



## CRA Announcements

October 18, 2006

Greetings:

A recently obtained announcement from the **Canada Revenue Agency (CRA)** complemented by an article by **Cooper & Carter** in **Lawyer's Weekly**, and a bulletin from **Carters Professional Corporation**, reinforce the volatility of tax shelter programs structured around "Gifting Trusts" or "Leveraged Cash".

The CRA announcement warns Canadians that "gifting trusts": and "leveraged cash" programs are contrary to the **Income Tax Act**. While CRA may or may not be correct, any participant should expect to be reassessed and have a fight with CRA, possibly in the Tax Court of Canada or Federal Court of Appeal.

The Karen Cooper and Terrance Carter article in Lawyer's Weekly cautions against "gifting trusts", "leveraged cash donations", and "buy-low donate-high" arrangements. The article makes reference to the *Nash* court case where it was stated that *fair market value* should be based on the total individual selling prices, not the bulk total. In another case referenced (the *Klotz* case) the court ruled that the best evidence of fair market value is the price that buyers pay.

**Fair market value and advantage seem to be the basis of the CRA challenge.**

It is clear that these warnings are intended to dissuade Canadians from participating in these types of programs.

***Although the future for these types of programs is precarious,  
the reverse is true for COIP!***

The COIP program was developed to work in harmony with the Income Tax Act, rather than attempting to defy it.

COIP is **NOT**: a gifting trust, a leveraged cash donation; or a buy-low donate high program.

**The unique COIP structure IS based on a series of commercial transactions that begin with a purchase (on credit) at a price BELOW fair market value and culminate with payment of the loan in full.**

The manner in which valuation and advantage is addressed, and demonstrating impoverishment; is transparent in the COIP program.

**For clients concerned about compliance, COIP is the program of choice.**

1 (866) 408-COIP (2647) **C · O · I · P** [www.coip.name](http://www.coip.name)

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