



April 29, 2020

TL-32

Mr. Ric Marrero
Chief Executive Officer
The Association of Canadian Pension Management
1255 Bay Street, Suite 304
Toronto, ON M5R 2A9

Dear Mr. Marrero:

I am writing in response to the discussions that some of your members have had with officials of the Department of Finance regarding potential amendments to the *Income Tax Regulations* (the Regulations) to facilitate the effective administration of registered pension plans (RPPs) during the COVID-19 pandemic.

Currently, where a member of a defined benefit RPP has completed a period of reduced services in 2019, subsection 8308(4) of the Regulations permits the participating employer and the member to make a decision by April 30, 2020 (by way of a “past service event” as defined in subsection 8300(1)) to include the period of reduced services as pensionable service on a current service basis and to report amended pension adjustments on T4 slips (and not by way of the past service pension adjustment rules).

Similarly, where a member of a money purchase RPP has completed a period of reduced services in 2019, subsections 8308(5) and (6) permit the participating employer and the member to make retroactive contributions by April 30, 2020 (or to enter into a written commitment by April 30, 2020 to make contributions) in respect of the period of reduced services.

Plan administrators have noted that, in the current stay-at-home environment, it is often not possible by April 30, 2020 for an RPP administrator to communicate with plan members who have completed a period of reduced services during 2019 and to make the decisions about pensionable service, or catch-up contributions, in respect of the period of reduced services.

Given the impact of COVID-19, we have no tax policy concerns with extending the April 30, 2020 deadline in respect of periods of reduced services that were completed in 2019. Therefore, we are prepared to recommend to the Minister of Finance that subsections 8308(4) and (5) of the Regulations be amended to extend the April 30, 2020 deadline to June 1, 2020 or such later date as is acceptable to the Minister of National Revenue.



Department of Finance
Canada

Ministère des Finances
Canada

Ottawa, Canada
K1A 0G5

While we cannot offer any assurance that the Minister of Finance or Governor in Council will agree with our recommendations, we hope that this statement of our intention is helpful to you.

Thank you for communicating with us on this matter.

Yours sincerely,

Original signed by

Brian Ernewein
Assistant Deputy Minister – Legislation
Tax Policy Branch