



THE INVESTMENT FUNDS INSTITUTE OF CANADA  
L'INSTITUT DES FONDS D'INVESTISSEMENT DU CANADA

11 KING ST. WEST, 4<sup>TH</sup> FLOOR, TORONTO, ONTARIO, M5H 4C7 TEL 416 363-2158 FAX 416 861-9937 WEBSITE [www.ific.ca](http://www.ific.ca)

**BY ELECTRONIC MAIL ([ernewein.brian@fin.gc.ca](mailto:ernewein.brian@fin.gc.ca)) & FAX (613-992-4450)**

July 6, 2006

Mr. Brian Ernewein  
Director  
Finance Canada  
Tax Legislation Division  
140 O'Connor Street  
Ottawa, ON K1A 0G5

Dear Mr. Ernewein:

**Re: Unit Trusts**

In August, 2002, a submission was made on behalf of one of our Members that an amendment be made to the *Income Tax Act* (Canada) to allow an increase to the adjusted cost base of a unit of a unit trust where an amount is made payable by the trust to the unitholder but is not paid in cash or satisfied through the issuance of additional units. A copy of the submission, dated August 2, 2002, is enclosed. We understand that the submission has received consideration by the Department of Finance but that no formal response has been received by or on behalf of our Member.

We are writing this letter to advise that our industry supports the submission made by the Member and that a number of IFIC Members would consider implementing the procedures described in the submission. We therefore request that a decision with respect to the submission be made as soon as possible.

Members of our Taxation Working Group would be pleased to discuss the submission with you. Please contact the undersigned by email at [jparker@ific.ca](mailto:jparker@ific.ca) or by telephone at 416-363-2150 x 249 if you wish to discuss the submission.

Yours truly,

**THE INVESTMENT FUNDS INSTITUTE OF CANADA**

***“ORIGINAL SIGNED BY JOHN PARKER”***

John Parker  
Vice President, Finance & Administration

Encl.