Canada – TaxMatters@EY

September 2018

In this issue

TaxMatters@EY is a monthly Canadian bulletin that summarizes recent tax news, case developments, publications and more. For more information, please contact your EY advisor.

September instalment reminder

Iain Glass/Alan Roth, Toronto

Labour Day marks the end of the summer for many of us – goodbye to summer dreams and a return to those inescapable practical matters of life such as taxes.

If you're paying quarterly instalments, your third instalment will be due on 15 September. Earlier this year, the CRA started to send automated telephone messages to taxpayers, generally targeting those who missed a payment or were charged instalment interest in the past and reminding them of June and December due dates.

But you may not have received a call, or such matters may not be at the top of your to-do list. To help, here's a brief reminder.

General rules

If the difference between your federal tax payable and amounts withheld at source is greater than $3,000 (for residents of Quebec, $1,800) in both the current year and either of the two preceding years, you're required to pay quarterly income tax instalments. For this purpose, tax payable includes the combined federal and provincial income tax (except in Quebec).[1]

If you're a resident of Quebec, you're required to pay provincial tax instalments if the difference between Quebec tax payable and amounts withheld at source is greater than $1,800.

If you're required to make quarterly instalment payments, you must submit them by 15 March, 15 June, 15 September and 15 December.[2] The same general requirements apply for Quebec tax purposes.

If you're required to make instalments, the CRA (or Revenu Québec) will send you instalment notices that set out your payments.

[1] However, instalments may not be required if the individual had no tax payable balance in the prior year and selects the prior-year method (see below) for calculating instalment payments.

[2] Farmers and fishermen use the same instalment base, but are required to make instalment payments equal to two thirds of that base by 31 December and pay the balance on filing.

There are three allowable methods of calculating instalments:

- **No-calculation option:** You may simply choose to pay the suggested amount on the instalment notices that the CRA sends you. The CRA 's instalment notice uses the method that requires each of your first two 2018 instalments to be one quarter of your balance due for 2016, and your second two instalments to aggregate to your 2017 balance due, less the amounts payable in your first two instalments.
- **Prior-year option:** You may choose instead to calculate each instalment as one quarter of your 2017 balance due.
- **Current-year option:** A third alternative allows you to calculate each instalment as one quarter of your anticipated 2018 balance due.

The third alternative can result in a lower instalment requirement if your tax liability is expected to be lower in 2018 than in 2017. But if you underestimate your 2018 balance due and pay insufficient instalments, you'll be charged interest.

Interest

Non-deductible interest, payable on late or deficient instalments and unpaid taxes, is calculated using prescribed rates, varying quarterly and compounded daily. The federal prescribed rate for 2018 has been 5% for the first quarter, 6% for the second and third quarters and is expected to remain at 6% for the fourth quarter.

The interest charge is calculated from the date each instalment is due. However, you're permitted to reduce or eliminate interest charged on late or deficient instalments by overpaying subsequent instalments or paying other instalments before their due dates.

Penalties

In addition to the interest charged on late or deficient payments, there may be a federal penalty equal to one half of the interest payable. The penalty applies only to instalment interest owing after any offset of interest payable to the taxpayer and does not apply to the first $1,000 of interest or to interest on up to 25% of the tax payable by instalments, whichever is greater.

This penalty does not apply for Quebec tax purposes. In that province, where the amount paid is less than 75% of the required instalment, additional interest of 10% per year, compounded daily, is charged on the unpaid portion of the instalment.

Conclusion

It's easy to forget about instalments. If you're using the current-year method, look at your estimated tax for 2018 before your September instalment and determine if an adjustment is necessary. If you're using one of the other methods, revisit your decision and see if it was the right decision. If you're unsure which option is best for you, consult your professional advisor. Planning ahead may make your life easier and prevent what could be a costly mistake.

Student income tax recap

Gael Melville, Vancouver, Iain Glass and Winnie Szeto, Toronto

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 carry-forward 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 – 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.

Back to contents

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. 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) 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 a 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.

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, 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.

Student expenses

Several deductions and tax credits can help students offset not only the obvious costs of tuition and, in some provinces, textbooks, 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.[4] For 2016 and earlier years, a federal education amount of $400 and a textbook amount of $65 were available for each full-time month the student was in school (for part-time students, the monthly amounts were $120 and $20, respectively). 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.[5] 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 [subparagraph 118.5(1)(b)(i) of the *Income Tax Act*]. Interestingly, the judge in the recent *Fortnum*[6] 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.

[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] 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.

[5] Some provinces, such as Ontario, eliminated their tuition credit. Refer to EY's Canadian personal tax rates on ey.com for details.

[6] 2018 TCC 126.

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.

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.

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 age of the child.

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.

Will closer cooperation bring more tax certainty?

Pilot project International Compliance Assurance Programme is part of efforts to address the high level of tax uncertainty

Originally published in ***EY Tax Insights***

Businesses today find themselves facing an elevated tax risk landscape due to globalization, digitalization, and new transparency and anti-profit shifting initiatives. A new tool developed by the Organisation for Economic Co-operation and Development (OECD) aims to lessen some of that uncertainty.

In late January 2018, the OECD launched the International Compliance Assurance Programme (ICAP), a tax risk pilot project designed to be an effective and internationally coordinated way to review the activities and transactions of multinational enterprises (MNEs) while quickly isolating areas of risk requiring further attention.

ICAP is part of the OECD's efforts to help address the high level of tax uncertainty arising from rapid, fundamental changes to cross-border taxation in recent years. ICAP supplements the OECD's base erosion and profit shifting (BEPS) plan — a series of actions aimed at increasing transparency and curtailing tax-avoidance strategies — that is being implemented by jurisdictions around the world.

Achim Pross, head of the International Co-operation and Tax Administration Division at the OECD Centre for Tax Policy and Administration and the key architect of ICAP, says the thinking behind the program "is to create a behavioral incentive beyond the tax function and at the level of management, to say: 'Why aren't we in this green space? Wouldn't it be so much easier if we were in that range so we don't need to worry so much about it, and we can just carry on with our business?' How do we get there?"

Back to contents

While many businesses believe that increased transparency from BEPS and other initiatives will help tax administrations better assess tax liabilities, they are also concerned that it could lead to a greater level of tax inquiries and even double taxation.

For its part, the OECD hopes that ICAP will be able to help taxpayers transition to a post-BEPS world while also reducing the number of mutual agreement procedure (MAP) cases (where tax authorities are currently swamped) and catalyzing other bilateral or multilateral dispute resolution opportunities such as joint audits, says Jeffrey Owens, senior tax policy advisor at EY.

"As tax administrations and MNE groups enter an era of increased transparency, new opportunities arise to use the increased flow of information to support open, cooperative relationships between taxpayers and tax administrations," the OECD wrote in its ICAP pilot handbook.

Team effort

The ICAP pilot involves eight jurisdictions – Australia, Canada, Italy, Japan, the Netherlands, Spain, the UK and the US. Selected other member countries of the OECD's Forum on Tax Administration (FTA) will participate in observer roles. A group of multinationals – all classified as low risk to help drive a successful pilot outcome – were invited to participate by the national tax authorities of their headquarters location.

Under the pilot, the participating multinationals will provide a package of documentation (including country-by-country (CbC) reports, master and local files and the company's tax strategy) that will be reviewed by the covered tax administrations and then discussed with the company during a kickoff meeting. The tax administrations will then work together to analyze the transfer pricing and permanent establishment (PE) risks posed by the multinational.

"The ICAP process is intended to enable participating multinationals to talk through their CbC reports and to provide any additional clarity necessary to aid understanding of their cross-border activities," says Paul Mulvihill, EY Canada Transfer Pricing Controversy leader.

If an agreement is reached, the company will receive assurance letters that it will not receive further compliance interventions from the covered tax administrations for the covered risks for a period of at least two years, assuming such reports do not change materially. Any issues that cannot be agreed upon during the process will be handled outside of ICAP, via processes such as advance pricing agreements (APAs) or a tax audit when required.

"The program provides a very good opportunity for companies to have a multilateral dialogue about their risk profile," adds Marlies de Ruiter, EY Global ITS Tax Policy leader. "With multiple tax administrations in the room at one time, there should be far fewer differences in perceptions about facts. The outcome should be fewer disputes and more narrowly focused ones."

Uncharted territory

There are some uncertain elements of the ICAP pilot. One area is legality. "To what extent is the interaction between tax administrations underpinned by existing law?" asks Owens. "Are taxpayers covered by provisions in double-taxation agreements? How would courts in the participating countries view any assurance provided by the program?"

It's also unclear how far the ICAP assurance letters extend. For example, Italy has two tax bodies: a civil tax authority and a tax police force. "Does a general assurance letter from the civil tax administration under ICAP mean a taxpayer will not receive a knock on their door from the tax police?" asks Davide Bergami, head of EY's transfer pricing/supply chain practice in Italy.

It's also unknown what might change if and when the pilot is expanded to include higher-risk taxpayers. Adding jurisdictions may also shift the dynamics; the eight countries in the pilot have worked with each other for many years, according to Owens.

In spite of such uncertainties, both companies and tax administrations have a very strong common interest in making the ICAP pilot work, says Owens. If it does succeed, Owens predicts it will go far beyond the current eight countries.

"As a result, companies should be following ICAP very, very carefully," says Owens. "And they should be asking themselves: would we meet the criteria to get into such a program? Do we have the transparency that's required? Do we have a tax control framework in place? What would that mean for our global approach to tax?"

Ineffective renunciation of exploration expenses can still trigger Part XII.6 tax

Tusk Exploration Ltd. v The Queen, 2016 TCC 238, aff'd by 2018 FCA 121
Roxanne Wong, Toronto

In Tusk Exploration Ltd. v The Queen, 2016 TCC 238, the Tax Court of Canada (TCC) determined that a renunciation of Canadian exploration expenses under subsection 66(12.66) of the *Income Tax Act* (the Act) that was ineffective, as one of the preconditions was not met, nevertheless triggered Part XII.6 tax. That decision was recently upheld by the Federal Court of Appeal (FCA) in *Tusk Exploration Ltd. v Canada*, 2018 FCA 121.

Facts

For many years, resource companies have used flow-through shares as a method to finance their exploration activities. In essence, resource companies can give investors of their flow-through shares the opportunity to obtain tax deductions for that resource company's Canadian exploration and development expenditures (CEE). However, in order for an investor to obtain those tax deductions, certain conditions must be met.

The resource company needs to "renounce" the relevant CEE to an investor, who is then deemed to have incurred the CEE on the effective date of the renunciation. The resource company is also deemed as of the date of the renunciation to have never incurred the expenses. Renunciations can be claimed on a "look-back" basis such that an investor may take the deduction in the year prior to the CEE being incurred, and the resource company is deemed to have incurred the CEE on the last day of the year in which the CEE was claimed (if all pre-conditions are met). If a company makes a look-back renunciation, the company must file a tax return and pay tax under part XII.6 of the Act.

Back to contents

In this case, the taxpayer was a Canadian-controlled private corporation (CCPC) in the business of mineral exploration and development. In its 2002 to 2006 taxation years, the taxpayer issued flow-through shares to a number of investors. Throughout those taxation years, the taxpayer renounced $10,800,000 of CEEs to its flow-through shareholders. Of those renunciations, $6,350,000 were made on a look-back basis. However, the taxpayer and the shareholders did not deal at arm's length, one of the preconditions for a valid look-back renunciation. As a consequence, the CRA denied the look-back renunciations, but also prepared T101B forms to reduce the look-back renunciations and requested the taxpayer sign and file those forms. The taxpayer late-filed renunciations of CEE to the non-arm's-length shareholders (effective in the year the expenses were incurred) and paid a late filing penalty. The Minister assessed the taxpayer income tax liability under Part XII.6 for the relevant taxation years and applied penalties.

The issue

Because the look-back renunciation was not valid, the issue in this appeal was whether the taxpayer would still need to pay the tax under Part XII.6 of the Act. A principal business corporation can renounce CEE pursuant to subsection 66(12.6) of the Act if the requirements under section 66 are met, but that corporation may only renounce expenses that it incurred before the effective date of the renunciation. On the other hand, subsection 66(12.66) of the Act allows a corporation to renounce CEE that have not yet been incurred by deeming the corporation to have incurred the CEE on the last day of the year preceding that in which the CEE was actually incurred.

However, a consequence of making a claim under subsection 66(12.66) is that the corporation that makes the renunciation is liable to tax under Part XII.6 of the Act, which imposes a tax on corporations that "purported to renounce" an amount in a calendar year. The tax is in respect of each month in the year of the purported renunciation in respect of CEE that were renounced but not incurred before the end of that month; and an additional 10% tax applies to any amounts purportedly renounced but not incurred by the end of December of the year of renunciation. A corporation that has paid Part XII.6 tax or has Part XII.6 tax payable in a year is entitled to deduct that amount under paragraph 20(1)(nn) of the Act.

This case turned on the meaning of the phrase "purported to renounce." The taxpayer argued that "purported to renounce" should be interpreted to mean "had the effect of renouncing", such that the Part XII.6 tax would only be imposed if a renunciation under subsection 66(12.66) were effectively made. As the preconditions for subsection 66(12.66) were not met, no renunciation under that subsection was made and no Part XII.6 tax should be applied. The Crown argued that "purported" refers to a claim that is not necessarily true or correct, but is held out as being true (i.e., makes the implication of a claim without regard to the accuracy of the claim). Thus, in the circumstances, the taxpayer did purport to renounce CEE such that Part XII.6 tax was correctly imposed.

The TCC conducted a textual, contextual and purposive analysis of the phrase "purported to renounce" of the provision that imposed the Part XII.6 tax and found in favour of the Crown. The taxpayer's interpretation would render the word "purported" to be superfluous. Although the Crown's interpretation of the phase "purported to renounce" may be punitive to the non-arm's-length shareholders (as Part XII.6 tax was imposed without the benefit of the renunciation under subsection 66(12.66)), the Court concluded that the punitive consequences appeared to an intentional consequence of the Act.

This decision was appealed to the FCA and was dismissed by that court.

Lesson learned

When making elective decisions in computing one's income (such as deciding to make a renunciation under subsection 66(12.66) of the Act), care should be taken that one meets the preconditions for that election and that there will not be unintended consequences flowing from that decision.

Back to contents

Publications and articles

Tax Alerts - Canada

Tax Alert 2018 No. 26 – Québec: Bill 150 respecting the QST and e-commerce receives Royal Assent

On 12 June 2018, Québec Bill 150 received Royal Assent. In particular, it contains legislative changes following the measures announced in the Québec budget tabled on 27 March 2018 relating to the application of the Québec sales tax (QST) to supplies made by suppliers with no significant presence in Québec through the implementation of a new "specified registration system."

Tax Alert 2018 No. 27 – New GST/HST rules on carbon emission allowances

On 27 June 2018, the Department of Finance released draft changes to the *Excise Tax Act*, RSC 1985, c. E-15, as amended, that will alter the way GST/HST is accounted for on the transfer of emission allowances (including emissions credits traded under the cap and trade systems that are in place in certain provinces). These changes propose to treat GST/HST on emission allowances similarly to how GST/HST is accounted for on the transfer of commercial real property.

Tax Alert 2018 No. 28 – Highlights from the CRA's 2017 APA Program Report

On 12 July 2018, the Canada Revenue Agency (CRA) released its *Advance Pricing Arrangement (APA) Program Report* for the 2017 calendar year. The report provides an overview of the operations of the Canadian APA program, including statistical analyses of APAs completed and in progress.

Tax Alert 2018 No. 29 – Duties relief and duty drawback on recent surtaxes

EY has confirmed that importers can take advantage of the Duties Relief Program and/or Duty Drawback Program to defer or obtain a refund of the recent surtax imposed under the United States Surtax Order (Steel and Aluminum) (SOR/2018-152) and the United States Surtax Order (Other Goods) (SOR/2018-153) for imported goods that are re-exported or are used as inputs or consumed in producing other goods for export.

In addition, the federal government has announced a remission program to relieve unfair applications of the surtax or hardship in limited circumstances.

Tax Alert 2018 No. 30 – Trade compliance verification list update

On 6 July 2018, the Canada Border Services Agency (CBSA) released its semi-annual list of trade compliance verification (audit) priorities. At the midpoint of 2018, the CBSA remains focused on tariff classification as a priority audit area, with the introduction of three new tariff classification product categories and five new rounds to the list of existing priorities.

Tax Alert 2018 No. 31 – Finance releases draft legislation for 2018 budget for comment

On 27 July 2018, the Department of Finance released for public comment a package of draft legislative proposals and explanatory notes relating to a number of measures announced in the 2018 federal budget, together with a revised version of an income tax measure originally announced on 16 September 2016, as well as some other indirect tax measures. The government also released a consultation paper on proposed changes to the GST/HST holding corporation rules. Interested parties are invited to provide comments on the legislative proposals by 10 September 2018, and on the consultation paper by 28 September 2018.

Tax Alert 2018 No. 32 – ETA holding corporation proposals

On 27 July 2018, the Department of Finance released a package of draft legislative proposals and explanatory notes including draft amendments to the holding corporation rules contained in section 186 of the Excise Tax Act (ETA) that would broaden the "commercial operating corporation property test" an operating corporation must meet for the parent to benefit from the holding corporation rules.

Publications and articles

EY's Global Capital Confidence Barometer

The 18th edition of EY's *Global Capital Confidence Barometer* shows 78% of Canadian companies intend to pursue M&A in the next 12 months, an all-time high in survey history.

EY's Worldwide Personal Tax and Immigration Guide 2017-18

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 2017

The *Worldwide Capital and Fixed Assets Guide* helps our clients navigate the rules relating to fixed assets and depreciation. It summarizes the complex rules relating to tax relief on capital expenditures in 27 jurisdictions and territories.

EY's Worldwide Estate and Inheritance Tax Guide 2017

EY's Worldwide Estate and Inheritance Tax Guide summarizes the estate tax planning systems and describes wealth transfer planning considerations in 37 jurisdictions around the world, including Australia, Canada, China, France, Germany, Italy, the Netherlands, the UK and the US.

Worldwide Corporate Tax Guide 2018

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.

Publications and articles

Publications and articles

Worldwide VAT, GST and Sales Tax Guide 2018

This guide summarizes the value-added tax (VAT), goods and services tax (GST) and sales tax systems in 122 jurisdictions, including the European Union.

Worldwide R&D Incentives Reference Guide 2017

The pace at which countries are reforming their R&D incentives regimes is unprecedented. This EY guide summarizes key R&D incentives in 44 jurisdictions, and provides an overview of the European Union's Horizon 2020 program.

2017-18 Worldwide transfer pricing reference guide

The proliferation of transfer pricing rules and regulations around the world, and the huge increase in focus on the subject by the world's tax authorities, require practitioners to have 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 119 countries and territories.

Board Matters Quarterly

The June 2018 issue of Board Matters Quarterly (BMQ) includes three articles from the EY Center for Board Matters. Topics include the implications of US tax reform for compensation committees, an analysis of directors elected to Fortune 100 boards in 2017, and how boards can best anticipate and plan for geopolitical and regulatory changes.

EY Trade Watch

This quarterly publication outlines key legislative and administrative developments for customs and trade around the world. Highlights of this edition include imposition of various US tariffs and multiple retaliatory actions; recent decisions of the Brazilian higher courts, and the Canadian perspective on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, among other topics.

Websites

EY Law LLP

Our national team of highly qualified lawyers and professionals offers comprehensive tax law services, business immigration services and business law services. Serving you across borders, our sector-focused, multidisciplinary approach means we offer integrated and comprehensive advice you can trust. Visit **eylaw.ca**.

Focus on private business

Because we believe in the power of private mid-market companies, we invest in people, knowledge and services to help you address the unique challenges and opportunities you face in the private mid-market space. See our comprehensive private mid-market **webcast series**.

Online tax calculators and rates

Frequently referred to by financial planning columnists, our mobile-friendly calculators on ey.com/ca let you compare the combined federal and provincial 2017 and 2018 personal tax bills in each province and territory. The site also includes an RRSP savings calculator and personal tax rates and credits for all income levels. Our corporate tax-planning tools include federal and provincial tax rates for small-business rate income, manufacturing and processing rate income, general rate income and investment income.

Tax Insights for business leaders

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.

Worldwide Indirect Tax Developments Map

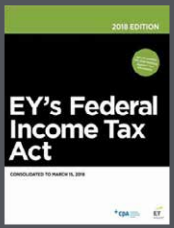
Updated monthly, our interactive map highlights where and when changes in VAT, Global trade and excise duties are happening around the world. The map can be filtered by tax type, country and topic (e.g., VAT rate changes, compliance obligations and digital tax).

Publications and articles

CPA Canada Store

EY's Federal Income Tax Act, 2018 Edition

Editors: Alycia Calvert, Warren Pashkowich and Murray Pearson



Complete coverage of Canada's *Income Tax Act* and Regulations. Included with this edition: interactive online features and purpose notes for selected provisions. Purchase of a print book includes access to an online updated and searchable copy of the federal *Income Tax Act* as well as the PDF eBook. This edition contains amendments and proposals from the February 27, 2018 federal budget tax measures, Bill C-63 (SC 2017, c. 33), *Budget Implementation Act*, 2017, No. 2, the December 13, 2017 amendments to the *Income Tax Act* and Regulations (income sprinkling), and the October 24, 2017 notice of ways and means motion.

EY's Complete Guide to GST/HST, 2018 (26th) Edition

Editors: Dalton Albrecht, 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 2018 and updated to reflect the latest changes to legislation and CRA policy.

To subscribe to *TaxMatters@EY* and other email alerts, visit ey.com/ca/EmailAlerts.

For more information on EY's tax services, visit us at ey.com/ca/Tax.

For questions or comments about this newsletter, email Tax.Matters@ca.ey.com.

And follow us on Twitter @EYCanada.

EY | Assurance | Tax | Transactions | Advisory

About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

For more information about our organization, please visit ey.com/ca.

2839301
ED None

ey.com/ca