Government of Canada
Privy Council Office

Gouvernement du Canada
Bureau du Conseil privé

Ottawa, Canada
K1A 0A3

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Nancy Vohl
Clerk of the Standing Committee on Access to Information, Privacy and Ethics (ETHI)
House of Commons
Ottawa, Ontario, K1A 0A6

Dear Ms. Vohl,

I write further to the Committee's meeting of November 19, 2025 and the appearance of Michael Sabia, Clerk of the Privy Council and Secretary to the Cabinet. During his appearance, Mr. Sabia agreed to provide additional information in respect of the following three requests.

Within one week, to provide details of why the Screen was invoked/triggered.

There are six situations where the Prime Minister's Conflict of Interest Screen (Screen) has been applied. For such cases, the Ethics Commissioner has been clear: the Prime Minister should not learn about them until the decision has been finalized and made public.

Four of the situations are still under consideration by the Government and are not otherwise in the public domain. These matters cannot be disclosed to the Committee at this time. The Prime Minister is not aware of the subject matter of the four situations and providing the Committee with that information would undermine the purpose of the Screen.

As decisions regarding the application of the Screen become final, we expect to provide the Committee with more information subject to any limitations or privileges that may apply such as national security or cabinet confidences.

In two situations, more information can be provided to the Committee. The first situation is in the public domain and the decision is final. I wish to clarify that the second situation is not in the public domain, however the decision is final.

The first situation involves two sets of technical amendments to the *Income Tax Act.* The first set of technical amendments was released in 2024. The second set of technical amendments was released in 2022. Both sets of technical amendments were included in Budget 2025. These two sets of amendments are highly technical in nature and cover a wide range of tax issues. Two elements in these two sets of amendments resulted in the application of the Screen.

The first set of technical amendments in the 2024 package relate to the hybrid mismatch rules in *the Income Tax Act*, which were implemented in June 2024. The hybrid mismatch rules generally apply to cross-border payments and are intended to prevent taxpayers from taking advantage of differences between tax rules in different countries to obtain a tax deduction in one country and non-inclusion in another country (or a double deduction). The 2024 technical measures included in Budget 2025 amend those rules to correct an unintended result that caused tax to be inappropriately payable on certain distributions from investment funds to "foreign affiliates" of Canadian entities (particularly in the context of US Real Estate Investment Trusts).

The second set of technical amendments in the 2022 package included a proposed amendment that would extend certain trust rules in the *Income Tax Act* to apply also in respect of trusts resident in a foreign country. The effect would be to treat these trusts as corporations for purposes of the foreign affiliate surplus rules and "foreign accrual property income" (FAPI) rules in the *Income Tax Act*, thus ensuring that their active business earnings generally are not taxable in Canada on distribution, while also ensuring the integrity of the FAPI rules.

The Screen applied because there was direct engagement with the previous government by one of the Companies subject to the Screen.

The second situation concerned a measure that affects depreciation and taxable income for certain developers and property owners. During the budget process, this measure was actively considered. The Screen was triggered because there was a possibility of a disproportionate benefit/impact to Companies subject to the Screen. In the end, the government chose not to proceed with the measure.

The Screen applied because of the possibility of a disproportionate benefit/impact to Companies subject to the Screen.

In both situations, there were no discussions with the Prime Minister and he did not participate in the decision-making process.

Within one week, to advise who is responsible for assisting the Clerk and the Prime Minister's Chief of Staff in administering and enforcing the PM's Screen.

The day-to-day management of the PM's Screen within PCO is undertaken by the Deputy Secretary to the Cabinet, Governance, supported by PCO staff. This includes:

- Mala Khanna, Deputy Secretary to the Cabinet, Governance.
- Cathy Hawara, Assistant Secretary to the Cabinet, Machinery of Government and Democratic Institutions.
- Gregory Tzemenakis, Senior Policy Advisor.

- Stuart Fee, Acting Chief of Staff to the Clerk of the Privy Council and Secretary to the Cabinet
- Don Booth, Director of Strategic Policy and Canadian Secretary to the King
- Joel Girouard, Senior Privy Council Officer.
- Annick Munezero, Chief of Staff to the Deputy Secretary to the Cabinet, Governance.
- Sandrine Ferron-Ouellet, Strategic Policy Advisor.

Deputy Clerks, Deputy Secretaries, Assistant Secretaries and other senior leaders at the Privy Council Office identify possible situations and administer and implement appropriate measures to files where the Screen may apply.

In addition, Deputy Ministers and Assistant Deputy Ministers within the public service are seized with considering the application of the Screen. They assist in implementing appropriate measures to files where the Screen may apply.

To regularly provide public details of instances where the Screen is triggered and as much detail as could be made public.

The Privy Council Office will provide this information quarterly, with the first report to be provided by February 13, 2026.

Sincerely,

Mala Khanna
Deputy Secretary to the Cabinet (Governance)
Privy Council Office