



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

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The Honourable Joseph A. Day, Senator
Chair, Standing Senate Committee on National Finance
Senate of Canada
Parliament Buildings, Wellington Street
Room 801, Victoria Building
Ottawa, Ontario K1A 0A4
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Dear Senator:

Re: Income Funds and Client T3/T5013 Income Trust Tax Reporting

I am writing on behalf of the Investment Industry Association of Canada, representing Canada's 200 brokers serving investors and issuers across the country. We understand that the Standing Senate Committee on National Finance is reviewing the contents of Bill C-28, *An Act to implement certain provisions of the budget, tabled in Parliament on March 19, 2007, and to implement certain provisions of the economic statement, tabled in Parliament on October 30, 2007*. While we know that there are many issues in the Bill that will be of interest to your committee members, we would like to bring to your attention an issue that may appear small, but has broader implications for investors and, in particular, seniors.

Subsection 72.(1) of Bill C-28 would amend subsection 204.1(2) of the *Income Tax Act* Regulations to mandate a change to required information disclosure for public investment trusts, including limited partnerships. What we think was a drafting error has meant for some time that the date by which issuers must file information that is included on T3 (income trust) and T5013 (limited partnership) tax slips with intermediaries is no later than March 31 – the same date by which the intermediaries must turn around and send tax slips to clients. Given the time needed to enter the data, test the data before the print runs, print the tax slips and mail them, clients have often received T3s and T5013s late. At their own cost, IIAC members worked with the Canadian Depository for Securities Limited to build a central website on which the data could be filed to accelerate receipt and dissemination of the tax data. Finance announced in the March 2007 budget that the necessary regulatory change would be made to fix the problem and it is reflected in Bill C-28.

The overlapping deadlines has meant that for years some clients have received their tax documentation after March 31, delaying their tax return filing and possibly their refunds or requiring them to re-file their returns if the slip is received after they have filed. We hope that your committee will be able to see the bill passed without delay so that it may take effect for the upcoming tax season starting January 1, 2008. Our concern about a delay arises because last year, a tax bill – coincidentally also numbered C-28 – arrived in the Senate in December, was not passed until late February, almost two months into the tax reporting season, and was not fully effective until after tax returns that the bill affected had to be filed.

The amendment in Bill C-28 (2007) is a long-sought straightforward change that will help those in a tax refund position, including many seniors. We hope that your committee will, if possible, accelerate review and passage of the bill before the holiday recess to ensure that intermediaries get the information they need so that they can give tax slips to their clients on a timely basis.

Yours truly,

A handwritten signature in blue ink, appearing to read "Gudwin", with a long horizontal flourish extending to the right.