



CONSEIL DES FONDS D'INVESTISSEMENT DU QUÉBEC
LE VOLET QUÉBÉCOIS DE L'INSTITUT DES FONDS D'INVESTISSEMENT DU CANADA

SENT BY EMAIL



Stéphane Langlois
Chair of the Board
Quebec Investment Funds Council

June 21, 2012

Division de l'acquisition des données électroniques
Revenu Quebec
3800, de Marly street, sector 2-2-0
Quebec (Quebec) G1X 4A5
edi@revenuquebec.ca

Dear Sir / Madam:

Re: A Report in Changes to the Relevé 16 for Foreign Capital Gains and Investment Income

The Quebec Investment Funds Council, the Quebec regional office of The Investment Funds Institute of Canada and the Investment Industry Association of Canada, are writing Revenue Quebec to express the concerns of our members about the Relevé 16 (RL16) reporting of foreign capital gains and income on a country-by-country basis. We would like to meet to discuss the issue in more detail.

The requirements to produce separate RL16 slips that provide country-specific breakdowns for foreign capital gains (box A-1) and foreign investment income (box F) are problematic for the industry in several respects. While we understand the value Revenue Quebec sees in this information, there are some daunting practical obstacles that make the requirements impossible to accommodate.

Specifically, issuers of securities do not provide year-end financials that break out the composition of foreign capital gains and tax on a country specific basis. Without this breakdown from the issuers, it is not possible for our members to comply with the regulations.

While it may make sense for personal trusts (that usually hold just a few foreign investments and have a small number of beneficiaries) to provide such detailed information, it is impractical for larger commercial investment trusts to provide such details.

Also, it would cause significant customer service issues if our members were to send investors who are residents of Quebec dozens of RL16's where the breakdowns per country would result in multiple slips that each report small nominal amounts. Revenue Quebec would also undoubtedly be the recipient of numerous calls from frustrated taxpayers.

To accommodate these requirements, even if the information was available to RL16 issuers, would require extensive and costly systems re-writes and would lead to increased mailing charges.

For practical purposes, foreign income and capital gains reported by such investment entities should be treated as though it all comes from a single foreign country. It is our belief that this is even more pertinent for Quebec tax reporting, since most taxpayers would recover their full foreign tax credit on their federal tax return, and would not be eligible to make a claim for a foreign tax credit on their Quebec return.

Our associations would also like to discuss the possibility of setting up a government/financial services industry consultation committee. We believe that such a partnership has the potential to reduce the time it takes (but ensure sufficient time) for our industry to implement future tax reporting changes and avoid potential problems. A consultation committee would also allow us to work together to find ways of making administration of tax reporting requirements more efficient and cost-effective while still maintaining the full intent of the regulations.

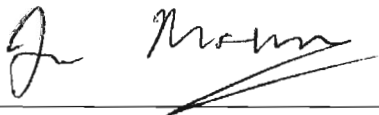
Please contact Kia Rassekh by email at krassekh@ific.ca or, by phone (514) 985-7025 to set up a meeting or to answer any question you may have.



Stéphane Langlois

Chair of the Board

Quebec Investment Funds Council



Ian Russell

President and CEO

Investment Industry Association of Canada

Annex: Description of signatory organizations

The Investment Funds Institute of Canada (“IFIC”) is the national association of the Canadian mutual funds industry. Our Members include fund managers, distributors and industry service organizations (including accounting, legal and other service providers). The Canadian mutual fund industry is comprised of investment fund managers that sponsor, manage and administer funds, and dealer and broker firms that distribute funds' securities. As of March 2012, the mutual fund industry in Canada represented about CAD \$813 billion in total assets under management in highly-regulated, publicly offered mutual funds.

The Investment Industry Association of Canada (“IIAC”) the professional association for Canada’s securities industry, representing and promoting 175 members – 85% by number, and 95% by revenue – of active investment dealers regulated by the Investment Industry Regulatory Organization of Canada (IIROC). IIROC-regulated firms and investment advisors play an essential role in Canada’s securities industry and serve a considerable share of the taxpaying population.