



November 20, 2015

Finance Minister Provides Guidance on Stock Option Grandfathering

The newly elected Liberal government indicated in its election platform that it intends to increase taxes on employee stock option benefits by limiting Canadian resident employees from claiming the stock option deduction (*i.e.*, the capital gains equivalent taxation) in respect of option benefits in excess of \$100,000 annually. As discussed in our earlier note on this topic [Will Tax Treatment for Canadian Stock Options Change?](#) the extent of grandfathering for existing options has been a hot question since the election.

Minister Morneau indicated today at a press conference in connection with the release of the Economic and Fiscal Update that any changes with respect to the taxation of stock options would only take effect from the date they are announced, and would not affect options issued prior to that date. It appears that the government may be giving further thought to what steps to take with respect to this platform plank. The precise nature of any changes remains to be seen, but today's announcement indicates that currently outstanding options should not be affected and steps to avoid adverse tax treatment by exercising such options prematurely, with the disadvantages that would entail, appear unnecessary.

If you have any questions regarding the foregoing, please contact [Ian Crosbie](#) (416.367.6958), [Elie Roth](#) (416.863.5587) or [Raj Juneja](#) (416.863.5508) in our Toronto office or [Brian Bloom](#) (514.841.6505) in our Montréal office.

The information and comments herein are for the general information of the reader and are not intended as advice or opinions to be relied upon in relation to any particular circumstance. For particular applications of the law to specific situations, the reader should seek professional advice.