



Canadian Tax & Legal Alert

October 15, 2023, deadline for requesting information on investors of SLFI distributed investment plans

September 21, 2023

TICK-TOCK - TIME IS TICKING: Distributed investment plans (DIPs), including investment limited partnerships (ILPs), that are selected listed financial institutions (SLFIs) are required to send their investors an information request by October 15, 2023, in order to determine the provincial attribution percentage (PAP) of the DIP for purposes of the Special Attribution Method (SAM). The legislation is not permissive - as such, a DIP that does not send its information request by October 15, 2023, and does not receive the investor information by December 31, 2023, will be required to treat these investors as being resident in a participating province having the highest Harmonized Sales Tax rate (i.e., 15%).

The information obtained from investors will generally be used by DIPs in their SAM calculations for their following fiscal year (i.e., information requested in 2023 will generally be used for the fiscal year ending in 2024) unless a DIP has elected to use other methods in determining the PAP.

Information request

The information request must be written, and can be sent through mail or email, requesting the following information:

1. The person's investor percentage for each participating province on September 30, 2023, or the person's address, depending on the type of investor (see below); and
2. The number of units held by the person in the DIP on September 30, 2023.

Types of investors

The information required will depend on the investor. Refer to the summary chart below.

Type of investor	Information request required	Information that must be obtained
Individual	No requirement to send an information request assuming the DIP already has the principal mailing address on file	
Specified investor/selected investor (defined below)	No requirement to send an information request assuming the DIP already has the principal mailing address or business address on file ¹	
Not a specified investor (i.e., a person (other than an individual and a DIP) with total value of units of \$10,000,000 or more)	Yes	Number of units held and investor percentage as of September 30, 2023
DIP	Yes, information request required regardless of the amount invested by the DIP	Number of units held and investor percentage as of September 30, 2023
Securities dealer	Yes	Number of units held by clients resident in each province as of September 30, 2023

¹ If the person is a corporation, a partnership or a trust through which the trustee carries on business, the relevant address is the principal business address. In any other case (e.g., individual, trust whose trustee does not carry on business), the relevant address is the person's principal mailing address.

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Qualifying investor (defined below – e.g., an investment plan (other than a DIP) that is resident in Canada and the total value of units is less than \$10,000,000 and is a SLFI or meets other conditions)	No	<p>No information request required, but a qualifying investor must provide the following information to the DIP:</p> <ul style="list-style-type: none"> • a notice confirming the investor is a qualifying investor; • the number of units held on September 30, 2023; and • the qualifying investor's percentage as of September 30, 2023
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A specified investor is generally a person (other than an individual or a DIP) that holds units in the investment plan on September 30, which have a total value of less than \$10,000,000 on that date and is not a qualifying investor (as defined below). A specified investor may include a bank, an insurer and other typical institutional investors if the total value held in the investment plan is less than \$10,000,000.

A selected investor is generally a specified investor that is resident in Canada regardless whether it is a qualifying investor in the case of an investment plan.

A qualifying investor is a person that is itself an investment plan and a selected investor in the investment plan for the calendar year, and meets one of the following conditions:

- (a) it is neither a qualifying small investment plan (i.e., investment plan with \$10,000 or less of unrecoverable GST/HST) nor a pension entity or private investment plan throughout the fiscal year;
- (b) it is a SLFI; or
- (c) it is a member of an affiliated group
 - (i) the members of which together hold units of the particular investment plan with a total value of \$10,000,000 or more as of September 30 of the calendar year, or
 - (ii) any member of which is a SLFI throughout the fiscal year of the member that includes September 30 of the calendar year.

Investment limited partnerships

Effective January 1, 2019, ILPs are listed financial institutions, and depending on the location of their investors and on their ability to sell or distribute their units in a particular province, ILPs may also qualify as SLFIs.

ILPs that qualify as SLFIs are treated as DIPs and thus fall under the investor request obligations described above.

An ILP that is unsure of whether it qualifies as a SLFI may consider being proactive and sending the information request to its investors in order to ensure that in the event that it qualifies as a SLFI, it has all of the information required to properly determine its PAP for the fiscal year.

Can we assist?

If you would like to discuss issues raised in this newsletter or if you have any questions or concerns regarding a DIP's obligations under the Excise Tax Act, please contact your Deloitte advisor or any of the contacts listed on this newsletter.



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