

# Welcome Clarification for Plan Administrators on Pension Investment Restrictions

May 10, 2017

The Canada Revenue Agency revisited its position on the application of the quantitative limits applicable under pension laws.

The Canada Revenue Agency ("CRA") recently revisited its position on the application of the quantitative limits applicable under pension laws. The Pension Benefits Standards Act ("PBSA") and many provincial pension benefits statutes limit a pension fund to not more than 10% of the market value in any one investment. In 2007, the CRA indicated that where a pension fund invests indirectly through a pension fund investment corporation, the quantitative limits would apply at the level of the pension fund investment corporation. Pension fund investment corporations are exempt from Part 1 **Tax under the Income Tax Act (Canada)** (the "Tax Act"), provided certain conditions are met. One of these conditions is the requirement that a pension investment corporation make no investments other than investments that a pension fund or plan is permitted to make under the PBSA or provincial pension benefits legislation. The CRA's administrative position caused concern that this exemption would be lost if the pension fund investment corporation exceeded the quantitative limits in respect of its own investments, even if the limits were not exceeded at the pension fund level.

The CRA has reversed its view and has announced that it will apply the quantitative limits at the level of the pension fund, and not at the level of the pension investment corporation, concluding that this is "consistent with the diversification objective of the 10% quantitative limit". The CRA adopted a "textual, contextual and purposive approach" in interpreting the policy intent underpinning the specific investment restriction language used in the Tax Act. The CRA also clarified that its position would extend to the similar Tax Act investment requirements applicable to pension real estate corporations.

[CRA Technical Interpretation 2013-0508321I7, released December 21, 2016]

By

[Pamela L. Cross](#)

Expertise

[Pensions & Benefits, Tax](#)

---

**BLG | Canada's Law Firm**

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 800 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

[blg.com](http://blg.com)

**BLG Offices****Calgary**

Centennial Place, East Tower  
520 3rd Avenue S.W.  
Calgary, AB, Canada  
T2P 0R3  
  
T 403.232.9500  
F 403.266.1395

**Ottawa**

World Exchange Plaza  
100 Queen Street  
Ottawa, ON, Canada  
K1P 1J9  
  
T 613.237.5160  
F 613.230.8842

**Vancouver**

1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC, Canada  
V7X 1T2  
  
T 604.687.5744  
F 604.687.1415

**Montréal**

1000 De La Gauchetière Street West  
Suite 900  
Montréal, QC, Canada  
H3B 5H4  
  
T 514.954.2555  
F 514.879.9015

**Toronto**

Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, ON, Canada  
M5H 4E3  
  
T 416.367.6000  
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing [unsubscribe@blg.com](mailto:unsubscribe@blg.com) or manage your subscription preferences at [blg.com/MyPreferences](http://blg.com/MyPreferences). If you feel you have received this message in error please contact [communications@blg.com](mailto:communications@blg.com). BLG's privacy policy for publications may be found at [blg.com/en/privacy](http://blg.com/en/privacy).

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.