TAX FOR THE Owner-Manager

Editor: Thomas E. McDonnell, QC

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INTEREST DEDUCTIBILITY: A CAPITAL DECISION

If asked, most tax practitioners would say that it is trite law that interest is a capital expense and deductible only if a specific provision of the Act (such as paragraph 20(1)(c) or paragraph 8(1)(j)) allows it. When pressed, most would cite the decision in *Canada Safeway* (SCC 1957) as authority. Most would also say that purchasing a customer list is a capital expenditure, although the law is less definitive on this question than on that of the nature of interest. In *Gifford* (TCC 2001), the taxpayer challenged these propositions.

Mr. Gifford was a financial adviser employed by Midland Walwyn Capital Inc. He earned commission income from advising clients on the purchase and sale of securities. In 1995 he bought a fellow broker's "client base" for $100,000. He paid $90,000 up front and was to pay the final $10,000 in 1996, after certain adjustments. Gifford borrowed money from the bank to purchase the client base. In 1996 he sought to deduct $13,258.07 from his income on account of depreciation of goodwill (an eligible capital expenditure) and interest. The minister denied the deduction, saying that an employee could not deduct eligible capital expenditures (a conclusion upheld by the Tax Court) and that the interest paid by Gifford was a capital expense. Gifford appealed to the Tax Court.

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Judge Bowman first considered the question whether the purchase price of the client list was a deductible expense under paragraph 8(1)(f) of the Act. Paragraph 8(1)(f) has a number of requirements. The only one at issue was whether the payment was a capital expenditure, and hence non-deductible. Judge Bowman stated: "[N]o one 'owns' a client. Clients are not a commodity that can be bought or sold on the open market." He also concluded that Gifford did not buy a customer list because his colleague did not have one to sell. Judge Bowman characterized what Gifford bought as "an agreement by Mr. Bentley to endorse Mr. Gifford to his clients on the list and not to provide investment advice to them. He was not buying a list of clients." After reviewing *Johns-Manville* (SCC 1985) on the distinction between income and capital expenditures, he concluded that the payment made by Gifford did not bring into being an enduring advantage. He found that the payment was calculated "to get more clients. Clients are fleeting, volatile and evanescent. The cost of attracting them is the [sic] part of the recurrent cost of earning the income that must be satisfied out of the revenues generated. The $100,000 is a marketing expense and is deductible under paragraph 8(1)(f). It is not a capital outlay or payment on capital account."

Judge Bowman then turned to the question of interest deductibility. The central questions he set himself were (1) whether interest was invariably and by its nature intrinsically and inherently capital, and (2) whether he was bound by precedent to hold that interest was a capital expense. He found that it was not and that he was not.

In answering the question whether interest was a capital expense, Judge Bowman reviewed the law to date, both in Canada and abroad, and found that the answer depends on the use to which the borrowed money is put. In Gifford's case, the money was used for a revenue-generating purpose, not to acquire a capital asset; therefore, the interest was not a capital expense.

Judge Bowman then reviewed the decisions of the Supreme Court of Canada in *Shell Canada* (SCC 1999) and *Tennant* (SCC 1996), certain academic commentary, and a decision of the Australian High Court (the equivalent of the SCC). He concluded that whether interest was a capital or revenue expense was a question that had to be decided on the facts of each case, in accordance with the use to which the money was put.

The Crown has appealed Judge Bowman's decision to the Federal Court of Appeal. One would not be surprised to see it before the Supreme Court of Canada in a year or two.

It is worth noting that Gifford argued his case himself under the informal procedure of the Tax Court. The amount of tax at stake was probably less than $7,000. It is unlikely that Gifford himself raised the arguments that make up the bulk of Judge Bowman's analysis. Rather, it is likely that all he did was argue that he had paid both principal and interest in order to earn income and that the tax system allowed him to deduct the expenses of earning income. The court might easily have dismissed the case with a simple recitation of authority that forbids the deduction of capital expenses. Judge Bowman is to be commended for having done the heavy lifting necessary to recognize in the facts of the case an opportunity to raise—and attempt to resolve—an important issue for Canadian tax jurisprudence.

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Connected Corporations: More Traps and Opportunities

The concept of "connected corporations" was introduced in the March 31, 1977 federal budget as a mechanism to exempt certain intercorporate dividends from part IV tax. At the time, the rights attached to most issued shares included all of the three basic attributes of voting rights, dividend rights, and liquidation entitlements. In the 24 years since then, the design of share attributes has become much more complicated, prompted by jurisprudence such as *Neuman* (SCC 1998). The connected-corporation definition is a trap for the unwary (see "Section 84.1: Don't Get Caught by It," *Tax for the Owner-Manager*, January 2001, at 4) and an opportunity for the tax planner. More recent relationships introduced into the Act, such as "affiliated persons" in subsection 251.1(1) and "connected shareholders" in regulation 4901(2), use more specific tests that are easier to apply and understand.

One corporation ("the owner corporation") is connected with another corporation ("the investee corporation") if the circumstances outlined in subsections 186(2) and 186(4) are met. Paragraph 186(4)(a) will connect the owner corporation and the investee corporation if the investee corporation is "controlled" by the owner corporation. The concept of control for part IV purposes is expanded by subsection 186(2) to take into account shares owned by parties that do not deal at arm's length. The subsection also provides for connected status if the owner corporation owns shares in the investee corporation that have more than 10 percent of full voting rights under all circumstances and more than 10 percent of the fair market value of all of the issued shares of the investee corporation.

In addition to being relevant in determining liability for part IV tax, connected-corporation status is relevant in other sections of the Act, such as section 84.1. The interaction of the expanded definition of "control" in part IV (subsection 186(2)) and the reference to "connected status" in section 84.1 were considered in *Olsen* (TCC 2000). There Judge O'Connor found that in the context of section 84.1, the reference to "control" in paragraph 186(4)(a) was to be read without the expanded definition of "control" in subsection 186(2). In the result, control was to be determined for section 84.1 purposes by the common law test of the ownership of a majority of the shares entitled to elect the board of directors. The decision has been appealed, since it would materially restrict the intended operation of section 84.1 if allowed to stand.

Clause 164 of the March 16, 2001 notice of ways and means motion purports to overrule *Olsen* by adding subsection 186(7). It provides that "for greater certainty" the term "connected" throughout the Act is to take into account the expanded definition of "control" in subsection 186(2). The coming-into-force provisions for proposed subsection 186(7) state that it applies on or after March 16, 2001 and that taxpayers can elect not to have the provision apply to transactions that were required to be carried out under written agreements prepared before March 16, 2001. Those taxpayers who want to rely on the *Olsen* decision for pre-March 16, 2001 transactions can elect not to have the amendment apply to them, and await the results of the *Olsen* appeal.

Because connected-corporation status may also be determined by the "more than 10 percent votes and value" test, the design of share conditions and the points in time at which shares are owned (or not) are important planning considerations. Some of the relevant issues in the timing of the connected relationship are listed below. Proposed subsection 186(7) does not eliminate the need to review these timing issues.

■ The obligation to pay part IV tax on dividends received may not arise if the owner and investee corporations are connected at the time the dividend is received. The application of this rule is far from clear in certain circumstances. For example, a deemed dividend arising from a share repurchase will not be subject to part IV tax if the two corporations are connected at the time of the share repurchase. What is the result if there is no share ownership after the share repurchase has been completed? In a sequential series of share repurchases, some but not all of the dividends arising on the repurchases may be exempt, depending on the degree of ownership at the time of each repurchase.

■ The QSBC test for purposes of the $500,000 enhanced capital gains deduction is a 24-month test. If shares or indebtedness of an investee corporation are to be qualified assets for QSBC purposes, the corporations must be connected throughout that 24-month period. If shares are owned by family members, and if the broad definition of "control" in subsection 186(2) applies, the QSBC test will be easier to meet for corporations controlled by related parties. However, where shares are owned equally by two or more unrelated parties, the connected-corporation test may be more difficult to meet. Proposed subsection 186(7) provides an opportunity for the unrelated parties to take the position that they are acting in concert so that the two corporations are connected by virtue of a factual non-arm's-length relationship.

■ Section 84.1 may reduce paid-up capital or deem taxable dividends to have been received where the owner corporation and the investee corporation are connected corporations "immediately after the disposition" of shares by an individual. By staggering the transfer to the owner corporation of shares having full voting rights but little value and the transfer of other shares having full value but no voting rights, there may be an opportunity to avoid the consequences of section 84.1. This may be harder to accomplish with proposed subsection 186(7), but planning opportunities may still be available. Any tax planning in this regard should be done after a careful review of the general anti-avoidance rule and other more specific avoidance provisions such as subsections 15(1) and 69(11).

The *Olsen* decision identified a possible gap in the legislative provisions relating to connected corporations. The rules are further complicated because of the different situations in which a connected relationship is required, and the time period during which that relationship must exist, to achieve or avoid a certain tax result. The issues are also complicated by the March 16, 2001 legislation, which is drafted "for greater certainty" but which can be avoided by an election for pre-March 16, 2001 transactions. Although planning opportunities may still be available in some situations, there are numerous traps to be avoided.

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Secrets of Subsection 15(2)

Subsection 15(2) requires a significant shareholder (defined in section 248) to include in income the amount of any loan from the corporation or of any debt incurred to it, with the exception of certain intercorporate debt.

There is a tendency among practitioners to consider all intercorporate debt as exempt when, in fact, only debts between corporations resident in Canada qualify for the exemption. Failure to appreciate this can lead to unanticipated tax consequences.

For example, where a non-resident shareholder incurs a debt to a Canadian corporation and the debt is not repaid on a timely basis, paragraph 214(3)(a) deems the Canadian corporation to have paid a dividend to the non-resident shareholder. The deemed dividend is subject to withholding tax (paragraph 212(2)(a)).

If the shareholder repays the amount of a loan or debt included in income under subsection 15(2), paragraph 20(1)(j) allows a deduction of the amount repaid, provided that the repayment is not part of a series of loans and repayments. Similarly, subsection 227(6.1) provides for a refund of the withholding tax where a non-resident shareholder repays the amount of the loan or debt, provided that an application for the refund is made within two years after the end of the calendar year in which the repayment is made.

In other circumstances, the application of the subsection is not so obvious. For example, consider the case of an individual about to invest in a limited partnership. The limited partners are required to lend $100,000 to the LP to finance its activities. Assume that the individual makes the investment but arranges for the loan to be made by a corporation he or she controls. On the surface, assuming that the LP deals at arm's length with the individual, subsection 15(2) appears not to apply to the loan. However, this is not necessarily the case.

In *Norco* (FCTD 1985), the court held that a loan made by a corporation to a partnership was a loan to the members of the partnership because, in law, a partnership is not a separate legal entity. While section 96 deems the partnership to be a separate person, it does so only for the limited purpose of computing the income of the partnership that is to be allocated to the partners. If the principle in *Norco* is applicable in this example, the controlled corporation has made a loan to its controlling shareholder. Although some commentators have questioned the correctness of the *Norco* decision, an Ontario court has applied the decision in a case involving the thin capitalization rule: *Wildenburg* (Ontario Court of Justice 1998).

The application of the *Norco* principle in the example given above is not clear. What is the amount loaned by the controlled corporation to the shareholder? If the individual acquired, say, a 10 percent interest in the LP, it could be argued that only $10,000 of the $100,000 should be regarded as the loan subject to subsection 15(2), and that the other $90,000 should be regarded as a loan to the other partners. Alternatively, the CCRA might argue that the whole $100,000 is the amount of the loan subject to subsection 15(2), since this was the amount of the loan required from the individual as a condition of the investment in the LP.

In either case, the important point is that the subsection may apply in unforeseen circumstances, especially when controlled corporations are used to make loans "on behalf of" controlling shareholders.

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Disclaimers in Tax Opinions

In *R ex rel. Steeds v. Venn* (Ont. CA 2001), Mr. Venn, a certified general accountant (CGA), was charged under the Public Accountancy Act (PAA) of Ontario for practising as a public accountant without a licence.

One of the incidents of alleged unauthorized practice related to financial statements Venn prepared for the management of a company called Coach House. To Venn's knowledge, the statements were to be shown to a third party, IPFC, which was negotiating at the time to buy all the shares of Coach House. Venn addressed the statements to Coach House, and in the accompanying review engagement report he stated that the financial statements were "for use within the company."

The Court of Appeal held that it was not a breach of the PAA for a CGA to prepare financial statements solely for internal use within a company. This was the practice of industrial or cost accounting, not of public accounting. However, the court took notice of the fact that Venn knew the financial statements would be read and relied upon by a third party. The issue then became whether Venn was entitled to rely on the disclaimer that the report was intended "for use within the company."

The court said: "The use of formulaic wording that the . . . reports were for internal use only, does not alter the actual knowledge that Mr. Venn had that the purchaser would be relying on the statement. The simple use of this formula is not determinative of responsibility."

The decision should be considered in a broader context by advisers who routinely limit the scope of their tax opinions, either with respect to reliance on them by third parties or with respect to the scope of the opinion itself.

It is not uncommon for advisers to state that the opinion is not to be relied on by third parties. Where, however, the opinion is given to assist the addressee in interesting third parties in a proposed investment, the adviser will almost always be on notice that the opinion in fact will be considered by those parties. In such circumstances, the *Venn* decision suggests that the adviser may incur liability to the third parties if the opinion is negligently given.

In some circumstances the adviser may attempt to limit the scope of the opinion against the person to whom it is addressed. While this may be quite appropriate in many cases (for example, stating in an income tax opinion that no opinion is expressed with respect to the possible application of the GST), in other cases the disclaimer may be intended to relieve the adviser of responsibility for all income tax consequences not specifically dealt with in the letter (for example, the possible application of the GAAR). The *Venn* decision implies that a court will not look with favour on such a general disclaimer, and that an adviser relies on it at his or her peril.

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Oppression: The Other Side of Estate Planning

The oppression remedy is a broadly based relief measure provided under corporate law; it is designed to protect minority shareholders, among others, against unfair treatment by the majority shareholders.

The remedy gives the civil court a broad discretion to provide relief where the conduct of a majority shareholder is oppressive or unfairly prejudicial to, or unfairly disregards the interests of, a minority shareholder, creditor, or director. While oppression can sometimes be difficult to identify, the legal position now seems to be that conduct is oppressive if it does not meet the reasonable expectations of a complaining party with respect to such matters as the distribution of earnings or the operation of the corporation. It has been held that malicious intent is not a necessary element of oppression; innocent and well-meaning actions can be oppressive in certain circumstances.

Where oppression is established, the court has broad discretion in providing relief. Often, the corporation or another shareholder will be ordered to purchase the shares owned by the oppressed shareholder, since this strikes a reasonable balance between protecting the minority interest and allowing the business to continue. Other remedies include orders to restrain the conduct complained of, to liquidate and dissolve the corporation, to amend articles or bylaws, or to award damages.

There is no sure way to avoid an allegation of oppression, because the court is authorized to set aside shareholders' agreements and other contracts affecting the corporation. Nonetheless, a carefully drafted shareholders' agreement can be an invaluable defence to an oppression claim if it clearly sets out the reasonable expectations of the parties with respect to their relationship as shareholders.

A typical succession plan for closely held and family corporations involves an estate freeze under which the parents acquire fixed-value preferred shares and the children (or a trust for them) acquire the growth shares. The parents will retain control through a separate class of voting shares. How they exercise that control may expose them to an oppression action, as was partly the case in *Safarik v. Ocean Fisheries Ltd.* (BCCA 1995) and *Naneff v. Con-Crete Holdings Ltd.* (Ont. CA 1995). These cases are examples of allegations of oppressive conduct in the context of relatively common estate-planning situations.

In *Safarik*, the court found that the plaintiff son had been oppressed by his father, who held the majority of the shares in the company following two separate estate freezes. At trial, the company was ordered to repurchase the son's shares, although this order was varied on appeal.

In *Naneff*, two sons acquired all of the common shares in the family group of companies by way of gift from their father. The father retained voting control and the right to distribute dividends to himself and his wife. The father disapproved of the personal lifestyle of one of the sons, and removed him from the business. The son brought an action for oppression, and the court ordered that his shares be purchased at fair market value with no minority discount applied.

These cases illustrate that once family members acquire shares, they also acquire the legal right to be treated fairly with respect to their interest in the family corporation.

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Section 85 Rollovers: Checklist

The provisions of subsection 85(1) of the Act govern transfers of property to a Canadian corporation on a tax-deferred basis. These rules can be complex, and there are pitfalls to be avoided when doing a section 85 rollover. The following is a list of the more common traps.

- **Share consideration.** Failing to include a share of capital stock in the transferee corporation as consideration will automatically disqualify the transaction from rollover treatment. (But see *Dale*, FCA 1997.)
- **Boot in excess of agreed amount.** The rules prevent the transferor from receiving more than the original cost of the assets transferred in the form of cash or other non-share consideration ("boot") without being taxed. A capital gain is triggered if the boot exceeds the agreed amount.
- **Pre-1972 property.** Property acquired prior to 1972 (or after 1972 in a non-arm's-length transaction) will have a V-day value which must be taken into account when setting the agreed amount. However, in certain non-arm's-length rollovers, boot should not exceed the original cost. Identical properties must be segregated between those acquired before and after V-day. Ignoring V-day value could result in a loss of tax-sheltered cost base.
- **Benefit conferred on related shareholder.** If the fair market value of the consideration issued by the receiving corporation is less than the value of the assets transferred to it, the transferor will be treated as having conferred a benefit on any related shareholders (paragraph 85(1)(e.2)). Care must be taken in designing the terms of the shares issued to the transferor. It is often recommended that voting and fully retractable shares be issued for this purpose.
- **Shareholder benefit.** If the transferee corporation issues total consideration with a fair market value greater than the value of the property received, a taxable benefit may be triggered in the hands of the transferor (subsection 15(1)).
- **Hidden values.** In cases where all the assets of a business are the subject of a rollover, the taxpayer should always elect a nominal amount for goodwill or fully depreciated assets. Should a subsequent valuation of the business reveal the existence of goodwill,

failure to elect a nominal amount could result in deemed proceeds for the goodwill (section 69).

■ **Accounts receivable.** Trade receivables are generally considered to be capital property of a business. If they are acquired by a corporation on the purchase of a business, any subsequent bad debts are capital losses. If a section 22 election is filed, however, the receivables will be deemed to have been acquired in the course of the business, and any related bad debts will be fully deductible. Note that a section 85 election is not available if a section 22 election is made.

■ **Non-eligible property.** Real property that is inventory or real property owned by a non-resident is not eligible property under subsection 85(1.1).

■ **Non-residents.** If the transferor is a non-resident and the property transferred is taxable Canadian property (section 115), withholding taxes may apply under section 116 based on the fair market value of the transferred assets, notwithstanding that a section 85 election is made to transfer the assets at tax cost.

■ **Sales tax implications.** Unless there is an exemption, the transfer of assets is a supply for sales tax purposes. Capital stock is treated as a financial instrument and as such is exempt from sales tax. Exemptions may also be available for the transfer of assets that form all or substantially all of an active business, and for transfers between closely related corporations.

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Owner-Manager Compensation 1: Dividends

Editor's note: This is the first of a series by Mr. Belley on selected aspects of owner-manager compensation. In this note, he reviews issues related to dividend payments. Other topics will be considered in subsequent issues.

Flexibility in the payment of dividends is often an important objective in designing the share structure of a private corporation. Two decisions of the Supreme Court of Canada have upheld planning structures designed to permit income splitting through the use of discretionary dividend shares: *McClurg*, SCC 1991 and *Neuman*, SCC 1998. The principles in these cases have been considered and applied in a number of lower court decisions.

Maximum flexibility is obtained if there is a separate class of shares for each shareholder, and the share conditions allow the directors to sprinkle dividends between the classes. Although the use of discretionary dividend shares has not as yet been the subject of a GAAR challenge, I submit that the GAAR should not apply in light of the strong statements in the Supreme Court that such share structures are legal as a matter of corporate law.

Advisers must be aware of the implications of changing dividend entitlements once they have been established. In certain circumstances, changing the rights attaching to shares may result in a transfer of economic value and result in a deemed disposition. (This argument was rebutted in *Kieboom*, FCA 1992, and in *Shepp*, TCC 1999. Compare *Romkey*, FCA 2000.)

Another issue is the possible application of subsection 56(2) if the controlling shareholder allows dividends to be paid on non-voting shares held by family members. This issue was considered in four back-to-back cases (*Ator*, *Korol*, *Rao*, and *Sykes*, TCC 1999), in which the court refused to apply the subsection to such dividends. A dividend is a payment related to the interest of the recipient as a shareholder and does not have to be justified by services rendered qua employee of the corporation (*Pauzé*, TCC 1998). The right of the shareholder to the dividend flows from his status as a shareholder, not from any consideration given by him (*Rufflo*, FCA 2000). It has been held that the decision to pay a dividend need not be formally recorded to be effective (*Mulligan*, TCC 1999).

In lieu of paying dividends in cash, a corporation may pay dividends in the form of additional shares in the corporation. For example, a stock dividend may be paid in shares having a low paid-up capital and a high redemption value. (Note that provincial corporate law varies with respect to the right to issue such shares.) On redemption, the difference between the redemption amount and the PUC will be treated as a dividend. Shareholders able to benefit from immediate dividend treatment will retract the shares; those wishing to defer tax will continue to hold the stock dividend shares. In *Wong* (TCC 1999), the court held that such arrangements were acceptable, notwithstanding that their purpose is income splitting. Judge Rowe said: "The Minister continues to see tax avoidance nearly everywhere . . . and wishes the courts would be more open to embracing non-statutory anti-avoidance doctrine. . . . That crusade is based, apparently, on the vague concept that, sometimes, a particular result 'just isn't fair.' " The appeal was allowed.

Given the current state of the jurisprudence, and subject always to the possible application of the

GAAR, tax and estate planners have a wide degree of flexibility in devising share structures and dividend policies to split income and minimize tax.

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Civil Penalties Update

At the Prairie Provinces Tax Conference, Ranjeet Nanner, acting director of the CCRA's Tax Avoidance and Special Audits Division and acting project manager for the civil penalties information circular, reported that as of the end of May the CCRA had received more than 50 submissions on the draft IC 01-01. The full text of the Canadian Tax Foundation's submission is available on our Web site at http://www.ctf.ca/. The Foundation identified a number of key issues, including the following:

- unrealistic examples;
- lack of guidance in the examples;
- lack of protection for advisers while they are under investigation;
- inadequate protection for employee-shareholders; and
- inconsistencies between the principles and the subsequent commentary.

The CCRA is still reviewing the submissions and plans to issue another draft circular later this year.

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New Definition of "Spouse"

In "Social Policy and the Income Tax Act: Tax Planning in Light of the New Definition of 'Spouse,' " a paper presented at the Prairie Provinces Tax Conference, Paul Prendergast of Taylor McCaffrey, Winnipeg, identifies a wide range of tax-planning considerations prompted by the addition of the terms "common-law partner" and "common-law partnership" to the Act. As well, Mr. Prendergast discusses a number of the more important non-tax considerations of the federal government's decision to extend the concept of "spouse" to include same-sex couples living in a conjugal relationship. He points out that "[t]he amendments to the Act and other federal statutes will have both positive and negative effects depending on the particular circumstances of the common-law partners affected, creating both winners and losers under this new regime."

Mr. Prendergast summarizes the income tax implications under three headings: "Transitional Provisions," "Benefits," and "Obligations." Many practitioners may be surprised by the potential implications of the new rules in a wide range of "normal" planning situations.

Perhaps the most important transitional provision is the new reporting obligation facing couples in a same-sex common law relationship. An important adjunct of this requirement is a provision that allows couples to elect into the new regime for their 1998-2000 taxation years, provided that the election is made on a timely basis.

Same-sex couples will now be entitled to all the benefits formerly restricted to persons in a traditional marriage relationship. These include spousal rollovers, pension and RRSP contributions, the spousal credit, the right to transfer personal credits, dividend income, and spousal support payments.

Mr. Prendergast notes that status as a common law partner will have its costs—specifically, in connection with the GST tax credit, the child tax benefit and the child-care expense deduction, the principal residence exemption, joint liability for taxes following certain transfers of property, and the definitions of affiliated and related persons. In the last two cases, the implications for the associated-corporation and attribution provisions of the Act may be unexpected and dramatic.

Under the heading "Non-Tax Considerations," he notes as important areas of concern the CPP and other federal pension legislation, the OAS, employment insurance, and the Canada Evidence Act.

The author concludes his paper as follows:

> There are a number of tax and non-tax considerations for an advisor to be aware of when dealing with a client involved in a same-sex common-law partnership. Care must also be taken with new or even existing clients to determine if these considerations apply. Advisors may wish to review their general practice to ensure they are properly dealing with these matters by asking appropriate questions without offending clients.
>
> The full implications of the changes implemented by the *Modernization Act* remain to be seen. However, it is clear that same-sex couples now have the same tax regime as spouses and opposite-sex common-law couples—whether they like it or not.

This is an important paper, and one worth reading by all practitioners. Copies may be purchased from the Foundation's library.

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TAX FOR THE Owner-Manager

FIFTY-THIRD ANNUAL CONFERENCE

SEPTEMBER 23-25

HYATT REGENCY HOTEL, VANCOUVER

Conference Schedule at a Glance

SUNDAY, SEPTEMBER 23

Morning Extracurricular Workshops

A—Cross-Border Tax Issues in Canadian Business Expansion

B—Section 80: Debt Forgiveness and Debt Settlement

C—Windups and Amalgamations—A Technical Review

Afternoon Opening General Session

- Annual General Meeting
- Opening Remarks and Douglas J. Sherbaniuk Distinguished Writing Award Presentation

The Most Significant Developments of the Past 12 Months

- Senior practitioners comment on the most important developments in selected areas over the past 12 months—cases, legislation, administrative developments, and recent transactions.

MONDAY, SEPTEMBER 24

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- Canadian Investment in Emerging Markets
- Foreign Tax Credits—A Detailed Review

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- Residence and Carrying On Business
- New Developments in Charities
- Timing and Income Taxation

Cross-Border Income Tax Issues

- Stock Option Planning in a Cross-Border Context
- On Assignment: Tax Strategies for the Cross-Border Employee
- Update on Foreign Trusts

Aboriginal Taxation

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- Fiscal Autonomy: Progress or Stalemate?
- Aboriginal Enterprises and the Income Tax Act

Morning Workshop

Inbound Investment: Using Nova Scotia Unlimited Liability Companies

Afternoon Concurrent Sessions

International—II

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- Triangular Amalgamations
- FIE Update

Owner-Manager and Estate-Planning Update

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- Insurance Planning and Developments

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- Civil Penalties: An Update

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Foreign Branch Banking

TUESDAY, SEPTEMBER 25

Morning Closing General Session

Cases, Other Administrative Developments, and Beyond

- Interest Deductibility—Where Are We Now?
- Current Audit Projects
- Impact of Recent Cases on CCRA Policy and Tax Administration
- Update from Finance

Readers are invited to submit ideas or written material to *Tax for the Owner-Manager*. Please write to Thomas E. McDonnell in care of the Canadian Tax Foundation.

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