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ZHONG LUN LAW FIRM

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## Canada Eliminates Immigration Trusts

Clifford Ng  
[cliffordng@zhonglun.com](mailto:cliffordng@zhonglun.com)  
+852 9300 8430

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:

Clifford Ng  
[cliffordng@zhonglun.com](mailto:cliffordng@zhonglun.com)  
+852 2298 7603  
+852 9300 8430

Kevin Lee  
[kevinlee@zhonglun.com](mailto:kevinlee@zhonglun.com)  
+852 2298 7618

In association with 聯營律師行 :

 **中倫律師事務所**  
ZHONG LUN LAW FIRM  
YAM & COMPANY  
任錦光律師行

**Head Office** 總行: 409 Jardine House, 1 Connaught Place, Central, Hong Kong 香港中環康樂廣場一號怡和大廈 409 室  
Tel 電話: +852 2877 3088 Fax 傳真: +852 2525 1099 Email 電郵: [lawyers@bpva.com.hk](mailto:lawyers@bpva.com.hk)

**Branch Office** 分行: 801 & 802, 8<sup>th</sup> Floor, Hutchison House, 10 Harcourt road, Central, Hong Kong 香港中環夏愨道 10 號和記大廈 8 樓 801 及 802 室  
Tel 電話: +852 2530 1680 Fax 傳真: +852 2530 1101 Web 網址: [www.bpva.com.hk](http://www.bpva.com.hk) Interchange: DX:009282 Central 1

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