

Message

From: Anthony Martinello [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3FB7D76317B34780B15D96309B995C31-ANTHONY MAR]
Sent: 2017-04-04 2:04:05 PM
To: Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]
CC: Jeannette Briggs [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=148095610f7242f48a5a9da24b1a8a87-Jeannette B]; Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]
Subject: RE: taxes for the new rate mitigation asset

Susan,

Additional info to consider.

The proposed/preliminary draft suggests that the IESO will be paying the costs (vendor bills, invoices and interest expenses) of the OPG's special purpose vehicle (SPV).

The IESO will in turn "crystalize" these costs and roll them into the regulatory asset which is sold back to the SPV.

The SPV's bills will include such items as vendor's bills which will have HST – so IESO will reimburse the HST.

I recall that CRA has some rule that HST is meant in spirit to be paid by an end-user, and since financial assets (income, interest) do not attract HST this may mean that the IESO is the end-use and has to remit HST but cannot collect it (input tax credit).

Regards.

From: Anthony Martinello
Sent: March 24, 2017 12:34 PM
To: Susan Nicholson
Cc: Michael Boll; Jeannette Briggs
Subject: taxes for the new rate mitigation asset

Susan,

The good topic of taxes came up (income taxes, excise HST) brought up by Michael.

The purported plan is that the IESO is selling a regulatory asset to a trust (separate legal entity or entities), and the IESO will be paid a purchase price for those assets. At a point in the future, the IESO will repay for those assets (akin to a repurchase or repo agreement that banks use today with great frequency).

Will the IESO be subject to any income or excise taxes/HST? Maybe KPMG who is already on this file may have some headway into this topic and you could ask Michel or Rhonda?

This matter will be place on our list of issues.

Regards.