



## Information Notice

### for reporting public office holders

# Reimbursement of costs for divesting assets and withdrawing from activities

*Here is some general information to help reporting public office holders understand the Conflict of Interest Act. This information notice explains how you can get reimbursed (paid back) for certain expenses when you divest certain assets (sell them or place them in a blind trust) or withdraw from (quit) certain activities. You should also read about [divestment and blind trusts](#), [complying with the Act](#) and [categories of assets](#). Get confidential advice by calling 613-995-0721 or [sending an email](#).*

Source: [Section 31](#) of the [Conflict of Interest Act](#)

1. [What costs can be reimbursed?](#)
2. [What costs cannot be reimbursed?](#)
3. [What is the maximum annual amount that can be reimbursed for maintaining a blind trust?](#)
4. [How can costs for maintaining and managing a trust be billed?](#)
5. [Can prepaid expenses be reimbursed?](#)
6. [How do I ask for reimbursement?](#)
7. [What happens next?](#)

As a reporting public office holder under the *Conflict of Interest Act*, you are not allowed to have publicly traded securities (investments that are bought and sold on a public stock exchange) or other [controlled assets](#). You must sell them in an arm's-length transaction (where there is no special or close connection between you and the buyer) or put them in a blind trust. This means giving your assets to another person to manage. They will make all the investment decisions without you knowing where your money is being invested.

The Commissioner may exempt certain assets from divestment if their total market value is so minimal (\$60,000 or less) that they do not pose any risk of conflict of interest in relation to your official duties and functions.

You may also have to quit [activities](#) that the Act does not allow.

## 1. What costs can be reimbursed?

If you decide to place controlled assets in a blind trust, you may be able to get back the money you pay for the services of a trustee, lawyer, accountant, notary, investment broker or financial advisor. The Commissioner may [order the reimbursement](#) of certain reasonable administrative costs linked to setting up, managing, running and ending the trust.

If you decide to sell your assets, you may be able to get money back for commissions for transferring, converting, or selling assets. However, they must not qualify for a tax deduction under the *Income Tax Act*.

Costs of removing your name from a federal or provincial corporate registry in relation to a withdrawal from activity can also be reimbursed.

## 2. What costs cannot be reimbursed?

- Regular operating expenses of a business or commercial entity.
- Costs of winding down a business.
- Costs of buying allowed assets using money from the sale of other assets that you were required to sell.
- Any income tax adjustment that may result from the reimbursement of trust costs.
- Costs related to a personal tax report.

## 3. What is the maximum annual amount that can be reimbursed for maintaining a blind trust?

Amounts that may be reimbursed to cover the annual costs of maintaining and managing a blind trust are calculated as percentages of its market value at the end of the billing period, up to certain maximum rates each year (see table below). The maximum amount is calculated before any taxes that might apply.

As of December 1, 2023, the maximum annual amount does not include fees for preparing blind trust tax returns. Neither does it include fees for preparing the written annual report the trustee must give the Commissioner under paragraph 27(4)k) of the *Conflict of Interest Act*. These fees, if reasonable, will be considered for full reimbursement.

**Total market value of trust****Maximum annual rate**

		End date of billing period (before January 1, 2023)	End date of billing period (after January 1, 2023)
<b>\$35,000 or less</b>		\$500	\$700
<b>More than \$35,000</b>	on first \$500,000	1.50%	2.00%
	on next \$500,000	1.25%	1.50%
	on next \$1,000,000	1.00%	1.25%
	on next \$1,000,000	0.75%	1.00%
	on next \$2,000,000	0.50%	0.50%
	on balance over \$5,000,000	0.25%	0.25%

**Example:** On January 31, 2023, the market value of a trust at the end of the billing period is \$5,200,000. The annual maximum amount that can be reimbursed is calculated as follows:

<b>Total market value</b>	<b>Calculation</b>	<b>Amount</b>
on first \$500,000	2.00% x \$500,000	\$10,000
on next \$500,000	1.50% x \$500,000	\$7,500
on next \$1,000,000	1.25% x \$1,000,000	\$12,500
on next \$1,000,000	1.00% x \$1,000,000	\$10,000
on next \$2,000,000	0.50% x \$2,000,000	\$10,000
on balance over \$5,000,000	0.25% x \$200,000	\$500
<b>Maximum amount eligible for reimbursement (before taxes)</b>		<b>\$50,500</b>

When you leave public office, you will only have a short time to have these maintenance costs reimbursed. The clock starts ticking after the date your employment ends or the date the Commissioner notifies you that the trust may be terminated, whichever is earlier.

#### 4. How can costs for maintaining and managing a trust be billed?

When you set up a blind trust, you need to choose how often your trustee sends invoices (bills) for maintenance costs. There are three options:

- Quarterly (every three months) – 1/4 of maintenance costs for the year
- Semi-annually (twice a year) – 1/2 of maintenance costs for the year
- Annually (once a year) – Total maintenance costs for the year

The method you choose will stay the same for the whole time the trust is active. If you ask for reimbursement for a period shorter than 12 months, the refund amount will be adjusted based on the number of months covered.

The maintenance costs for the month when the trust begins will be calculated from the first day of that month until the last day of that month.

**Example:** The invoice from a trustee is for expenses in the last quarter (three months). Based on the example above, you can get back up to \$50,500 for the year based on the trust's market value at the end of the billing period. So, for each three-month period, the most you can get back is \$12,625 or one fourth of \$50,500 ( $1/4 \times \$50,500 = \$12,625$ ).

## 5. Can prepaid expenses be reimbursed?

Invoices for costs that you paid for in advance will only be repaid when all the work they cover has been done.

## 6. How do I ask for reimbursement?

You need to pay the invoice(s) directly to your service provider(s) before asking for reimbursement.

Then, you must send the Commissioner an official request for reimbursement that contains:

- Invoice(s) or statement(s) that include a detailed breakdown of the costs or services performed
- Proof of payment
- For maintenance costs of a trust, the trustee must provide:
  - Confirmation of the period covered by the invoice(s)
  - The market value of the assets in the trust at the end of each claim period
  - A financial statement supporting the market value

Send your request for reimbursement by email or mail to:

Office of the Conflict of Interest and Ethics Commissioner  
66 Slater Street, 22<sup>nd</sup> floor  
Ottawa, Ontario K1A 0A6

[Email](#)

Telephone: 613-995-0721

## **7. What happens next?**

The Commissioner will decide what amount is eligible for reimbursement and may issue an order for reimbursement to the Deputy Head or Chief Financial Officer of your current organization or department.

That entity is responsible for reimbursing you. The Office will give you a copy of the order so you can follow up with the finance directorate of your organization or department.