March 21, 2013

CANADIAN 2013 FEDERAL BUDGET

On March 21, 2013, the Canadian Finance Minister, Jim Flaherty, tabled the Canadian federal Government's budget for 2013 (the "**Budget 2013**"). The speculation leading up to the Budget was that the Minister's principal focus would be eliminating a federal deficit estimated to be as high as $26 billion, which could be achieved, in part, through an increase in tax revenue without the political fallout associated with increasing rates by instead introducing rules under the Government's continuing "tax fairness" program designed to curtail the erosion of Canada's corporate tax base and protect the integrity of Canada's tax system. Budget 2013 does not disappoint in this regard.

Several domestic and international measures announced in Budget 2013 exemplify decisive action taken by the Government to prevent the erosion of or broaden Canada's corporate tax base and reduce tax distortions and protect the integrity of Canada's tax system. Some of these measures (discussed in greater detail below) include:

- The extension of Canada's thin-capitalization rules to Canadian resident trusts and non-resident corporations and trusts that operate in Canada
- New anti-avoidance rules aimed at corporate loss trading that do not technically result in acquisitions of control that would otherwise trigger the loss-streaming rules
- The extension and adaptation of the corporate loss-streaming rules to trusts
- New anti-avoidance rules aimed at accelerating the tax consequences associated with "synthetic dispositions" of property
- New anti-avoidance rules designed to tax gains realized in derivative transactions referenced to underlying income properties as ordinary income (such as forward sale transactions, now referred to as "character conversion" transactions)
- An intention to launch a consultative process in respect of "treaty shopping".

Further measures designed to protect the integrity of Canada's tax system are comprised primarily of extending the circumstances in which the Canada Revenue Agency may issue an assessment beyond the normal reassessment period (such as in the context of late reporting of tax shelters and reportable transactions and improperly reported foreign property holdings), providing the Canada Revenue Agency with new collection powers in respect of amounts in dispute that relate to charitable donation tax shelters, rules denying benefits associated with certain leveraged life insurance arrangements, requiring more detailed reporting of a taxpayer's foreign holdings, and introducing a new program that rewards individuals with knowledge of international tax non-compliance for providing information that leads to the collection of taxes.

Finally, certain measures contained in Budget 2013 reflect the Government's continuing commitment to supporting Canadian small business (including a proposal to increase the lifetime capital gains exemption by $50,000 and indexing the limit to inflation going forward), Canada's manufacturing and processing sector and the development of clean energy.

A. MEASURES THAT PREVENT THE EROSION OF CANADA'S TAX BASE

Extension of Thin-Capitalization Rules to Trusts, Non-Resident Trusts and Non-Resident Corporations

Budget 2013 proposes to extend Canada's thin-capitalization rules to apply to: (i) Canadian resident trusts, and (ii) non-resident corporations and trusts with branch operations in Canada. The thin-capitalization rules generally limit the amount of interest expense a Canadian resident-corporation may claim in computing its income for a year in circumstances where the amount of debt owing to certain "specified non-residents" (typically, a non-resident that either alone or together with non-arm's length persons owns 25% or more of the issued and outstanding shares of the Canadian corporation) exceeds a legislated 1.5-to-1 debt-to-equity ratio. Historically, the thin-capitalization rules applied only to corporations. Budget 2012 extended the thin-capitalization rules to apply to partnerships of which a Canadian-resident corporation is a member. Budget 2013 proposes this further extension.

Canadian Resident Trusts

The existing thin-capitalization rules for corporations will be modified to reflect the legal nature of a Canadian-resident trust. For example, trust beneficiaries will be used in place of shareholders for determining whether a lender is a "specified non-resident" and the trust's "equity" for purposes of the debt-to-equity ratio calculation will, very generally, consist of contributions to the trust from specified non-residents less capital distributions (presumably emulating the concept of "paid-up capital") and the tax-paid earnings of the trust (presumably emulating the concept of "retained earnings). Where the trust is a discretionary trust, all non-resident beneficiaries will be specified beneficiaries. Any non-deductible interest expense of the trust may be designated as an income payment, which will be deductible to the trust, but subject to non-resident withholding tax and, potentially, tax under Part XII.2 of the *Income Tax Act* (depending on the character of the income earned by the trust). This measure will also apply to partnerships in which a Canadian-resident trust is a member and will apply to taxation years that begin after 2013 in respect of both existing and new borrowings.

Non-Resident Corporations and Trusts

Budget 2013 proposes that a loan that is used in a Canadian branch operation of a non-resident corporation or trust will constitute an outstanding debt to a specified non-resident for thin-capitalization purposes if it is a loan from another non-resident that does not deal at arm's length with the non-resident corporation or trust. Given the difficulties associated with applying a 1.5-to-1 debt-to-equity ratio to a branch operation (i.e. it is not an entity with its own "equity"), a 3-to-5 debt-to-asset ratio will be used in its place. In addition to possibly denying the interest expense in respect of a non-resident corporation's Canadian branch operations, the application of the thin-capitalization rules in this manner could increase its liability for Canadian branch tax.

Of particular significance is that these rules will apply to a non-resident corporation or trust earning rental income in Canada that makes the election under section 216 of the *Income Tax Act* (Canada) to be taxed on its net income under Part I of the *Income Tax Act* (Canada) (rather than being subject to tax under Part XIII on its gross rental income).

These measures will also apply to partnerships in which a non-resident corporation or trust is a member and will apply to taxation years that begin after 2013 in respect of both existing and new borrowings.

New Anti-Avoidance Rule Aimed at Corporate Loss Trading

Budget 2013 proposes to introduce a series of rules intended to curtail corporate loss trading in circumstances where transactions are structured so as to avoid an acquisition of control of a corporation with losses (thereby avoiding the application of the loss-streaming rules) or alternative transactions where a profitable corporation transfers income-producing property to an unrelated corporation with loss pools in return for shares of such corporation. The Government estimates that these measures will generate approximately $95 million of additional tax revenue over the next five years.

Budget 2013 proposes a new anti-avoidance rule that will deem there to have been an acquisition of control of a corporation that has loss pools where a person (or group of persons) acquires shares of the corporation that have more than 75 per cent of the fair market value of all the shares of the corporation without otherwise acquiring control of the corporation, but only if it is reasonable to conclude that one of the main reasons that control was not acquired is to avoid the restrictions that would have been imposed on the use of loss pools.

This measure will generally apply to a corporation the shares of the capital stock of which are acquired on or after March 21, 2013.

Extension of Loss-Streaming Rules to Trusts

Budget 2013 proposes to extend and adapt the current loss-streaming and related rules applicable to corporations following an acquisition of control to trusts in circumstances where the trust is subject to a "loss restriction event". The Government estimates that these measures will generate approximately $335 million of additional tax revenue over the next five years.

In general, a "loss restriction event" will occur when a person or partnership becomes a majority-interest beneficiary of the trust (i.e. a beneficiary who, together with affiliated persons or partnerships, has a beneficial interest in the trust's income or capital with a fair market value that exceeds 50 per cent of the fair market value of all the beneficial interests in income or capital, respectively) or a group becomes a majority-interest group of beneficiaries of the trust. Certain continuity of ownership rules that apply in the corporate context and which deem an acquisition of control not to occur will be extended to the trust context, with necessary modification, so as to ensure that a "loss restriction event" does not occur (i.e. transfers within a related group). Accordingly, it is expected that many typical transactions or events involving changes in the beneficiaries of a personal trust will not, because of these rules, result in the trust being subject to a loss restriction event.

The Government is inviting taxpayers to submit comments within 180 days after March 21, 2013 as to whether particular types of transactions should be included or excluded from the ambit of a "loss restriction event".

This measure will apply to transactions that occur on or after March 21, 2013 (other than transactions that parties are obligated to complete pursuant to the terms of an agreement in writing between them entered into before March 21, 2013).

New Anti-Avoidance Regime in Respect of "Synthetic Disposition Arrangements"

Budget 2013 proposes to introduce rules that would deem a taxpayer to have immediately disposed of a property in circumstances where the taxpayer (or a non-arm's length person) enters into one or more arrangements that have the effect of eliminating all or substantially all the taxpayer's risk of loss and opportunity for gain or profit in respect of the particular property for a period of more than one year (a "**Synthetic Disposition Arrangement**"). An example might be the sale by a taxpayer of shares that is, instead, structured as a term loan with a counterparty the terms of which provide that the taxpayer can satisfy its

principal repayment obligation at maturity by delivery of the shares (regardless of their value) coupled with the granting by the taxpayer to the counterparty of a call right over the shares exercisable at maturity for a purchase price equal to the loaned amount.

A taxpayer that enters into a Synthetic Disposition Arrangement in respect of a property will be deemed to have disposed of the property for proceeds equal to the property's fair market value and to have reacquired the property immediately thereafter at a cost equal to that fair market value. Other consequences include that the taxpayer will be denied certain tax benefits that depend on the continued ownership of the property after entering into the Synthetic Disposition Arrangement. For example, the taxpayer will be considered not to own the subject property for purposes of determining whether the taxpayer meets the holding-period tests in the dividend stop-loss rules and the foreign tax credit rules.

This measure is potentially very far-reaching as it could apply to a forward sale of property (whether or not combined with a secured loan), a put-call collar in respect of an underlying property, the issuance of certain indebtedness that is exchangeable for property, a total return swap in respect of property, or a securities borrowing to facilitate a short sale of property that is identical or economically similar to a property of the taxpayer (or a non-arm's length person).

The Supplementary Information indicates that this measure will not apply in respect of ordinary hedging transactions (which typically only involve managing the risk of loss and, therefore, do not involve the requisite elimination of opportunity for gain), ordinary course securities lending arrangements and ordinary commercial leasing transactions. This measure will apply to agreements and arrangements entered into on or after March 21, 2013 and to agreements entered into before that date if their term is extended on or after March 21, 2013.

New Anti-Avoidance Rules in respect of "Character Conversion Transactions"

Certain financial arrangements seek to reduce tax through the use of derivative transactions that convert ordinary income gains into capital gains, only 50 per cent of which are included in income. A character conversion transaction typically involves an agreement to buy or sell a capital property at a specified future date for a price that is determined by reference to some measure, often the performance of a specified portfolio of investments, that has nothing to with the capital property.

For example, several existing public transactions involve a trust that enters into a forward agreement with a counterparty to sell one or more capital properties at a specified future date (the capital property is typically a "Canadian security" for which an election has or will be made to treat all dispositions of such properties on capital account) at a price that is determined by reference to a particular portfolio of property. A direct investment by the trust in the portfolio and subsequent sale would likely give rise to income in the interim and/or a gain on income account (i.e. ordinary income) at the time of liquidation, whereas the forward sale of the capital properties arguably gives rise to a capital gain at the time of disposition (subject to possible challenge under existing tax rules). In this manner, the character of the trust's income is converted from ordinary income to capital gains.

In order to combat such "character conversion" transactions, Budget 2013 proposes to treat the return on such derivative transactions as being *distinct* from the disposition of the capital property that is purchased or sold under the derivative forward agreement with the result that any return under the derivative forward agreement that is not determined by reference to the performance of the capital property will be treated as having been realized on income account.

In order to prevent double taxation that might arise on the separate disposition of the capital property, Budget 2013 proposes that any income (loss) on the derivative transaction be added (deducted from) the adjusted cost base of the subject capital property.

Budget 2013 proposes that this measure will apply to derivative forward agreements that have a duration of more than 180 days. This measure will apply to derivative forward agreements entered into on or after March 21, 2013 and to agreements entered into before that date if their term is extended on or after March 21, 2013.

Examination of Treaty Shopping & Consultation Process

The Government has announced its intention to consult on possible measures to protect the integrity of Canada's tax treaties while preserving a business tax environment conducive to foreign investment. In particular, the Government is concerned about treaty shopping in circumstances where the benefits conferred under Canada's tax treaties are enjoyed by residents of third countries that are not a party to the particular tax treaty (e.g. through the use of intermediary entities). A consultation paper will be publicly released to provide stakeholders with an opportunity to comment on possible measures. No timeline has been provided.

B. PROTECTING THE INTEGRITY OF THE TAX SYSTEM

Extended Reassessment Periods for Tax Shelters and Reportable Transactions

Budget 2013 proposes to extend the normal reassessment period in respect of a participant in a tax shelter or reportable transaction in circumstances where an information return that is required for the tax shelter or reportable transaction is not filed *on time*. The normal reassessment period in these cases will be extended to three years after the date that the relevant information return is filed. This measure will apply to taxation years that end on or after March 21, 2013.

Empowering CRA to Collect Taxes in Dispute in respect of Charitable Donation Tax Shelters

The Canada Revenue Agency has been challenging charitable donation schemes with much success. Nevertheless, the Government believes that taxpayers continue to participate in what it refers to as "questionable" arrangements and is taking steps in Budget 2013 to discourage such participation and reduce the risk of non-collection of amounts ultimately determined to be owing, by modifying the prohibition on taking collection action where a taxpayer has objected to an assessment in such cases.

Budget 2013 proposes to permit the Canada Revenue Agency to collect 50 per cent of any disputed tax, interest or penalties that results from the disallowance of a deduction or tax credit claimed in respect of a tax shelter (whether registered and reported as one by the taxpayer or determined by the Minister of National Revenue to be one) that involves a charitable donation. This measure will apply in respect of amounts assessed for the 2013 and subsequent taxation years.

Elimination of Benefits Associated with Certain Leveraged Life Insurance Arrangements

Budget 2013 proposes to eliminate benefits associated with leveraged life insurance arrangements commonly referred to as "leveraged insured annuities" and "10/8 arrangements".

In the case of leveraged insured annuities, which involve using borrowed money in connection with an annuity and a life insurance policy (both issued on the life of an

individual), the following steps are proposed: subjecting the income accruing in the policy to accrual based taxation, disallowing any deduction for any portion of a premium paid on the policy, denying an increase to the capital dividend account of a private corporation by any death benefit received in respect of the policy, and deeming the fair market value of an annuity assigned to a lender in certain arrangements to be equal to the total of the premiums paid.

In the case of 10/8 arrangements, which the Government has had considerable difficulty challenging under the existing provisions of the *Income Tax Act*, the following steps are proposed: denying the deductibility of interest and premiums relating to periods after 2013 and any increase in the capital dividend account of a private corporation by the amount of any death benefit payable after 2013 where a life insurance policy (or an investment account under the policy) is assigned as security on a borrowing and either: (A) the interest rate payable on an investment account under the policy is determined by reference to the interest rate payable on the borrowing, or (B) the maximum value of an investment account under the policy is determined by reference to the amount of the borrowing. However, if a taxpayer disposes of a 10/8 policy prior to 2014, a deduction is proposed which would alleviate the tax consequences of the disposition.

The Government estimates that these measures will generate approximately $360 million of additional tax revenue over the next five years.

More Detailed Information for SR&ED Claim Preparers and Penalty Provisions

Budget 2013 proposes that more detailed information be required on scientific research and experimental development ("**SR&ED**") program claim forms relating to SR&ED program tax claim preparers and their billing arrangements (including their business numbers, details about the arrangements and the amount of fees payable). If no third party was involved, the SR&ED program claimant must certify the same. A new $1,000 penalty will be introduced where the required information is found to be missing, incomplete or inaccurate with the taxpayer and preparer being held jointly and severally, or solidarily, liable for the penalty.

Expanded Foreign Reporting Requirements and Extended Reassessment Periods

Budget 2013 proposes to require taxpayers to provide more detailed information when reporting specified foreign property holdings in prescribed form (Form T1135), including: (i) the name of any foreign institution or other entity holding funds outside of Canada, (ii) the specific country to which the property relates, and (iii) the foreign income generated from the property. In addition, Budget 2013 proposes to extend the normal reassessment period for a taxation year of a taxpayer by three years if: (i) the taxpayer failed to report income from specified foreign property in their annual tax return, and (ii) the prescribed form (Form T1135) in respect of the specified foreign property was not filed on time or if a specified foreign property was not identified or improperly identified. These measures will generally apply to the 2013 and subsequent taxation years.

Elimination of *Ex Parte* Aspect to Third Party Information Requirements

Budget 2013 proposes that the existing rules which permit the Canada Revenue Agency to obtain a judicial authorization (i.e. a court order) requiring third parties to provide information in respect of unnamed persons on an *ex parte* basis be eliminated, instead, requiring the Canada Revenue Agency to give notice to the third party when it seeks the order. Given that a third party can delay the process by seeking a review of any court order received on an *ex parte* basis, it is expected that the elimination of the *ex parte* aspect will streamline the court order process and, conceptually, reduce delays.

New Rewards Program for Individuals Reporting Major International Tax Evasion

Budget 2013 announced that the Canada Revenue Agency will launch the "Stop International Tax Evasion Program" under which it will pay rewards to individuals with knowledge of major international tax non-compliance when they provide information that leads to the collection of outstanding taxes due. Where the amount additionally assessed or reassessed exceeds $100,000 in federal tax the contract between the Canada Revenue Agency and the reporting individual will provide for payment of up to 15 per cent of the federal tax collected. Amounts received as a reward will be subject to income tax.

Reporting of International Electronic Funds Transfers

Budget 2013 proposes that the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) and the *Excise Act,* 2001 be amended to require certain financial intermediaries (such as banks) be required to report to the Canada Revenue Agency any international electronic funds transfers of $10,000 or more no later than 5 working days after the day of the transfer. The financial intermediaries will be required to provide information on the person conducting the transaction, the receiver of the funds, the transaction itself, and the financial intermediaries facilitating the transaction.

C. SUPPORT FOR SMALL BUSINESS, M&P, MINERAL EXPLORATION AND CLEAN ENERGY

Increase and Indexing of Lifetime Capital Gains Exemption

Budget 2013 proposes to increase the lifetime capital gains exemption ("**LCGE**") by $50,000 to $800,000 (from $750,000) of capital gains realized by an individual on qualified property (such as "qualified small business corporation shares"), effective for the 2014 taxation year. In addition, the LCGE will be indexed to inflation for taxation years after 2014. Notably, the new LCGE limit will apply for *all* individuals, even those who have previously used the LCGE.

Accelerated CCA for Manufacturing and Processing Equipment

Machinery and equipment acquired by a taxpayer after March 18, 2007 and prior to 2014, primarily for use in Canada for the manufacturing or processing of goods for sale or lease, qualifies for a temporary accelerated capital cost allowance ("**CCA**") of 50 percent (straight-line). The eligible assets would otherwise be included in Class 43 but are included in Class 29 for purposes of the accelerated CCA. The existing 50 per cent accelerated CCA for such assets will be enhanced by extending the eligible acquisition period for eligible assets by two years to include acquisitions that occur in 2014 and 2015.

Extension of Mineral Exploration Tax Credit for Flow-Through Share Investors

Budget 2013 proposes to extend eligibility for the Mineral Exploration Tax Credit (a benefit available to individuals who invest in flow-through shares equal to 15 per cent of specified mineral exploration expenses incurred in Canada and renounced to flow-through share investors) for an additional year in respect of flow-through share agreements entered into *on or before* March 31, 2014. This means that funds raised with the credit during the first three months of 2014 can support eligible exploration activities until the end of 2015.

Extension of Class 43.2 Accelerated CCA in respect of Certain Biogas Production Equipment and Cleaning and Upgrading Equipment

The types of property eligible for inclusion in Class 43.2, which provides an accelerated CCA rate of 50 per cent (declining balance) for an investment in specified clean energy

generation and conservation equipment, will be expanded. In particular, (i) biogas production equipment that uses more types of organic waste will be made eligible for inclusion in Class 43.2, and (ii) the range of cleaning and upgrading equipment used to treat eligible gases from waste to obtain biomethane and that is eligible for inclusion in Class 43.2 will be broadened such that all types of cleaning and upgrading equipment are included.

D. OTHER MEASURES AND ANNOUNCEMENTS

Reduction of Dividend Tax Credit and Gross-up factor for Non-Eligible Dividends

Budget 2013 proposes to adjust the gross-up factor applicable to non-eligible dividends from its current 25 percent to 18 percent and the corresponding dividend tax credit from 2/3 of the gross-up amount to 13/18 on account of existing overcompensation for taxes paid at the corporate level (based on the current percentage and ratio). These measures will generally result in an increase to the highest effective federal marginal rate on non-eligible dividends from 19.58% to 21.22% and will generally impact various provincial computations that follow from of the federal ratios. This measure will apply to non-eligible dividends paid *after* 2013. The projections contained in Budget 2013 suggest that this measure will generate approximately $2,340 million of additional tax revenue over the next five years.

Non-Resident Trusts and Trust Attribution Rule – Response to Decision in *Sommerer*

The *Income Tax Act* (Canada) contains a rule that may attribute to a taxpayer the income from a property held by a trust that was received from the taxpayer if the terms of the trust grant effective ownership of the property to the taxpayer.

In *Sommerer*, the Federal Court of Appeal determined that only a settlor, or a subsequent contributor to the trust who could be seen as a settlor, can be subject to the attribution rule, that a taxpayer who sold property to a trust at fair market value in a *bona fide* or genuine sale transaction, even if such property could revert to the taxpayer as a beneficiary of the trust, could not be subject to the attribution rule.

The Government is of the view that the Federal Court of Appeal's interpretation of the trust attribution rule in *The Queen v. Sommerer*, 2012 FCA 207, was not in accordance with the attribution rule's intended tax policy.

To overturn the decision in *Sommerer*, Budget 2013 proposes to amend the deemed residence rules that apply to a non-resident trust to apply if the trust holds property on conditions that grant effective ownership of the property to a taxpayer. Specifically, any transfer or loan of such a property, *regardless of the consideration exchanged therefor*, made directly or indirectly by a Canadian-resident taxpayer will be treated as a transfer or loan of restricted property by the taxpayer to the trust with the result that: (i) the Canadian-resident taxpayer will be treated as having made a contribution to the trust, and (ii) the deemed residence rules will apply to the trust.

Budget 2013 also proposes to amend the trust attribution rule so that it applies only in respect of property held by a trust that is factually resident in Canada (excluding trusts that are resident in Canada solely because they are deemed to be so under the non-resident trust rules).

This measure will apply to taxation years that end on or after March 21, 2013.

Abandonment of New Rules for Taxation of Corporate Groups (Consolidated Reporting or Formal System of Loss Transfers)

Budget 2010 and Budget 2012 each noted the Government's interest in exploring the issue of whether new rules for the taxation of corporate groups – such as a formal system of loss transfers within a group or consolidated reporting – could improve the functioning of Canada's corporate tax system. Based on a three-year consultation process, feedback from interest parties and discussions with provincial and territorial officials, the Government has determined that moving to a formal system of corporate group taxation is not a priority.

Consultation on the Graduated Rate Taxation of Trusts and Estates

Testamentary trusts and estates pay tax at graduated rates whereas *inter vivos* trusts pay tax at the top federal rate of 29%. The Government is concerned about the use of such trusts to allow beneficiaries to access more than one graduated rate and the potential growth in the tax motivated use of testamentary trusts. Budget 2013 announced the Government's intention to consult on measures to eliminate such benefits after a reasonable period of estate administration. The Government will release a consultation paper to provide stakeholders with an opportunity to comment on these potential measures.

E. GST/HST MEASURES

Budget 2013 includes a number of excise and sales tax proposals. Key among them are:

1. The GST/HST exemption for homemaker services (e.g., cleaning, laundering, meal preparation and childcare) rendered to an individual who requires assistance at home due to age, infirmity or disability will be expanded to exempt publicly subsidized or funded personal care services (e.g., bathing, feeding, and assistance with dressing and taking medication) to such individuals.
2. Clarification that GST/HST applies to reports, examinations and other services not performed for the purpose of the protection, maintenance or restoration of the health of a person or for palliative care (e.g., services performed solely for the purpose of determining liability in court proceedings or under an insurance policy).
3. Measures to simplify employer compliance with GST/HST rules relating to pension plans. These are:
    a) a joint election between an employer participating in a registered pension plan and a pension entity of that pension plan to treat an actual taxable supply by the employer to the pension entity as being for no consideration where the employer accounts for and pays tax on a deemed taxable supply arising when the employer acquires, uses or consumes property or services for use in activities relating to the pension plan; and
    b) full or partial relief for employers participating in registered pension plans from accounting for tax on deemed taxable supplies where an employer's pension plan-related activities falls below certain thresholds.
4. Authority to the Canada Revenue Agency to withhold GST/HST refunds claimed by a business until such time as all prescribed business identification information (including operating and legal name, ownership details, business information and contact information) is provided.
5. Clarification that supplies of paid parking (made by way of lease, licence or similar arrangement in the course of a business carried on) by public sector bodies or charities set up or used by a municipality, university, public college, school or

hospital to operate a parking facility are not included within the exemptions from GST/HST for supplies made by public sector bodies or parking supplied by charities.

6. New administrative monetary penalties and criminal offences under the *Excise Tax Act* (in respect of GST/HST) and the *Income Tax Act* to combat tax evasion through the use of electronic suppression of sales software.

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