bellhowleyperrotton
TAX LAW EXPERTS

ISSUE 4
24 NOVEMBER
2026

SPECIALIST ADVICE. | CLEAR THINKING. | BETTER OUTCOMES.

# BHP Tax Intelligence

## PROPERTY, PRIVATE WEALTH & INVESTMENT

**Beyond the cases.**
**Into the bigger questions.**

This issue: wealth-tax limits, housing capital and the choices governments make when they want investment but not speculation.



Original cover artwork created for this issue. Not a depiction of a specific location or development.

# Contents

**Five decisions about how wealth moves, housing gets financed and capital finds its way into productive businesses.**


| NO. | ARTICLE / PERSPECTIVE | PAGE |
|---|---|---|
| 01 | California housing bonds – Borrowing billions is the easy part | 4 |
| 02 | Wealth taxation – California rejects the billionaire levy | 5 |
| 03 | Entrepreneurial capital – Canada puts a $15m premium on success | 6 |
| 04 | International family trusts – Canada redraws the trust exit map | 7 |
| 05 | Housing capital – Canada wants new homes, not more buyers | 8 |
| | Sources and acknowledgements | 9 |
| | Rights, methods and publisher information | 10 |


Our journalism-style articles offer new, original analysis and identify the underlying authorities. They are not a digest of court decisions or filing deadlines.

All factual and legal statements reflect source material available and checked on 11 November 2026. Election returns remain unofficial pending certification, and Canadian Budget measures are proposals unless identified otherwise.

# The price of being welcome

**EDITORIAL | 24 NOVEMBER 2026**

In a remarkably short period, two large North American economies have offered different answers to a familiar question: what kinds of wealth and investment do we want? One state has rejected a new tax on billionaires while approving billions of dollars of borrowing to build homes. Another country is proposing a generous reward for entrepreneurs, tighter controls on how family trusts move value abroad and a more selective approach to foreign housing capital.

The common thread is not a tax rate. It is the attempt to distinguish capital that produces something from capital that competes for an existing asset. Governments draw those lines with exemptions, tax charges, debt guarantees, financing rules and sometimes referendums. Investors and their advisers are left to discover whether those distinctions work in the real economy.

There is a temptation to turn each announcement into a checklist. BHP Tax Intelligence takes the opposite approach: focus on the commercial decision behind the rule and on the unintended consequences that may follow. A tax concession can change the form in which an investment is held. A restriction can redirect finance to new building. A popular election result can leave fundamental policy tensions unresolved.

## Different from our legal case reports

BHP's SDLT, LTT and LBTT Case Reports, FTT Private Client Tax Watch and Beyond Tax: Property Law Developments examine decisions and their application. This publication instead offers independent commentary and opinion about wider policy, investment and structuring choices. Sources are credited to the named authors and publishers, and BHP is responsible for its own judgements.

## Commentary and opinion – not individual advice

This publication is designed to inform debate, not to recommend any transaction, structure, relocation or investment to a particular person. Enacted law, proposed law, consultation and uncertified electoral outcomes are identified distinctly. Individual decisions require analysis of the relevant facts, documents and applicable laws.

1 HOUSING AND PUBLIC FINANCE

# The $11.25bn promise: California votes to build

**Voters approved a major housing bond. Private developers now face the less glamorous test of turning public finance into actual homes.**

California's Secretary of State described Proposition 1 as authority for $11.25 billion in general-obligation borrowing, including $10 billion for affordable-housing measures and $1.25 billion for veterans' mortgage finance. It projected debt-service costs of about $500 million–$600 million a year for roughly 25 years. [1] KQED's Associated Press election tracker called the vote for approval on 3 November; on 11 November, reported returns remained unofficial pending certification. [2]

### Public money does not build a home by itself

The Legislative Analyst's Office, as reported by KQED, estimated that bond support could help finance up to 40,000 rental homes and assist 40,000 households to buy. [2] This is not a promise that those homes will be completed. Capital must still meet land availability, local planning decisions, delivery capacity and construction costs. BHP's view is that the most important economic number will be completed homes per public dollar, not the face value of bonds issued.

### A new investment marketplace

For developers, the measure may improve a project's funding stack: a public subsidy, cheaper finance or a better route to matching funds can make an otherwise marginal scheme viable. But it can also create competition for contractors, suitable land and approved sites. Where a programme draws more bids than it can satisfy, the design of the allocation process may determine who really captures the subsidy.

The difference between a productive subsidy and a transfer of value is often one of timing. Support tied to completed units and long-term affordability can bring forward supply. Support that simply becomes capitalised into higher land prices may reward the owner who sells the site rather than the household waiting for a home. That is an economic possibility, not an official finding about Proposition 1.

## BHP Summary

California has voted for financing, not for delivery. Investors should watch which projects can combine public support with planning certainty and disciplined construction costs. The real policy test is additional homes, not additional announcements.

2 WEALTH-TAX POLICY

# California votes no to a billionaire levy

## One proposed tax has been defeated; a wider battle over the taxation of accumulated wealth is far from settled.

Proposition 40 would have imposed a one-time 5% levy on qualifying taxpayers with assets exceeding $1 billion, with most proceeds intended for health services. That is the proposal described in the California Secretary of State's voter guide, not an enacted tax. [3] On 9 November, the Associated Press called the measure defeated, as reported by journalist Sophie Austin and by Kristen Hwang of CalMatters. The vote count remained uncertified at this edition's cut-off. [4][5]

### A difficult design choice

A tax on wealth is not the same as a tax on income. Much of the wealth concerned is held in business ownership interests that may not produce cash equal to the tax liability. Selling shares can raise revenue, but may also alter voting control and the capital available to the business. Advocates say an asset-based charge reaches accumulated economic advantage that income taxes can miss; opponents point to valuation, cash-flow and mobility problems. These are competing arguments, not established consequences of the defeated measure. [4][5]

### A second ballot question matters

The official guide for Proposition 42 proposed restrictions on new state taxes on ownership of financial and other personal assets and on specified retroactive levies. [6] On 10 November, KQED's election tracker showed a narrow lead for the measure, but it had not been officially certified. It must not be treated as settled constitutional law on that evidence alone. [7]

BHP's interest is the credibility problem that attaches to retroactive tax design. Investors can price a known recurring charge, even one they dislike. A charge based on a past valuation date is harder to manage, particularly where residence, liquidity and ownership have changed. At the same time, policymakers have a legitimate concern that advance notice creates opportunities to rearrange assets or residence before the liability arises.

## BHP Summary

The rejection of Proposition 40 is a political decision, not proof that wealth taxation cannot work. A future proposal will still need answers on valuation, liquidity, residence and fairness. Those questions should be solved in the design, not left to advisers after the vote.

3 ENTREPRENEURS AND EXITS

# Canada puts a $15m premium on success

**The new Canada Growth Incentive promises a powerful reward for selected businesses, but it draws a deliberate line against property and several other sectors.**

In Budget 2026, presented on 5 November, the Canadian Department of Finance proposed a new capital-gains exemption of up to C$15 million per qualifying Canadian-resident adult, in respect of each eligible business. It would apply to qualifying shares issued from Budget Day and before 2037. This is a proposal, not legislation already in force. [8] Canadian advisers Ananth Balasingam and Ross Pasceri of Crowe Soberman identify the measure as a central private-client feature of the Budget. [9]

### The conditions are part of the policy

The Department of Finance specifies newly issued shares of eligible Canadian-controlled private corporations; a combined related-company carrying-asset ceiling of C$100 million around issuance; qualifying cash or employment-services consideration; and a minimum 36-month pre-disposal ownership period. Trusts are not qualifying individuals. Real-estate businesses, together with finance, professional practices and a number of other industries, are expressly excluded. Additional anti-multiplication rules remain to be detailed. [8]

This is not a general capital-gains-tax giveaway for anyone with a company. It is an attempt to reward a particular kind of entrepreneurial risk. It may favour founder-held equity over trust-owned growth shares, and eligible operating companies over investment-rich holding structures. It also highlights a familiar issue for family offices: the ownership arrangement that is convenient for succession may not match the one chosen for an exit relief.

### Capital should move after the exit too

Canada also proposes a more flexible small-business reinvestment rollover, including longer time to acquire replacement shares and potential extra time for certain future-equity agreements. [8] That matters because an exit need not mark the end of entrepreneurial risk: a founder may take a second, less liquid bet. BHP's view is that the most useful question is not simply how much tax is saved, but whether the rules encourage capital to fund genuine expansion rather than to be retained in passive assets.

## BHP Summary

The headline is C$15 million; the real story is eligibility. The proposed relief favours direct ownership and qualifying active enterprise, not a generic family investment company or property business. A generous exit incentive may also reshape decisions made years before an exit.

4 CROSS-BORDER FAMILIES

# Canada redraws the trust exit map

**A proposed restriction on indirect distributions asks whether an intermediary company really changes where the benefit of trust property ends up.**

Canada's Budget 2026 tax annex explains the existing distinction: specified personal trusts may distribute property to Canadian-resident beneficiaries on a tax-deferred basis, but generally cannot do so to a non-resident beneficiary except for limited property that stays within Canada's tax net. The Department of Finance is concerned that property can sometimes pass to a Canadian corporation owned by non-residents and reach the same economic result indirectly. [10]

### Look through the vehicle

The new proposal would deny the tax-deferred rollout when a corporation or partnership receiving trust property has a direct or indirect non-resident shareholder or partner. The stated application is to distributions from 5 November 2026. It is proposed law, not a general statement that every distribution to a company is immediately taxable. [10] The rule is strategically significant because a family may have a legitimate corporate holding vehicle while some of its owners have moved abroad.

For a family with beneficiaries in several countries, a residence change might alter the tax outcome of a future distribution without changing the asset itself. That introduces a second timetable alongside succession: the order of changes in share ownership, residence, trustee decisions and distribution dates. It would be unsafe to infer that a particular arrangement falls within the proposal without its exact ownership chain and statutory drafting.

### Substance outlives the paperwork

A company interposed between the trust and an individual may perform valuable commercial and governance functions. Equally, a legislator can ask whether it should achieve an outcome that would be unavailable on a direct transfer. BHP's view is that sustainable trust planning has to distinguish a genuine governance purpose from the hope that an additional legal entity makes a cross-border tax problem disappear.

Balasingam and Pasceri of Crowe Soberman independently highlighted the non-resident distribution measure in their 6 November review. [9] Its development is worth following because it sits at the intersection of tax residence, family ownership and capital-gains timing rather than routine filing compliance.

## BHP Summary

Cross-border succession depends on who ultimately benefits, not only which entity is named in the transfer. Families should treat the proposed Canadian restriction as a reminder to analyse residence and beneficial ownership together before a distribution is planned.

5 HOUSING AND PRIVATE CAPITAL

# Canada wants new homes, not more buyers

**Ottawa's housing package points foreign capital towards construction while changing the finance available for small and institutional development.**

Canada's 5 November Budget proposes extending its restrictions on foreign purchases of existing residential properties until 1 January 2029, while exempting newly built homes. The Department of Finance presents this as a way of reserving existing stock for Canadian buyers while welcoming capital that adds supply. Legislation and regulatory detail are still to follow. [11] The distinction is commercially important: the same overseas investor may receive different treatment according to whether a property is already standing or contributes to new construction.

### The financing side is unusually revealing

A related 5 November Finance Canada backgrounder published the parameters for insured lending to help create "missing middle" homes. From 1 February 2027, insurers and lenders are to be able to offer new products for some developments of three or four units and insurance for properties of five to 50 units. [12] The core policy intention was announced earlier in 2026; the new product specifications, rather than the old headline, are the substantive development now.

The Budget also proposes widening an earlier, not-yet-enacted exception to Canada's interest-deduction limitation rules for certain purpose-built rental projects. Under the new proposal, qualifying borrowing could finance activities carried out through affiliated companies, trusts or partnerships, or eligible partnerships in which the group holds at least 40%. [13] This acknowledges a basic development reality: debt, land and operational activity are often held in different vehicles.

### A direction of travel, not a guarantee

The argument behind the policy is intelligible. Restrict competition for existing homes while improving finance for newly created ones. But an exemption for new stock must be carefully defined: it matters whether capital genuinely increases supply or simply buys an asset that would have been built anyway. Smaller schemes must also withstand interest costs, construction risk and the practical demands of insured lenders.

Lawson Lundell's 6 November professional analysis identifies the proposed foreign-buyer extension, the wider rental-financing exception and other real-estate measures as distinct components of Canada's Budget package. [14] BHP's point is not that foreign capital is inherently good or bad. It is that governments increasingly want to condition access on what investors cause to be built.

## BHP Summary

Canada is pairing a restriction on buying existing homes with new financing routes for development. The test is whether this redirection produces additional supply. For investors, the main question will be where capital sits in the project and what activity it actually finances.

# Sources and acknowledgements

The entries below identify original publishers, named reporters and dates. Source numbers appear in the body of the relevant article. All official results are described according to their status on 11 November 2026.

[1] California Secretary of State (2026). Official Voter Information Guide: Proposition 1, General Election of 3 November 2026. https://voterguide.sos.ca.gov/propositions/1/

[2] KQED News / Associated Press; California Legislative Analyst's Office (results checked 11 November 2026). California Proposition 1 election-results tracker and public-finance estimate. https://www.kqed.org/elections/results/california/proposition-1 AP race call not official certification.

[3] California Secretary of State (2026). Official Voter Information Guide: Proposition 40. https://voterguide.sos.ca.gov/propositions/40/

[4] Sophie Austin, Associated Press (9 November 2026). California voters reject measure to tax the wealth of billionaires. https://apnews.com/article/4ae8cbdc057b99579818016f02ac9d9e

[5] Kristen Hwang, CalMatters (9 November 2026). California voters reject Prop. 40 billionaire tax. https://calmatters.org/politics/elections/2026/11/prop-40-billionaire-tax-defeated/

[6] California Secretary of State (2026). Official Voter Information Guide: Proposition 42. https://voterguide.sos.ca.gov/propositions/42/

[7] KQED News / Associated Press (checked 11 November 2026). Proposition 42 election-results tracker. https://www.kqed.org/elections/results/california/proposition-42/ No claim of final certification is made.

[8] Government of Canada, Department of Finance (5 November 2026). Budget 2026: Tax measures, Supplementary information, Canada Growth Incentive and small-business rollover. https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

[9] Ananth Balasingam and Ross Pasceri, Crowe Soberman LLP (6 November 2026). Federal Budget 2026: Key Tax Takeaways. https://www.crowe.com/ca/crowesoberman/insights/2026-federal-budget-highlights Original professional analysis cited for context, not reproduced.

# Sources, rights and method

[10] Government of Canada, Department of Finance (5 November 2026). Budget 2026: Trust Distributions to Non-Residents, Tax measures, Supplementary information. https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

[11] Government of Canada, Department of Finance (5 November 2026). Budget 2026, Chapter 3: A more affordable life, foreign purchase restrictions and housing policy. https://budget.canada.ca/2026/report-rapport/chap3-en.html

[12] Government of Canada, Department of Finance (5 November 2026). Mortgage Insurance Rule Changes to Support "Missing Middle" Housing. https://www.canada.ca/en/department-finance/news/2026/11/mortgage-insurance-rule-changes-to-support-missing-middle-housing.html

[13] Government of Canada, Department of Finance (5 November 2026). Budget 2026: Interest Deductibility Limits, Tax measures, Supplementary information. https://budget.canada.ca/2026/report-rapport/tm-mf-en.html

[14] Lawson Lundell LLP (6 November 2026). 2026 Federal Budget – Real Estate Highlights. https://www.lawsonlundell.com/publication/2026-federal-budget-real-estate-highlights Professional commentary acknowledged; no protected graphics or text reproduced.

## Evidence and editorial independence

Government publications supply the legislative and policy description; named journalists and professional authors supply independently attributed reporting and context. BHP's interpretation is separately identifiable in the arguments and "BHP Summary" paragraphs. Election calls are not official certification. New Canadian tax measures are proposed unless explicitly described as published programme parameters.

## Source and image rights

California ballot summaries and Canadian official materials are credited to their publishing public authorities; use and reuse remain subject to the terms that apply to each source. BHP uses factual findings and independent analysis, not copies of protected press articles, publisher imagery, data tables or logos. Attribution neither transfers rights nor implies endorsement or permission. No third-party source graphic or chart is reproduced.

Cover: original AI-assisted illustration generated solely for this edition; fictional composite architecture, not an actual development. BHP's own firm logo is used as a brand identifier. The editorial text is independently written for BHP.

# About BHP

## Bell Howley Perrotton | Specialist tax advisory firm

BHP provides written, specialist tax advisory opinions on complex property transactions, property investment structures and private-client matters. We work with professional advisers and client teams where the questions need more than a routine calculation.

### Why this series exists

BHP Tax Intelligence considers the decisions behind tax and investment policy, and their possible consequences for property owners, business families, entrepreneurs, trustees and professional advisers. Its purpose is to be readable, questioning and independent. It is neither a collection of court cases nor a compliance bulletin.

### Other BHP publications

BHP's SDLT, LTT and LBTT Case Reports, FTT Private Client Tax Watch and Beyond Tax: Property Law Developments provide distinct, focused analysis of legal decisions relevant to transactions and private clients. Their remit is deliberately separate from the strategic commentary in this series.

### Disclaimer

Reissued 24 November 2026 (originally published 11 November 2026). This is general opinion and commentary, not tax, legal, investment, regulatory or other personal advice. It does not recommend the acquisition, disposal, financing, relocation or restructuring of any asset. Tax outcomes depend on individual facts and on legislation and guidance in force at the relevant date. Proposed measures may be amended or abandoned; election counts and calls can precede formal certification.

### Publication and rights

BHP retains responsibility for its editorial conclusions. None of the government departments, authors, media organisations or professional firms identified in the source notes endorses this publication. Source attribution is evidence credit, not a licence to reproduce protected work. The artwork is original to this issue, and no client is depicted.

Simon Howley CTA, AFA, ATA, MIPA, ATT (Fellow)

Bell Howley Perrotton | Specialist tax advisory firm

www.bhptax.law