The recent decision of the Tax Court of Canada in Copthorne Holdings Ltd. v. The Queen has introduced additional uncertainty regarding the meaning of the term “series of transactions” under Canadian income tax law. The broad interpretation given to that term under subsection 248(10) by the court in Copthorne may have negative effects on the application of a number of provisions in respect of corporate transactions and reorganizations. While the authors of this article do not think that the decision will cause the Canada Revenue Agency to challenge legitimate tax planning, it does make it more difficult for tax practitioners to advise their clients as to whether particular transactions form part of a series of transactions. The authors suggest that the concept of a series of transactions as it relates to corporate transactions and reorganizations be limited to the narrower and more certain common-law test.

KEYWORDS: GAAR ■ COMMON LAW ■ STATUTORY INTERPRETATION ■ RELATED ■ REORGANIZATION ■ BUTTERFLY TRANSACTIONS

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