VIA E-MAIL

June 16, 2025

The Honourable François-Philippe Champagne, MP
Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario
K1A 0G5

Dear Minister,

PMAC represents over 330 asset management firms registered to do business in Canada as portfolio managers with the members of the Canadian Securities Administrators. PMAC's members encompass both large and small firms and manage total assets in excess of $4 trillion as fiduciaries for institutional and private client portfolios.

We write to express our concern about the proposed United States legislation, H.R.1 – One Big Beautiful Bill Act, and in support of efforts by the Canadian government to reduce or eliminate the effect of section 899 of that legislation (**Section 899**).

If passed, Section 899 would increase the taxes payable to the United States by Canadian individuals and businesses holding United States assets or conducting business through operations in the United States. This would include Canadians who own United States equities, bonds, or real estate either directly or through Canadian pension plans, who would face higher withholding taxes on dividends and income. These increased taxes would reduce the return on Canadian investments in the United States and introduce complexity for Canadian businesses operating in the United States.

At the same time, as of December 2024, Canadians have invested over $2 trillion in the United States.[1] Section 899 would be a disincentive to this substantial investment into the United States. Additionally, Section 899 is projected to negatively affect the United States economy, with recent analysis predicting the loss of 360,000 United

[1] International investment position, book and market values, quarterly, Table 36-10-0485-01, Statistics Canada, June 11, 2025.

States jobs and an annual reduction in the United States GDP of US$55 billion over the next 10 years, with even greater losses projected beyond that.[2]

In light of this, we respectfully urge the Government of Canada to take the following steps:

1. Include Section 899 as a priority of the government's trade and diplomatic agenda with the United States.

2. Engage with political and diplomatic counterparts in the United States to highlight that Canadian investors, savers, and retirees invest over C$2 trillion in the United States, which Section 899 would jeopardize. In addition, if enacted, Section 899 could cost the United States US$55 billion annually in lost GDP over the next 10 years.

3. Continue to work with global counterparts in collective and coordinated efforts to oppose Section 899.

If you have any questions regarding the comments set out above, please do not hesitate to contact Katie Walmsley at (416) 504-7018 or Victoria Paris at (416) 802-4347.

Yours truly,

PORTFOLIO MANAGEMENT ASSOCIATION OF CANADA

K.A. Walmsley

Katie Walmsley
President

[2] Macroeconomic impacts of proposed IRC Section 899 in the House-approved budget reconciliation bill, EY Quantitative Economics and Statistics (QUEST) practice, June 2025.