to deliver a fully modernized tax system that will enable Canadian firms to survive against the enormous gravitational pressure being exerted by the United States. Pierce cites lingering uncertainty about the consequences of extant federal tax policies such as the recently adopted global minimum tax—a measure approved by several nations to discourage tax havens but rejected by the United States.

“Every example like that is one more reason to spend that investment dollar somewhere other than Canada,” Pierce observes, adding that there’s now a pressing political and economic case for “filling the gaps” between Canada’s tax system and the new U.S. rules. “The risk of doing nothing,” he says, “is far greater.” ♦

# 1967

The last time a thorough review of the Canadian tax system was conducted—almost 60 years ago





# HOUSE POOR

The path to homeownership is fraught with challenges. How can more Canadians get on the property ladder?

**By Rob Csernyik**

Laura and her partner thought they had a realistic wish list for their first home: a newer property with enough space to start a family and that was close to work and loved ones. They could comfortably afford a \$450,000 to \$500,000 home in the Ottawa area.

The hunt was on. But with average local home prices exceeding \$630,000 in 2024, meeting their modest list of must-haves proved challenging, despite having lucrative careers, a down payment at the ready and money tucked away in a First Home Savings Account (FHSA).

About a year in, the couple was no closer to closing a deal. A realization sunk in: they needed to adjust their budget dramatically in order to buy. And like many others, according to a recent CPA Canada and BDO Debt Solutions study that surveyed 1,590 Canadians, there were limited ways to do so. Nearly

one-third (32 per cent) of survey participants cite hefty down payments as the greatest barrier to homeownership, and 30 per cent point to high mortgage costs.

Since 2010, national property prices have nearly doubled, requiring buyers to earn more and put away larger down payments to buy a house. Although tax breaks exist, very few of them help reduce up-front costs. Most programs help people save money after they purchase a home.

“A lot of sellers want you to have a 20 per cent [down payment],” Laura says, despite the fact that five per cent is the minimum typically required. “That’s enough to tip you over the edge to win the bid.” Throughout the process, they consulted with a financial planner and the CPA who took care of their taxes. It was mostly informal, but they received “a lot of information that way.”

## Hopeful outlook

In the not-too-distant past, tax assistance and collaborative planning with a CPA might have been enough for some to sock away enough money for a first home down payment. That's no longer the case with the price of housing and cost of living skyrocketing.

As the federal government places new attention on housing, hopes are high that meaningful changes are on the horizon. Ryan Minor, CPA, director of taxation for CPA Canada, says tax policies in Canada don't directly affect sticker-price affordability. Both the foreign buyer moratorium on residential properties and underutilized housing tax were meant to help increase supply and theoretically lower costs. Neither did.

"The tax system drives individuals towards ownership because of the tax exemption under principal residences," says Minor. This allows homeowners to elude tax on profits when selling their home, though recent markets have made it more attractive for many potential sellers to hold.

A raft of new housing initiatives created last year—including the 30-year insured mortgage amortization, the elimination of GST on apartment construction, and a cap increase for insured mortgages—along with big promises from the Liberal party in the 2025 election, might have a more tangible impact on home prices. That impact, however, remains to be seen.

There's no magic wand CPAs can wave to help, but their training and analytical skills allow them to play a role in demystifying the housing market and assisting Canadians who seek to understand the ongoing crisis and newly emerging solutions.

## Scaling up supply

Canada isn't alone in housing affordability challenges—issues in the market are evident across the globe, particularly due to the economic shockwaves of the pandemic. But here, they are the worst in a generation—if not ever, according to an April 2024 RBC housing affordability analysis.

The financialization of homes and mortgages, strong immigration numbers, a lack of policy innovation, construction

shortfalls and, to a lesser degree, dwellings removed for short-term rentals, have all contributed to scarcity. The Canada Mortgage and Housing Corporation (CMHC) estimates that to restore housing affordability to 2004 levels, four million units need to be built beyond current plans by 2030.

With average prices surpassing a million dollars in Toronto and Vancouver, homeownership expectations in some of Canada's most populous markets have become pipe dreams for people earning regular salaries.

**"IF YOU'RE  
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CARDS FOR YOU"**

**David-Alexandre Brassard**  
Chief economist, CPA Canada



David-Alexandre Brassard, chief economist for CPA Canada, points out that some options no longer exist for homebuyers. "If you're single in Toronto and want a single-family home, if you're not making \$300,000, [it's] just not in the cards for you."

Overall, Brassard says that building plans need to adjust to satisfy the demand for single-family homes. This aligns with the Carney government's new Build Canada Homes (BCH) entity, which announced a \$13-billion investment in September to turn six public land sites—in Dartmouth, Longueuil, Ottawa, Toronto, Winnipeg and Edmonton—into "affordable mixed-income communities."

By leveraging pre-approved designs and prefabricated homes, BCH plans to double the pace of construction to nearly 500,000 homes annually over the next decade. In 2024, 245,120 were built—mostly condos and multi-family properties—which is about two per cent more than the previous year, according to the CMHC.

Critics suggest 500,000 might be too ambitious and that more can be done with less. TD economist Rishi Sondhi estimates 400,000 could be sufficient but challenging, as the construction industry would need to boost productivity and enhance its workforce. Meanwhile, the Missing Middle Initiative at the University of Ottawa's Institute of the Environment suggests that 330,000 per year over the next six years is adequate to align with population growth and address present shortages.

No matter the number, Brassard believes the government needs to focus on offering as many resources as possible to ensure there's enough affordable housing across Canada. This could be achieved through government-owned rentals or community ownership like co-ops, where residents purchase voting shares in the non-profit housing developments they call home, he says. But it would also require paying attention to the full spectrum of incomes, as a lot of current plans assist homebuyers who are already financially literate and reasonably well-resourced. "It's not helping everybody," he says.



**\$13  
billion**

The federal government  
investment into the  
Build Canada  
Homes initiative

Condos, like this project in Vancouver, are often a first purchase for homebuyers entering the housing market

### Region-based solutions

Before moving to Edmonton several years ago, CPA Michael Sadovnick and his family lived in Vancouver. When he and his spouse purchased a townhouse in 2009 with a five per cent down payment, he figured it was the first step on the property ladder. “Although this required paying a significant mortgage insurance premium, it enabled [us] to become homeowners,” he says.

By the time they were ready to upgrade, “the housing market [was] so crazy that it was no longer an option.” Sadovnick, a partner with Sadovnick Morgan, says the CMHC Mortgage Loan Insurance rules are ripe for a fix. He believes the CMHC could help homebuyers by revisiting insured mortgage caps on a regional basis.

“The current \$1.5 million cap for insured mortgages may not be appropriate for high-cost markets like Toronto or Vancouver and could be excessive for cities like Edmonton,” he says. Higher limits in Toronto or Vancouver, for instance, could help more homebuyers qualify for insured mortgages with down payments of less than 20 per cent.

He adds that the CMHC may consider revisiting debt-to-income ratio requirements. The maximum total debt service ratio currently sits at 44 per cent of gross household income, including car loan payments, credit cards, taxes and heating costs. Some lenders are even stricter. Standards were previously tightened in 2020, in part to cool the

housing market, though the changes made purchasing more challenging for first-time buyers.

Sadovnick also feels it’s important to keep a regional focus on housing issues—not only because provincial and municipal governments set regulations and taxes, but because it’s impossible to speak generally about Canada’s housing market. “I think there is a way to [buy] in cities that are not Vancouver and Toronto,” he says.

CPA Alister Hunston, a partner with Hunston Kachafanas, lives in one of those markets—Sydney, Nova Scotia—and agrees with Sadovnick. “This is a market where if you have a good middle-class job, you can own a home,” he says. “That dream is alive and well.”



**245,120**

Number of homes  
built in Canada  
in 2024—a two per cent  
increase over 2023

In July 2025, the average price of a Cape Breton home was just over \$268,000, according to the Canadian Real Estate Association. Despite home prices surging by nearly 70 per cent since 2020, average home prices there are still about 40 per cent less than the national average.

“I feel for everyone who’s trying to get a first house, because the barrier is much worse now,” Hunston says. In 2013, he purchased a starter home for \$170,000, which he sold a decade later for twice as much. The challenge, he says, is that wages aren’t increasing enough to fight inflation and support the additional savings needed to buy a home. The Carney government’s housing policy doesn’t specifically mention plans to mitigate either issue.

Hunston suggests clients buy homes for less than the amount they qualify for. Seeing homebuyers max out their resources to buy a property, then struggle to keep up with the costs is “distressing,” he says. “It can happen to any individual at any level of wealth.”

Though CPA Canada offers financial literacy sessions, evidence shows that Canadians believe they are lagging in these skills. Research by the Government of Canada positions the country among the most financially literate countries in the world, yet 2024 survey results by financial services firm Edward Jones suggest that 84 per cent of Canadians feel that they would have benefited from financial education at school.

There is a wider challenge to enhance finance knowledge across the country and Hunston feels it affects homeownership trends. “It’s great that I can help my clients that can afford to come to me, but the general public is left behind in some of those areas.”

### **Bridging knowledge gaps**

“We don’t build fast enough, we don’t build cheap enough and we don’t build enough,” says James Rimmer, a CPA based in Toronto. By day, he works as a senior sales compensation and performance analyst for a software company, and in his off-hours, he volunteers with More Neighbours Toronto. The group advocates for housing in the city that is “abundant, accessible and available.”

“I FEEL FOR  
EVERYONE WHO’S  
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BECAUSE THE  
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WORSE NOW”

**Alister Hunston**  
Partner, Hunston Kachafanas,  
Sydney, N.S.



When Rimmer and his spouse bought a home in 2022, they took advantage of the First-Time Home Buyer Incentive, which reduced their down payment through shared equity. But he feels it didn’t make his home meaningfully cheaper because the unit was priced assuming buyers had access to that program.

Despite the couple having good-paying jobs, Rimmer isn’t confident they will pay off the mortgage while gaining enough equity to move to a larger home. “This is the house my kids are going to grow up in,” he says. “This may be the house I retire in, and it’s a townhouse condo in Etobicoke that I paid a lot of money for. There is no property ladder.”

Rimmer believes CPAs can be informed participants as conversations about reforming housing in Canada gain momentum. “One thing we can add to the discussion is why a house costs what it costs.” This includes what are the cost drivers, who benefits from the profits and whether Canadians are satisfied with the results.

### **Leveraging support**

For Laura and her partner, there was a happy ending—or at least as close as first-time buyers in major Canadian cities can get. When prospects stalled, family stepped in to help. Laura became one of the 41 per cent of first-time buyers estimated by the CMHC who received gifts or inheritance.

In August 2024, the pair negotiated a nearly \$700,000 semi-detached home down to \$655,000, nearly 50 per cent higher than the low end of their original budget. They made a 20 per cent down payment, about half of which was gifted from family. Laura says it helped them feel more financially secure than making a smaller down payment on a home of that value. “It also gave us more breathing room when it came to the other closing costs,” she says.

Though she liked the benefits of the FHSA, which includes tax credits and tax-free gains on savings, she wishes the annual contribution limit of \$8,000 was higher. Savers who exceed it face a one per cent monthly penalty until the excess is removed or new contribution room opens. “We delayed buying so that our return this year would be bigger to help us contribute more to the mortgage.”

As of November 2024, nearly one million Canadians have opened FHSA accounts. The lifetime \$40,000 contribution limit, though, isn’t enough to be the sole down payment funding source for most Canadian buyers.

The couple made concessions with their new property. It’s larger and farther from the city than expected, but if it was located exactly where they wanted, she estimates the home could have cost up to \$800,000.

It took a while, but Laura’s happy the home-buying journey is over. “Without support, it would be years down the line still,” she says. ♦

DRAWING

THE

*As extreme weather events  
grow and intensify, CPAs  
are helping clients respond  
and adapt to a risky reality*

BY PRASANTHI VASANTHAKUMAR

CLIENTS

PHOTOGRAPH BY ISTOCK



PHOTOGRAPH BY THE CANADIAN PRESS / ISTOCK

**CHRIS MILES** is one of the lucky few whose home was spared when the Jasper wildfire tore through the Alberta town last year. But the blaze, ranked as the second most expensive wildfire event in Canadian history with just under \$1.23 billion estimated in insurable damage, still left its mark.

As a CPA at a small public accounting firm in the tourist destination, Miles witnessed the devastating impact it had on his clients. Some lost their businesses to the flames, while others are still struggling with the decline in visitors. And Jasper entrepreneurs aren't the only ones losing sleep over the potential for further climate-related catastrophes.

More than 90 per cent of Canadian business leaders and CEOs worry their businesses will be damaged by extreme weather this year, according to a 2025 KPMG survey. Most say their operations were damaged or disrupted by such

disasters in 2024, and 68 per cent are preparing for nature to throw another curveball.

Over the past year, Miles has helped his clients affected by the Jasper wildfire gain additional financing, handle tax issues, sell their businesses and navigate insurance claims. In cases where the insurance company's damage estimates don't line up with the client's, he presents a more realistic picture to the insurer. "With an owner-managed business, you [often] come to your accountant for anything financial," Miles says.

Other types of insurance coverage have also posed challenges. In the wake of the fire, business interruption insurance has been crucial for many clients, he says. However, most policies last 12 months, which often isn't enough time to reopen and recover. Policies that last 24 or 36 months can make the difference between failure

and success. That's why Miles advises businesses that may face weather disasters to look closely at their insurance policies and review them annually.

Capital gains taxes are another sore spot for affected businesses. For example, if an insurance company evaluates a fire-ravaged rebuild at \$2 million for a rental property that was bought in 1995 for \$400,000, the owner is on the hook for a hefty capital gains tax, explains Miles. However, it's not like the owner receives a big cheque; the money goes toward rebuilding, which leaves nothing to pay the tax.

In theory, owners can defer these taxes until they eventually sell their properties—if they meet certain criteria, including rebuilding within two years. But in a remote location like Jasper, that timeframe isn't realistic for many businesses, he says. It's impossible to know if you will meet that deadline, and early statistics are not encouraging. According to Parks Canada, only four of the 375 destroyed properties requiring remediation are ready for occupancy as of October 2025, while 229 have yet to apply for a permit to rebuild.

For many businesses, the decision to rebuild or sell may come down to the weight of these taxes. "It's stressful for businesses in town," says Miles.

## FACING THE FALLOUT

Historically, organizations have focused more on emergency management response and business continuity, says Roopa Davé, a Vancouver-based CPA, and partner and national leader for sustainability at KPMG Canada. But it's better to start planning earlier—something that Davé acknowledges can be hard.

"Planning [involves] finding a budget to adequately think about these risks," she says. "Mitigations are challenging when we have many different things on our plates, whereas when an emergency happens, you have no choice and have to respond." Davé says that tends to mean a lot of money and effort is spent on responding to extreme weather. "There's been challenges in pulling that [response] forward to an earlier exercise."

Davé explains that this earlier exercise is a climate risk assessment, which involves understanding a business's exposure to various climate risks—including extreme weather—and integrating that into enterprise risk management. A business would then consider resilience and adaptation measures and assess insurance coverage. This early work then flows into the business continuity and emergency management response efforts.

Although organizations have traditionally been more reactive, things are slowly changing. Davé sees more businesses planning earlier, perhaps due to investor demands and sustainability disclosure standards. This proactivity is positive, but it comes with its own problems.

Cross-functional collaboration—or lack thereof—can be a challenge. For example, when climate risk assessments are driven from the financial or investor perspective,

"it's not always connecting back to your emergency planners, who need to be connected to the work you're doing upfront," she says. Similarly, emergency management efforts must bring finance into the conversation. "A really strong partnership between these functions can lead to the most successful outcomes."

## LEVERAGING DISASTER SUPPORT

A CPA's expertise can be invaluable in planning and staying one step ahead of weather crises. They bring a financial lens to the climate risk assessment and can integrate it into the regular cadence of enterprise risk management, says Davé. Because of their grasp of the costs of business interruption and asset damage, and knowledge of ownership structures, they can help organizations decide where to invest precious funds.

For example, if a business that's renting a small distribution centre with little inventory is facing a significant flood risk,

Surveying the damage caused by the Jasper wildfire



it may not invest in adaptation measures because its financial exposure is low. “That way of thinking is where CPAs can really bring in the impact to the business,” she says.

CPAs can also see the big picture. Those that look at the value chain can ensure major suppliers and customers are factored into the equation. “Again, they’re bringing in the perspective of ‘I look at these dollars every day, so I know these are incredibly important customers. Have we ensured that we are assessing our climate risk, and our resilience [measures] are covered—not just for our operations, but beyond?’” says Davé.

Apart from anticipating everything that can go wrong, CPAs are essential in the heat of the moment. In the middle of a weather catastrophe, they can open funds and resources to respond, and ensure there’s enough money to move forward. They are the “stewards of a business’s financials,” she adds.

In Sturgeon County—a four-hour drive northeast of Jasper—Sabrina Duquette, CPA, has been taking on this stewardship role as the county’s manager of corporate

finance and treasury. Last July, firefighters from this municipal district north of Edmonton responded to the Jasper fire, she says. From a financial perspective, this assistance wasn’t a heavy lift for Duquette, but it was a preview of things to come.

This spring, Duquette experienced her first wildfire. Sturgeon County declared a state of local emergency in May when a blaze near Redwater Provincial Recreation Area spun out of control. Although she had previously participated in mock scenarios to train for weather disasters, this was her first time dealing with the frightening reality of a wildfire. “I was technically prepared, but nothing that really compares to experiencing a live situation,” she says.

Duquette quickly set up a financial tracking system with job codes, general ledgers and earnings codes for regular and overtime work. She took over the system to monitor internal and external resources—from daily check-ins to timesheets—to account for staff and support future claims for provincial disaster relief funds. She also raised the

*In the middle of a  
weather catastrophe,  
CPAs can open funds  
and resources to respond*



Wreckage outside the Maligne Lodge in Jasper, Alberta, after wildfires swept through the area

spending limits for select staff so urgent purchases could be made without delay. Having preferred vendor and equipment lists, standard contracts and workers' compensation clearance letters on a shared platform can save time in an emergency, she says.

The emergency passed, but Duquette had other pressing tasks. She established categories of situations to break down expenses, such as emergency response costs for evacuations and firefighters' needs. Other costs included damage from the emergency response itself, such as breaking down a fence to access the fire—a cost that is not covered by insurance. Her team is also supporting businesses to recover costs for items like crops, hayfields and custom seeds. The careful collation of these costs is an essential part of cost recovery claims to the province.

As well, Duquette and her team recommended financial relief measures, such as deferred taxes for evacuees, to give residents time to get their affairs in order. But one of her best steps may have been one she made before the fire. In March of this year, Duquette and her team proposed a new financial reserve policy that included an emergency management category designed to support strategic financial planning for unanticipated events like weather-related disasters. "This was a terrible event, but we were ready in ways I didn't imagine we would be," she says.

Duquette credits her team for the success of their overall response. After overseeing several CPAs, she noticed their critical thinking skills, attention to detail, commitment to accuracy and accountability, and ability to change gears quickly. "I would speak a couple of words and they were like, 'I got you, I understand.' It's just the same wavelength." For Duquette, a CPA's ability to draw on the fundamentals of their experience and education is crucial in a crisis.

## **REDUCING RISK AND FINDING RESOLVE**

No stranger to a crisis, Rick Danyluk, CPA, is the general manager, finance and CFO for the District of North Vancouver—roughly a 12-hour drive southwest from Sturgeon County. Danyluk had his first brush with extreme weather on the job in 2005. Heavy rainfall triggered a landslide in the Berkley-Riverside escarpment, killing one woman and injuring a man. In addition to the loss of life, Danyluk estimates the event cost more than \$6 million.

Responding to the landslide was a "sink-or-swim exercise," Danyluk says. "When you experience something, you always learn from it. Because of the scope of that event, the learning [curve] for everybody was big." It drove the municipality to review potential risks from the natural environment, look at risk tolerance and develop long-term plans that considered the implications on finances, risk and safety.

According to an article published in 2023 by the International Institute for Sustainable Development, British Columbia is Canada's epicentre of climate-change-induced disasters. Danyluk has certainly noticed a difference. He says summers

feel drier and hotter, rainfall and snowfall are more intense, smoke and air quality issues from wildfires are greater, windstorms cause more damage and there are fewer cold days. "It's a long list of changes."

In his efforts to reduce risk, Danyluk found the International Public Sector Accounting Standards Board's draft climate-related disclosure standards helpful. Released in the fall of 2024, these voluntary standards aim to help public sector organizations report on climate-related risks to and opportunities for their operations, as well as climate-related public policy programs and their outcomes.

The standards enable Danyluk to see how his municipality's strategies, like raising the risk-to-life threshold for new construction and encouraging low-carbon buildings, measure up. "We find the framework valuable," he says. "It allows us to collaborate with others and share information in a standardized way, helping us address the problem sooner and more effectively."

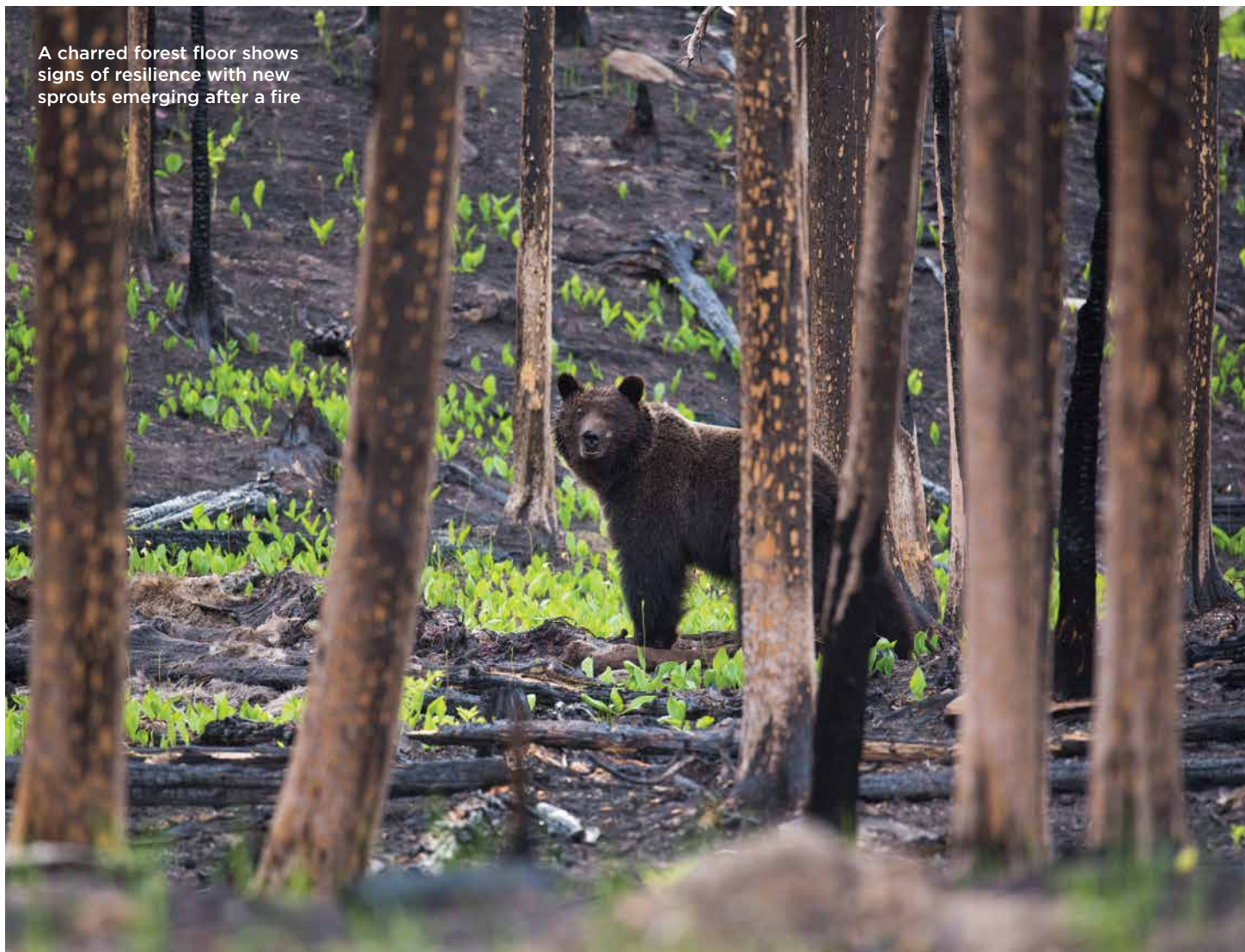
A lack of information can be an obstacle, says Danyluk. For example, energy emissions data by location is not easily available, which makes it difficult to identify which communities are falling behind in carbon reduction, and why. Sharing information helps you learn from other municipalities and assess how you're doing, he adds.

*"A lot of climate projections are saying [climate disasters] won't happen until 2050, but it's happening now"*



**Emergency Coordination Centre during the Redwater Recreation Area Fire at Sturgeon County**

A charred forest floor shows signs of resilience with new sprouts emerging after a fire



PHOTOGRAPH BY RYAN PERUNIAK

## FUELLING CLIMATE RESILIENCE

In the battle against extreme weather, federal and provincial governments have a role to play in facilitating this free flow of information between regions. On a macro level, tax reform could also help.

“Canada’s tax system is starting to address climate adaptation and disaster resilience, particularly with the new Clean Economy investment tax credits for climate-resilient infrastructure,” says Yara Bossé-Viola, a Montreal-based CPA and partner at R&D tax incentives services at KPMG Canada, in a statement to *Pivot*. But there is room for improvement. More tax credits, deductions and grants could fuel investment in climate-related projects, she says. And there’s an appetite for these incentives. “KPMG’s annual federal budget survey of 501 business leaders revealed nearly 9 in 10 respondents agree that Canada should focus on attracting more green investment,” Bossé-Viola says in the statement.

Business leaders can also do more to weather the storm. KPMG’s Davé says uptake of sustainability disclosure standards from the International Sustainability Standards Board and the Canadian Sustainability Standards Board is “moderate at best.” Although many businesses follow relevant sustainability disclosure standards to meet compliance requirements, the ones that choose to adhere to them because of their inherent value excite her the most. In her view, these businesses have a first-mover advantage.

“There’s always a role for CPAs in helping their organizations think about climate change,” Davé says. “And probably on top of that list is extreme weather. A lot of climate projections are saying [climate disasters] won’t happen until 2050, but it’s happening now. It’s clear we don’t necessarily have the time we think we have to prepare for this changing environment. It needs to become a critical piece of business planning and risk management.” ♦



LUCRATIVE AND LAWFUL, YET

# OFFERS



# HOBRE

✕ While billions move through legal loopholes into overseas havens, CPAs are pushing for the transparency and reform needed to keep Canada's tax system fair **BY JOSEPH CICERONE**

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**E**very year, billions of dollars quietly flow out of Canada and into tax havens around the world. The money doesn't vanish—it's diverted through legal but opaque channels that keep profits offshore.

According to a July report by Canadians for Tax Fairness (C4TF), a non-profit advocating for progressive tax reform, Canada's biggest corporations and wealthiest individuals hold at least \$682 billion in offshore jurisdictions as of 2024, a 165 per cent increase since

2014. These funds aren't hidden in briefcases or anonymous shell companies; they're parked in subsidiaries registered in low-tax jurisdictions such as the Cayman Islands, Barbados and Singapore.

The Canadian tax system and its loopholes, in tandem with countries that offer ultra-low rates, strict secrecy laws and minimal disclosure, create a system that allows companies to legally reroute profits earned in Canada to more lenient environments abroad.

In some cases, the use of the tax havens can be beneficial for Canada—for

instance, if Canadian companies pay less tax on their foreign profits, bring that money back to Canada and then pay it out as taxable dividends to Canadians, says Ryan Minor, director of taxation at CPA Canada. Canada doesn't tax the profits of foreign affiliates that run active businesses, so they can compete fairly with others, adds Minor. "Whether capital is invested in a big market through a foreign affiliate directly, or indirectly through an investment in a tax haven, Canada wouldn't tax the income regardless," he says.



Canada has an agreement with 15 of the top tax-haven destinations, including the Cayman Islands

While offshore tax havens are legal and offer some benefits, Canada's CPAs—tasked with interpreting cross-border tax rules—are increasingly at the forefront of efforts to bring transparency and accountability back into the system. They see how loopholes form, how they're used and how reforms could make the playing field fairer for everyone. "Since Canada's tax base encompasses worldwide income of resident taxpayers, it is essential that taxpayers accurately disclose any assets and income held beyond the jurisdiction of the Canada Revenue Agency (CRA), minimizing the potential erosion of our Canadian tax base," says John Oakey, vice-president of taxation at CPA Canada.

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A tax haven is any jurisdiction that levies little or no corporate tax and allows companies to register with limited public reporting. C4TF found that 46 of the TSX 60—Canada's largest publicly traded firms—maintain subsidiaries or related entities in at least one haven.

Well-documented examples include Brookfield Asset Management, which has registered investment funds in Bermuda and the Cayman Islands, and Loblaw Financial Holdings, which operated an offshore bank in Barbados called Glenhuron. The company excluded Glenhuron's income from its Canadian tax filings, claiming it was exempt under the Income Tax Act. The Minister of National Revenue denied the exemption, and the Tax Court agreed—but both the Federal Court of Appeal and, ultimately, the Supreme Court of Canada sided with Loblaw Financial Holdings in 2021, according to the case brief published by the Supreme Court of Canada. Both cases show how Canada's rules can make it lawful, even routine, for companies to shift profits abroad without breaking any laws.

C4TF estimates that companies listed on the TSX 60 avoided roughly \$7 billion in taxes in 2024 through what it calls "foreign tax rate differences." These can be buried in financial filings or spread



## “TRANSPARENCY ENSURES THAT TAXPAYERS CONTRIBUTE THEIR FAIR SHARE”

**JOHN OAKEY**  
Vice-president of taxation,  
CPA Canada

across layers of subsidiaries. Without clear disclosure, it can be difficult to determine how much tax is paid where. "If corporations were required to publicly disclose where they book their profits and how many employees they have in each country, we'd see immediately how much is being shifted from Canada to tax havens," says Silas Xuereb, economist and policy analyst at Canadians for Tax Fairness.

Even when offshore structures are legal, tracing where profits are booked and taxes are paid is essential to ensure companies are complying with disclosure rules, paying the right amount in the right jurisdiction and not exploiting unintended loopholes. Some CPAs have begun pushing for standardized reporting templates and digital registries that make it easier for auditors, investors and regulators to follow the flow of money across borders. The challenge lies in advancing transparency while ensuring the system remains practical and proportionate.

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How does a country known for regulatory rigour allow this kind of capital flight? One way, notes the C4TF report, is through the foreign affiliate exemption, which lets corporations repatriate "active business income" from subsidiaries tax-free if Canada has a tax treaty or Tax Information Exchange Agreement with the host nation. Canada now has such agreements with 15 of the top tax-haven destinations, including Barbados, the Netherlands and Luxembourg. Although originally meant to ensure transparency of information in support of tax enforcements, some of these agreements can achieve the opposite—allowing profits to escape tax altogether.

Multinationals, however, use mechanisms like transfer pricing, which shifts profits offshore through internal pricing. According to C4TF, foreign tax rate differences have helped drive Canada's effective corporate tax rate of 26.5 per cent down by 4.5 percentage points, reducing it further once offshore profit shifting is

factored in. Its report points to the CRA's \$353-million reassessment of Wheaton Precious Metals, which it accused of allocating profits to a subsidiary in the Cayman Islands through transfer pricing. According to an article by Xuereb and Jared Walker for *The Breach*, the dispute was settled for \$11.4 million in taxes and penalties, a fraction of the original claim. This illustrates how difficult it can be for the CRA to recover revenue lost through profit-shifting arrangements.

If a Canadian and international company agree to buy or sell goods or services with one another, these transactions must be priced properly to ensure the appropriate amount of profit is reported in Canada and taxed accordingly.

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In 2013, the Organisation for Economic Co-operation and Development (OECD) and G20 countries adopted an action plan to address Base Erosion and Profit Shifting to curb tax avoidance. Its latest phase, Pillar Two, established a global minimum corporate tax rate of 15 per cent, which Canada adopted in 2024. Other legislative changes, such as enhancement of mandatory disclosure rules and implementation of excessive interest and financing expense limitation rules, allow Canada to work better with international partners and strengthen tax enforcement of multinationals that may be avoiding paying taxes owed in Canada.

Compared to other jurisdictions, the E.U. has gone further to ensure transparency by requiring country-by-country tax reports. Australia and the United States have also expanded ownership registries and tightened rules on hybrid arrangements (transactions where the United States treats payments as interest or royalties for tax purposes, but the foreign country does not). All share a theme: transparency matters as much as the rate itself.

Xuereb cautions that Canada's recent moves may undercut global progress. "Until recently, Canada was at least keeping pace with international reforms," he says. But by voting against a new UN-led tax convention and agreeing to

exempt U.S. corporations from OECD rules, he says we may be undermining efforts to create a fairer global framework.

C4TF's report points out that although governments bear responsibility for closing tax loopholes, professional gatekeepers, including lawyers and bankers, play a critical role. For Canada's CPAs, that means applying both technical precision and ethical judgment to restore balance to the tax system. "Professional accountants uphold integrity by remaining informed about evolving legislation

and tax system administration, thereby assisting taxpayers in understanding and complying with its regulations," says Oakey. "Through CPA Canada committees, ongoing feedback is provided to both the Department of Finance and the CRA in an effort to promote fairness and equity within Canada's tax system."

CPA Canada publicly supports beneficial ownership registries, greater international co-operation and clearer reporting standards—many of the same reforms cited by C4TF as essential to



closing offshore gaps. Through consultations with the Department of Finance Canada, CPAs can help translate policy ideas into workable practice, advising on how global rules like the OECD's Pillar Two can be implemented without creating new inequities.

"CPA Canada is held in high regard by both the Department of Finance Canada and the Canada Revenue Agency," Oakey says, which enables it, through its volunteers and committees, "to contribute to constructive improvements within



Loblaw Financial Holdings previously operated an offshore bank in Barbados



## "THIS ISN'T A TECHNICAL PROBLEM—WE KNOW WHERE LOOPHOLES ARE AND HOW TO FIX THEM"

**SILAS XUEREB**

Researcher and policy analyst,  
Canadians for Tax Fairness

Canada's complex tax system." Oakey adds that CPAs are bound by a professional code of conduct grounded in integrity, objectivity and professional competence—standards that "enable CPAs to discern when legitimate tax planning may overstep into aggressive tax avoidance or tax evasion." That ethical foundation, he says, helps keep both individuals and corporations "on the right side of tax planning."

The profession's influence extends into financial reporting, ESG assurance and public-sector accountability. By strengthening how organizations measure and communicate value, CPAs can help build the transparency that underpins both capital markets and civic trust. When Canadians can see where profits are made, taxes paid and value created, confidence follows. "Transparency ensures that taxpayers contribute their fair share while minimizing erosion of Canada's tax base," notes Oakey.

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Tax havens didn't arise by accident—they were built through decades of deliberate policy choices. The numbers in the C4TF report are daunting, but they clarify where reform could begin. If Canada hopes to better identify and recover lost profits driven by corporate use of tax havens, it may look to CPAs to help with what they've always done: apply precision, independence and ethics in service of the public interest.

As Oakey emphasizes, "CPAs must follow rules of professional conduct, which provide ethical guidelines to ensure CPAs act with integrity, objectivity and competence, while upholding public trust." This includes maintaining independence, protecting client confidentiality and acting with due care and professional behaviour.

"This isn't a technical problem—we know where the loopholes are and how to fix them," Xuereb says. "If we want a fair tax system, we have to be prepared to hold strong against the threats of capital flight and insist that corporations pay what they owe." ♦



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SPOTLIGHT

## BEYOND THE NUMBERS

This CPA isn't just about compliance. She's about helping people navigate the financial side of life's big (and small) moments.

BY LIZA AGRBA



PHOTOGRAPH BY DEREK FORD

For Tanya Sterling, simple acts like delivering groceries are gestures of care

Tanya Sterling's human-centred approach to accounting has been shaped by lived experience. As a child, she saw the devastating consequences when an elderly family friend was financially exploited, and she spent years advocating for her mother, who struggled with mental health challenges.

She sought to become a trusted guide who could step in when people felt overwhelmed. Combining her accounting skills with her passion for supporting clients, she launched her own firm, Sterling Financial. Now she acts not only as a financial guide but also as a trusted advocate.

Rather than trying to serve everyone, Sterling is shifting focus to clients who are prepared to engage fully in a holistic process. "Someone needs to be willing to help themselves first,

and when they are, that's when we can take the first step forward together," she says. "That way, the work we do together has the greatest impact."

She often begins with a straightforward compliance task—only to discover that empathy, compassion, genuine curiosity and the right line of questioning can open the door to more complex and personal conversations. "I've always been drawn to business puzzles," Sterling says. "Accounting was appealing because it combined structure with possibility. There's a framework, but there's also interpretation and problem-solving. Behind every number, there's a story."

## **"I CAN CRUNCH THE NUMBERS, BUT THE DEEPER WORK IS HELPING CLIENTS CLARIFY THEIR VISION AND GOALS"**

Sterling's career began at PwC, where she worked on audits for high-tech and biotech companies. She later joined KPMG in Victoria, where she became practice leader for a pilot elder-care service. These roles deepened her technical expertise and highlighted an interest in something the larger firms weren't designed to deliver: highly personalized support for individuals and families navigating financial and life transitions. When she launched Sterling Financial in 2008, she positioned the firm to provide those services while working in partnership with larger organizations when clients require both.

A client may arrive with a box of receipts, but the real issue may be a conflict with a family member or uncertainty about whether to start a business. Because Sterling has training in mediation, conflict coaching and financial divorce specialization, she transitions easily from technical compliance to advisory and facilitation. "I can crunch the numbers, but the deeper work is helping clients clarify their vision and goals," she says.

This shift from compliance toward advisory mirrors a broader trend across the profession. As automation and AI take over white-collar work, Sterling suspects clients will increasingly rely on CPAs for clarity, context and strategy that reaches well beyond compliance. "Automation streamlines repetitive tasks, which is great," she says. "But clients still face information overload. They might look something up or ask a chatbot and think they have the answer. People sometimes forget that the answer is only as good as the question—and if you don't know the right question, you're missing the nuance."

Outside of work, Sterling has been deeply involved in her community and remains so, but in different ways. She has contributed to board service



Sterling supports seniors in her community with essentials in hand and compassion at heart

and volunteer projects, including sitting on the board for the Capital Regional District Arts Advisory Council, co-chairing for the Victoria Chapter of the Minerva Foundation Follow a Leader program, chairing for the Boys and Girls Club and the Victoria Harbourside Rotary Club committees, and participating in events at Camp Thunderbird, she says.

One particular project left a lasting impression on her. Together with the Victoria Harbourside Rotary Club, she rallied to support a single mother in crisis, helping her find safe housing, arrange dental care, secure employment and put her on the path to financial stability, she says. The initiative won a Rotary Governor's Award, but the bigger lesson for Sterling was about focus, leadership and grounding the person you're trying to help.

Since becoming a parent, she has been focusing on family-centred efforts. She and her children deliver groceries to seniors, bake cakes and package roses for Rotary fundraisers. The kids have run their own charity lemonade stands and the family is exploring involvement in a school breakfast program for children facing food insecurity.

Sterling says she also mentors business students at the University of Victoria and provides one-on-one support to women rebuilding their lives and teenage girls who lack strong support at home. "Being involved in this way allows me to be a positive role model for my children," she says. She understands that engagement doesn't have to mean a high-profile board seat; it can also mean grassroots work that models civic responsibility for the next generation.

Looking ahead, Sterling sees her role as an intersection of financial expertise, coaching and mindfulness. "Helping people not just understand their numbers but transform their relationship with money is what excites me," she says. She believes that shift isn't confined to the numbers; it trickles out into their daily lives, shaping families, communities and personal opportunities. ♦



#### POLICY PUSH

## SUBSIDIZING SUCCESS?

A closer look at whether the small business tax deduction still serves its purpose **BY RYAN MINOR**

The small business deduction (SBD) is a long-standing feature of the Canadian corporate tax system. As the federal government seeks opportunities for fiscal restraint, the SBD preferential tax rate for small businesses' approximate annual cost of \$6 billion demands closer scrutiny.

Though framed as a preferential tax rate, it can also be seen as a tax deferral since individuals ultimately pay tax on non-eligible dividends. The immediate benefit at the corporate level raises important questions about its efficiency and equity.

The notion that small businesses should benefit from a limited corporate tax reduction dates back to at least 1949, when the Income Tax Act was amended to introduce a dual rate structure. The 1949 budget lowered the tax rate on the first \$10,000 (equivalent to \$135,082 in 2025) of corporate profits from 30 per cent to 10 per cent. Profits in excess of \$10,000 were subject to a higher tax rate of 33 per cent,

up from 30 per cent, resulting in a de facto tax decrease for smaller businesses. Then—finance minister D.C. Abbott justified the change by stating that "small businesses should be encouraged and it seems to me that a useful way to do this is to lower the tax and take less out of the funds they need for growth and expansion."

The Carter Commission, which studied the tax system in the 1960s, was skeptical of broad tax subsidies for small businesses. It warned that such subsidies could foster "an environment characterized by countless numbers of small inefficient business units," which "exact a substantial cost in the long run." However, the commission was sympathetic to new businesses because it's "where the capital market imperfections are probably greatest." Instead, it recommended that firms meeting certain conditions, including requisite Canadian ownership, be permitted to write off the full actual cost of capital assets in computing taxable income up to \$250,000, with eligibility ending 10 years after qualification.

The SBD was introduced in the 1971 budget and took effect in 1972, arguing that "a low rate can be an effective way of encouraging initiative by helping small corporations to accumulate capital for business expansion." Although the measure has been modified over time, its core rationale remains the same: small businesses lack access to capital and need to fund growth through retained earnings. A key challenge with such a tax measure is that it should target truly capital-constrained firms rather than ones that are simply small in size.

Today, the federal SBD is available to Canadian-controlled private corporations (CCPCs) on up to \$500,000 of active business income, but it's phased out in Ontario for corporations (together with associated corporations) with more than \$10 million in taxable capital, and fully eliminated at \$50 million. Since 2019, access to the SBD in Ontario has also been reduced when a CCPC earns more than \$50,000 of passive investment income, with full elimination at \$150,000.

### What kind of income should qualify?

The SBD took effect in 1972 and became available to CCPCs earning “active” business income, but the term “active” was not defined until the 1978 budget. That budget also proposed narrowing the SBD to corporations “that need funds to expand and create jobs” by limiting the benefit to income from certain listed activities, including manufacturing and mining. After the 1979 federal election, the new government reframed “active” business income

business (with some exceptions), which is still the definition today.

### How do we ensure that CCPCs invest in their businesses?

The 1972 SBD included a special refundable tax designed to recoup the value of the SBD where a corporation invested in assets not used in an active business. The tax applied when a corporation claimed the SBD after it was proposed in 1971 and in effect as of 1972, but invested in an ineligible asset.

limit based on previous year’s adjusted aggregate investment income (AAII), which effectively tolerates the use of the SBD to generate investment income until the AAII reaches \$50,000.

### What’s considered a “small business”?

The way we determine whether a business is sufficiently “small” has also evolved over time. The SBD passed in 1972 excluded firms once their “cumulative deduction account”—a tax analog to retained earnings—reached \$400,000 (today the limit is \$500,000). Corporations could regain access to the deduction by paying taxable dividends. The 1981 federal budget raised the cumulative deduction account to \$1 million, but eliminated the ability of corporations to maintain their eligibility by paying dividends. The adjustment naturally favoured newer or growing corporations, providing tax relief during their early stages and phasing it out as they matured and became more established. This effectively allowed firms to

## THE SBD IS SACRED IN CANADIAN TAX POLICY, DEEPLY ENTRENCHED AND RARELY QUESTIONED BY POLICY-MAKERS

to exclude certain types of income, such as earnings from professions and specified services. For simplicity, “active” business income was later defined, generally, as business income other than that from a specified investment business or a personal services

The tax would be refunded if those assets were later deployed to eligible uses. This mechanism was short-lived and repealed in the 1973 budget on the grounds that it was too complicated. More recently, the 2018 budget introduced a grind to the small business



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graduate out of the benefit over time. In 1984, the budget eliminated the cumulative income limitation to access the SBD, citing that “the cumulative deduction account is a prime source of legislative and administrative headaches.”

In 1994, the federal budget introduced a phase-out of the small business limit based on taxable capital, which is still in place today. Nearly 30 years later, the 2022 budget increased the reduction threshold to \$50 million since “phasing out access to the lower rate too quickly ... can discourage some businesses from continuing to grow and create jobs.”

### Is it properly targeted?

The SBD is sacred in Canadian tax policy, deeply entrenched and rarely questioned by policy-makers (despite facing criticism from analysts). The rationale appears to be that small CCPCs can't access capital as easily as larger competitors. Asymmetrical information is one cause of this market failure. Potential investors and lenders aren't able to assess the investment worthiness of a firm because its management is unproven, or its products or services don't have a reputable market. Presumably, this information imbalance decreases as firms show a history of profit and build collateral. However, the SBD doesn't exclusively focus on firms subject to this market failure and is accessible to entities beyond those facing capital constraints.

The SBD might also have unintended consequences. Empirical evidence shows that larger firms are more productive than smaller firms, all else equal. Professor Barry Cross of Queen's University mentions in a 2024 article by the Public Policy Forum that larger companies are shown to be more productive and invest more to improve their productivity, so helping businesses scale should be a viable solution. By reducing the tax rate for firms below a certain size, the SBD can reward staying small instead of scaling up. Reforming the SBD into a more precise, purpose-built instrument could better align with modern economic realities and fiscal priorities. ♦



## JOURNEYS

# STRONGER IN UNITY

Fuelled by an entrepreneurial drive, CPA Sharon Perry supports bold change and resilience in her community **BY JESSICA PATTERSON**

Sharon Perry's path to becoming a CPA began around the age of seven in the aisles of her family's building-supply company, where she stocked shelves and learned the principle of “first in, first out.”

Always eager to learn, her father taught her all aspects of the business. Eventually, she sat in on meetings with accountants, lawyers and insurance professionals. “Those experiences really gave me a 360-degree view of running

a business and showed me that I wanted to build something of my own,” she says.

She initially went to school to become a doctor but quickly switched to business, finding her calling in accounting, bookkeeping and tax a few years later while working in administration for a public practice firm. Today, she operates her own firm in Coquitlam, British Columbia, which specializes in small business clients—people she deeply connects

## LAST OUT

with, as she considers herself an entrepreneur first and a CPA second.

This mindset fundamentally shapes her professional practice, which is rooted in relatability and empathy. “I am able to see the direct impact my advice has on [my clients’] success,” she says. “As a fellow entrepreneur, I wear the same hats: sales, marketing, HR, legal and finance. That relatability builds trust and allows me to make a difference.”

Perry believes her CPA training has helped strengthen her critical thinking, continuous learning and ethical decision-making—skills that go beyond the numbers. These abilities allow her to better analyze problems, anticipate risks and create practical solutions for clients.

“Accounting is where the numbers meet real life,” says Perry. Clients often share very personal matters: marriage breakdowns, financial stress, succession planning, births and deaths. She helps ensure their

financial stability while easing personal stress. “Accountants are like therapists in our ability to connect,” she says. “I openly share my successes and challenges, which makes it that much easier for them to open up. The more we know, the more we can help.”

The importance of giving back was instilled in her from a very young age.

### **“ACCOUNTING IS WHERE THE NUMBERS MEET REAL LIFE. THE MORE WE KNOW, THE MORE WE CAN HELP.”**

Her father sponsored youth sports teams and important international causes, and her mother donated groceries to families in need. “I chose to invest in causes that matter to me: youth, families and health,” says Perry. Rather than spending money on traditional ads to grow her business, she prioritizes supporting the community.

Perry believes that CPAs can drive financial and social change. While some serve on boards or conduct financial literacy workshops, she opts to give directly. This creates a ripple effect where community support becomes part of doing business. “At my firm, it’s not just my personal values—it’s how we operate.”

If there’s a need and she has the funds, she strives to make a difference. In 2022, a local food bank in Port Moody, British Columbia, SHARE Family & Community Services, celebrated their 50th anniversary. She hoped to get 50 people or businesses to commit to donating \$20 a month for that year, then she would match it. Contributions flooded in.

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But Perry says her most significant community achievement honoured her father's legacy. The respected businessman and philanthropist passed away suddenly in April 2017. In lieu of flowers, Perry set up a website to collect donations for the local hospital foundation. It raised approximately \$43,000.

Then in September 2017, Perry, along with her mother and sister, announced a \$1-million donation in his memory, which included contributions from former business partners Canex Building Supplies, Country Lumber and Standard Building Supplies. Perry says she negotiated those contributions as a part of the buyout of her parents' ownership in the companies. The hospital's cardiology wing, which opened in 2020, is now named the Bruce Kehler Cardiology department.

Perry has also overcome her own share of obstacles. In 2019, she discovered she had breast cancer. She underwent three partial mastectomies over two and a half months, followed by a month of radiation that ended two weeks before the COVID lockdowns. Within six months, the cancer returned and Perry had another seven surgeries. She is still waiting for another.

"My cancer journey reshaped my entire world," she says. "It taught me life is too short to live like a stereotypical accountant working endless hours." She radically redesigned her professional life, scaling back her practice dramatically and reducing her client base from over a thousand to approximately 250. She moved to a home office to ensure she is present every day for her children and never misses a basketball or volleyball game.

Her journey has taught her that resilience means far more than simply managing. "It's about adapting, coping and bouncing back, but also bouncing forward, growing and having the inner strength to overcome," she says.

Her experience has solidified her empathetic and transparent

leadership style, which reinforces a belief that health and family should come first for both staff and clients. This approach allows her to run a firm where staff feel supported no matter what.

Perry exemplifies how CPAs can drive financial and social change, powerfully supporting entrepreneurship and community-driven service. ♦

#### BOOK VALUE

## CRASH COURSE

Andrew Ross Sorkin's excellent history of the 1929 stock market collapse has more than a few lessons for the present day. Whether or not we learn them is another story.

BY BRIAN BETHUNE

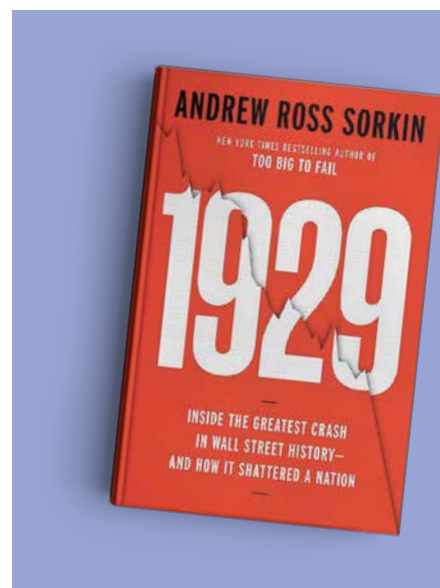
During its final hour of operation on Wednesday, October 23, 1929, the New York Stock Exchange began to experience a noticeable dip, and \$1 billion—*serious* money a century ago—disappeared from the balance sheets before the closing bell rang. A bad day, to be sure, but attentive readers of Andrew Ross Sorkin's *1929: Inside the Greatest Crash in Wall Street History—and How It Shattered a Nation* will note the lack of a colour adjective before "Wednesday."

It was the next day, Black Thursday, when the true bloodbath kicked off with the opening bell.

In a brilliant narrative history stuffed with detail and acute observations, little matches Sorkin's description of that Thursday. The previous day's sell-off had been driven by margin calls that were squeezing and even bankrupting the ordinary working Americans who had been drawn in huge numbers into the market by its seven-year bull run. On October 24,

even as the sun rose, thousands of them were already thronged before the exchange's doors, "wearing rumpled clothes from sleeping in hotel lobbies or on park benches the night before, not a few still drunk from making the rounds at the city's many speakeasies."

Drawing on eight years of research into private letters, diaries and oral histories from people who were there, Sorkin provides 20 pages of arresting moments for October 24 alone. The suddenly silent atmosphere just before opening: "electricity in the air so thick you could cut it." The immediate plunge in blue-chip values as the margin calls morphed into full-blown panic—soon there were no buy offers at all. The surge in crowd noise, including the woman in "a big fancy hat, holding out



her wedding ring and shouting 'you want more margin—you can't have more margin.'" A broker surrounded by "men bellowing like lunatics" while he watched U.S. Steel, "the mighty mountain of Wall Street, dissolve like a sandcastle in the rain." The increasingly paralyzed participants, whose pale faces seemed to belong to "dying men counting their own last pulse beats."

Then there was the afternoon moment when exchange vice-president

Richard Whitney, still nine years away from having his multiple embezzlements send him to Sing Sing Prison, strode onto the trading floor. Quietly backed by a consortium of six banks worth \$6 billion, Whitney loudly started spreading \$20 million in orders for various stocks at well over their current selling price. It brought the panic selling to a halt—for a while.

Confidence was not fully restored. The now distrusted establishment's attempt to describe the panic as a passing blip didn't take and the Big Six banks' emergency buy fund of \$250 million ran out. The following week, the darkest day yet arrived, and on Black Tuesday, October 29, 1929, \$14 billion in stock value evaporated. The Roaring '20s came to a shuddering halt as the Dirty '30s began.

## THE AUTHOR IS AS INTERESTED IN THE HUMAN DECISIONS THAT LED TO THE CRASH AS HE IS IN THE MARKET FORCES THAT WERE STIRRING IN THE BACKGROUND

All of that is described barely past the halfway mark in *1929*. The entire book works to bring the human element back to the historical forefront even when vast impersonal forces are stirring in the background, and Sorkin is just as interested in displaying how individual decisions deepened the crisis after the crash. He's materially enabled by a dazzling cast of characters—financiers, industrialists, celebrities and politicians—whose names still resonate now, albeit some more as brands than actual humans (Louis-Joseph Chevrolet and Walter Chrysler, to name two).

Winston Churchill appears throughout. Present in America before, during and after the crash, the future British prime minister managed to speculate himself into a debt mire he couldn't escape until after the Second World War,

be seriously injured by a car while searching for the home of financier Bernard Baruch, and bear witness late on Black Tuesday, as from “under my very window” in the Park Plaza Hotel, “a gentleman cast himself down 15 storeys and was dashed to pieces.”

Nor does Sorkin ignore the impersonal forces and the parallels they offer between then and now. There were new industries—from autos to radio (“the internet of the 1920s,” as he aptly describes the new medium)—upending the economy. And signs of divorce emerged between the stock market and the real economy. When the Dow Jones reached its pre-crash peak of 381.17 on September 3, 1929—a level it didn't achieve again until 1954—steel production and rail freight loads were already in decline.

Looming over everything was the massive Smoot–Hawley tariff bill. The protectionist bill couldn't gain sufficient support to become law in the prosperous 1920s, but it did pick up enough traction from the misery of the Great Depression to pass Congress in 1930. It went on to deepen that misery by cratering American agricultural exports overnight, and slashing overall trade between the United States and the rest of the world by 60 per cent within a year.

So, what lessons does the tumultuous year of 1929 have to teach restless 2025? A lot less iron certainty about our decisions and a lot more cautious humility would go a long way to smoothing our path. Not much practical help, Sorkin freely allows in his thoughtful afterword, but still true. Human nature is what it is, and “the greater the heights of our certainty, the longer and harder we fall.” ♦

**PIVOT RECOMMENDS**

## Off the clock

BY STEPHANIE MATAS



**Watch**

**Black Rabbit**

This suspenseful eight-part Netflix series follows a charismatic restaurateur facing chaos after his troublesome brother returns home to New York City. The two are polar opposites: Jake (Jude Law) is polished and calm; Vince (Jason Bateman) is unkempt and unpredictable. It's a classic anti-hero plotline: flawed protagonists who aim to achieve their goals by any means necessary. One manages the buzzing restaurant they started together, while the other is a ticking time bomb with a gambling problem. They push each other to the limit, reigniting old traumas and fuelling new risks that threaten to bring down the business.

**Listen**

**The Knowledge Project**

Hosted by Shane Parrish, this “no fluff, no filler” podcast invites renowned experts to share their thoughts with the goal of, as Parrish says, helping listeners master the best of what other people have already figured out.

The show offers insights applicable to many areas of life, from business to personal growth.

Guests have included tech strategist Benedict Evans, blueberry billionaire John Bragg, communications executive Lulu Cheng Meservey and Shopify president Harley Finkelstein. Prepare for an aha moment as you listen to their timeless wisdom and hard-earned lessons.

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# WHEELS IN MOTION

Bryndon Kydd is a partner at BDO Canada. He's also a lifelong mountain biking enthusiast who recently completed a gruelling seven-day race across Vancouver Island. **BY ALI AMAD**

Growing up on a farm in B.C.'s Fraser Valley, public transit was scarce, so cycling was how I got around. **At 14, my parents bought me my first mountain bike. Since then, I've always had one.** Now, living in North Vancouver on the tree line of Mount Fromme, I can ride to quiet forest trails in minutes.

I've competed in mountain bike races on and off since my 20s. Earlier this year, I took on **the B.C. Bike Race—a week-long event held annually on Vancouver Island—where riders tackle a new course each day.** Unlike with single-day races, I didn't know how my body would hold up.

A little over seven months before the race began on June 30, I started intensive training, steadily ramping up my mileage. **With the hybrid work environment I have at BDO, I was able to bike Mount Fromme two or three days a week, saving longer sessions for weekends.**

Completing the multi-day race pushed me to my limits. At one point, the course tracking app was off by nearly 10 kilometres. I struggled until I found another rider, who was just as beaten down. **When we finally crossed the finish line that day, we gave each other a hug.** Then, on the final day, I crashed going 35 kilometres an hour. I hurt myself badly, but adrenalin carried me through to the end.

Mountain biking has become a tool for stress management. When I go for a ride, the mental reset allows me to return to work refreshed and more productive. **Tackling tough trails has taught me to set aside emotion and focus on the problem—an approach that helps me make better decisions at work.**

Mountain biking has offered a way to give back. **Through the B.C. Bike Race, I raised more than \$3,000 for Food Banks Canada, which, they shared, is enough to provide more than 6,000 meals.** I'm also a trail builder with the North Shore Mountain Bike Association.

Within days of crossing the finish line, I signed up for next year's race. My goal this year was to learn, finish and feel good about it. **And I did it: out of 251 men who completed the race, I placed 132nd.**

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