

Tax Memo

Foreign Affiliate Elections: Deadlines Extended

On June 27, 2008, the federal Minister of Finance proposed measures to ease tax compliance for Canadian corporations with foreign affiliates. The changes extend the filing deadline for the foreign affiliate elections in Bill C-28¹ by 18 months. These elections move the retroactive effective date of various amendments to the foreign affiliate rules back to 1995.

Under existing law, the elections to move the retroactive effective date of a number of amendments to the foreign affiliate rules back to 1995, including the global election and various separate elections, must be filed on or before the taxpayer's filing-due date for its taxation year that includes the day that Bill C-28 received royal assent (i.e., December 14, 2007). Consequently, for a taxpayer with a December 31, 2007 year end, the deadline to file these elections would be June 30, 2008. However, to address stakeholders' concerns about the time required to determine whether any of these elections should be filed and the tight filing deadline provided, the government proposes to introduce technical amendments to extend this deadline by 18 months (e.g., to December 31, 2009, for a taxpayer with a December 31, 2007 year end).

Taxpayers should assess the implications of filing these elections, given the extended filing deadline. Please contact your PricewaterhouseCoopers adviser for help with this complex determination.

For more information on these foreign affiliate elections, see our *Tax Memo*, "Bill C-28 Foreign Affiliate Elections—Approaching Filing Deadline" at www.pwc.com/ca/taxmemo.

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1. Bill C-28 – *An Act to Implement Certain Provisions of the Budget Tabled in Parliament on March 19, 2007 and to Implement Certain Provisions of the Economic Statement Tabled in Parliament on October 30, 2007*, received royal assent on December 14, 2007.

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