

Publisher's Note

2014 — Release 1

Previous release was 2013-2

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Friedlander

Taxation of Corporate Finance

This release updates Basic Concepts (Chapter 1); Treatment of Debt Held by Taxable Holders Resident in Canada (Chapter 2); Treatment of Debt Held by Non-Residents and Tax-Exempts and Treatment of Guarantees (Chapter 3); and Debt — Treatment of the Issuer (Chapter 4).

Highlights

Volume 1

- **Chapter 1 — Basic Concepts:** New CRA Views and commentary have been added regarding proposed character conversion rules that attempts to provide statutory bifurcation rules and election under subsection 39(4) of the Act.
- **Chapter 2 — Treatment of Debt Held by Taxable Holders Resident in Canada:** Commentary and a CRA View have been added for the following topics: where free rent was provided “in satisfaction of” interest; doubtful debts and bad debts; general dispositions; seizure of property by a creditor; and loss from disposition of a debt.

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- **Chapter 3 — Treatment of Debt Held by Non-Residents and Tax-Exempts and Treatment of Guarantees:** Commentary and case law have been updated with new CRA Views regarding participating debt interest, fully exempt interest, treatment of dispositions, withholding tax considerations, considerations for tax-exempts for qualified investments and prohibited investments.
- **Chapter 4 — Debt — Treatment of the Issuer:** Commentary, case law and CRA Views have been added regarding thin-capitalization rules, other financing costs, debt forgiveness rules, and documentation requirements.