

# The Joint Committee on Taxation of The Canadian Bar Association and The Canadian Institute of Chartered Accountants

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June 23, 2003

The Honourable John Manley, P.C., M.P.  
Minister of Finance  
21<sup>st</sup> Floor, East Tower  
140 O'Connor Street  
Ottawa, Ontario  
K1A 0G5

The Honourable Martin Cauchon, P.C., M.P.  
Minister of Justice  
4<sup>th</sup> Floor, 284 Wellington Street  
Ottawa, Ontario  
K1A 0H8

The Honourable Elinor Caplan P.C., M.P.  
Minister of National Revenue  
Connaught Building  
7<sup>th</sup> Floor, 555 MacKenzie Avenue  
Ottawa, Ontario  
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Dear Ministers:

## **Re: Retroactive Legislation**

We refer you to submissions regarding retroactive legislation issued by the Canadian Bar Association dated April 24, 2003 and The Toronto Board of Trade dated May 12, 2003, copies of which are attached. By proceeding with Bill C-28 in the face of opposition by these and other groups, the government has again demonstrated that it is willing to resort

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to retroactive amendments to correct legislation after the fact. This is extremely troubling. We urge the government to cease making retroactive changes in legislation which have a negative impact on taxpayers in respect of transactions or periods prior to the announcement of the changes.

The Joint Committee on Taxation agrees with the above-noted submissions that retroactive legislation which is detrimental to taxpayers is not appropriate, as it undermines both the rule of law and the confidence of taxpayers in our self-assessing system. Further, retroactive legislation is an impediment to encouraging investment in Canada by non-Canadians, and re-investment by Canadians, in this commercial environment of mobile capital. A stable and predictable tax system is necessary to encourage investment.

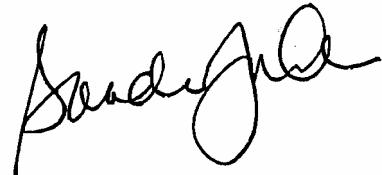
We strongly agree that taxpayers should be able to rely upon the law as then set forth, or otherwise announced in the public domain, when entering into transactions rather than being subject to subsequent legislative amendments which increase the tax burden of past transactions and vested rights. It appears that these retroactive amendments are implemented due to the courts or taxpayers disagreeing with the Crown's interpretation of the law in effect at the time.

We would be pleased to discuss this matter with you in more detail at your convenience.

Yours truly,



Roger D. Ashton  
Chair, Taxation Committee  
Canadian Institute of Chartered Accountants



Sandra E. Jack  
Chair, Taxation Section  
Canadian Bar Association

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