

New Measures to Make the Tax System More Efficient

Minister of Finance, Jim Flaherty, announced draft amendments to the Income Tax Act and the Income Tax Regulations which will aim to make the tax system more efficient, as they will diminish delays in the preparation and issuance of T3 information slips (relating to distributions of publicly traded trusts) and T5013 information slips (relating to allocations of publicly traded partnerships).

Ultimately, the new measures are designed to reduce or eliminate those very late T3 and T5013 slips issued by certain trusts and partnerships that often result in amendments to tax returns previously filed. Please refer to the June 2007 issue of The Learning Kurve.

The proposed amendments to the Income Tax Act would provide authority for regulations requiring the disclosure by publicly traded trusts and partnerships of information permitting investment managers to prepare the tax information slips that they are required to provide to investors. This disclosure would be made through a posting of the obligatory information on the website for CDS Innovations Inc. (A subsidiary of the Canadian Depository for Securities Limited), a website that is designed to provide this type of information to investment managers. The proposed amendments were developed in conjunction with the investment industry.

The proposed regulations would require publicly traded trusts and partnerships to disclose information concerning distributions and allocations of income and capital made in respect of each of their units within 60 days after the end of the taxation year or financial period for which the information is applicable. For publicly traded trusts and partnerships that invest in other publicly traded trusts, partnerships or corporations, this information would be necessary to be disclosed within 67 days after the end of the calendar year to which the information relates. This is a new requirement that is anticipated to make the filing process more efficient.

Investment managers could use this information to prepare the information slips that are required to be issued to their investors within 90 days of the end of the year.

These amendments are to be effective in respect of information required to be disclosed in connection with assessments in respect of taxation years (or fiscal periods, in the case of publicly traded partnerships) that end after June 2007.

Filing Form TD1— Personal Tax Credits Return

Under proposed changes, the federal TD1 has been revised, effective July 1, 2007, to include a new non-refundable tax credit in respect of children under 18 years of age at the end of the year (See below). In addition, the spouse or common-law partner amount and the amount for an eligible dependant have increased from a maximum of \$7,581 to a maximum of \$8,929. The amount will be reduced by the partner or eligible dependant's net income for 2007.

If these tax provisions apply to you, we suggest you speak with your employer's payroll service to determine whether an updated TD1 form should be completed.

Notice to Employees— 2007 Child Amount

Starting July 1, 2007, you will be able to claim a new non-refundable tax credit of \$2,000 for each child under 18 years of age at the end of 2007. This credit was announced in the March 2007 Federal Budget.

If you are entitled to this tax credit, you may want to decrease the amount of tax deducted at source from your salary, wages, commissions, pensions, Employment Insurance benefits, and other remuneration you receive by providing the following information to your employer:

- Your first name and last name, Date of birth, your address, your Social Insurance Number, and the number of children born in 1990 or later.
- Alternatively, you may request to complete an updated TD1 form.

About the Taxpayer Bill of Rights

The Minister of National Revenue recently signed the Taxpayer Bill of Rights, which is a set of fifteen rights confirming the high degree of accuracy, professionalism, courteousness and fairness that the CRA has committed to follow to ensure taxpayers are treated fairly under clear and established rules, so that taxpayers can look forward to high standards of service in all their interactions with the CRA.

The Taxpayer Bill of Rights also includes a CRA Commitment to Small Business, a five-part statement through which the CRA undertakes to support the competitiveness of the Canadian business community by ensuring that interactions with the CRA are as effective and efficient as possible.

In doing so, the CRA states that it operates on the fundamental belief that taxpayers are more likely to comply with the law if they have the information and other services they need to meet their obligations. It also states it is committed to raising awareness of your obligations, and wants to make sure you receive all of your entitlements and that you clearly understand and can exercise your rights.

This 'n That at Logan Katz ...

Logan Katz is taking advantage of the summer time to assess our firm's needs going forward, to ensure our clients obtain the best services and in keeping with the challenging mission statement we continuously work towards.

We are therefore recruiting on several fronts to ensure we continue to meet our demanding professional standards, serve you in a courteous and professional manner, and to ensure a faster turnaround of our engagements.

Our efforts are generating great results in that we will have the pleasure of welcoming two new additions to our staff in September: Angela Pelley will be joining our Financial Reporting Services group, while Trevor Kennedy will be joining us as a C.A. student.

Farewell to Jamie Katz

The partners and staff of Logan Katz bid a fond farewell to Jamie Katz who returns to full-time studies in September. Jamie has been with us since January 2006 and has provided valuable administrative and financial reporting services to our firm and to several clients.

We will be taking a hiatus from our monthly breakfast seminars during the summer months of July and August.

Stay tuned for the 2007-2008 Seminar Schedule to be released toward the end of the summer!

Please let us know of any topics or speakers you would enjoy hearing.

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