



The Joint Committee on Taxation of
The Canadian Bar Association
and
The Canadian Institute of Chartered Accountants

The Canadian Institute of Chartered Accountants 277 Wellington St. W., Toronto Ontario, M5V3H2
The Canadian Bar Association 500-865 Carling Avenue Ottawa, Ontario K1S 5S8

January 24, 2008

Senator W. David Angus
Chairman, Standing Senate Committee
on Banking, Trade and Commerce
The Senate of Canada
Ottawa, Ontario
K1A 0A4

Dear Senator Angus,

Re: **Bill C-10, An Act to amend the Income Tax Act**

On December 12 and 13, 2007, the Standing Senate Committee on Banking, Trade and Commerce (the “Committee”) met to give consideration to *Bill C-10, An Act to amend the Income Tax Act*. During those proceedings, the Committee received evidence relating to amendments included in Bill C-10 relating to foreign investment entities and non-resident trusts (“FIEs” and “NRTs” respectively). In the course of their remarks, the witnesses referred to the submissions made by the Joint Committee on Taxation of the Canadian Bar Association and The Canadian Institute of Chartered Accountants (the “Joint Committee”) in relation to the FIE and NRT amendments. The members of the Committee questioned whether the absence of professional groups (such as the Joint Committee) during the proceedings was to be interpreted as agreement by those groups with the provisions of Bill C-10 under consideration.

The Joint Committee regularly makes submissions to the Department of Finance on tax legislation. In relation to the tax proposals on FIEs and NRTs, the Joint Committee has made eight extensive written submissions to the Department of Finance since November 2001 raising concerns and recommending changes to these proposals. These submissions have included the various matters that were raised by the witnesses who appeared before the Committee on December 12th and 13th. The Joint Committee has also had several meetings and conference calls with Department of Finance officials to discuss the NRT and FIE provisions. While a number of the recommendations made by the Joint

Committee have been reflected in Bill C-10, other concerns have not been reflected in the Bill.

It should also be noted that the Joint Committee's submissions in relation to tax measures included in Bill C-10 are not limited to the FIE and NRT amendments. Many of the Joint Committee's recommendations on these other tax measures have also not been reflected in Bill C-10.

In accordance with our practice, the Joint Committee intends to continue to engage Department of Finance officials in discussions of our concerns with the FIE and NRT amendments and the other provisions of Bill C-10, with a view to having our concerns reflected in the future amendments to the legislation.

Accordingly, the fact that the Joint Committee has not made a submission to the Committee on this Bill should not be construed as any indication that the Joint Committee is satisfied with the manner and extent to which the FIE and NRT provisions have been changed in response to our submissions. We continue to have concerns with certain of the provisions of the Bill, including with the FIE and NRT provisions.

We thank you for this opportunity to clarify the position of the Joint Committee in relation to Bill C-10.

Yours truly,



Bruce Harris, CA
Chair, Taxation Committee
Canadian Institute of Chartered Accountants
416 218-1403



Paul Tamaki
Chair, Taxation Committee
Canadian Bar Association
416 863-2697

cc. Ms. Line Gravel, Clerk of the Committee
Mr. Brian Ernewein, Department of Finance
Mr Gérard Lalonde, Department of Finance