



eNews – August 11, 2021
STEP Canada Tax Technical Committee

RE: Department of Finance Press Release July 19 - Bill C-208 Effective Date

On July 19th, 2021, the Department of Finance issued a [clarification](#) that confirmed that the rules contained in Bill C-208 have indeed been effective since the date the Bill received Royal Assent on June 29th, 2021. This replaced the Department's previous [announcement](#) on June 30th, 2021.

The Department stated in its July 19th clarification that it will “bring forward amendments to the *Income Tax Act* that honour the spirit of Bill C-208 while safeguarding against any unintended tax avoidance loopholes that may have been created by Bill C-208”, and that such amendments will make sure the rules facilitate “genuine intergenerational transfers and [are] not used for artificial tax planning purposes”.

In an attempt to provide some measure of certainty, the Department announced that any amendments it will propose will be introduced in a new bill that will apply as of the later of either November 1, 2021, or the date of publication of the final draft legislation.

This provides a short time window for qualifying family businesses to take advantage of the rules contained in Bill C-208 without further limitations to be imposed through these future amendments. However, members should be cautioned that the CRA could apply the GAAR if a transaction is found to misuse or abuse the rules in Bill C-208 or other provisions of the *Income Tax Act*. Also, it is uncertain whether a transaction executed before future amendments may be impacted by those future amendments.

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