

**Barbara Amsden**

Director, Special Projects  
416.687.5488/bamsden@iiac.ca

June 6, 2013

Mme. Sylvie Chenette  
Spécialiste des services financiers  
Services des spécialistes des industries – Section financière  
Agence du revenu du Canada  
165, rue de la Pointe-aux-Lièvres  
Québec, QC G1K 7L3  
Tel: (418) 649-4993 x4197/Fax: (418) 648-3461  
E-mail: [sylvie.chenette@cra-arc.gc.ca](mailto:sylvie.chenette@cra-arc.gc.ca)

Dear Sylvie:

**Re: Request to Improve Registered Plan Withholding Remittance Process**

The Investment Industry Association of Canada (the IIAC) would like to request a change in administrative requirements regarding the current withholding remittance process for taxes withheld when withdrawals are made from registered plans. We hope that you can direct this to the appropriate person or advise us to whom we may direct this letter.

As the national association of investment dealer firms regulated by the Investment Industry Regulatory Organization of Canada (IIROC), the IIAC represents its 170 member firms on securities, tax and other public policy matters to improve the savings-to-investment process. To this end, the IIAC has worked with the Department of Finance and CRA for many years. We believe that our members play a key role in the integrity and success of Canada's tax system.

Income Tax Act Regulation 108(1.1) provides that remittances of the withholding tax on registered plan withdrawals must be made, in the case of large employers, by as short a period as the third business day following the end of the relevant period. Penalties for late remittances are substantial. The timing is more or less possible for 47 out of 48 remittance periods a year, however, the last week of the year renders meeting this deadline extremely problematic. In some cases, for tax planning purposes (often at the recommendation of professional tax practitioners) and, in others, due to the tendency of some people to procrastinate, clients often wait until the last moment to make final withdrawals. This is a challenge in any period-end situation, however, is worsened due to other high priorities at year-end and holiday staff coverage issues. This makes it more difficult to get everything correct by the third business day of the next year since year-end is December 31 (sometimes a half-day) and January 1 is a holiday. We suspect that the CRA also is short-staffed at this time.

In today's low-interest-rate environment, we believe that the time value of money for the delay in remittance would be proportionally small. We therefore recommend that tax-reporting financial institutions (TRFIs), such as our members, be accorded the option to remit withholding tax on registered plan withdrawals on the previous year's transactions and remittances by some later date, which we would like to discuss with you. The cost of this once-a-year-only administrative relief for TRFIs would be offset by improvement in tax system efficiency due to a reduction in both errors from excessive haste and CRA workload directed to managing re-filings. If the cost to the government seems to present a challenge to acceptance of our proposal, please take into consideration the fact that TRFIs annually expend considerable resources on tax reporting and management of tax reporting and withholding without compensation. As well, if there are concerns with a later date in any individual situation, the CRA is in a position to address the issue with the TRFI directly.

If we can provide any clarification of our comments, please let us know. Otherwise, please tell us with whom we should follow up to request a meeting.

Yours truly,