



June 20, 2005

Reference Number: IFA 2005-0005

XXX

Dear XXX:

Re: IFA Specialist Request

Thank you for your letter dated XXX requesting advance rulings with respect to provisions of the *International Financial Activity Act* ("IFA Act") as it relates to an IFA specialist. I regret the delay in responding.

We provide advance rulings under the IFA Act only where transactions are proposed. An advance ruling will not be given as we understand that the employee has already been employed by XXX and is engaged in the activities referred to in your request. However, we can offer the following comments which may be of interest.

An IFA Specialist may only be registered by a corporation that has applied for registration or has been registered under Division 1 of Part 2 of the IFA Act.

The registration requirements for an individual to be registered as an IFA Specialist are under Division 2 of Part 2 of the IFA Act. Section 13 of the IFA Act sets out the requirements for a corporation to apply to register an individual as an IFA specialist. The first requirement is that the individual must be a specialist in an international financial activity other than administrative support services or back-up office services described in sections 2(2)(r) and (s) of the IFA Act. Administrative support services such as clerical, secretarial and similar functions do not qualify as international financial activities for this purpose. Whether an individual is a specialist in an international financial activity is a question of fact.

Secondly, an individual must enter into a written employment contract with the corporation requiring the individual to devote at least 70% of their working time to performing, for the corporation's international financial business, international financial activities. The determination of the 70% working time is a question of fact and applies to the taxation year or part of the taxation year that the individual was an IFA specialist.

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Finally, the employee must be either a non-resident of Canada immediately before entering into the written employment contract with the corporation or have previously been an IFA specialist. This could have occurred prior to September 1, 2004.

To apply to register an IFA specialist, the corporation for which the individual is employed must complete and submit FIN 566 *Application for Registration of an IFA Specialist* together with a copy of the written employment contract. The application should include a detailed job description and any relevant information to establish that the individual is a specialist. For further details, please see FIN 566G Guide to Filling Out the Application for Registration of an IFA Specialist at:

<http://www.rev.gov.bc.ca/itb/ifa/ifaforms.htm>

An IFA specialist may only be registered for a period of 5 years commencing from the date the individual is first registered under the IFA Act.

There is no limit to the number of employees that a corporation may register as IFA specialists under the IFA Act.

Our comments are intended to provide assistance in understanding the IFA legislation. It is not intended to replace the legislation. Where there is a conflict, the legislation shall prevail.

I trust that the above information is of assistance to you. If you require any further clarification in this matter, please contact me at (250) 953-3091.

Yours truly,

Jeffrey S. Krasnick
A/Director
Provincial-Federal Management Issues
Income Taxation Branch