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TAX NOTES

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INCOME TRUSTS: A NEW TAX REGIME FOR PUBLICLY-LISTED FLOW-THROUGH ENTITIES

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Introduction

On December 15, 2006, the Department of Finance provided further guidance on the new tax regime to close down income trust conversions and to shore up the existing tax base.

As part of the Tax Fairness Plan announced by Finance Minister Flaherty on October 31, 2006, a "Distribution Tax", equal to the general combined federal/provincial corporate income tax rate, will apply to certain non-deductible distributions by publicly-listed income trusts and be payable by them. Publicly-listed partnerships will have to pay tax on certain earnings, regardless of allocation, at a rate comparable to the Distribution Tax. Distributions and allocations will be taxed a second time as taxable dividends to their individual investors. Canadian residents will be deemed to receive "eligible dividends" and thereby qualify for the enhanced dividend tax treatment beginning in 2006. Publicly-listed income trusts and partnerships are collectively referred to as flow-through entities ("FTEs").

The new regime will not apply to existing FTEs until 2011. Such FTEs will be able to enjoy "normal growth" over this grandfathering period so long as new equity capital growth does not exceed the sum of $50 million and an objective "safe harbour" amount. This grandfathering maintains the significant tax advantages of income trusts for four more years. FTEs that begin trading after October 31, 2006 will be subject to the new tax starting in 2007. No such FTEs are anticipated.

Draft legislation was released on December 21, 2006. More changes are expected to deal with technical and policy concerns, particularly avoidance strategies that may frustrate the Government's objectives and guidance.

Three other changes were also announced as part of the Government's Tax Fairness Plan:

- A half point reduction in the general corporate income tax rate to 18.5% as of 2011;
- $1000 increase in the age credit amount to $5,066, effective in 2006; and
- Permissibility of pension income splitting between spouses or common-law partners, effective in 2006.

Objectives of the new regime

Despite proposed lower taxation of corporate dividends first announced by former Finance Minister Goodale on November 23, 2005, conversions to FTEs continued because significant tax advantages remained for non-resident and tax-exempt investors (see Table 1). The new regime is designed to remove tax as a consideration for operating as either a FTE or a corporation.

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Table 1: **Simplified comparison of proposed investor tax rates in 2011**

Investor	New Dividend System		New Income Trust Sytem	
	FTE (Income)	Large Corporation (Dividend)	FTE (Non-Portfolio Earnings)	Large Corporation (Dividend)
Taxable Canadian	46%	46%	45.5%	45.5%
Canadian tax-exempt	0%	32%	31.5%	31.5%
Foreign investor	15%	42%	41.5%	41.5%

Details of the new regime

Specified investment flow-throughs

The new regime will apply to specified investment flow-throughs ("SIFTs"). An income trust or partnership is a SIFT, if the following conditions are satisfied:

	Trusts	Partnerships
1. Residency	• Resident in Canada	• A "Canadian partnership" (i.e. all of its members are resident in Canada); • Central management and control are in Canada; • Formed under the laws of Canada or a province; or • Would, if it were a corporation, be resident in Canada.
2. Listing	• Units listed on a stock exchange or other public market	
3. Holdings	• Holds one or more "non-portfolio properties"	

Taxable amount

SIFT trusts will be required to pay the Distribution Tax on distributions of non-portfolio earnings. Such trusts can no longer deduct distributions. Non-portfolio earnings of SIFT partnerships will be taxable at a rate comparable to the Distribution Tax. Non-portfolio earnings include:

- Income from the businesses a SIFT carries on in Canada;
- Income from non-portfolio properties; and
- Taxable capital gains from dispositions of non-portfolio properties.

Non-portfolio property holdings refer to investments in "subject entities" (such as Canadian-resident corporations, trusts and partnerships) with fair market value (FMV) that:

- exceeds 10% of the entity's issued and outstanding shares or interests; or
- together with the FMV of securities held in affiliates of the entity, exceed 50% of all issued and outstanding shares or interests of the investor itself.

SIFTs qualify for all deductions for taxable dividends provided to corporations under the *Income Tax Act*.

Distribution Tax

The Distribution Tax rate will be the general federal corporate rate plus 13% in lieu of provincial tax (see Table 2).

***Table 2*: SIFT tax rates on distributed non-portfolio earnings**

Rate	2007	2008	2009	2010	2011
Federal*	21.0%	20.5%	20.0%	19.0%	18.5%
Additional	13.0%	13.0%	13.0%	13.0%	13.0%
Total	34.0%	33.5%	33.0%	32.0%	31.5%

* All federal rates are enacted, except the 2011 rate.

Normal growth

Following consultations with many publicly-traded trusts and partnerships, Finance decided that the sum of $50 million dollars and a "safe harbour" amount will be the benchmark of "normal growth" for grandfathered SIFTs. Expansion in excess of this benchmark will result in loss of grandfathering.

Safe harbour

A grandfathered SIFT's market capitalization as at market close on October 31, 2006 establishes the benchmark for the safe harbour calculation. Market capitalization is the value of a SIFT's issued and outstanding publicly-traded units including debt, options or other interests that were convertible into units of the SIFT. The safe harbour amount will be determined as a percentage of market capitalization for the periods specified in Table 3 and will allow growth of up to 100% over the four-year transition period.

Table 3

Safe Harbour Amount (as a % of market capitalization)			
Nov. 1/06 to Dec. 31/07	**2008**	**2009**	**2010**
40	20	20	20

SIFTs may carry over their annual safe harbour amounts into following years throughout the transition period; however, the $50 million dollar amounts are not cumulative. New equity broadly covers units, debt and any other interest convertible into units. Outstanding debt as of October 31, 2006 replaced with new equity will not be considered growth for these purposes. Although issuing new non-convertible debt will not affect the safe harbour, converting such new debt with equity will be counted as growth.

If another person or partnership exercises a right that existed on October 31, 2006 to exchange an interest in a partnership or a share of a corporation into new equity, the resulting issuance of new equity will not be considered growth. As long as net equity remains unchanged, mergers or reorganizations of SIFTS, publicly trading on October 31, 2006, will not be considered growth.

Real estate investment trusts ("REITs")

The new regime does not apply to REITs, which otherwise qualify as SIFTs, if:

- Real property situated in Canada is the only non-portfolio property held throughout the year;
- At least 95% of yearly income derives from domestic or foreign properties including dividends, interest, rents and taxable capital gains from dispositions of real property;
- At least 75% of yearly income derives from rents from, mortgages on, or gains from the disposition of, real properties situated in Canada; and
- FMV of real properties situated in Canada and cash debt or other obligations of Governments in Canada (including Crown corporations, etc.) held throughout the year is at least 75% of equity value.

"Real property situated in Canada" includes securities issued by any entity that itself satisfies the above conditions; thus, a REIT can hold Canadian real properties through intermediaries. Depreciable property with a capital cost allowance rate greater than 5% does not qualify.

Return of capital

The new regime does not affect the treatment of "return of capital". Return of capital is neither deducted by trusts nor included in income by unitholders - it reduces the unitholder's cost of investment.

Taxation of investors

Under the new regime, both trust distributions and partnership allocations of non-portfolio earnings will be taxed as dividends to investors as follows:

Recipient	Tax treatment of distribution or allocation
Canadian-resident individual	Deemed "eligible dividend" benefiting from enhanced dividend tax credit
Canadian-resident corporation	Included in income with corresponding deduction
Canadian tax-exempt	Neither taxed nor entitled to any refundable dividend tax treatment
Non-resident	Subject to non-resident withholding tax before receipt

Implications of the new regime

Distributions to unitholders

- For most Canadian individual unitholders, in 2011 the combination of the Distribution Tax and the enhanced dividend tax credit will match the status quo. However, the Distribution Tax will be an absolute cost for tax-exempts and foreign investors.

Tax-exempt entities

- Tax exempts (e.g. pension plans, RRSPs) will incur significant double taxation under the new regime because the Distribution Tax will apply and a second level of personal tax will eventually apply upon distribution to pensioners or annuitants, as is the case with corporate investments. Large pension funds may prefer to invest directly in private FTEs instead of those publicly-listed. Likewise, public income trusts may be targets for acquisition and privatization.

Current and future tax accounting

- Going forward, SIFTs will have to account for income taxes beginning in 2011. This will affect stated earnings and various financial ratios.

Debt covenants of SIFTs

- Financial measures, around which debt covenants are structured, stand to change under the new regime. This will influence any renegotiation of terms.

Strategic and economic issues for existing entities

- The new regime forces businesses to revisit strategies, tax planning and cash-flow predictions. Existing FTEs may consider proceeding as-is (although beyond 2010 this will be a questionable alternative), restructuring, directly issuing debt to the public or privatizing.

Conversion of Trusts to Corporations

- The Department of Finance intends to allow SIFTs to convert to corporations without any tax consequences to investors and to remove any impediments to conversion under the current income tax rules.

Capital dividend account

- Such trusts and partnerships can no longer distribute one-half of capital gains from the disposition of non-portfolio property tax-free.

Conclusion

The new regime dramatically changes the landscape for publicly-listed FTEs and their investors. Feel free to contact any member of the Miller Thomson Tax Group, if you have any questions about the implications of the new regime, or for an update on the status of the draft legislation.

GST SECTION 167

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The GST "Section 167 Election" has important application in asset sales. If applicable, it deems that the business assets acquired by a Purchaser have been acquired for "nil consideration". Therefore, there is no need to pay or account for the GST (or HST - there is also an equivalent QST Section 75 Election). A Vendor has to be very careful in agreeing to this Election, particularly if it is a new, turnkey business (e.g. a franchise) that is involved as the Vendor has all of the risk and none of the benefits.

The Election applies to the sale of a complete business unit as a going concern that is or could be operated as separate business where substantially all the assets necessary for the Purchaser to run the business as a separate business are supplied in the Agreement of Purchase and Sale without combining such purchased assets with other assets of the Purchaser.

There is no advantage to the Vendor in making this Election. In fact, there are many disadvantages. They include a loss of the cash flow benefit and, most importantly, interest and penalty for non-collection of GST if the Election is not applicable or if the Election form is not filed or it is not filed on time. The Election must be filed by the Purchaser with its GST return for the period in which the transaction took place. The Vendor must ensure it obtains a copy of the filing to provide proof of filing should any complications arise. The Vendor should also obtain an indemnity for any tax, interest or penalty arising out of the attempt to utilize the Election.

While the Purchaser usually wants to make the Election for cash flow purposes, there may be no such advantage to the Purchaser or even a disadvantage. The Election should not be utilized where the Purchaser is not entitled to full input tax credits as there is no benefit. Further, the GST change-in-use rules represent a trap for the unwary. If the change-in-use rules apply, because the Purchaser will not be using the assets in a commercial activity (or, if there is a partial change-in use), then use of the Election is simply inviting a GST assessment of the Purchaser (unless the Purchaser self assesses and pays the GST avoided on the purchase) and penalty and interest will apply. The GST should be paid up front by not using the Election.

Further, the Election is not applicable to franchises for the most part, if it is even applicable at all. Services, leases, licences, intangibles (transfer of trademarks or trade names) are not subject to the nil consideration treatment. The Election is likely not applicable to a franchise acquisition in any event, because under most franchise agreements insufficient assets are conveyed under the Agreement for the franchise to be capable of running the franchise as a separate Business without adding to or acquiring other assets.

The sale of real property to an unregistered registrant and situations where there are multiple purchasers or multiple agreements (one agreement for entire business or business unit is necessary to make the Election) are also examples of where the Election cannot be used.

The Election form must be filed is due with first GST return of the Purchaser following the completion of the transaction. It is necessary to ensure that all relevant property is listed and described on the form and it is important that all property to be transferred under one (1) agreement.

CANADIAN RENEWABLE & CONSERVATION EXPENSE ("CRCE")"GREEN" ENERGY TAX INCENTIVES

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This article is an overview of the Canadian income tax considerations relevant to Canadian renewable and conservation expense ("CRCE") which were introduced in the March 6, 1996 Federal Budget as a new category of deductible expenses.

CRCE was invoked to place the renewable energy sector on an equal footing with the non-renewable resource sector namely, oil and gas and mining, by treating CRCE as a deductible pool of expenses with tax treatment similar to that of Canadian exploration expense ("CEE") under Section 66 of the *Income Tax Act* (Canada) (the "Act"). As the upfront soft costs incurred in developing and exploring for oil and gas and minerals can be very expensive, the Act contains provisions that in many cases permit immediate deductions for such expenditures called CEE. Similar issues exist for developers/operators of environmentally friendly or otherwise known as "green" energy projects.

Before the creation of CRCE, development expenses could have been characterized as eligible capital expenditures or added to the cost of the equipment or property. In either case, there was a significant disincentive to undertaking speculative work in the "green" energy or renewable energy sector. Now, certain renewable energy-related development work, subject to certain specific exceptions as described in the regulations to the Act, is included in the definition of CRCE and is fully deductible when incurred and can be carried forward indefinitely.

CRCE represents the intangible expenses incurred by a "principal-business corporation" and payable to an arm's length party in connection with the development of an energy project wherein at least 50% of the capital cost of the depreciable property in the renewal energy project will be property described in Class 43.1 (a "Class 43.1 Asset") or Class 43.2 (a “Class 43.2 Asset”), under the Canadian system for capital cost allowance ("CCA").

Class 43.1 Assets

Separate CCA classes are prescribed in the regulations to the Act for various types of tangible fixed assets used in a business and the cost of the assets in each class can be depreciated at prescribed rates. The Class 43.1 Technical Guide prepared by Canada Revenue Agency ("CRA") provides an extensive list of the expenses that qualify for CRCE. Class 43.1 Assets include new assets used in systems to conserve energy or that use renewable forms of energy such as water, heat, wind, certain waste fuels or heat exchange/recovery systems that recirculate heat from thermal waste. Simply put, some of the types of systems that qualify under Class 43.1 are cogeneration systems that generate electricity and reusable heat that do not exceed an efficiency rating of 6,000 BTU per kilowatt-hour; electrical generating equipment, heat production and recovery equipment, fossil fuel equipment, feed water and condensate equipment; energy systems that produce power from sunlight; wind energy systems (i.e., wind-driven turbines, electrical generating equipment, supports, battery storage equipment and transmission equipment); heat recovery systems that reuse heat from thermal waste, heat exchangers, compressors and boilers; and small hydro electric projects that have an annual rate capacity not to exceed 50 megawatts. These types of Class 43.1 Assets qualify for a 30% CCA deduction on a declining basis subject to the half-year rule.

Class 43.2 Assets

Class 43.2 Assets are certain assets that are also included as Class 43.1 Assets but are new and acquired after February 22, 2005 and before 2012. Class 43.2 Assets are certain highly fossil fule efficient and renewable energy generation equipment. If the asset qualifies as a Class 43.2 Asset, the CCA deduction is increased to 50%.

Qualifying expenses under CRCE include:

1. The cost of temporary roads to the site;
2. Pre-feasibility studies;
3. Negotiation costs that are not property or finance related;
4. Site approval costs;
5. Evaluations and feasibility studies;
6. Environmental or other site specific feasibility studies;
7. Site preparation costs;
8. Start-up and/or commissioning;
9. Training of operators and maintenance personnel;
10. The cost of building service connections for the transmission of electricity or power; and
11. The cost of acquiring and installing test wind-driven turbines (provided however that a favourable opinion regarding the testing of a specific wind turbine is obtained from Natural Resources Canada).

Non-qualifying CRCE expenses include certain soft costs such as:

1. Project management fees;
2. Legal fees;
3. Insurance;
4. Interest and financing fees; and
5. Accounts payable to non-residents and partnerships that are not Canadian partnerships.

The non-qualifying expenses may be deducted under other provisions of the Act or allocated to the actual cost base of the equipment or property.

"Flow-Through" Share Financings

A new opportunity for equity financing has blossomed as a result of the ability of a "principal-business corporation" to renounce CRCE to its shareholders. A "principal-business corporation" includes, but is not limited to, a corporation of which the principal business is any of, or a combination of, the production, refining or marketing of petroleum, petroleum products or natural gas; exploring or drilling for petroleum or natural gases; mining or exploring for minerals; the generation of energy using Class 43.1 Assets and the development of projects for which it is reasonable to expect that at least 50% of the capital cost of the depreciable property to be used in each project would be the capital cost of Class 43.1 Assets. This source of capital may be an integral part of a principal-business corporation's financing requirements. The introduction of the "flow-through" share rules to the renewable energy sector has provided access to financing for small to medium size energy companies that are customarily not in a position to use the expenses incurred in the development of renewal energy projects. "Flow-through" shares are true equity shares and are generally garden-variety common shares. A "flow-through" share subscription agreement is the mechanism entered into under which the subscribers agree to purchase the "flow-through" shares and the issuer agrees to incur an amount equal to the subscription price on CRCE and to renounce that amount of CRCE to the shareholders. 100% of CRCE renounced to a shareholder can be deductible by the shareholder from ordinary income in calculating the shareholder's liability for income tax.

The "flow-through" share provisions contain a "look-back" rule that provides an additional tax advantage. Under the "look-back" rule, CRCE incurred in the year after the "flow-through" share subscription agreement is concluded may be renounced to the shareholders effective in the first year so that all the CRCE incurred in both first and second years can be deducted in the first year. Another significant benefit of "flow-through" shares is that CRCE may be renounced to a shareholder by a "principal-business corporation" that may not currently need the tax deductions. The amount of CRCE renounced to the shareholder cannot exceed the initial subscription price for the "flow-through" shares. The CRCE must be renounced to the shareholder during a period that begins on the day the agreement is made and ends 24 months after the end of the month in which the subscription agreement is made. The issuer must file a Form T100 with CRA along with a copy of the "flow-through" share subscription agreement or an offering document within the time prescribed by Subsection 66(12.68) of the Act. The Form T100 provides information as to the number of shares issued and an estimate of the type and amount of expenses to be incurred by the "principal-business corporation". Subsequent reporting on a Form T101 is required at the end of each month in which a renunciation of CRCE is made to an investor.

Conclusion

In summary, the three main federal income tax incentives offered to "green" energy projects are as follows:

1. The immediate deduction available for certain expenses incurred in the development of CRCE-related projects;
2. The accelerated CCA permitted for Class 43.1 Assets and Class 43.2 Assets used in CRCE projects; and
3. A "flow-through" share mechanism which allows "principal-business corporations" to adequately finance their operations and also to allocate certain expenditures to their shareholders for the purposes of assisting shareholders in sheltering their personal income.

TECHNICAL AMENDMENTS TO SUBPARAGRAPH 60(l)(ii) OF THE *INCOME TAX ACT* "HENSON" TRUSTS FOR DISABLED

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Canadians with disability have always been treated with compassion by the *Income Tax Act* (Canada) (the "Act"). Not only are certain credits granted for disability, but when the Act was amended to remove the preferred beneficiary election with respect to beneficiaries of a trust, such preferred beneficiary elections in favour of children who had qualified disabilities under the Act were preserved. It is possible to elect to have the income of such a trust taxed in the hands of the disabled beneficiary, notwithstanding that the funds are not actually paid or made payable to such disabled beneficiary.

Under paragraph 60(l)(ii), where an individual who is a spouse or financially dependent child or grandchild of a taxpayer receives, on the death of the taxpayer, a distribution from a registered retirement savings plan or a registered retirement income fund, the individual is required to include the amount in income. However, paragraph 60(l) provides an offsetting deduction if the amount is used within a specified period of time to acquire an annuity described in paragraph 60(l)(ii) of the Act. This allows the beneficiary (and the estate of the deceased taxpayer) to defer the tax on the RRSP or RRIF until the annuity payments are made.

There are two basic types of annuities. The first is a life annuity (or an annuity payable to age 90) under which the individual is the annuitant. Where the individual is a child or a grandchild of the deceased, a deduction for this type of annuity is available only if the child or grandchild was dependent on the deceased by reason of physical or mental infirmity. The second annuity is an annuity payable for a fixed number of years not exceeding 18 minus the individual's age in years at the time the annuity is acquired.

The February 27, 2004 amendments to the Act were intended to allow a trust to be named as the annuitant under the annuity. This option is available only if the individual is physically or mentally infirm and is the sole person beneficially interested in amounts payable under the trust.

Often persons who are physically or mentally infirm are eligible to receive a monthly allowance under a provincial disability income support program in Ontario under (the Ontario Disability Support Plan (ODSP)), but that allowance is based upon that person having no other funds available for his or her use above $5,000.00. The disabled person may have up to that amount in your bank account and still qualify for the ODSP. If a person has more than $5,000.00 available to them in liquid assets, he or she is disqualified from receiving benefits, and if the amount is substantial then not only are they disentitled to any funding, but the support services such as the right to special counsel, the right to a drug card for required medications and dental care, and the right to receive special assistance in the form of support workers from the community may also be removed.

One approved method of maintaining compliance with the plan and its beneficial necessary social support, is to have an absolute discretionary trust known as a "Henson Trust" in place to hold certain assets. This type of trust, named after a case involving a disabled person receiving benefits who was the beneficiary of such a trust from her father's estate, is set up specifically to monitor the funds that are made available to the individual from time to time on a completely discretionary basis so that all of the social benefits received by that disabled person are not discontinued. Where disability is involved, it is not only the monthly income, but the ability to access medical treatment, drugs, dental treatment and counselling services that are of significance and in many cases are indispensable to the disabled person. The funds in a "Henson Trust" are not legally available to the disabled person. Only the funds that the Trustees, exercising their discretion, determine to be made available to the disabled person can legally be said to be beneficially owned by that disabled person.

The concern from a legal standpoint has always been that a "Henson Trust", being totally discretionary, cannot provide that the disabled person is "the only person beneficially interested in amounts payable". Accordingly, to make certain of not going offside with provincial social service legislation while complying with the Act, provisions to make the disabled person the only person beneficially interested in the amounts payable will obviously require careful drafting.

The Canada Revenue Agency, in a recent letter, indicated that if the "Henson Trust" is drafted properly, there would appear to be no reason why it would not qualify as a trust that is made available to individuals who are infirm mentally or physically in accordance with the new provisions in paragraph 60(l). In the letter, the Department stated that to have a trust that qualifies as an annuitant, there of course must be the three certainties: 1. the certainty of intention (to create a trust relationship), 2. the certainty of property (the property of the trust is identifiable with certainty) and 3. the certainty of objects (beneficiaries must be identified and ascertained). Whether or not these three certainties are present is a question of fact, which can only be determined on a case by case basis.

In its response, the CRA stated:

> "In your letter, you describe an absolute discretionary "Henson" style trust as a trust that is often used to safeguard a disabled beneficiary's entitlement to social assistance. In our view, provided the above three certainties are present and a valid trust is established, it may be possible to structure an absolute discretionary style "Henson" trust in such a manner that the trust would qualify as a trust for purposes of the February 27, 2004 amendments to subparagraph 60(l)(ii) of the Act."[1]

Accordingly, for all parents of persons on a disability allowance, this provision, while requiring careful professional drafting, will be of great benefit to all persons involved with the disability, and presents a great opportunity for planning the tax consequences of death when holding an RRSP or a RRIF.

It will take carefully drafting to ensure that, while alive, the only person entitled to any funds, when and if the Trustees exercise the discretion, is the disabled individual so the disabled individual has the best of both worlds.

WHAT'S HAPPENING AROUND MILLER THOMSON LLP

The Miller Thomson Tax Group welcomes **Kate Campbell** who joined the Group in December, 2006 as an associate practicing in the Charities area.

Esmail Bharwani of our Calgary office published an article entitled "*What are the consequences of 'change in use'?, Part III"* in the September 21, 2006 issue of Calgary Real Estate News.

Esmail Bharwani published an article entitled "*Paying a salary to your spouse and children*" in the September 28, 2006 issue of Calgary Real Estate News.

Alexandre Germain of our Montreal office published *Les aspects fiscaux du financements des sociétés: dette ou équité?* in the Revue du notariat in September, 2006.

Gregory P. Shannon of our Calgary office was appointed to the Board of the Association for Corporate Growth (Calgary Chapter) in September, 2006.

Gregory P. Shannon was reappointed to the Board of the Better Business Bureau of Southern Alberta in September, 2006.

Normand Royal of our Montreal office spoke on *Thematic Sessions Tax and Legal Aspects of a Sale of Shares by a Family Trust, Sale of Shares of a CCPC in The First 24 Month Period of Holding the Shares and Tax Planning and Legal Aspects of the Sale of a Division* at the Annual Conference APFF in Montreal on October 4, 2006.

[1] CRA document No. 2005-0113721E5(E). Subject: Subparagraph 60(l)(ii) - Henson Style Trust. External Technical Interpretation Inquiries.

Esmail Bharwani published an article entitled "*Document all of your expenses*" in the October 5, 2006 issue of Calgary Real Estate News.

Wendi P. Crowe of our Edmonton office spoke on *Succeeding at Succession* at the Independent Insurance Brokers Association of Alberta in Edmonton on October 4, 2006 and in Calgary on October 5, 2006.

Normand Royal spoke on *Legal and Tax Structure of Doing an Acquisition in Canada* at the Montreal Economic Mission of the French Embassy in Montreal on October 5, 2006.

Esmail Bharwani published an article entitled "*Are we lost in the rat race?*" in the October 12, 2006 issue of Calgary Real Estate News.

Esmail Bharwani spoke on *Real Estate Taxation and Asset Protection* for His Highness Prince Aga Khan, Ismali Economic Planning Board for Canada Edmonton Region in Edmonton on October 14, 2006.

Gerald D. Courage of our Toronto office spoke on *Utilization of Tax Losses and Debt Restructuring* at the Canadian Tax Foundation, 2006 Ontario Tax Conference in Toronto on October 17, 2006.

Martin J. Rochwerg of our Toronto office chaired part of the 2006 Ontario Tax Conference of the Canadian Tax Foundation in Toronto on October 16 and 17, 2006.

Dalton Albrecht of our Toronto office spoke on *Administrative Appeal - Notice of Objection* and *Appeal to Court* at the 26th Annual CICA Commodity Tax Symposium on October 17, 2006.

Esmail Bharwani published an article entitled "*Tidbits about capital gain loss rules*" in the October 19, 2006 issue of Calgary Real Estate News.

Alessandra Prioreschi of our Kitchener-Waterloo office spoke on *Solicitor Client Privilege* at a joint seminar with Ernst & Young LLP for in-house and chartered accountants, in Kitchener, on October 20, 2006.

Esmail Bharwani published an article entitled "*Can the CRA reassess you?*" in the October 26, 2006 issue of Calgary Real Estate News.

Esmail Bharwani published an article entitled "*Is mediation a better alternative to litigation*" in the November 2, 2006 issue of Calgary Real Estate News.

Martin J. Rochwerg presented a paper on *Implications of the New Dividend Tax Regime* at the Trusts and Estates Summit 2006 of The Law Society of Upper Canada in Toronto on November 3, 2006.

Robert B. Hayhoe and **Susan M. Manwaring** both of our Toronto office spoke on *Tax Update - The Changing Landscape for Fundraisers and Charities* at the Association of Fundraising Professionals Congress in Toronto on November 14, 2006.

Esmail Bharwani spoke on *Real Estate Taxation and Asset Protection* for His Highness Prince Aga Khan, Ismaili Economic Planning Board for Canada Edmonton Region in Edmonton on November 19, 2006.

Robert B. Hayhoe spoke on *Charities Update* at the Canadian Tax Foundation Fifty-Eighth Annual Conference in Toronto on November 28, 2006.

William J. Fowlis of our Calgary office taught a course entitled *Taxation of Domestic Family Trusts* for the Institute of Chartered Accountants of Alberta in Calgary and Edmonton in November, 2006.

Esmail Bharwani spoke on *Budgeting for Household and Cash Flow Management* for His Highness Prince Aga Khan, Ismaili Economic Planning Board for Canada Prairies Region in Calgary on December 3, 2006.

Esmail Bharwani spoke on *Real Estate Taxation and Asset Protection* for His Highness Prince Aga Khan, Ismaili Economic Planning Board for Canada Prairies Region in Calgary on December 3, 2006.

Daniel L. Kiselbach of our Vancouver office spoke on *Who is Responsible? The Importer-Broker Liability* Issues at the Canadian Importers & Exporters who Import Beware! - HS Amendments 2007 Seminar presented by the Canadian Association of Importers and Exports in Windsor on December 4, in Cambridge on December 5, in Markham on December 6 and in Ottawa on December 7, 2006.

Rachel Blumenfeld of our Toronto office spoke on *Gifts in Kind* at the Jewish Foundation of Greater Toronto Professional Advisors in Toronto on December 5, 2006.

Susan M. Manwaring 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.

Gerald D. Courage 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 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.

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.

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

Peter Milligan will be speaking 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.

Peter Milligan will be speaking 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.

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