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Marmar Penner Inc. Newsletter

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Canada Revenue Agency's Related Party Initiative

The Canada Revenue Agency (the "CRA") announced a few months ago its "Related Party Initiative" ("RPI"), which is an audit initiative targeting individual taxpayers and families with a net worth in excess of \$50 million or, alternatively, individuals or families with complex business structures (generally in excess of 30 corporations in a group). Individuals or families targeted by the CRA under the new RPI have been receiving lengthy questionnaires to complete within a relatively short period of time. CRA appears to be interested in the existence of entities such as trusts, and is seeking, in particular, information regarding offshore structures, including offshore trusts and foundations. Responding to the questionnaire involves providing financial information, minute books, organization charts and planning documentation. The request for planning documentation is troublesome since this information may be privileged.

It sounds as if the CRA questionnaire will request much of the information counsel for a non-title spouse might request in a complicated valuation, income determination or tracing exercise. If CRA finds that this program is successful, there may be useful information available to non-title spouses simply by requesting copies of all correspondence to and from CRA regarding RPI investigations.

This newsletter is intended to highlight areas where professional assistance may be required. It is not intended to substitute for proper professional planning. The professionals at Marmer Penner Inc. will be pleased to assist you with any matters that arise. Please feel free to visit our website at www.marmerpenner.com.