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EY

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Canada – TaxMatters@EY

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Student income tax recap

Gael Melville, Vancouver

Students who recently went back to class probably don't want to spend their downtime reading up on income tax rules. But the range and extent of tax relief available to them means that a little study in this area can really pay off. Not only can students stand to benefit from various deductions and credits, but some of the tax credits can even be transferred to parents or other family members – the people who often help pay for the student's education.

Why students should file an income tax return

A student with low income and no income tax to pay might be reluctant to spend time filing a tax return. But it's still a good idea even when it's not strictly necessary.

Filing a return helps establish carryforward amounts that can be used in future years. For example, income from a part-time job can generate registered retirement savings plan (RRSP) contribution room for the future, allowing the student to contribute and claim a tax deduction in a future year when their income is higher. The amount of contribution room will be included on the student's notice of assessment, and so both the student and the CRA will have a record of it.

Students can access free tax return preparation software via the CRA's website that will allow them to NETFILE their income tax returns, and they can also use the free MyCRA app to access certain personal account information on a mobile device.

There are a number of refundable tax credits[1] – such as the GST/HST credit and certain provincial tax credits in relation to rent or property taxes paid in the year – that will generate payments from the government. Although individuals no longer have to check a box on their tax return to claim the GST/HST credit, a return must still be filed for the CRA to determine whether a student is eligible for the credit.

Student income and financial assistance

Students rely on several types of funding to cover their tuition and living expenses, and each type comes with different tax considerations.

Student loans and lines of credit

Borrowed money in the form of government loans or a line of credit from a financial institution may be used to cover tuition and living expenses. Students can claim a non-refundable tax credit for interest paid on loans made under the *Canada Student Loans Act*, *Canada Student Financial Assistance Act*, *Apprentice Loans Act* and similar provincial laws. It's important to note that the tax credit is not available for interest paid on a student line of credit.[2]

Unlike a number of the other education-related credits, this credit is not transferable. However, if the student (or former student) can't use the credit in the year the interest is paid, it can be carried forward for up to five years.

Registered education savings plans

Parents who have established a registered education savings plan (RESP) for their children can use the income earned in the plan (as well as the capital and CESG grants paid into the plan) to pay tuition and away-from-home living costs. (For more information on RESPs, see the July 2016 edition of TaxMatters@EY.)

Income withdrawn from an RESP to assist with the cost of a child's post-secondary education is included in the child's income rather than the parent's income. Assuming that the student will have to pay virtually no tax on this income, due mainly to various non-refundable tax credits, it means that pre-tax dollars are being used to finance education.[3]

Employment income

Employers should provide all employees with a TD1 form to help the employer calculate how much tax to withhold from the employee's pay. Employed students should complete this form carefully and include tuition amounts to reduce withholdings from their pay.

A student who expects personal credits (e.g., basic personal amount, tuition) to be more than their total income for the year can check a box on page 2 of the form so that the employer will not withhold any tax from the student's pay.

Note that the federal education and textbook amounts were cancelled in the 2016-17 federal budget. As such, these amounts could only be claimed for 2016 and earlier years, but they could also be carried forward. Accordingly, they can be applied in a later year. These credits are not part of Form TD1. If you wish to reduce withholdings in the current year, because you are carrying forward tuition, education or textbook amounts or other credits that are not part of Form TD1, you must apply to the CRA using Form T1213, *Request to Reduce Tax Deductions at Source*.

A student who is an employee during the year is also entitled to claim the Canada employment tax credit.

Scholarships

If the student is fortunate enough to receive a scholarship, fellowship or bursary, not only is it great financial assistance but it's also likely tax free.

Government student grants would generally be included here. Although "bursary" is not defined in the *Income Tax Act*, it's the CRA's longstanding position that the definition of bursary is broad enough to include almost any form of financial assistance that enables a student to pursue his or her education,[4] including government student grants. For more information on government student grants, refer to https://www.canada.ca/en/services/benefits/education/grants.html.

Research grants, however, must be included in income, but related expenses, such as travel or fees paid to an assistant, may be claimed as a deduction against that income.

Loan forgiveness and no-interest loans

Provinces and territories offer various programs to ease the financial burden on students after their course of study, including no-interest loans and student loan reduction payments. The CRA recently issued two technical interpretations covering these types of programs, and in the situations outlined in those CRA documents indicated that the loan reduction payments and the benefit received from the no-interest loans were not taxable.[5]

[1] The GST/HST credit is generally available to students who are 19 years of age or older, have a common law spouse or are married, or are a parent living with their child. See CRA publication *RC4210 – GST/HST Credit Including related provincial credits and benefits for the period from July 2019 to June 2020*.

[2] See CRA Rulings Document 2001-074215.

[3] However, in your planning consider that this strategy could impair the transfer of tuition credits to a parent, depending on the amount of RESP taxable income that is paid out to the RESP beneficiary.

[4] In technical interpretation 2017-0735391E5, the CRA stated that payments under a particular tuition waiver program would be considered a bursary.

[5] CRA documents 2018-0777321I7 and 2018-0775971E5.

Student expenses

Several deductions and tax credits can help students offset not only the obvious costs of tuition, but also some of the costs associated with studying away from home, like moving expenses.

Tuition and related tax credits

Federal and provincial personal tax credits are available to students for tuition fees and certain ancillary fees and charges (subject to some restrictions) paid to certain educational institutions for a particular calendar year.[6] For 2016 and earlier years, a federal education amount and a textbook amount were available for each month the student was in school. The federal education and textbook credits were eliminated in the 2016-17 federal budget, as noted above; however, unused education and textbook amounts can still be carried forward by the student and claimed in a later year. Some provinces eliminated their education and textbook credits and others did not.[7] Other costs, such as equipment and student fees, are not deductible or creditable.

Tuition tax credits may also be available if a student is studying full time at a university outside of Canada. To be eligible for this credit, one of the requirements is that the tuition fees paid are for a course that is at least three consecutive weeks in duration.[8] Interestingly, the judge in the *Fortnum*[9] case decided that the appellant qualified for the tuition tax credit even though the summer courses she attended in the US were less than three weeks long.[10]

When considering this decision, it's important to be aware of the facts involved. The mandatory summer courses formed part of a consecutive 10-week semester for which a single fee was paid, and were an integral part of a one-year MBA program. The judge was of the view that the single tuition fee paid was for the summer semester, which met the requirements under the *Income Tax Act*. For these reasons, readers need to be cautious in applying the results of this case. Consult your EY Tax advisor.

[6] Students enrolled at post-secondary educational institutions in Canada (e.g., university or college), or at educational institutions in Canada certified by the minister of employment and social development to provide courses to develop or improve an individual's skills in an occupation, may be eligible to deduct tuition fees and certain ancillary fees and charges (e.g., examination fees), provided they exceed $100 per educational institution.
The 2017 federal budget extended the eligibility criteria for the tuition tax credit to amounts paid for tuition to a post-secondary institution in Canada for occupational skills courses that are not at the post-secondary level. For more information, see EY Tax Alert 2017 No. 9.

[7] Some provinces, such as Ontario, also eliminated their tuition credit. For details, refer to EY's Canadian personal tax rates on ey.com/ca/taxcalculators.

[8] Subparagraph 118.5(1)(b)(i) of the *Income Tax Act*.

[9] 2018 TCC 126. See the October 2018 edition of TaxMatters@EY.

[10] I.e. each course taken individually was less than three weeks long.

Transfer of unused education-related tax credits

Many students don't earn enough income to fully use these credits. In this case, for federal purposes, up to $5,000 of unused tuition credit can be transferred to certain close family members, such as a spouse, parent or grandparent, who can use the amounts in their own tax return (provincial amounts may vary). Any amounts not used by the student and not transferred can be carried forward and used — but only by the student — in any subsequent year. Because the carryforward period is unlimited, even if the student lives outside of Canada for a period of time, the unused balance of credits will be available to them once they return to Canada to live.

Child care expenses

Students can deduct child care expenses paid to allow them to attend school, and in the case of couples the higher-income spouse or common law partner may claim the deduction. This is an exception to the normal rule that requires the lower-income individual to claim the child care expense deduction. The maximum amount that can be claimed varies depending on the child's age.

Moving expenses

For students who attend university at least 40 km away from home on a full-time basis, even if it's out of the country, the related moving expenses may be deductible. However, the deduction can only be claimed against certain types of income.

A student who moves to attend school can only deduct the moving expenses from taxable scholarship, fellowship, bursary, certain prizes or research grant income. If the student moves back home or somewhere else for a summer job, the costs of that move can be deducted from income earned from the summer job (but not from employment income earned during the school year). A co-op student can also claim the expenses of moving back after a work semester.

If moving expenses can't be deducted in the year, they can be carried forward to the next year and claimed against the same types of income. Unfortunately, parents cannot claim their children's moving costs even if they paid for them.

For help in determining which moving expenses are eligible for deduction, students should refer to CRA Form T1-M, *Moving Expense Deduction*.

Other tax planning considerations

RRSPs, the benefit of compounding

The last thing a student is likely thinking about is retirement. But don't dismiss RRSP contributions. Small contributions today can result in sizable capital sums many years down the road. And since there would likely be no immediate tax benefit from the contribution, remember that the deduction can be claimed in a later year when the student is earning sufficient income to benefit from the income deduction.

Accommodation

For students 18 and older living away from home, parents might even consider advancing them funds to purchase the house/condo in which they'll live during their post-secondary education. The gain on the eventual disposition of the property may be sheltered by the child's principal-residence exemption. If rooms are rented to other students to help with carrying costs, a reasonable portion of expenses can be deducted from the rental income earned — but don't claim capital cost allowance, since it will result in the loss of the principal-residence exemption. If funds are loaned interest free instead of gifted outright, any rental income may be attributed to the parent.

To learn more about these and other personal tax-saving ideas, read our helpful annual guide Managing Your Personal Taxes: a Canadian Perspective.

Intelligence without trust: a risky business

Artificial intelligence is fundamentally changing the business landscape. Boards need to keep pace with emerging frameworks, policies and legislations so that their business achieves a balance between algorithmic transparency and accountability.

The following article originally appeared in the June 2019 issue of ***EY Board Matters Quarterly****.*

Companies and entire industries are looking to harness data analytics to make more accurate and effective decisions, within and across organizations. Such real-time and accurate insights have enabled boards and their management to be more effective in conducting their duties.

While the management are generally better informed today, their time is still monopolized in reviewing and approving routine decisions. Applying artificial intelligence (AI) to data analytics systems could potentially relieve the resource burden of some of these decision-making efforts.

AI will eventually transform the business landscape, but its pace of development is hampered by a lack of trust. Without mature risk awareness and the right frameworks and controls, applications of AI today have not evolved much beyond proofs of concept and isolated solutions – there is still some way to go before autonomous decision-making can be done confidently and securely across the organization.

AI mimics the learning function of the human brain, which means it could be deliberately or accidently corrupted and even adopt human biases, potentially resulting in mistakes and unethical decisions. Control of AI systems by the wrong hands is also a concern. Any AI system failure could have profound ramifications on security, decision-making and credibility, and may lead to costly litigation, reputational damage, regulatory scrutiny, and reduced stakeholder trust and profitability.

In a move that addresses some of these concerns, in January 2019 the Singapore Government published the Model Artificial Intelligence (AI) Governance Framework for public consultation, guided by two key principles: first, the AI decision-making process must be explainable, transparent and fair; second, the AI solution should be human-centric.

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The trust hardware

While creating a framework for using AI and managing the associated risks seems complex, it is similar to setting up the controls, policies and processes that are already in place. Companies are already evaluating human behavior against a set of norms; next would be to design, develop and deploy AI solutions that are aligned to the organization's values, and societal and ethical norms. It is important to think about AI from a full-systems view instead of the individual components, as AI algorithms do not usually operate in silo but with other algorithms, robotics capabilities and Internet of Things sensors. Additional risks can arise from this multitude of systems interacting with one another.

Boards should understand how AI is applied and be aware of the emerging frameworks, policies and legislation to ensure that their business has the right balance between algorithmic transparency and accountability.

Further, third-party AI applications present another set of conveniences, and also a host of vulnerabilities and limitations. The risk profiles of these applications should be thoroughly understood to fully appreciate its offerings.

Such considerations will impact the strategic purpose of the system, integrity of data collection and management, governance of model training and rigor of techniques used to monitor system and algorithmic performance. The dynamic and learning nature of AI means that its behavior will continue to evolve even after implementation, demanding an added level of agility and vigilance in governance.

The leadership software

The responsibility to implement checks and balances on an AI system requires active input of the management, with oversight of the board. Leading best practices include setting up a multidisciplinary advisory board that will provide independent guidance on the AI development journey, proposing governance and accountability mechanisms regarding the AI code of conduct, and rolling out regular and independent ethical, design and risk audits to test and validate the systems.

Boards should also understand how AI is applied within the organization and in the industry, and be aware of the emerging frameworks, policies and legislation to ensure that their business has the right balance between algorithmic transparency and accountability.

Questions for boards

1. Does the board understand the potential impact of AI on the business model, culture, strategy and sector?
2. Does the board believe that the past will be a good predictor of the future? If not, how can an AI model be built to work in the future?
3. How are the insights and outcome of the AI model explained and deployed in a sensitive and defendable manner?
4. How do we build sufficient human overrides to ensure oversight and compliance for AI-driven processes and transactions?
5. Has the management assessed how the adoption of AI impacts the integrity of its finance function and its financial statements?

How a growing procurement footprint can increase your tax footprint

Adapted from the original article on ey.com.

Long considered a support function for reducing and controlling costs, procurement is now a strategic function for many multinationals.

Procurement functions are more connected to the business than ever before and impact almost every aspect of the organization. These connected procurement functions have already gained a voice in areas such as managing group demand, maintaining supplier relationships, overseeing raw material quality, and strategically sourcing goods and services.

In recent years, there has been an observed marked increase in the involvement of procurement functions in specification optimization, new product development and innovation, often empowering them to promote supplier integration throughout an increasingly connected supply chain.

In the eye of the storm

This evolution of the procurement function has not gone unnoticed by tax authorities, nor by the Organisation for Economic Co-operation and Development (OECD). It should, therefore, come as no surprise that tax authorities are also increasingly challenging the appropriateness of the compensation models (transfer pricing) applied for multinational enterprise (MNE) procurement functions.

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Tax authorities are particularly interested in understanding the nature of their activities and the value they deliver. However, and more significantly, the OECD has recently recommended countries expand their permanent establishment (PE) concepts and definitions, and tighten existing PE exemptions. The adoption by countries of these recommendations into their local tax law may result in the creation of new PEs for some existing MNE procurement functions, and the related tax implications will need to be identified, understood and managed.

From corporation tax and value added tax (VAT) registrations and returns, transfer pricing reports, country-by-country reports (CbCR) and master file obligations, to new tax liabilities, individual income tax compliance and social security obligations for business travelers, the compliance and financial burden of these PE developments could be significant for some MNEs.

For those thinking that this is more about being caught in a "storm in a teacup" than being caught in "the eye of the storm," it is worth noting that the CbCR that MNEs are now obliged to file requires that MNEs specify which of their entities are involved in performing procurement functions. The master file has a special section for the MNE to disclose its supply chain and to provide an overview of the various functions performed across that supply chain, creating increased visibility for tax authorities into the procurement functions of MNEs.

With increased visibility into the function and changes to PE concepts, definitions and exemptions, MNE procurement functions are likely to encounter a heightened level of scrutiny from tax authorities across the world, with consequential increased levels of tax controversy risk.

Ignore the storm at your peril – navigate the winds of change

From a risk perspective, where tax authorities successfully identify PEs that taxpayers have not, this could lead to a significant increase in tax costs, reducing the value delivered by procurement teams. This is arguably a direct consequence of the MNE procurement function's operating model, including where its people are located, performing their activities and making their decisions.

However, when MNEs proactively consider these new PE developments in the design of their procurement function, the potential exists to sustain the procurement operating model's effectiveness. It is possible to even enhance the value the procurement function delivers and the tax optimization outcomes the operating model seeks to secure.

Ignoring the new normal may come at a cost: a missed opportunity to increase value and manage risk. MNEs need to evaluate the implications of these changes to ensure their procurement operating models remain operationally effective and tax compliant. Is now the time to review yours?

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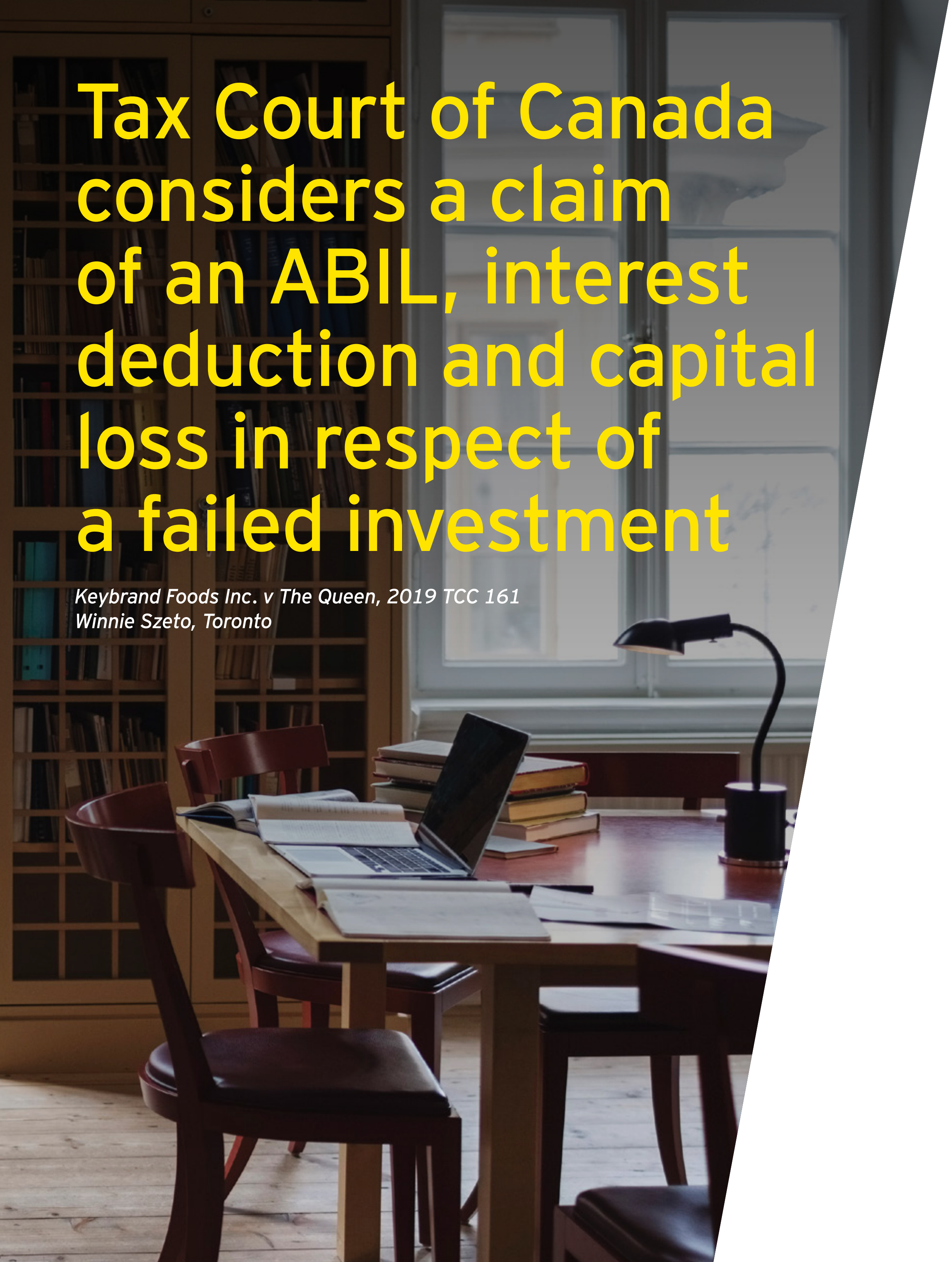

Tax Court of Canada considers a claim of an ABIL, interest deduction and capital loss in respect of a failed investment

Keybrand Foods Inc. v The Queen, 2019 TCC 161
Winnie Szeto, Toronto

In this case, the Tax Court of Canada (TCC) denied the taxpayer's claim of an allowable business investment loss (ABIL) and interest deduction, but allowed a capital loss deduction, in respect of a failed investment.

Facts

The taxpayer, a Canadian corporation, was a supplier of prepared foods. The taxpayer was wholly owned by Parentco, which was owned by four siblings.

Beginning in 2006, the family decided to invest in a concrete company (Cco). Parentco and several related parties invested in Cco through various loans and share purchases. In 2008, the taxpayer, as well as other related family companies, became a guarantor of certain loans made by a financial institution to Cco. By 2010, it was clear that Cco was in financial trouble. In an effort to help Cco repay its financial obligations, the taxpayer injected cash into Cco as detailed below.

In October 2010, the taxpayer made a payment to the financial institution on behalf of Cco in the amount of $500,000. As a result, the taxpayer received a $500,000 promissory note from Cco, which had an interest rate of 10% per annum, to be calculated monthly.

On 22 December 2010, the taxpayer injected cash into Cco by subscribing for 19,343,493 common shares of Cco. The taxpayer borrowed $14,452,515 to subscribe for 14,452,515 of the shares. The taxpayer admitted that at the time it subscribed for the Cco shares, Cco was unable to meet its financial obligations and Cco's liabilities far exceeded its assets. After this share subscription, the taxpayer and Parentco were the owners of about 80% of the shares of Cco.

The evidence showed that the taxpayer's advisors were considering and preparing for the possibility of insolvency of Cco prior to a board meeting that was held on 22 December 2010. On or about 14 April 2011, the taxpayer's advisors became the receiver for Cco, and on or about 6 May 2011, Cco filed for bankruptcy.

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For its 2011 taxation year, the taxpayer claimed an ABIL of approximately $10 million in relation to its shares of Cco. However, the minister of national revenue denied this claim on the basis that, at the time of the acquisition of the shares, the fair market value (FMV) of the shares was nil and the two companies — the taxpayer and Cco — were not dealing at arm's length.

The taxpayer also claimed a deduction for the interest expense incurred in relation to the loan. The minister also denied this claim on the basis that the funds were not used for the purpose of earning income.

Finally, the taxpayer claimed a capital loss in relation to the promissory note, but the minister denied this claim on the basis that it was not made for the purpose of earning income.

As a result, the taxpayer appealed to the TCC.

TCC decision

ABIL

At trial, the judge first considered whether the taxpayer was entitled to an ABIL in respect of the Cco shares.

Paragraph 69(1)(a) of the *Income Tax Act* provides that if a taxpayer has acquired anything from a person with whom the taxpayer was not dealing at arm's length at an amount that is greater than FMV, then the taxpayer is deemed to have acquired it at that FMV.

The minister's view was that the FMV of the Cco shares was nil and the taxpayer was not dealing at arm's length with Cco. Therefore, no ABIL was available. While the taxpayer did not contest the minister's assessment of the FMV, it argued that it was, in fact, dealing at arm's length with Cco.

Paragraph 251(1)(a) provides that related persons are deemed not to deal with each other at arm's length. Subsection 251(2) generally provides that related persons include "corporations where one corporation controls the other." Since the taxpayer was wholly owned by Parentco, it was controlled by Parentco, and therefore the two corporations did not deal with each other at arm's length.

The judge then considered the test for de facto control as set out in *Silicon Graphics Ltd. v The Queen*,[11] and concluded that Parentco had de facto control of Cco because it effectively had voting control of the board of directors. Therefore, Parentco did not deal at arm's length with Cco. Furthermore, since Parentco and the taxpayer did not deal at arm's length, it followed that the taxpayer and Cco also did not deal at arm's length.

As a result, the judge found that subsection 69(1) applied and the taxpayer was not entitled to the ABIL claimed.

Interest deduction

The judge then considered whether the interest on the loan was deductible under paragraph 20(1)(c). In other words, was the money borrowed *for the purpose of earning income* as required by that paragraph?

The judge referred to the reasonable expectation of income test as established in Ludco Enterprises Ltd. v Canada : "…whether, considering all the circumstances, the taxpayer had a reasonable expectation of income at the time the investment was made."

While the judge was satisfied that the taxpayer did intend to earn income from the investment, applying the test in *Ludco*, he was unable to conclude that there was a reasonable expectation of income in December 2010, when the taxpayer borrowed the $14 million to subscribe for the Cco shares. The judge was of the view that at the time of the investment Cco was facing enormous financial difficulties and a turnaround was unlikely.

By this time, the taxpayer, Parentco and the family no longer had any intention of providing Cco with additional money to maintain it as a going concern. There was no reason to think that the other shareholders would provide additional capital or to expect a quick sale of the plant. It was clear that by December 2010, Cco would soon collapse.

As a result, the judge found that there was no reasonable expectation of income at the time of the investment and therefore, interest on the loan was not deductible.

Capital loss

Finally, the judge considered whether the taxpayer was entitled to claim a capital loss on the promissory note. Similar to paragraph 20(1)(c), subparagraph 40(2)(g)(ii) generally provides that a taxpayer is not entitled to claim a capital loss on the disposition of a debt unless the taxpayer acquired the debt *for the purpose of gaining or producing income*.

The judge noted that the promissory note had clearly showed that the money was lent at a rate of 10% per annum, to be calculated monthly. On its face, it appeared that the note was made to earn income. Furthermore, the note was made two months before the December board meeting and, at that point, the survival of Cco was still a possibility. However, in the judge's view, that was no longer true when the interest expense was incurred.

As a result, the judge concluded that the taxpayer was entitled to claim a capital loss in respect of the note.

Lessons learned

The timing of events was what ultimately made all the difference. Here, the promissory note was issued in late October 2010 and the loan was acquired a mere two months later, in December 2010. However, the judge concluded on the evidence that the taxpayer's reasonable expectation of income had changed dramatically, even in that short time period.

Assessing whether an expectation is reasonable at a moment in time is a highly factual exercise. In this case, the judge pieced together the circumstances at each critical time by referring in particular to the minutes of the board meetings and the matters that were discussed. While this helped the taxpayer support its claim for a capital loss on the promissory note, in the absence of any other sufficiently compelling evidence, it appears that it doomed its claim for interest on the loan.

This case serves as a reminder to taxpayers that contemporaneous documents, like meeting minutes, can be very helpful tools for telling a story at a moment in time. However, they can also do more harm than good if they only tell part of that story. As is frequently the case in tax disputes, the more thoroughly a taxpayer can support its facts, with evidence from multiple sources, the greater its chances of success.

[11] 2002 FCA 260.
[12] [2001] 2 SCR 1082, paragraphs 54 to 56.

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Publications and articles

Tax Alerts - Canada

Tax Alert 2019 No. 33 - Canada amends error in CPTPP preferential tariff treatment

On 7 August 2019, the Government of Canada made an *Order Amending the Schedule to the Customs Tariff* (CPTPP) to correct errors in the implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Due to an error with the transposition of Canada's tariff commitments under the CPTPP, 15 tariff items in the Schedule were assigned the incorrect staging category for the CPTPP preferential tariffs in domestic legislation.

Tax Alert 2019 No. 34 - CIFTA modernization to take place 1 September 2019

On 1 September 2019, *An Act to amend the Canada-Israel Free Trade Agreement Implementation Act and to make related amendments to other Acts* (the Act) comes into force. The Act allows for the implementation of the 28 May 2018 *Canada-Israel Free Trade Amending Protocol 2018*, which provides for updates to provisions of existing chapters and for the addition of several chapters in the *Canada-Israel Free Trade Agreement* (CIFTA).

Tax Alert 2019 No. 35 - Canada repeals the CCRFTA Non-entitlement to preference regulations

On 21 August 2019, the Government of Canada published SOR/2019-290, *an Order Amending the Schedule to the Customs Tariff (Costa Rica)* in Part II of the Canada Gazette. Effective 8 August 2019, Canada is extending entitlement of the *Canada-Costa Rica Free Trade Agreement* (CCRFTA) preferential tariff treatment to certain goods that originate under the CCRFTA but were excluded from CCRFTA preferential tariff treatment prior to 8 August 2019.

Tax Alert 2019 No. 36 - OECD releases Canada Stage 2 peer review report on implementation of Action 14 minimum standard

On 13 August 2019, the Organisation for Economic Co-operation and Development (OECD) released the Stage 2 peer review reports of Canada relating to the implementation of the Base Erosion and Profit Sharing (BEPS) minimum standards under Action 14 on improving tax dispute resolution mechanisms.

Tax Alert 2019 No. 37 – Canada to remit surtax paid on certain steel goods

Effective 23 August 2019, the Surtax on the Importation of Certain Steel Goods Remission Order relieves surtax paid since October 2018 on seven types of imported heavy steel plate and one type of imported stainless steel wire.

Tax Alert 2019 No. 38 – Canada amends the SIMR

On 4 September 2019, the Government of Canada published SOR/2019-314, Regulations amending the Special Import Measures Regulations in Part II of the Canada Gazette.

The Government of Canada has amended the Special Import Measures Regulations (SIMR) to provide the Canada Border Services Agency (CBSA) with additional methods for calculating appropriate dumping margins in its anti-dumping investigations. The amendments are expected to afford the CBSA with more flexibility in determining production costs in transactions between associated parties, and in particular market situations.

Tax Alert 2019 No. 39 – New reporting for aluminum and steel imports

The Government of Canada has implemented new reporting requirements for imports of carbon steel, specialty steel products and aluminum products in a bid to improve Canada's steel and aluminum import regime and meet its commitments under the Joint Statement by Canada and the United States on Section 232 Duties on Steel and Aluminum.

Tax Alert 2019 No. 40 – MLI comes into force

On 29 August 2019, Canada deposited its instrument of ratification for the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS* (the MLI).

The MLI will enter into force vis-à-vis Canada on 1 December 2019. Accordingly, it will enter into effect for any particular covered tax treaty in accordance with the provisions set forth in its "entry into effect" articles and will apply to some of Canada's tax treaties with effect as early as 1 January 2020.

Publications and articles

Publications and articles

EY's Global Capital Confidence Barometer

The 20th edition of EY's Global Capital Confidence Barometer describes how 76% of Canadian respondents expect to pursue M&A in the next 12 months, the second-highest ever (behind April 2018) and the fifth consecutive year above the historical average of 50%.

EY's Worldwide Personal Tax and Immigration Guide 2018-19

This guide summarizes personal tax systems and immigration rules in more than 160 jurisdictions, including Australia, Brazil, Canada, France, Germany, Mexico, the Netherlands, the Russian Federation, the UK and the US.

EY's Worldwide Capital and Fixed Assets Guide 2019

This guide summarizes the complex rules relating to tax relief on capital expenditures in 31 jurisdictions and territories.

EY's Worldwide Estate and Inheritance Tax Guide 2019

This guide summarizes the gift, estate and inheritance tax systems and describes wealth transfer planning considerations in 39 countries.

Worldwide Corporate Tax Guide 2019

Governments worldwide continue to reform their tax codes at a historically rapid rate. Chapter by chapter, from Afghanistan to Zimbabwe, this EY guide summarizes corporate tax systems in 166 jurisdictions.

Worldwide VAT, GST and Sales Tax Guide 2019

This guide summarizes the value-added tax (VAT), goods and services tax (GST) and sales tax systems in 124 jurisdictions, including the European Union.

Worldwide R&D Incentives Reference Guide 2019

The pace at which countries are reforming their R&D incentives regimes is unprecedented. This EY guide summarizes key R&D incentives in 46 countries, and provides an overview of the European Union's Horizon 2020 program.

2018-19 Worldwide Transfer Pricing Reference Guide

Transfer pricing rules and regulations around the world continue to grow in number and complexity. Practitioners need to have current knowledge of a complex web of country tax laws, regulations, rulings, methods and requirements. This guide summarizes the transfer pricing rules and regulations adopted by 124 countries and territories.

Board Matters Quarterly

The June 2019 edition of Board Matters Quarterly highlights five ways boards can enhance their oversight of culture. It also includes a look at how long-term value is being redefined and communicated and offers five considerations as ISS looks at economic value-added metrics.

EY Trade Watch

EY Trade Watch is a quarterly communication prepared by EY's Customs & International Trade Practice. Highlights of this edition include:

Global

- What trade executives are currently thinking about global trade disruption

Americas

- Ripple effects of US Government export ban on Huawei
- The 2019 Trump trade agenda: adjusting US trade policy to the realities of the 21st century economy

Asia-Pacific and Japan

- Enhanced benefits of Australia's next generation AEO program

Europe, Middle East, India and Africa

- WTO Boeing dispute: EU issues preliminary list of US products considered for countermeasures
- Recent developments and changes to the European Union Customs Code
- Brexit update

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Publications and articles

Websites

EY Law LLP

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Tax Insights provides deep insights on the most pressing tax and business issues. You can read it online and find additional content, multimedia features, tax publications and other EY tax news from around the world.

The Worldwide Indirect Tax Developments Map

Updated monthly, our interactive map highlights where and when changes in VAT, global trade and excise duties are happening around the world. The map can be filtered by tax type, country and topic (e.g., VAT rate changes, compliance obligations and digital tax).

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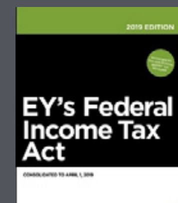
EY's Complete Guide to GST/HST, 2019 (27th) Edition

Editors: Jean-Hugues Chabot, Sania Ilahi, David Douglas Robertson

Canada's leading guide on GST/HST, including GST/HST commentary and legislation, as well as a GST-QST comparison. Written in plain language by a team of EY indirect tax professionals, the guide is consolidated to 15 July 2019 and updated to reflect the latest changes to legislation and CRA policy. This edition has new commentary regarding duties on cannabis products under the *Excise Act*, 2001.



EY's Federal Income Tax Act, 2019 Edition

Editors: Albert Anelli, Warren Pashkowich and Murray Pearson

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