



House of Commons

HON. NAVDEEP SINGH BAINS, P.C., M.P.
MISSISSAUGA-BRAMPTON SOUTH

March 19, 2009

The Honourable James M. Flaherty
Department of Finance Canada
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Dear Minister Flaherty,

I am writing this letter on behalf of my constituent who I recently had a meeting with regarding tax on deferred stock options benefits.

He advises me that he had retired on October 2000 and exercised Nortel options in 2000 and 2001 and deferred Stock Option Benefits of about one million dollars. Previously this deferred stock option was introduced for the benefit of employees and with the forward thinking that the stock will inevitably continue to grow in value.

Recently, Nortel filed for Bankruptcy Protection and their share price is almost zero. So not only has he lost accumulated stock value he may now also be losing a major part of his pension and medical coverage from Nortel.

This presents a serious problem that Canadians and their families, such as my constituent, who have worked throughout their lives, will now be deprived of their life savings. My constituent is concerned that he will not have enough assets to pay off the tax on money which he will never see. He fears the worst financial outcome of having to sell his home and withdraw his RRSP savings. This will cause undue hardships and may affect his health. He believes this is a tax which is unjust, unfair and not equitable.

He is kindly requesting a review of this section of the Income Tax dealing with the tax on deferred stock option benefits. Hence individuals will not be liable for paying tax on "money they will never see". He is kindly requesting a written response. We hope a resolution may be brought forward so that he may avoid any financial hardships.

Thank you in advance for your co-operation.

Sincerely,

Hon. Navdeep Singh Bains, P.C., M.P.

NB/lb

CC: Hon. Jean-Pierre Blackburn, Minister of National Revenue

OTTAWA
ROOM 776 CONFEDERATION BLDG.
OTTAWA, ON K1A 0A6
TEL: (613) 995-7784
FAX: (613) 996-9817
E-MAIL: BAINSN@PARL.GC.CA



WWW.NAVDEEPBAINS.CA

CONSTITUENCY
6660 KENNEDY ROAD, SUITE 215 A
MISSISSAUGA, ON L5T 2M9
TEL: (905) 795-5220
FAX: (905) 795-5252
E-MAIL: BAINSN1@PARL.GC.CA