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The Hon. Marie-Claude Bibeau
Minister of National Revenue

April 12, 2024

Dear Minister Bibeau,

I am writing about the Canada Revenue Agency's (CRA) recent changes to the policy on filing T3 Trust Returns for bare trusts. I am concerned by the lack of communication to those impacted by these changes from the CRA, the lack of compensation for all those who spent hundreds of dollars on accountant fees to meet a reporting deadline that was reversed at the last minute and also the potential for this discriminatory policy to be reintroduced.

The decision to require filing of T3 Trust Returns for any situation that was a 'Bare Trust' created a catch-all situation impacting a vast amount of joint ownership situations across Canada. This was a broad overreach impacting many parents and adult children with joint bank accounts and investments.

After many of these people paid hundreds of dollars in accountant fees to meet this new deadline, the CRA decided at the eleventh hour to reverse this policy change. This has further cost businesses thousands of dollars in lost revenue and overtime to try and meet the deadline that was inconveniently set for the Easter long weekend. I note that a similar situation occurred last year with the Underused Housing Tax filings (UHT), where people struggled to the point of exhaustion and financial hardship to meet reporting deadlines only to have them cancelled at the last moment.

I am also concerned that the government has not made clear that this policy change will not be reintroduced at a later period. Several of my constituents have noted that such a policy is discriminatory against parents and adult children who, although they have joint with right of survivorship accounts and investments, are required to be bare trusts. While it may be claimed that being the beneficial owner of the joint account who pays



tax is what classifies one as a bare trust, tax is not payable on a bare trust. Parents and adult children with joint accounts and investments need to file a T3 and specify a trustee, which does not make sense when these are already joint with right of survivorship accounts and investments. This is in contrast with spousal joint accounts and investments, which are not required to file as bare trustees or bare trusts.

This approach to setting these deadlines is deeply flawed and places those impacted in unnecessarily precarious and stressful positions. It is unacceptable to set a reporting deadline of March 30, 2024 and then cancel that deadline on March 28, just two days prior. The reasoning for the CRA's changes to this policy were not well communicated to those who these changes are impacting. From their perspective, the CRA has disregarded the time and financial security of those directly impacted by the changes and the professional accountants attempting to support their clients. Further, the CRA is now facing increased bureaucratic expenses to chase down taxpayers who incorrectly filed information as a result of these conflicting requirement changes. These last minute reversals with little explanation do not inspire public confidence in the CRA's decision-making.

I urge you to take action by requiring the CRA to publicly explain the reasoning behind this policy change and the late hour reversal. Most importantly, the CRA and the government have a responsibility to reimburse those who spent hundreds of dollars on accountant fees that were unnecessary due to the CRA's policy reversal. As these expenses were made due to the requirement, and the reversal was not their decision, it is inappropriate to leave these people without fair and reasonable compensation.

Thank you for your time and consideration of this letter. I look forward to your reply.

Sincerely,



Elizabeth May, O.C.
Member of Parliament
Saanich-Gulf Islands
Leader of the Green Party of Canada

