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1. 2006 Federal Budget Highlights

The recent [federal budget](#) contained a number of items of interest to business law practitioners, including the following:

- reduction of the GST rate to 6% effective July 1, 2006;
- phased in 2% reduction of the general corporate income tax rate by 2010;
- increase of the "small business limit" from \$300,000 to \$400,000 effective January 1, 2007 as well as reducing the tax rate applied to such income from 12% to 11% by January 1, 2009;
- elimination of the corporate surtax for all corporations as of 2008;
- reduction of the capital gains inclusion rate for donations of listed publicly-traded securities to charitable organizations and public foundations from 25% to zero. Similar provisions will apply to gifts of ecologically-sensitive land;
- extending the carry-forward period for non-capital losses and investment tax credits to 20 years from 10 years for losses incurred and credits earned in tax years that end after 2005;
- re-introducing the mineral exploration tax credit for flow-through investors, effective for flow-through share agreements entered into from May 2, 2006 to March 31, 2007 (the Province of Manitoba has also recently renewed its credit program according to a [May 11, 2006 news release](#).)
- removal of the restriction on the Minister of National Revenue to wait at least 90 days from the date of a notice of assessment before collection proceedings by way of deduction or set-off against amounts owing are commenced.

2. Shareholder Seeks Remedy for Oppressive Conduct: QB

In the recent decision in [Cholakis v. Cholakis et al.](#), 2006 MBQB 91 a shareholder in a family business successfully seeks remedies for oppressive conduct pursuant to [s. 234 of The Corporations Act](#). The court relies upon the decision of [Cohen v. Jonco Holdings Ltd. et al.](#), 2005 MBCA 48 in its definition of the criteria for a remedy under s. 234. The decision also reviews a number of decisions on oppressive or unfairly prejudicial conduct.

3. Whistleblower Protection Legislation

The Province introduced [*The Public Interest Disclosure \(Whistleblower Protection\) Act*](#) on May 8. Its [news release](#) of the same date states that the Act establishes protection for whistleblowers within the public sector, including all departments, crown corporations, regional health authorities, child and family services authorities and agencies and independent offices of the legislative assembly.

4. Intellectual Property Case Summaries

The Canadian Bar Association's Intellectual Property Section has posted its [Quarterly Case Summaries](#) for January 1-March 31, 2006. The document reviews forty-one decisions of both the Federal Court and Federal Court of Appeal.

5. Best Practices in Responding to U.S. Audit Enquiries

The April 2006 issue of [EPIIGram](#), an electronic publication of the Canadian Bar Association's Emerging Professional Issues Initiative, contains resources on the topic of how Canadian lawyers should respond to U.S. audit enquiries:

- Article: [Best Practices in Responding to U.S. Audit Enquiries](#)
- [Sample Response to U.S. Audit Enquiries](#)

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