

KPMG

GMS Flash Alert

Immigration

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Canada – Federal Budget 2026 – Immigration Updates

Immigration, Refugees and Citizenship Canada (IRCC) has published its 2027 to 2029 Immigration Levels Plan (the "Plan") as part of Budget 2026. The Plan sets targets for permanent and temporary immigration over the next three fiscal years. The Plan includes notable changes to economic immigration: a reduced target for Federal High Skilled workers, greater emphasis on regional immigration, and a new, time-limited measure to help select individuals already in Canada transition to permanent residency.[1]

WHY THIS MATTERS

The 2027–2029 Plan positions immigration as part of Canada's broader strategy to build a skilled workforce, attract investment, and improve productivity. Notably, the Plan maintains the overall permanent-resident target established for 2026 but places increased emphasis on provincial, rural, and Atlantic programs.

A significant change is the reduced allocation to Federal High Skilled admissions, which includes the Federal Skilled Worker Program, Federal Skilled Trades Program, and Canadian Experience Class. Conversely, the Plan places greater emphasis on regional immigration pathways such as the Provincial Nominee Program, Atlantic Immigration Program, and the Rural Community Immigration Pilot. Employers seeking to retain foreign-national employees may therefore need to assess provincial and regional pathways earlier in the permanent-residence planning process.

Background

Each year, IRCC releases an Immigration Levels Plan that sets annual targets for permanent resident admissions and new temporary resident arrivals. The 2027-2029 Plan builds on the 2026-2028 framework[2] and provides employers with insight into the government's immigration priorities for the coming years.

Key Highlights

Under the previous Immigration Levels Plan, permanent resident targets were set at 380,000 annually. New temporary resident arrival targets were 385,000 in 2026 and 370,000 in each of 2027 and 2028. The new Plan maintains these projected totals and extends them through 2029.

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Temporary Residence Targets

Temporary resident admission targets remain at 370,000 annually for 2027–2029, consistent with the previous plan's projections for 2027 and 2028 and below the 2026 target of 385,000.

This target applies to new international students and temporary worker arrivals. It does not apply to renewals or those who are already in Canada. Workers are expected to account for approximately 60 percent of targeted new arrivals over the planning period, with students accounting for approximately 40 percent.

Permanent Residence Targets

Permanent resident admissions remain at 380,000 annually for 2027, 2028, and 2029. Economic immigration continues to account for most admissions (approximately 64.4 percent), with a greater share directed toward provincial and regional programs.

Provincial and Regional Immigration Pathways

Provincial Nominee Program (PNP) targets have increased to 95,000 per year (up from the 92,500 previously planned for 2027 and 2028), while Federal High Skilled admissions (including Express Entry) have decreased to 100,000 per year (down from 111,000).

The Plan also includes separate allocations for the Rural Community Immigration Pilot, specifically 5,500 in 2027; 6,000 in 2028; and 6,500 in 2029. Previously, rural admissions were grouped together within the Federal Economic Pilots framework.

One-Time Initiative & Time-Limited Measure

Budget 2026 and the 2027-2029 Plan build on the previous Budget's one-time initiative through a new time-limited measure covering up to 200,000 people across two cohorts. The two cohorts are separate from the overall target of 380,000, consistent with Canada's practice of exempting specific groups from the national targets.

Cohort 1: Up to 100,000 additional spaces for permanent residence for workers in Canada who are:

- Awaiting decisions on permanent residence applications under select programs that are now closed to new applicants including: Start-Up Visa Program, Self-Employed Persons Program, Agri-Food Pilot, or Home Care Worker Immigration Pilots; or
- Eligible to apply for permanent residence through the Provincial Nominee Program.

Cohort 2: Up to 100,000 additional spaces for other applicants in Canada, including people who have applied under the in-Canada spousal sponsorship program, Hong Kong permanent residence pathways, or the Ukraine program, or who have received approval in principle on humanitarian and compassionate grounds.

New High-Impact Start-Up Pilot

Budget 2026 also announces the development of a new high-impact start-up pilot aimed at attracting entrepreneurs and innovators with the potential to create jobs and commercialize innovation in Canada. Further details, including eligibility criteria, application requirements, processing parameters, and launch timing, have not yet been announced. Founders and innovation-focused businesses may wish to monitor implementation before relying on the pilot.

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Federal Business admissions targets rise notably from 500 annually under the previous plan to 1,500 in 2027 and 2,725 in 2028, before declining to 1,000 in 2029. Federal Business programs include the Start-Up Visa and Self-Employed Persons programs.

Francophone Immigration Targets

The Plan continues to prioritize Francophone immigration outside Quebec, with French-speaking permanent resident targets increasing from 9.5 percent in 2027 to 10.5 percent in 2028 and 12 percent in 2029. This increase demonstrates Canada's continued focus on supporting the development of Francophone minority communities.

Additional Screening Checks and Reform of the Temporary Foreign Worker Program (TFWP)

Budget 2026 proposes expanding the use of fingerprints and facial images to screen more travellers. This includes a proposed requirement for visa-exempt travellers applying for an electronic Travel Authorization (eTA) to submit a facial image remotely to verify identity and reduce fraud. An eTA is an online authorization required for eligible visa-exempt travellers flying to Canada.

Furthermore, Budget 2026 proposes $151.5 million over five years to reform the Temporary Foreign Worker Program, with a focus on better aligning the Labour Market Impact Assessment process with regional labour market needs, improving processing times, and strengthening employer compliance.

Integrity of the Immigration System

Budget 2026 proposes $24 million annually to strengthen the integrity of Canada's immigration system, signaling a continued focus on program integrity, compliance, and enforcement alongside more targeted immigration pathways.

Foreign Buyer Ban

Budget 2026 proposes extending the foreign buyer ban under the *Prohibition on the Purchase of Residential Property by Non-Canadians Act* for two years, to January 1, 2029, while exempting new residential properties. This could affect housing options for relocating foreign workers, subject to applicable exemptions. Employers may wish to consider the proposal when reviewing relocation assistance and communicating housing options to assignees.

KPMG INSIGHTS

Budget 2026 reflects a more selective approach to immigration rather than a retreat from economic immigration. Permanent resident admissions are expected to remain at 380,000 annually, while economic immigration will account for approximately 64.4 percent of admissions. However, the reduction in the Federal High Skilled allocation means that economic immigration opportunities are increasingly being directed toward provincial, regional and targeted pathways. Employers may wish to avoid treating the stable overall target as an indication that access to all economic programs is expected to remain stable.

Alongside the increased PNP allocation, recent regulatory changes have reduced the overlap between provincial and federal assessments of PNP-based permanent residence applications. Provinces and territories are now solely responsible for assessing an applicant's ability to become economically established and their intent to reside in the nominating province or territory. These changes may result in less duplication at the federal stage and faster processing of PNP-based permanent residence applications. This aligns with the federal government's continued shift toward regionally driven selection, giving provinces and territories a greater share of permanent resident spaces to address labour-market needs. Employers may continue to consider provincial pathways alongside Express Entry when planning permanent residence strategies for foreign national employees.

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Potential considerations for employers:

- Consider permanent residence options early and assess both federal and regional pathways when planning the long-term retention of key foreign-national employees.
- Review employees currently relying on the Canadian Experience Class or Federal Skilled Worker Program and identify alternative provincial or regional pathways.
- Assess whether employees' work locations and circumstances align with the Provincial Nominee Program, Atlantic Immigration Program, or Rural Community Immigration Pilot, particularly outside major metropolitan areas.
- Monitor implementation of the new 2027 measure for workers already in Canada, without assuming that all current work permit holders will qualify.
- Monitor how TFWP reforms might affect LMIA eligibility and processing across different regions and occupations, while preparing for increased compliance oversight. The proposed processing improvements may benefit employers with a recurring need for Labour Market Impact Assessments but may be accompanied by more rigorous scrutiny of employer obligations.
- Review recruitment, global mobility, and workforce plans against the targets for new temporary resident arrivals, distinguishing overseas recruitment from employees already in Canada.
- Monitor the start-up pilot and Federal Business allocations when advising founders, entrepreneurs, and innovation-focused businesses.
- Integrate temporary work permit and permanent residence planning well before status expires, allowing time to assess alternative pathways.

If assignees and/or their programme managers have any questions or concerns about the scope of the updated framework, its application and potential impacts, and appropriate next steps, they should consult with their qualified professional or a member of the GMS team with KPMG in Canada (see the Contacts section).

ENDNOTES:

1 Government of Canada, "Supplementary Information for the 2027-2029 Immigration Levels Plan," updated on 5 November 2026.

2 Government of Canada, "Supplementary Information for the 2026-2028 Immigration Levels Plan," updated on 13 October 2026.

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Contacts

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