

Bill C-47 introduces significant changes to the Canadian mandatory disclosure rules



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On June 22, 2023, [Bill C-47](#), an Act to implement certain provisions of the budget tabled in Parliament on March 28, 2023, received Royal Assent and became law.

Bill C-47 introduces a number of tax changes that were announced in the 2023 Federal budget, as well as various other previously announced tax changes, including significant revisions to the Canadian mandatory disclosure rules.

The federal government committed in the 2021 Federal Budget to update and enhance the Canadian mandatory disclosure rules in light of the OECD's recommendations and best practices of other countries. To that end, Bill C-47 substantially revises and amends the mandatory disclosure rules by means of:

- Expanding the reportable transaction rules,
- Introducing new reporting obligations in respect of "notifiable transactions" and "reportable uncertain tax treatments", and
- Increasing penalties for and extending the normal reassessment period in case of failure to comply with the mandatory disclosure rules.

Reportable transactions that are entered into after Royal Assent of Bill C-47 (June 22, 2023) are required to be reported. At this time there are not yet any designated "notifiable transactions". However, a [list of transactions expected to be notifiable](#) was previously released. The requirements for reportable uncertain tax treatments are applicable to taxation years that begin after 2022.

These legislative changes are relevant for and can have significant impact on taxpayers, advisors and promoters. Failure to report, as and when required, can lead to very significant penalties and extension of limitation periods.

The reportable transaction rules in particular have a potentially very broad scope as they can apply any time a transaction (including any arrangement or event) or a series of transactions has as a main purpose to obtain a tax benefit. There are different triggers and different filing deadlines for:

1. A person receiving a tax benefit from the reportable transaction (or a person entering into the transaction for the benefit of someone receiving a tax benefit), and

2. Advisors and promoters who receive certain types of fees in connection with reportable transactions.

Since “advisor” and “promoter” are broadly defined, category (b) is not limited to tax advisors or to marketers of tax-motivated schemes.

In light of the severe consequences for non-compliance and the breadth of the scope of the rules, taxpayers and their advisors will need to implement screening processes that ask such questions as:

1. Is there a reportable (or notifiable) transaction?
2. Is my organization/company required to report the transaction to CRA?
3. If we are required to report:
 1. What is the deadline for the filing?
 2. What must be disclosed in the filing (and what can be left out on the basis that it is privileged)?

Certain aspects of the rules are unclear and will benefit from administrative guidance, which CRA is expected to release shortly.

For further details on the nature and extent of the introduced changes to the mandatory disclosure rules, please see the Osler Update on [April 25, 2023](#).

If you have any questions, require additional analysis of Canada’s mandatory disclosure rules, or would like assistance with navigating the rules, please contact any member of our [National Tax Group](#).