



eNews – June 25, 2025

STEP Canada Tax Technical Committee

**RE: Potential Application of the EIFEL Rules Resulting From
Canadian-Resident Trust Holding Foreign Personal-Use Property**

On April 21, 2025, the STEP Canada Tax Technical Committee (TTC) submitted a technical interpretation request to the CRA to clarify if sub-paragraph (c)(i) of the “excluded entity” definition in sub-section 18.2(1) can be met when a Canadian-resident trust that is an “eligible group entity in respect of a taxpayer” holds a foreign property solely for personal use. The technical interpretation request asked that the CRA provide guidance on the matter before June, so that taxpayers and their advisors have sufficient time to comply appropriately depending on the CRA's response, especially with June 30th (the T2 corporate income tax return filing due date for December 31st corporations) quickly approaching.

Unfortunately, the CRA has indicated to us that while they have made every effort to accelerate their review of the issue, they are not yet ready to provide a response to the technical interpretation request. The CRA has advised the TTC that "pending that response, it would be prudent for taxpayers to assume that the answer will be adverse – i.e., that a trust such as you have described may taint what would otherwise be excluded entities. Such an approach would avoid understating any corporation's taxable income ..."

When preparing T2 returns for corporations with tax years starting on or after October 1, 2023, taxpayers may want to have regard to that comment when considering any potential application of the EIFEL rules.

Tax Technical Committee
STEP Canada

About STEP: The Society of Trust and Estate Practitioners is the leading international organization for trust and estates professionals. Headquartered in London, England, it has more than 22,000 members worldwide in over 100 countries.

STEP Canada, founded in 1998, has nearly 4,000 members with branches in the following cities and regions: Atlantic, Montreal, Ottawa, Toronto, Winnipeg, Saskatchewan, Calgary, Edmonton, and Vancouver, with chapters in Okanagan Valley, and Southwestern Ontario. STEP is a multidisciplinary organization with the most experienced and senior practitioners in the field, including lawyers, accountants, financial planners, insurance advisors, and trust professionals. They provide domestic and international advice on trust and estates, including planning, administration, and related taxes.

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STEP Canada
45 Sheppard Avenue East
Suite 510
Toronto, ON M2N 5W9 - Canada
Telephone: 416-491-4949