

Questions or comments? Email us at office@logankatz.com or call 613-228-8282 ext 0.

This 'n That at Logan Katz...

Farewell to Colette Sauvé

The staff and partners of Logan Katz bid a fond farewell to Colette Sauvé, Audit Manager with our firm since January 2006. During her brief two year stint with Logan Katz, Colette forged solid relationships with clients and colleagues. She was instrumental in the delivery of value-added services to our clients. We all wish her well as she takes on a new position with Telesat and are thankful for having had her with us for the past two years.

... which brings us to ...

Logan Katz Hiring !

Know of a Chartered Accountant looking for new challenges or a new environment ? Please let us know or send them our way. We'd love to hear from them. Driven by our commitment to provide our clients with value-added proactive services, always on a timely basis, we are currently in hiring mode and we will appreciate any leads you may have to offer.

Logan Katz in the Community

Jason Valente and Denis Chainé recently spoke to a group of seniors about the new Pension Income Splitting rules, the new Age Limits on the Conversion of RRSPs as well as on the Disability Tax Credit. The event was put on by the Nepean Support Services.

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you've got our
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BELL CANADA

Sale to Ontario Teachers'

Pension Plan

What it Might Mean For You!

Shares of BCE Inc. (BCE) are very common in many Canadians' investment portfolios. Accordingly, the sale of Bell Canada to the Ontario Teachers' Pension Plan will have significant tax impact for many shareholders when the sale finally occurs, expected to be in the first quarter of 2008. The sale has been approved by the shareholders, however it still needs approval of various government regulatory bodies in Canada and the U.S. before being considered final.

The pending purchase by the Ontario Teacher's Pension Plan would seem to provide shareholders with a large windfall of cash. Words of caution before you spend the money! This imposed sale could potentially generate significant capital gains tax unless the shares are held in tax-sheltered RRSP's or RRIF's. Each shareholder must assess how the buyout will affect their overall financial plan and their specific tax implications.

The tax implications will result from the potential capital gain that will be triggered when the shares are sold. Taxable capital gains arise from the difference between the cost of shares when purchased and the sale price. In most cases, figuring out the original cost base will be an accounting and administrative challenge. The cost base for shares is generally the amount paid for them. However, there may be downward adjustments directly impacting your capital gains calculation. For anyone who has owned Bell shares for any period of time, there have been many such adjustments. Since 1977 there have been 2 stock splits, the Nortel spin-off and the Bell Alliant return of capital, with each one of these events having an effect on the cost base of the shares.

As a result a long time holder of BCE shares might have a considerable tax liability when the sale goes through depending on the number of shares held. Some information is available on the BCE Inc. website.

To confuse the matter even more, if you happened to have elected in 1994 to take advantage of the \$100,000 capital gains exemption for

individuals on any of the shares that you still own, your cost base will also have been affected.

There are a few good options available to those wanting to minimize their tax exposure on the acquisition. Planning ahead to reduce any capital gains tax can increase the amount of after tax cash available. Some of the options are:

- Donate the shares to a registered charity before the deal closes (refer to The Learning Kurve – November 2006). There will be no capital gains tax and you will obtain a donation receipt for the fair market value of the shares (expected to be \$42.75 per common share; \$25.25 to \$25.87 for classes of preferred shares). You will also be free of the burden of calculating the cost base of your shares.

- Sell other securities which have an accrued loss in order to offset this loss against the capital gain from the BCE shares; and/or

- Use capital losses carried forward from prior years to offset the capital gains.

These strategies can be complicated. We recommend that you speak to us to determine which strategy will work best for you.

More About Apprenticeships

In the May 2007 issue of The Learning Kurve, we provided extensive information on the tax credit available to employers who employ individuals registered in eligible apprenticeship programs.

To add to this, since April 2007, the Human Resources Department administers the Apprenticeship Incentive Grant (AIG). The AIG is a taxable cash grant of \$1,000 per year available to registered apprentices once they have successfully completed the first or second year/level of an apprenticeship program in a Red Seal trade (visit www.red-seal.ca).

The AIG is meant to help apprentices cover some of the expenses related to tuition, travel and tools. Please ensure your apprentices are aware of this financial assistance program. Visit www.hrsdc.gc.ca/en/workplaceskills/trades_apprenticeship/aig for further information and to find out how to apply for the AIG.

Going South ?

If you're heading south for the winter or for an extended period, please call us to find out if you have any US tax filing requirements. With the IRS now exchanging information with US Border Security Services along with constantly increasing scrutiny in this area, you will want to ensure you avoid undesired situations when entering the US or returning to Canada. You can achieve this simply by providing us with all the details concerning your time outside Canada.