

## **CEDIF MEMBERS DEVELOPMENT CO-OPERATIVE LIMITED**

**INFORMATION BULLETIN** Vol 1 #1 - DECEMBER, 2006

**THE ASSOCIATION** was approved at the CEDIF work shop event in August 2006 at Stellarton, N S. A not for profit co-operative limited by membership

- The Purpose and Aims - Refer to attachment
- Coordinator - Nova Scotia Co-operative Council  
1 (902)-893 8966
- Funding vehicle - Government agencies and membership annual dues
  - CEDIF member \$100
  - CEDIF associates, ( RDA's, Chamber of Commerce, Accounting Firms, Others) \$50
  - CEDIF and other individual members \$10

### **INFORMATION and CONSIDERATION**

#### **You asked:**

The corporate taxation status for a CEDIF:

Item #9 – Form I (Glossary) Offering Document. - The Issuer proposes to invest all or substantially all of the offering proceeds in an Investee Corporation where all or substantially all of the fair market value of the Investee's property is attributable to the property used in active business.

Canadian controlled private corporations (CCPCs) are entitled to claim a small business Deduction on active business income.

The cost of CEDIF shares will be small business investment amounts within the meaning of the Income Tax Act

It is reported that several Nova Scotia CEDIFs have filed corporate income tax returns under the small business deduction allowance and assessed as filed by CRA.

#### **You asked:**

Does the Nova Scotia Equity Tax Credit lower the adjusted cost base (ACB) of a CEDIF's share capital on disposal/transfer of the shares.

The ACB of the CEDIF shares are not reduced by the Equity Tax Credit.

#### **You asked:**

Can a CEDIF apply for HST rebate?

It is reported that a CEDIF has made application for HST rebates – i.e. professional fee expense, management fee expense.

**You asked:**

Can CEDIF shareholders on rollover from one CEDIF to another defer capital gains on disposition of capital stock?

CEDIF shareholders may defer capital gains on rollover of proceeds from one CEDIF to another CEDIF where both companies are entitled to a N.S. Tax Equity Credit.

There are requirements to qualify and the adjusted cost base may be adjusted – i.e. loss on disposition of a CEDIF share.

Professional advice should be obtained concerning the foregoing comments.

Reference: Income Tax Rulings – E2001-0108675, 53(2)(k)(i),206(2),ITR4900(1)(i.ii),6 section 6700 (a)(xiv)

**You asked:**

For consideration relating to – D&O Liability Insurance; Trustee holdings for RRSP contracts; Electronic transfer centre for share capital stock:

Your Association will take these requests under consideration.

**The foregoing are for your consideration. Consult a qualified professional.**

SUBSEQUENT TAX EQUITY CREDITS - Section15: Form 1 – Offering Document  
The policy to facilitate these tax credits – refer to the Nova Scotia Department of Finance web site at [www.gov.ns.ca/finance/taxpolicy/equitytaxcredit](http://www.gov.ns.ca/finance/taxpolicy/equitytaxcredit)

Please give us your views as to how best the Association, as an umbrella organization, can best serve you and network the role of the Community Economic Development Investment Funds.

Please join as a member – c/o N S Co-operative Council, 90 Research Dr. PO Box 1872  
Truro N. S. B2N 6C7 E- mail: [nscoopcouncil@eastlink.ca](mailto:nscoopcouncil@eastlink.ca)

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