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Re: *Priorities for Income Tax Folio Development*

Dear Ms. Shields:

Thank you for your participation in the December 3, 2013, liaison meetings between Tax Executives Institute and Canada Revenue Agency (CRA). During the meeting, you requested TEI's recommendations for CRA's priorities in developing and releasing its Income Tax Folios. The folios will supplant the income tax technical interpretation bulletins previously issued by CRA. On behalf of TEI, I am pleased to submit the Institute's priority guidance recommendations.

Tax Executives Institute is the preeminent international association of business tax executives. The Institute's approximately 7,000 professionals manage the tax affairs of more than 3,000 of the leading companies in North America, Europe, and Asia. TEI members, including our non-Canadian members with substantial investments and activities in Canada, must contend daily with the planning and compliance aspects of Canada's business tax laws, including the guidance in CRA's folios. The comments set forth in this letter reflect the views of the Institute as a whole, but more particularly those of our Canadian constituency.

The dissemination of timely guidance is a critical CRA service for taxpayers and practitioners as well as for CRA's auditors and other personnel. By summarizing and publicizing legislative, administrative, and judicial developments, CRA assists taxpayers in understanding and complying with their tax reporting and payment obligations and affords tax professionals the information necessary to tailor advice to their client's facts and circumstances. Hence, TEI fully supports the work of the

publications section and its efforts to modernize, streamline, and update its guidance through the issuance of folios on pertinent technical topics.

CRA launched its income tax folio publications in April 2013. The folios are comprehensive technical summaries of information previously found in CRA's income tax interpretation bulletins. There are seven broad "series" of topics with more detailed "folios" within each series. CRA's website includes links to six folios that have been published to date and indicates that CRA intends to publish an additional 41 folios. During the December 3rd meeting with TEI, you requested our input and assistance in prioritizing the remaining 41 folios by identifying which would be most beneficial to business taxpayers. After reviewing the list of folios, TEI recommends that CRA prioritize the development and publication of:

- Series 4 (Businesses), Folio 8 (Losses), which we recommend include guidance relating to self-help, in-house consolidations (or loss transfers) by corporate groups;
- Series 4 (Businesses), Folio 16 (Partnerships);
- Series 2 (Employers and employees), Folio 1 (Specific plans offered by employers to employees);
- Series 2 (Employers and employees), Folio 3 (Employment benefits); and
- Series 5 (International and residency), Folio 3 (Cross-border Issues).

Although all the remaining 41 folio topics identified on the website are critical to segments of Canadian taxpayers, we believe these 5 folios are the highest priority for, and will have the largest impact on, large businesses.

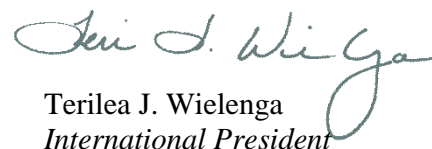
Finally, we commend CRA for publishing a table of concordance between the folios and the prior technical interpretation bulletins the folios supplant. The table is a useful tool for tracking the development of CRA's interpretations of the income tax law. We look forward to CRA's updates to its folios and the table of concordance.

* * *

TEI's recommendations were prepared by its Canadian Income Tax Committee, whose chair is Bonnie Dawe of Finning Corporation. If you should have any questions about TEI's recommendations please feel free to contact Ms. Dawe at 604.331.4864 (or bonnie.dawe@finning.com) or Shiraz J. Nazerali, TEI's Vice President for Canadian Affairs, at 403.213.8125 (or shiraz.nazerali@dvn.com).

Respectfully submitted,

Tax Executives Institute, Inc.



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International President

cc: Mickey Sarazin, Director General, Income Tax Rulings Directorate
Bonnie Dawe, 2013-2014 Chair, TEI's Canadian Income Tax Committee