

May 16, 2023

The Honourable Chrystia Freeland  
Deputy Prime Minister and Minister of Finance  
90 Elgin  
Ottawa, Ontario  
K1A 0G5

Sent via email to: [chrystia.freeland@fin.gc.ca](mailto:chrystia.freeland@fin.gc.ca)

Dear Minister Freeland,

## **Re: Indexing the Lifetime Capital Gains Exemption for inflation**

The Ontario Federation of Agriculture (OFA) is the largest general farm organization in Ontario, proudly representing more than 38,000 farm family members. OFA has a strong voice for our members and the agri-food industry on issues, legislation and regulations administered by all levels of government. We are passionate and dedicated to ensuring that the agri-food sector and rural communities are considered and consulted with for any new or changing legislation that would impact the sustainability and growth of our farm businesses.

Ontario's agri-food sector is an economic powerhouse – producing more than 200 farm and food products, fuelling rural communities, generating nearly 750,000 jobs, and contributing over \$47 billion to Ontario's annual GDP. The province's agri-food strategy, Grow Ontario, aims to strengthen the agri-food sector, support economic growth, and ensure an efficient, reliable and responsible food supply. By removing barriers, unnecessary costs and red tape, Ontario farmers will be positioned to seize opportunities and rise to the challenge of an ambitious growth strategy, allowing the agri-food sector to drive the economy forward.

OFA is writing to you today regarding the Lifetime Capital Gains Exemption (LCGE) for Qualified Farm & Fishing Properties (QFFP). Farmers value the LCGE provisions for qualified farm property. Farm succession plans rely on this exemption to aid in transferring the family farm to the next generation.

We appreciate the federal governments commitment to raising the amount of the LCGE limit so that it remains relevant compared to the value of farm assets. The 2007 Federal Budget increased the LCGE to \$750,000 from \$500,000, the first increase in the exemption since 1988. The Federal "Economic Action Plan 2013" Budget increased the LCGE to \$800,000 from \$750,000. In addition, to ensure that the real value of the LCGE is not eroded over time, Economic Action Plan 2013 indexed the \$800,000 LCGE limit to inflation, with the first indexation adjustment occurring for the 2015 taxation year.

Recognizing the importance of the LCGE to farmers and their family farm succession plans, the 2015 Federal Budget increased the LCGE limit to \$1 million. This increase exceeded the inflation amount at the time. However, the government kept the indexation adjustment provisions in place such that the LCGE would remain at \$1 million until the indexed amount of the base LCGE (\$813,600 in 2015) exceeds \$1 million.

By our calculations \$813,600 in 2015 dollars is equivalent to \$1,000,412 in current dollars. Therefore, we anticipate indexation adjustments to the LCGE limit will commence for the 2023 taxation year. We look forward to your confirmation of the exact amount of the LCGE limit for the 2023 taxation year.

Sincerely,



Peggy Brekveld  
President

cc: The Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food Canada  
Keith Currie, President, Canadian Federation of Agriculture  
OFA Board of Directors