



January 29, 2010

Mr. Michael Horgan
Deputy Minister, Finance
Department of Finance Canada
140 O'Connor Street
Ottawa ON K1A 0G5

Re: PBO Information Request 020

Dear Mr. Horgan:

A handwritten signature in black ink that reads 'Michael'.

Pursuant to statutory authority granted to me under section 79.3(1) of the *Parliament of Canada Act*, I am requesting any data or information your department holds regarding potential amendments to the *Income Tax Act (ITA)*, which are outlined below.

As you are aware, the ITA stipulates that if rental buildings are disposed of for greater than their original cost, owners must pay full income tax on the difference between the original cost and depreciated value, as well as capital gains tax on the difference between the sale price and original cost. I have been asked to estimate the cost of allowing owners of residential rental properties to defer federal capital gains tax arising from disposition, provided that the proceeds are reinvested in low-cost residential rental property within a certain period of time. Please provide copies of all related information and data that could potentially assist in addressing this question.

Any data or information you share would be used by my staff to respond to a request by a parliamentarian to assess the fiscal impact of implementing such a measure.

Thank you for your attention to this matter. Please let us know if any part of this request requires clarification.

Yours truly,

A handwritten signature in black ink that reads 'Kevin Page'.

Kevin Page
Parliamentary Budget Officer
Email: PageK@parl.gc.ca

Encl.

c.c.: Rick Stewart, Assistant Secretary to the Cabinet, Privy Council Office, Liaison Secretariat for Macroeconomic Policy



PBO Information Request

1) Request Number:	020
2) PBO Contact Name:	Jason Jacques (613-995-3315 or jacquj@parl.gc.ca)
3) Type of Request:	One-time
4) PBO Objective:	To estimate the fiscal impact of creating a roll-over provision in the <i>Income Tax Act</i> to defer capital gains and amortization recapture that arises from disposal of multi-unit residential buildings.
5) Relation to Mandate:	The PBO is mandated to cost proposed legislation, when requested by Parliamentarians or Committees.
6) Information and Data Requested:	Data and/or information collected and/or prepared by the Department of Finance Canada regarding the fiscal impact of creating a roll-over provision in the <i>Income Tax Act</i> to defer capital gains and amortization recapture that arises from disposal of multi-unit residential buildings.
7) Priority:	Normal
8) Date Request Sent:	January 29, 2010
9) Response Required By:	February 12, 2010