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TAX NOTES

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BUDGET 2007 - SUMMARY OF INTERNATIONAL TAX MEASURES

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On March 19, 2007, the Conservative government brought forth its second budget delivered by the Honourable Jim Flaherty. Then, on May 14, 2007, the Department of Finance announced further changes to the proposed Budget. Budget 2007 announced many changes and spending initiatives from the minority government. Outlined below are the highlights of the most recent 2007 budget pertaining to international tax measures.

Before reviewing the changes announced in Budget 2007, it is important to understand the foundation of international taxation in Canada. There are two main components in Canada that together serve to provide the basis for international taxation. Firstly, the *Income Tax Act* provides the statutory basis for taxing the Canadian source income of non-residents as well as the foreign-source income of residents. Secondly, the various bilateral tax treaties that Canada has with many other nations provide relief from double taxation and curb tax evasion. Budget 2007 affects both components.

Budget 2007 contains numerous proposals that affect international tax measures which are highlighted below.

1. Treaty Amendments

   (a) Elimination of Withholding Tax on Interest

Representatives from the US and Canada have been negotiating an update to the *Canada-US Income Tax Convention* (the "Convention") for some time. Recent publications suggest that an "agreement in principle" has been reached with respect to the salient changes to the Convention.

Once these changes are fully implemented and as outlined in Budget 2007, cross-border interest payments will no longer be subject to taxation by the source country (the country where the payor resides). The current Convention permits up to a 10% withholding tax on interest paid to all arm's length and non-arm's length residents.

The timeline for these changes to come into force depends on whether the interest payments are made between arm's length or non-arm's length persons. In the case of interest paid to arm's length persons, the withholding tax will be eliminated beginning with the first calendar year following the implementation of the proposed changes to the Convention. With regard to the non-arm's length persons, the change will be phased in by limiting the withholding tax to 7% in the first year following entry into force of the Convention changes, to 4% in the second year following the changes to the Convention, and eliminated for all years thereafter.

Furthermore, once these changes are fully implemented between Canada and the US, Budget 2007 proposes to replicate the same change to withholding tax on interest paid to all arm's length non-residents, regardless of their country of residence.

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Collectively, these changes should increase productivity in Canada by decreasing borrowing costs.

(b) Extension of Treaty Benefits to Limited Liability Company ("LLCs")

It has been the longstanding published position of the Canada Revenue Agency ("CRA") that LLCs, as flow through entities for US tax purposes (similar to partnerships), are not accorded any benefits under the Convention as, in CRA's view, they are not technically residents of the US for Convention purposes.

Budget 2007 also proposes the extension of treaty benefits to LLCs. Unfortunately, no further explanation or details were provided in the Budget.

2. Statutory Amendments - Tax Treatment of Foreign Affiliates

(a) Financing Costs

Under the existing system, a Canadian company is normally entitled to deduct the interest expense associated with any borrowings incurred for the purpose of financing the acquisition of shares in a foreign affiliate. Active business income earned by a Canadian taxpayer's foreign affiliate resident in a designated treaty country and derived from a business in such country is included in the foreign affiliate's "exempt surplus." Exempt surplus, generally speaking, can be distributed by a foreign affiliate to a Canadian resident parent by way of a tax-free dividend. The ability to deduct interest costs is, therefore, somewhat of an anomaly as the borrowing costs to invest are deductible, while the income stream that stems from the investment may be exempt from Canadian tax.

Alternatively, active business income earned in a non-designated treaty country is generally included in the foreign affiliate's "taxable surplus". Taxable surplus amounts are not taxed as earned in Canada, but will be taxed upon payment of a dividend to the Canadian shareholder, subject to some relief available for underlying foreign taxes.

The proposed changes announced on March 19, 2007 attempt to address the anomaly described above. Generally speaking, Budget 2007 proposes to disallow the deduction of interest and other financing charges to the extent that the Canadian taxpayer receives exempt surplus dividends, or taxable surplus dividends sourced in earnings that have borne foreign tax from foreign affiliates. As originally stated in the March 19, 2007 announcement, these changes would apply to interest payable after 2007 on new debt (debt incurred after March 19, 2007).

Not surprisingly, these proposed changes caused a stir in the business community as the changes would have adversely affected Canada's ability to compete in the global market.

Apparently, the Department of Finance was listening to such concerns. On May 14, 2007, the Department of Finance announced that the government would introduce a new proposal targeting "double dipping" financing structures, and provide a longer transitional period of five years for all debt before the new proposals take effect.

As proposed on May 14, 2007, a multinational corporation that uses a tax haven or other tax avoidance structure to generate two expense deductions (one in Canada and the second in the foreign affiliate's jurisdiction) for only one investment ("double-dipping") will no longer receive the deduction in Canada. However, the government stated that "single-dipping" will not be affected and Canadian companies will continue to be able to deduct interest on funds borrowed in Canada to invest in a foreign affiliate.

Finally, the May 14, 2007 announcement stated that these proposed changes will take effect starting in 2012 (contrary to the March 19, 2007 announcement), once the planned corporate tax reductions are fully implemented.

(b) Deemed Active Business Income Restricted

Budget 2007 proposes to restrict the favourable treatment of active business described above as it applies to rents, interest, royalties and other deductible payments among related foreign corporations to apply only where the Canadian taxpayer (or a related Canadian resident corporation) directly or indirectly owns at least 10% of the voting shares and equity value of the foreign corporation making the deductible payment.

These changes are currently anticipated to begin for taxation years beginning after 2008.

(c) Expanding the Scope of Exempt Surplus

The existing foreign affiliate rules, described above, make a link between exempt surplus and tax treaties. Therefore, active business income that is earned in a designated tax treaty country can qualify for the exemption. Budget 2007 proposes to expand the availability of this exemption to those countries with which Canada has a tax information exchange agreement ("TIEA").

It is not clear as to what a TIEA will look like or whether this change will have an immediate impact, as Canada will first have to enter into a TIEA with a country before this change takes effect.

(d) Passive Income

Budget 2007 proposes that income which is currently treated as active business income will be recharacterized as foreign accrual property income ("FAPI") if the foreign affiliate is either a resident of a non-treaty, non-TIEA country, or derives the income in question from a source in such a country. In other words, in those countries that refuse to enter into either a treaty or TIEA with Canada, any income earned by a foreign affiliate in that country will be FAPI and therefore subject to tax in Canada on an accrual basis if earned by a controlled foreign affiliate.

The impetus behind this change is to encourage other countries to enter into a treaty or TIEA with Canada.

Together, these changes will significantly alter the current international taxation measures in Canada. However, due to the increasing probability of an up-coming election, there can be no assurances that these changes will take hold. Stay tuned for any further changes. As we saw from the May 14, 2007 announcement, these proposals could be altered even further.

ELIMINATION OF SEPARATE QUÉBEC ELECTIONS

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Some provisions of the tax legislation stipulate that a taxpayer may elect a given tax treatment. However, Québec's tax legislation and the federal tax legislation are separate in this regard. Separate elections must be made, if necessary, with each of the two levels of government. The Government of Québec, in Information Bulletin 2006-6, December 20, 2006, confirmed that the existence of a Québec election separate from the corresponding federal election can give rise to provincial tax avoidance transactions that clearly go against fiscal policy and indicated that it considers this situation unacceptable.

In the past, certain specific restrictions were made to prevent this type of abuse. However, the ministère des Finances asked Revenu Québec to accentuate its audits designed to identify taxpayers who made an election whose immediate or future result is to avoid payment of a provincial tax and to apply, regarding such elections, the general anti-avoidance rule contained in Québec's tax legislation.

Moreover, to avoid any future ambiguity, the tax legislation will be amended to stipulate that if a valid election is made for federal income tax purposes, the same election will be deemed made for Québec income tax purposes.

As a corollary, if no valid election is made for federal income tax purposes, no election will be possible for Québec income tax purposes. These changes will apply regarding most situations where an election is possible under federal and Québec tax legislation.

In the case where an election is deemed made for Québec tax purposes, because of the existence of an election for federal tax purposes, the amount applicable for Québec tax will, in general, be the amount applicable for federal tax.

Despite the presumption of general application indicated above, the differences between federal and Québec tax data of the various parameters will be taken into account to ensure that an undesirable result is not obtained.

Taxpayers that make an election for federal tax purposes will have to enclose a copy of such election with their Québec tax return. A taxpayer who fails to comply with this additional administrative requirement will be liable for a penalty of $25 for each day such omission lasts, up to $2,500.

Generally speaking, these changes will apply regarding elections filed as of December 20, 2006. In other words, it will no longer be possible, from the date of publication of this information bulletin, to make a separate election if no election is made for federal tax purposes. Similarly, if such an election is filed at the federal level as of that date, the corresponding Québec election will be covered by the new rules, i.e. that the same election is deemed made subject to the Québec limits, except if there is a difference between federal and Quebec tax legislation.

CRA LOSES EMPLOYMENT PROFIT SHARING PLAN CASE - PART I

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The Canada Revenue Agency (CRA) has for some time been on the attack against employment profit sharing plans (an "EPSP") and has reassessed a number of these plans, deeming them to be invalid and improperly constituted. This article discusses the recent Tax Court of Canada decision in the case of *Allan A. Greber Professional Corporation v. MNR*. Judgment was handed down on February 8, 2007.

Section 144 of the *Income Tax Act* (the "ITA") defines an EPSP as an arrangement that is a trust set up by an employer. Participating employees become beneficiaries of the EPSP. The employer is required to make an annual contribution to the EPSP for the benefit of the employees, who are members. Payments are computed by reference to an employer's profits from the employer's business. Once the allocation is determined, a payment is made to the trust. The trust then allocates the share of profits to employee(s)/members. Generally, no taxes are payable by a trust on the taxable income of that trust for a taxation year throughout which the trust is governed by an EPSP. An amount that is paid by an employer to a trustee under an EPSP during a taxation year, or paid within 120 days thereafter, may be deducted in computing the employer's income for the taxation year to the extent that it was not deductible in the previous taxation year.

Under subsection 144(7) of the ITA, in the year the trustee allocates amounts to the taxpayer out of the EPSP, the taxpayer is required to include that amount in his or her income for the year. The employer would generally pay the money to the trust and then the trust would, at the end of the year, allocate the money to the employee at which time the employee becomes taxable. The employee receives a T4PS slip, which is not treated as salary, but as other income.

According to the CRA, it is a "question of fact" whether an employee's total salary could be paid through an EPSP.

The question always arises from the CRA as to whether the monies paid into the EPSP are in reality "salaries and wages" conduited through an EPSP, and thus still "remuneration paid to employees". If it is salary and wages, the CRA's position is that CPP must be assessed by the Minister and the money recovered. Employers take the position that payment to a trust is an allocation of profits from the employer to an EPSP and therefore it is not a pensionable earning subject to payment of CPP contributions.

Employers have found a way to avoid paying CPP contributions, as well as employment insurance premiums, on amounts paid into an EPSP. The CRA certainly does not like this idea, and the *Greber* case may have been its attempt to take this matter to a higher level for a more favourable decision.

Judge Porter, referring to the *Greber* case, stated that counsel for the Minister "agreed that on the whole the EPSP in this case has been set up properly and validly". In the Judge's mind, the fundamental question was whether the use of the EPSP in this manner makes those funds "remuneration paid to an employee," and liable to assessment on the part of the employee for CPP contributions.

Judge Porter stated, "glaring as it must be to use the legislation in this way, the movement of funds was in accordance with the legislation setting up the EPSP, that is Section 144 of the ITA. It may not be a procedure that was originally within the purview of that legislation, but it does conform to it."

The Judge goes on to say, "It is not a question in my view of the Minister unilaterally changing his position on how these things should be handled. He issued his bulletins and directions over the years with good reason, following the wording of the legislature. That position has been recognized legislatively. Otherwise there would be no need for the provisions in Section 144(4) of the ITA relating to the taxing of the funds in an EPSP when they are allocated to the beneficiaries. They would have been taxed at source either with the employer or with the trustees, during the appropriate deduction remittances, when they made the respective payment or allocation. That did not fit the legislation so there had to be a different taxing provision."

Judge Porter said, "I do not find that this issue is to be decided as a simple question of fact. The payments into and out of the EPSP were made in accordance with a strict interpretation of the legislation. They may not have complied with the spirit of the legislation but they did comply with the wording of it. There is nothing in the legislation that says the funds have to be held or that if in effect it is a salary and wages being conduited through at exactly the same time, then different considerations should apply."

However, the Judge admitted, "It may be that this is a loophole in the legislation, so that it can be used in a manner, not originally intended by Parliament, but it is not for this Court to close loopholes. If the Minister wishes to close such a loophole he has the ability to do that through legislation."

The Judge's ruling was, "that the funds in question paid into the EPSP and then allocated to the Grebers and paid out to them by the trustees were not remuneration, paid by an employer to an employee and that accordingly there was no obligation on the Grebers to deduct or remit CPP contributions with respect thereto. It follows that the Appellant was not properly assessed. The appeal is allowed and the assessment is vacated."

This is certainly a major setback for the CRA, which has been pursuing the issue of EPSPs. One will have to wait and see how this result translates into amendments to the legislation.

This article is Part 1 of a two-part series on the *Greber* decision and its implications for EPSPs. Part 2 of this article will be forthcoming in the next issue.

PERSONAL SERVICES CORPORATIONS PART I - WHO CAN BENEFIT?

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Part I of this article discusses who can benefit from incorporating their personal services, and general principles relating to a personal service corporation designation. Part II reviews three recent cases that consider whether income is from a personal service business. It concludes with some advice on how you might structure your affairs to avoid the characterization of business income as personal service business income.

Why incorporate the delivery of your personal services?

Often, substantial tax savings can be realized by incorporating. A Canadian-controlled private corporation earning business income in British Columbia pays tax at a rate of less than 18% on its first $400,000 of earnings, if it is entitled to the federal government's 16% small business credit and to the low B.C. corporate tax rate of only 4.5%. On their personal earnings, individuals in British Columbia hit the 31.1% marginal tax rate at $36,379 of earnings and pay tax at a rate of 43.7% on all individual income in excess of $118,286. So why don't more individuals deliver their personal services through corporations? Income that is left in the corporation is taxed only at the low rate of 18% instead of the high individual tax rates.

The reason more people do not incorporate their personal services is because the federal government's small business credit, and the low B.C. corporate tax rate, are not available to a "personal service business." If you can arrange your affairs so that your corporation is not treated as a "personal service business," however, the tax benefits of incorporation might be available.

What is a "Personal Service Business"?

The federal government withdrew the benefits of the small business credit from personal service businesses in 1981. The government was concerned that high-income employees were incorporating and then having their former employers hire their service corporations instead of hiring them personally, which would give them the benefit of the small business credit with respect to all of their essentially employment income retained in their corporation. Subsection 125(7) of the *Income Tax Act* reflects this concern and defines the term "personal service business" as follows:

- a business of providing services where

  (a) an individual who performs services on behalf of the corporation ("incorporated employee"), or

  (b) any person related to the incorporated employee

  is a specified shareholder of the corporation (defined in s. 248(1) to mean, in part, an owner, directly or indirectly, of 10% or more of the shares of the corporation),

- the incorporated employee would reasonably be regarded as an officer or employee of the entity to which the services were provided but for the existence of the corporation,

- unless

  (c) the corporation employs in the business throughout the year more than five full-time employees, or

  (d) the services are provided to an associated corporation.

From this definition, it is clear that to avoid the characterization of a "personal service business," a taxpayer must be able to show that he or she would not "reasonably be regarded as an…employee…of the person…to whom…the services were provided but for the existence of the corporation." Thus, the key question is this: if it were not for the service corporation, would there be an employment relationship between the taxpayer and the payer? Even if there would be such an employment relationship, the corporation may still avoid the characterization of a personal service business if it "employs in the business more than five full-time employees" or the corporation is paid for services provided by an associated corporation.

When does an employment relationship exist?

The *Income Tax Act* does not define an employment relationship. It simply states that employment "means the position of an individual in the service of some other person…" (s. 248). Courts have been left to develop the test for distinguishing between an employee and an independent contractor in the context of the federal *Income Tax Act*. By and large, courts have used tests developed in other areas of law, such as tort and labour law, for the purpose of distinguishing between employees and independent contractors.

The Tax Court of Canada has been responsible for determining most cases dealing with the issue of whether or not a taxpayer is operating a personal service business. Tax Court Judges have relied heavily upon two upper court decisions, namely, the Federal Court of Appeal decision in *Wiebe Door Services Limited* v. *M.N.R.* and the Supreme Court of Canada decision in *671122 Ontario Ltd.* v. *Sagaz Industries Canada Inc.* In *Wiebe*, the Federal Court of Appeal held that the test for an employment relationship involved considering four factors (referred to as the four-in-one test): (1) control, (2) ownership of tools, (3) chance of profit; and (4) risk of loss. In *Sagaz*, the Supreme Court of Canada approved this test, but stated that the list of factors in *Wiebe* is not exclusive and that, although it gave no indication of the relative weight to be given to the factors, the degree of control the payer exercised over the service provider was still central.

Thus, the factors that the Tax Court may consider include the following:

- the level of control the payer has over the service provider's activities;
- whether the service provider provides his or her own equipment or tools;
- whether the service provider has a chance of profit or risk of loss; and,
- whether the service provider is an integral part of the payer's business.

In applying these tests, no one criterion is dispositive. All factors must be considered in light of the total relationship between the service provider and the payer. Part II of this article will illustrate how the courts have been applying these factors in three recent cases.

WHAT'S HAPPENING AROUND MILLER THOMSON LLP

Esmail Bharwani of our Calgary office published an article entitled *Take advantage of reserves under the Income Tax Act* in the December 07, 2006 issue of Calgary Real Estate News.

Esmail Bharwani published an article entitled *What is the zero-rated concept for GST purposes?* in the December 14, 2006 issue of Calgary Real Estate News.

Esmail Bharwani published an article entitled *Penalties for professionals - Be aware of the consequences - Part 1* in the January 04, 2007 issue of Calgary Real Estate News.

Susan M. Manwaring of our Toronto office co-instructed the "*Refresher*" *Canadian Gift Planning Course* at the Canadian Association of Gift Planners at The Banff Centre in Alberta on January 9 - 14, 2007.

Esmail Bharwani published an article entitled *Is it a joint venture or a partnership?* in the January 11, 2007 issue of Calgary Real Estate News.

Esmail Bharwani published an article entitled *Penalties for professionals - Be aware of the consequences - Part 2* in the January 18, 2007 issue of Calgary Real Estate News.

Gerald D. Courage of our Toronto office presented a paper on *Utilization of Tax Losses* at the Seventh Annual Conference on Taxation of Corporate Reorganizations presented by Federated Press in Toronto on January 18, 2007.

William J. Fowlis of our Calgary spoke on *The Reversionary Trust Rules and other Tax Tips and Traps respecting Personal Trusts* at the Calgary Chapter of the Society of Trust and Estate Practitioners in Calgary on January 24, 2007.

Peter Milligan of our Toronto office spoke on *Recent Jurisprudence in Assessment Valuation Across Canada* at the Valuation of Payment in Lieu of Tax (PILT) National Conference presented by Public Works and Government Services Canada in Toronto on February 6 - 8, 2007.

Esmail Bharwani spoke on *Planning for Death and Taxes* for His Highness Prince Aga Khan, Ismaili Economic Planning Board for Canada Pacific Region in Vancouver on February 10, 2007.

Peter Milligan moderated a panel of experts discussing the issue of *Business Enterprise Value* at the Canadian Property Tax Association National Valuation and Legal Symposium in Toronto on February 12 and 13, 2007.

Gregory P. Shannon of our Calgary office chaired a presentation entitled *Technology and Energy* at the Association of Corporate Growth (Calgary Chapter) Forum in Alberta on February 21, 2007.

Joseph W. Yurkovich of our Edmonton office spoke on *Tax Representations and Warranties* at the Northern Alberta CBA Tax Section in Alberta in February, 2007.

Gregory P. Shannon co-chaired *Income Trust and Energy Symposium - Where We are and Where We are Going?* at the Calgary Enterprise Forum's Ventures Forum in Calgary on March 5, 2007.

Esmail Bharwani published an article entitled *CRA loses employment profit sharing plan case - Part 1* in the March 15, 2007 issue of Calgary Real Estate News.

Esmail Bharwani spoke on the Canada Revenue Agency's *Voluntary Disclosure Program* at a Miller Thomson LLP business development seminar in Calgary at the Chamber of Commerce on March 15, 2007.

Gregory P. Shannon chaired/hosted *Recent Tax Developments* at the MT Calgary Tax Group Breakfast Seminar in Calgary, on March 15, 2007.

Esmail Bharwani published an article entitled *CRA loses employment profit sharing plan case - Part 2* in the March 22, 2007 issue of Calgary Real Estate News.

Rachel L. Blumenfeld led a seminar on *Legal and Tax Implications for Fundraising* for the York Region United Way and Volunteer lawyers Services in Toronto on March 28, 2007.

Wendi P. Crowe of our Edmonton office spoke on *Tax Representations and Warranties* at the CBA Taxation Section Meeting in Edmonton on March 28, 2007.

Normand Royal of our Montreal office spoke on *Tax Structure for the Acquisition of Canadian Real Estate by Non-Resident* at a real estate APFF seminar in Montreal on March 29, 2007.

William J. Fowlis presented a paper on *Planning Considerations with respect to the New Dividend Tax Regime* at the Miller Thomson LLP Tax Group Breakfast in Calgary in March, 2007.

Kate Campbell of our Toronto office and **Susan M. Manwaring** were successful in obtaining an intervention in the Supreme Court of Canada in the matter of *AYSA (Amateur Youth Soccer Association) vs. The Queen* on behalf of their client, Imagine Canada.

Esmail Bharwani published an article entitled *Not-for-profit organizations must comply with the Income Tax Act* in the April 5, 2007 issue of Calgary Real Estate News.

Dalton Albrecht of our Toronto office presented a paper on *Sustainability and Trade Issues - US and Canadian Perspectives* at the Multilaw Americas & Asia Pacific Regional Conference in Portland, Oregon on April 12, 2007.

Esmail Bharwani published an article entitled *Use Voluntary Disclosure Program to your advantage* in the April 12, 2007 issue of Calgary Real Estate News.

Peter Milligan spoke on *The Extraction of Non Real Estate Value from the Value of Going Concerns* at the Ontario Association of The Appraisal Institute of Canada in Kitchener on April 13, 2007.

Esmail Bharwani published an article entitled *What is the Voluntary Disclosure Program?* in the April 19, 2007 issue of Calgary Real Estate News.

Esmail Bharwani published an article entitled *Are you succeeding in avoiding the taxman?* in the April 26, 2007 issue of Calgary Real Estate News.

Joseph W. Yukovich spoke on *Tax Structuring* at the Structuring Venture Capital and Private Equity Conference presented by Federated Press in Calgary on April 26, 2007.

Gregory P. Shannon spoke on *Corporate Governance Initiatives and Recent New Rules promulgated by the CSA* at the Presidents Network Inc. Annual General Meeting in Vancouver on April 27, 2007.

Wendi P. Crowe spoke on *Collection Law: The Good, The Bad and the Profitable* at the Lorman Seminar on Cost of Credit Disclosure under the Alberta Fair Trading Act in Edmonton in April, 2007.

William J. Fowlis presented a paper on *Tax, Business Succession and Estate Planning* at the TD Waterhouse Wealth Management Advisors in Calgary in April, 2007.

Peter Milligan spoke on a panel regarding *The Identification and Quantification of Tangibles and Intangibles in the Mass Appraisal Process* at the International Property Tax Institute Second Mass Appraisal Valuation Symposium at Ryerson University in Toronto on May 7 - 9, 2007.

Dalton J. Albrecht moderated the Southern Ontario Commodity Tax Group Breakfast Seminar in Toronto on May 10, 2007.

Gregory P. Shannon spoke on *Cross-Border Estate Planning Issues* at the Kelowna Estate Planning Society in Kelowna on May 15, 2007.

Dalton J. Albrecht chaired *The Best Practices Before The CITT and CBSA/GST and Customs Cross-Border Issues* and moderating the *Getting to "YES" with CBSA Session* and presenting on *Customs GST Interaction* at the Canadian Bar Association 2007 Commodity Tax Customs and Trade Law CLE Conference in Ottawa on May 27, 2007.

Gerald D. Courage spoke on *Tax Issues - Share Sale and Asset Sale* at the Private M&A "Boot Camp" presented by Miller Thomson LLP in Toronto in May 30, 2007.

William J. Fowlis presented a paper on *The 21 Year Deemed Disposition Rule - Operation of the Rule, Planning Strategies and Other Issues* at the Red Deer Conference of the Calgary and Edmonton Chapters of the Society of Estate and Trust Practitioners in May, 2007.

William J. Fowlis participated in the Canada Revenue Agency / Institute of Chartered Accountants of Alberta Roundtable Meeting in Edmonton in May, 2007.

Dalton J. Albrecht will be presenting *Transfer Pricing and Cross-Border Issues in a Global World* at the Basics of International Tax and Transfer Pricing presented by Federated Press in Toronto on June 18, 2007.

Robert B. Hayhoe of our Toronto office will be speaking on *Foundations* at the STEP National in Toronto in June, 2007.

Robert B. Hayhoe will be speaking on *Problem Gifts* at the STEP Montreal in Montreal in June, 2007.

Special Announcement

The Miller Thomson Tax Group is pleased to welcome Donald Carr to the Group. Donald is a senior and very well known and respected practitioner in the estates and charities area and will add further depth to our practices in those areas.

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