

## **Class Counsel Newsletter to ParkLane Donations for Canada Class Members**

**June, 2014**

### **Privileged and Confidential**

#### **CRA Offers to Settle Objections to Reassessment**

CRA is now rolling out offers to settle the Objections that were filed by many of the individuals who participated in the Donations of Canada Gift Program.

This offer is only being extended by CRA to individuals who filed a Notice of Objection. If you did not file a Notice of Objection, then you will not receive this offer.

If you did file a Notice of Objection with CRA regarding its reassessment of your tax return(s) in which CRA disallowed the charitable donation claimed for participation in the Donations for Canada Gift Program, you should be receiving a letter from CRA in which it sets out the terms upon which it is prepared to settle the Objection.

If you accept the offer, CRA will:

- Allow the cash portion of the payment that you made to a designated charity as a valid charitable donation, and reassess the amount of the permitted non-refundable tax credit on that basis;
- Continue to disallow the tax credit claimed for the purported value of the trust units pledged to the charity;
- Charge interest from the date your taxes were originally due until the date CRA issued the original reassessment on disallowed portion of the tax credit, i.e the part of the tax credit claimed that relates to the purported value of the trust units;

(for example if you made a donation of \$2500 in cash and \$7500 in trust units in 2005, the interest will be payable for the period from May 1, 2006 (the day after your taxes were due) until the original notice of reassessment was received in respect of the taxes payable on the disallowed tax credit claimed on the \$7500 trust unit donation);

- Waive interest on the taxes owing in respect of the disallowed tax credit from the date of the original reassessment until CRA issues a new reassessment reflecting the settlement;
- (If you paid the reassessed amounts and interest, then we believe, but have not yet received confirmation from CRA, that you will receive a credit for the interest payments you made that are now being waived for those tax payers who did not pay the reassessments;)

- Issue a new reassessment allowing the tax credit for the cash portion of the donation and adjusting the interest charges; and,
- Interest will continue to accrue on any unpaid balance after the new reassessment is issued.

If the CRA offer is not accepted, then your outstanding Notice of Objection will continue to be held in abeyance until a final decision is made on the objection. No requests for interest relief will be processed until that determination is made.

CRA is making the offers open for acceptance for only 30 days.

When you receive the offer, we strongly urge you to seek independent tax advice about the option that is best for you. Class counsel are not your personal tax lawyers, and will not provide you with individualized tax advice.

Accepting the CRA offer does not affect your position as a class member in the class action, or your right to receive part of the settlement fund that is currently being administered.

The fact that CRA has made this offer may be taken into consideration in determining class members total damages claims in the ongoing class action, whether or not an individual chooses to accept the CRA offer.