

Osler submission on draft Reportable Uncertain Tax Treatments legislation

APR 7, 2022 2 MIN READ

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On February 4, 2022, the federal government released a package of draft legislation to implement various tax measures, including mandatory reporting in respect of “reportable uncertain tax treatments”. Comments on the mandatory reporting draft legislation were due by April 5, 2022.

The draft legislation would, among other things, require certain large corporations to disclose on an annual basis their “reportable uncertain tax treatments”. Generally, such treatments are in respect of a transaction, or series of transactions, that the corporation uses or plans to use in an income tax return or information return, in respect of which uncertainty is reflected in the audited financial statements of the corporation (or its consolidated group) for the year.

Osler [submitted comments](#) [PDF] to the federal government on the draft legislation in respect of the reportable uncertain tax treatment rules. Our comments were principally directed to:

1. the need for appropriate safeguards in respect of the information that will be required for each reportable uncertain tax treatment;
2. specific recommendations that taxpayers not be required to report or disclose any amounts/differences or a description of all provisions relied upon;
3. the need to clarify the role and effect of the due diligence provision in light of the onerous penalties imposed;
4. the need for transitional guidelines; and
5. the need for clear guidelines regarding how information collected under the new rules will be used.

The federal government has not released further information for implementing the draft legislation. The proposed rules regarding reportable uncertain tax treatments are expected to apply to taxation years that begin after 2021.

Please contact any member of our [National Tax Group](#) should you have any questions or comments on the submissions or any other tax matters.