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Canada Eliminates Immigration Trusts

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Many of you may have seen the recent articles in the South China Morning Post on the steps taken by Canada to impose tighter restrictions on new immigrants. This sea-change continues on the tax front with the elimination of the tax holiday for new immigrants in the Canadian federal budget announced last night.

As you know, new immigrants or people temporarily resident in Canada were able to put certain assets into non-Canadian trusts which could shelter the income and gains from those assets for up to five years. Effective immediately, that planning opportunity is eliminated for new trusts. For immigration trusts in existence before last night, they will be deemed resident in Canada starting either this year if the 60 month period runs out this year, or otherwise they will be deemed resident next year (2015).

Therefore, any review or reorganization of these trusts need to be done within this year.

The detailed draft legislation has not been tabled yet.

If applicable to you, you should review all structures where there are Canadian residents involved to ensure they are either unaffected or will be compliant as soon as possible as some of these structures could be subject to Canadian tax and reporting next year.

Please let us know how we can help on the above or if you have any questions on the above, please contact:

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