



May 25, 2007

Reference number: IFA 2007-0002

XXX

Dear XXX:

Re: XXX

Thank you for your letter dated XXX and email dated XXX from XXX of your organization, requesting an advance ruling on behalf of XXX with respect to the provisions of the *International Financial Activity Act* ("IFA Act") and the proposed transactions described below. I regret the delay in responding.

In your letter (as clarified in the email), you have requested a ruling that the XXX described in your letter qualifies as an international financial activity in accordance with section 2(2) of the IFA Act. In particular, that the XXX of the IFA Act.

We understand that although XXX is considering a business reorganization to carry on more international financial activities in British Columbia under the IFA Act, the exact details of the reorganization and subsequent operations have yet to be determined.

FACTS

Our understanding of the relevant facts is as follows:

1. XXX

.../2

2. XXX
3. XXX
4. XXX
5. XXX
6. XXX
7. XXX
8. XXX
9. XXX

ANALYSIS AND LEGISLATION

For the purposes of the IFA Act, an “international financial business” is a business carried on by a corporation through a fixed place of business in British Columbia as part of an active business of the corporation, and in respect of which the corporation carries on “international financial activities”. Income derived from international financial activities may be eligible for the tax refund under the IFA Act even if the corporation carries on non-qualifying activities. For these purposes, “active business” and “business” have the same meaning as under section 248(1) of the federal *Income Tax Act* and “international financial activities” has the meaning as provided in section 2 of the IFA Act.

Section 2 of the IFA Act lists the activities that qualify as international financial activities for the purposes of that Act, including in section XXX

The requirements for this activity to qualify as an international financial activity are:

- XXX ;
- XXX;
- XXX.

It is our view that the XXX activities described in your letter may be considered XXX

It is our view that the XXX activities may be considered XXX

XXX

XXX The allocation method chosen should be reasonable in the circumstances and should substantiate the amount claimed. XXX

RULING GIVEN

Please note advance rulings are intended to enable taxpayers to decide on a particular course of action. Provided the relevant facts and the proposed transactions as set out in your application for the ruling and summarized above are correct and complete and the proposed transactions are carried out as described, our ruling is as follows:

1. XXX as described in your letter qualifies as an international financial activity in accordance with section 2(2) of the IFA Act.
2. In particular, XXX

This advance ruling ceases to be valid if the law on which it is based is subsequently changed as a result of a court decision or if the legislation on which the ruling is based is subsequently amended.

Yours truly,

Jeffrey S. Krasnick, CA

A/Director
Income Tax Advisory & Intergovernmental Relations
Income Taxation Branch

cc XXX