# **INDEX**

# All entries are referenced to section number. Current to release 2022-1

2019 Guidelines

• CEE, 2.3.1, 2.5.3

AMT. See Alternative Minimum Tax

Abbreviations, 1.2

Accelerated Canadian Development Expense (ACDE), ND.4, 1.2, 2AAA, 4.1, 4.6

Accelerated Canadian Oil and Gas Property Expense (ACOGPE), ND.4, 1.2, 2AA, 4.1, 4.7

## Acquisition of control

- corporations, 7.8.1
- • renewable energy corporations, 7.8.1(2)
- • tax-exempt, 7.8.1(3)
- s. 66(11.4), 9.4.3
- s. 66.7(11), 7.10, 9.4.2
- foreign affiliate dumping rules, 9.4.5
- increase in tax cost (tax cost bump), 9.4.4, 19.5.6
- successor corporation rules, 7.8
- • designation of income of other corporations, 7.8.3
- • earned depletion bases, 7.12.4(1)(d)
- • income not recognized, 7.10
- • where rules do not apply, 7.12.2
- trusts, 7.8.5

Acronyms, 1.2

Adjusted cumulative foreign resource expense, 2A

Adjusted resource profits. See Resource profits

Agreed portion, 2.39.1

## All or substantially all, 6.2.2

## Allowance, 5.2

- successor corporation rules, 7.12, 9.2.1
- partnerships and, 7.12.4(1)(e)

## Alternative Minimum Tax (AMT)

- mining-related tax credits, 19A.5.1
- U.S. corporate tax provisions
- • overall tax considerations, 19A.3.6(8)
- • relevant for Canadian mining corporations, 19A.6.5

## Amalgamations

- flow-through shares, 9.2.2
- partnerships and, 7.9
- successor corporation rules, 7.4.1(1), 9.2.1

#### Amounts deductible. See Deductions

#### Arm's length

• meaning of extended, 6.3.2

Assistance, 2.2, 2.15.2

At-risk rules, 10.1, 10.4

Available for use rules, 4.13.11

## Bitumin, 22

## Bitumen development phase

• defined, 2.39.2

#### Bituminous sands, 2.2A

- defined, 2.2A, 22.2.2
- • petroleum, 2.2A
- definitions, 22.2
- • Canadian resource property, 22.2.6
- • mine, 22.2.5
- • mineral and mineral resource, 22.2.1
- • oil or gas well, 22.2.4
- • petroleum, 22.2.3
- exploration and development provisions, 22.3
- • mining, 22.3.2
- • development, 2.39.3, 22.3.2.2
- • exploration, 22.3.2.1

- • oil and gas, 22.3.1
- • development, 22.3.1.2
- • exploration, 22.3.1.1
- general, 22.4
- introduction, 22.1
- projects, 4.21.2

Bituminous sands deposit, 6.3.3(3)

Bituminous sands mining projects, 2.21, 6.3.3(1)(a)

Branch operation, 19.2. See also Carrying on business in foreign jurisdiction

Business activities, 6.3.1

• dealers, LG.1.1A

Business insurance, 5.3.2(1)

#### CCA, 4.13.1

- anti-avoidance measure, 6.3.3(3)
- available for use rules, 4.13.11
- class 1, 4.13.5A
- class 2, 4.13.5
- class 6, 4.13.9
- class 7, 4.13.6
- class 8, 4.13.7
- class 10, 4.13.3
- class 12, 4.13.8
- class 28, 4.13.4
- class 41, 4.13.2
- class 41.1, 4.13.2(1), 4.13.2(2), 4.13.2(8)
- class 41.2
- • general comments, 4.13.2(1)
- • paragraph (a), 4.13.2(2)
- • paragraph (a.1), 4.13.2(3)
- • rates, 4.13.2(8)
- class 49
- • general comments, 4.13.9B
- class 43.1
- • general comments, 4.13.9A
- class 43.2
- • general comments, 4.13.9A
- • general, 4.13.2(1)
- • paragraph(a), 4.13.2(2)
- • paragraph(a.1), 4.13.2(3)
- • paragraph(a.2), 4.13.2(4)

- • paragraph(b), 4.13.2(5)
- • paragraph(c), 4.13.2(6)
- • paragraph(d), 4.13.2(7)
- • rates, 4.13.2(8)
- transfers between classes, 4.13.10

## CCDE, 2.39.8

- defined, 2.39.8
- negative, 3.5.2, 6.3.1
- successor corporation rules, 7.7.4(1) to 7.7.4(2)(a), 7.7.4(2)(b)(ii), 7.7.4(3), 7.7.4(4)(b)

#### **CCEE**

- defined, 2.9
- negative, 5.3.2, 5.3.2(1)
- successor corporation rules, 7.7.4(1) to 7.7.4(2)(a), 7.7.4(2)(b)(ii), 7.7.4(3), 7.7.4(4)(a)

#### **CCOGPE**

- deduction of expenditures, 4.7
- defined, 2.10
- expenses, 7.7.4(4)(b)(i)
- negative, 3.5.2
- successor corporation rules, 7.7.4(1) to 7.7.4(2)(a), 7.7.4(2)(b)(ii), 7.7.4(3), 7.7.4(4)(b)

#### CDE, 2.3.1

- "accelerated Canadian development expense", ND.1.10
- CEE, 2.3.1
- deduction of expenditures, 4.6
- defined, LG.1.9, 2.3.1, 2.39.4
- expenses, 2.39.4
- exclusions, 2.3.4
- feasibility studies, 2.3.1, 2.5.3
- flow-through shares, ND.4, 2.3.3
- general rule, ND.4
- grandfathering, 2.3.1
- incurred by subsidiary, 8.7
- partnership expenses, 2.3.2
- • adjusted cost base, 2.3.2
- • capital gain, 2.3.2
- purpose test, 2.3.1
- recovery of, 3.5.2
- renunciation, 8.2, 8.62 (See also Flow-through shares)
- • prior to 2019, 8.3, 8.16
- related penalty, 8.2.1
- resource allowance, 2.3.1

#### CEDE

- defined, 2.39.5
- limitations, LG.1.2
- resource profits, 6.3.1
- successor corporation rules, 7.7.2

#### CEDOE, 8.2

• defined, 6.2.2

#### CEE, 2.5.1

- 2019 Guidelines, 2.3.1, 2.5.3
- capital cost allowance, 2.5.1
- defined, 2.5.1, 2.39.3, 2.39.4
- development expenses, 2.5.3, 2.7B, 2.21A, 2.39.3, 2.39.4, 2.39.7, 2.39.13, 2.39.18, 2.39.25, 2.39.26
- discovery well, 2.5.2
- drilling, 2.5.2
- eligible capital property, 2.5.1
- exclusions, 2.5.6
- expenses, 2.3.1
- • first 60-days year, LG.1.5
- flow-through expenses, 2.5.5
- flow-through shareholder, LG.1.3
- flow-through shares, ND.4
- general rule, ND.4
- grandfathering rule, 2.5.2
- incurred by subsidiary, 8.7
- investment tax credit, 2.5.1
- mineral resource activities, 2.5.3
- • purpose test, 2.5.3
- oil and gas activities, 2.5.2
- • environmental study or community consultations expenses, 2.5.2
- • geological, geophysical or geochemical expenses, 2.5.2
- • first 60-days year, LG.1.5
- partnership expenses, 2.5.4
- recovery of, 3.5.2
- renunciation, LG.1.4, 8.2, 8.62 (See also Flow-through shares)
- • prior to 2019, 8.3, 8.16
- restricted, 2.5.2, 2.29

#### **CFE**

• defined, 2.39.6

#### **CFRE**

- defined, 2.10A
- foreign resource properties, 7.5.2, 7.7.4 to 7.7.4(2)(a)

- negative, 3.5.1A
- successor corporation rules, 7.7.4(1) to 7.7.4(2)(a), 7.7.4(2)(b)(ii), 7.7.4(3), 7.7.4(4)(c)

#### COGPE, 2.6.1

- "accelerated Canadian oil and gas property expense" (ACOGPE), ND.1.14
- deduction of expenditures, 4.7
- defined, 2.6.1
- exclusions, 2.6.4
- flow-through shares, 2.6.3
- partnership expenses, 2.6.2
- recovery of, 3.5.2
- renunciation of, 8.2 (See also Flow-through shares)

## CRCE. See also, Specified oil sands property

- defined, 2.6A
- principal-business corporation, 2.6A

#### **CRIC**

- defined, 19.5.2
- exceptions, 19.5.2
- foreign affiliate dumping rules, 19.5.2

Canadian development expense. See CDE

Canadian exploration and development expense. See CEDE

Canadian exploration and development overhead expense. See CEDOE

Canadian exploration expense. See CEE

Canadian field processing, See EFP

Canadian oil and gas property expense. See COGPE

Canadian real, immovable or resource property

- defined, 2.6AB
- SIFT trust, 2.6AB
- SIFT partnership, 2.6AB

Canadian renewable and conservation expenses, See CRCE

Canadian resident partnership, 2.6B

Canadian resource property, 2.7.1, 5.3.2(1)

- current transactions, 7.5.1(2)
- defined, 2.7.1

- disposition of, 3.4.2, 3.4.3
- expenditure test, 2.7.4
- • enduring benefit test, 2.7.4(1)(a)
- "interest in", 2.7.1, 2.7.3(2)
- license, 2.7.2
- new developments, LG.1.2, LG.1.6
- non-qualifying rights, 2.7.4
- • matchable expenditure, 2.7.4(3)
- • recurring benefits, 2.7.4(1)(b)
- • section 18.1 receipt, 2.7.4(3)
- • tax consequences, 2.7.4(4)
- privilege, 2.7.2
- rental, 2.7.3, 2.27D
- resource profits, 6.3.1
- right, 2.7.2
- royalties (See Royalties)
- successor corporation rules, 7.5.1
- transactions before 1987 amendments, 7.5.1(2)

Capital cost allowance. See CCA

Capital expenditures, 19A.6.6

Capital losses, 10.2.5(7), 19A.6.6

## Capital property

- non-depreciable, 9.4.4
- • increase tax cost, 9.4.4
- non-qualifying rights, 2.7.4
- • tax consequences, 2.7.4(4)
- vs. inventory, 2.7.4(2)

## Capsule summary of rules, 1.1

#### Carrying on business in foreign jurisdiction

- branch operation, 19.2
- foreign tax credits, 19.3
- foreign tax deduction, 19.4
- • foreign oil and gas business, 19.4
- • foreign oil and gas levies, 19.4
- foreign subsidiaries, 19.5
- • acquisition of control on surplus, 19.5.6
- • general comments, 19.5.1
- • income, 19.5.7
- • minimizing Canadian tax, 19.5.7
- • minimizing foreign tax, 19.5.3

- • Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("MLI"), 19.5.3
- • returning income, 19.5.5
- • taxation of income earned by, 19.5.4
- • controlled foreign affiliate status, 19.5.4(1)
- • FAPI, 19.5.4(2)
- • computation of, 19.5.4(2)(e)
- • • excluded property, 19.5.4(2)(d)
- • • general 19.5.4(2)(a)
- • • investment business, 19.5.4(2)(b)
- • • non-qualifying business, 19.5.4(2)(c)
- • active business income, 19.5.4(2)
- • foreign accrual property income, 19.5.4(3)
- • foreign affiliate status, 19.5.4(1)
- • income from an active business, 19.5.4(3)
- • recharacterization of income rules, 19.5.4(4)
- upstream loan rules, 19.5.7
- • income inclusion, 19.5.7
- introduction, 19.1
- production sharing contracts, 19.6
- • expenses incurred exploring or drilling, 19.6.2
- • foreign resource property, 19.6.3
- • general comments, 19.6.1

#### Carved-out income

- deductions, 4.9
- defined, 2.7A
- Part XII.1 tax, 14.2.1

## Carved-out property

- defined, 2.7B
- Part XII.1 tax, 14.2.2

Certified property, 4.14.3

Control, acquisition of. See Acquisition of control

#### Corporate reorganization

- acquisition of control, 7.8, 7.9, 9.4
- amalgamation, 7.4.1(1), 9.2
- section 85, 9.1
- windings-up, 7.4.1(2), 9.3

Corporation resident in Canada. See CRIC

Corporations

- special product, 4.19
- tax rate reductions, 3.1.2

Crown purchases/sales, 3.3.3

Crown royalties. See Royalties

Cultural heritage, 2.27(iii). See also Qualifying Environmental Trust

Cumulative Canadian development expense. See CCDE

Cumulative Canadian exploration expense. See CCEE

Cumulative Canadian oil and gas property expense. See CCOGPE

Cumulative foreign resource expense, See CFRE

Cumulative offset account

- deduction, expenditures, 4.21.1
- defined, 2.39.9

## Debt forgiveness

- debt parking, 20.3
- historical review, 20.1
- overview of current law, 20.2
- tax planning, 20.4

Debt parking, 20.3

## Deduction of expenditures

- capital cost allowance, 4.13 (See also CCA)
- carved-out income, 4.9
- CDE, 4.6
- CEDE, 4.3
- CEE, 4.5
- COGPE, 4.7
- Crown royalties, 3.3.2
- cumulative offset account, 4.21.1
- dealers, 4.18
- depletion allowances, 4.11
- eligible mine development property, 2.39.12
- expenses renounced by JEC, 4.16
- FEDE, 4.4
- foreign resource expense, 4.4A
- foreign tax, 19.4
- general limitations, 4.1

- · historical comments
- • cumulative offset account, 4.21.1
- • pre-production mining expenditures, 4.21.3
- • transitional bituminous sands provisions, 4.21.2
- Income Tax Act provisions, 1.1
- investment tax credits, 4.14 (See also Investment tax credits)
- mining reclamation trusts, 15.2
- order of deductions, 4.20
- partnership expenses, 4.15
- pre-1972 expenditures, 4.2
- qualifying environmental trusts, 15.2
- reserves, 4.10
- resource allowance, 4.12 (See also Resource allowance)
- royalties, 3.3.2
- section 18.1 receipt, 2.7.4(3)
- special product corporation, 4.19
- successor corporation rules, 4.17
- traders, 4.18
- U.S. tax provisions
- • bonus depreciation, 19A.3.5(3)
- • customs duties and fees, 19A.3.6(4)
- • depletion tax deductions, 19A.3.3
- • depreciation allowance, 19A.3.5(3)
- • development tax deduction, 19A.3.2
- • exploration tax deduction, 19A.3.1
- • manufacturing deduction, 19A.3.5(2)
- • receding face doctrine, 19A.3.5(1)
- • reclamation tax deduction, 19A.3.4
- • state/local manufacturing/mining exemptions, 19A.3.6(2)
- • state/local pollution control abatement equipment, 19A.3.6(3)
- • state/local property tax, 19A.3.6(5)
- • state/local sales and use taxes, 19A.3.6(7)
- • state/local severance tax, 19A.3.6(1)
- • state/local withholding/payroll taxes, 19A.3.6(6)

#### Deductions, 5.2

- allowance in respect of
- • natural accumulations, 5.2
- • processing of ore, 5.2
- • processing of tar sands, 5.2
- amount of, 9.3.1(3)
- carved-out income, 4.9
- CCDE, 5.3.2(1)
- CCEE, 5.3.2(1)
- earned depletion base, 5.2, 5.3.2(1), 5.3.2(2)
- • computation of, 5.3.1
- of expenditures (See Deduction of expenditures)

- FEDE, 5.3.2(1)
- frontier exploration base, 5.2, 5.4.2
- mining exploration depletion base, 5.2, 5.6.1. 5.6.2
- mining reclamation trusts, 5.3.2(1), 15.2
- order of
- • deduction of expenditures, 4.20
- • principal-business corporations, 4.20.2, 7.7.4(2)(b)
- • tax planning, 4.20.4
- parent-timing, 9.3.1(1)
- partnerships, 4.15
- reserves, 4.10
- resource allowance, 4.12, 6.3.3(1)(a)
- subsidiary, 9.3.1(2)
- successor corporation rules, 4.17, 5.3.2(1), 7.8.3
- supplementary depletion base, 5.2

## Definitions, 2

- Canadian real, immovable or resource property, 2.6AB
- Canadian resource property, 2.7.1
- carved-out income, 2.7A
- carved-out property, 2.7B
- CCDE, 2.39.8
- CCEE, 2.9
- CCOGPE, 1.2, 2.10
- CDE, 2.3.1
- CEDE, 2.39.5
- CEDOE, 6.2.2
- CEE, 2.5.1
- COGPE, 2.6.1
- CRCE, 2.6A
- eligible mine development property, 2.39.12
- exploratory probe, 2.21
- FEDE, 2.16
- flow-through shares, 2.15.1
- foreign resource income, 2.16B
- foreign resource property, 2.17
- joint exploration corporations, 2.39.14, 11.2
- principal-business corporations, 2.26
- production royalty, 6.3.3(1)(a)
- qualified property, 4.14.2
- resource profits, adjusted, 6.3.3

## Depletion, 5.1

## Depletion allowances

• deductions, nature of, 4.11

- defined, 19A.1.1
- earned depletion allowance, 5.3.2(1), 6.2.1
- • deduction, computation of, 5.3.1
- • recovery of, 3.5.3
- • resource profits, does not reduce, 5.3.2(2)
- frontier exploration allowance, 5.4, 5.5.1
- • recovery of, 3.5.3
- mining exploration depletion allowance, 5.6
- • recovery of, 3.5.3
- recovery of, 3.5.3
- successor corporation rules, 7.12
- supplementary depletion allowance, 5.5, 5.5.2
- • recovery of, 3.5.3
- • successor corporation rules, 5.5.2

## Depletion bases, 3.5.3, 5.1

- earned depletion base, 5.1, 5.3.1, 5.3.3, 6.2.3
- • costs incurred to acquire Canadian resource property, 5.3.2(1)
- • deductions (See Deductions)
- • successor corporation rules, 7.12.4(1)
- frontier exploration base, 5.2
- mining exploration depletion base, 5.2, 5.4.1, 5.6.1
- • successor corporation rules, 5.6.2
- supplementary depletion base, 5.2, 5.3.3, 5.5.1, 6.2.3 (See also Depletion base)

## Depreciable property, 6.1

- CDE, 2.3
- CEE, 2.5
- COGPE, 2.6
- defined, 4.13.1
- FRE, 2.16A
- sale of, 5.3.1

#### Designated asset

• definition, 2.39.10

#### Development cost

• defined, 19A.1.1

Development phase. See also, Specified oil sands property

• defined, 2.39.11

## Disposition, 2.11A

## Disposition of resource property, 3.4

• reserves, 4.10

Double taxation, mining reclamation trust, 15.6

Drilling expense, 2.13

Earned depletion allowance. See Depletion allowances

Earned depletion base. See Depletion bases

Economic interest, 19A.1.1

Eligible capital property

- non-qualifying rights, 2.7.4
- • tax consequences, 2.7.4(4)

Eligible dividend, 2.13A

Entity, 2.13B

Environmental assessment expense, classification of, LG.4.1

Equity value, 2-13C

Escrow arrangement, 8.2

Exempt partnership. See Partnership

Expense, 2.14. See also Deduction of expenditures

Exploration activities

• employee's duties, 6.2.2

Exploration base, 5.1

- foreign exploration base, 5.1
- frontier exploration base, 5.4.1, 5.4.2

Exploration expense, 2.13

Exploration incentive, 5.1

Exploration rights, 19A.1.1

- economic interest in minerals in place, 19A.1.1
- income from severance and sale of mineral, 19A.1.1
- term of contract, 19A.1.1

Extractive Sector Transparency Measures Act, ND.3

## Extinguishment of debt. See Debt forgiveness

#### FDII. See Foreign-derived intangible income

#### **FEDE**

- defined, 2.16
- foreign resource properties, 7.5.2
- successor corporation rules, 7.7.3
- recovery of, 3.5.1
- resource profits, 6.3.1
- • does not reduce, 5.3.2(2)

#### **FIRPTA**

- defined, 19A.1.1, 19A.4
- election to be treated as U.S. corporation, 19A.4.5
- general rules, 19A.4.1
- like kind exchange rules, 19A.4.6
- non-U.S. partners in U.S. partnership, 19A.4.3
- U.S. real property interest (USRPI), 19A.4.1

#### **FPHCI**

- active business, 19A.7.3(2)
- passive income, 19A.7.3(1)

## Farm-out arrangements

- mining industry, 18.2
- nature of, 18.2
- oil and gas industry, 18.2
- option farm-out, 18.2
- origin, 18.1
- tax consequences, 18.2

Flow-through mining expenditures, LG.1.7, 2.15A, 4.14.5

#### Flow-through shares, 2.15.1

- advantages, 8.13, 8.14
- amalgamations, 9.2.2
- CDE, 2.3.3
- CEE, 2.5.5
- COGPE, 2.6.3
- defined, LG.1.3, LG.1.7, 2.15.1
- disadvantages, 8.13, 8.14
- dispositions of, 8.10
- donations of, 8.15
- • Budget March 22, 2011, 8.15.3
- • risk, 8.15.3(1)

- • Budget May 2, 2006, 8.15.1
- • donation arrangements, 8.15.2
- • advance income tax rulings, 8.15.2(1)
- historical background and perspective, 8.1, 8.16
- Income Tax Act, s. 66(12.6), LG.1.3
- Minister, reassess, 8.8
- • related penalty, 8.8.1
- offering memorandum (OM), 2.15.2
- paid-up capital, 8.11
- partnerships, 8.12
- prescribed share, 2.15.2
- renunciation, 8.2
- • 60 day rule, 8.4
- • adjustment mechanism, 8.8
- • CDE renounced as CEE, 8.6.2, 8.18
- • prior to 2019, 8.3, 8.16
- • effect of, 8.5, 8.17
- • investors' interest obligations, 8.4.2
- • late filing, 8.9
- • look-back rule, ND.4, 8.4, 8.4.1
- • part XII.6 tax, ND.4, 8.4.1
- • related filings, 8.5.1
- • related penalty, 8.5.2
- • restriction, 8.6
- stacking arrangements, 8.7
- warehousing, 8.6.3, 8.12

Foreign affiliate, 10.2.5(8)

Foreign Affiliate Dumping Rules, 19.5.2

• foreign holding company, 19.5.3

Foreign-based operations. See Carrying on business in foreign jurisdiction

Foreign-derived intangible income (FDII), 19A.6.1

Foreign exploration base. See Exploration base

Foreign exploration and development expenses, See FEDE

Foreign Investment in Real Property Tax Act of 1980. See FIRPTA

Foreign personal holding company income. See FPHCI

Foreign resource expense, 1.1, 216A, 4.4A

Foreign resource income, 2.16B

• deductions, 2.16B

Foreign resource loss, 2.16C

Foreign resource pool expense, 2.16D

Foreign resource property

- defined, 2.17
- disposition of, 3.4.1
- in respect of a country, 2.17B
- Income Tax Act, s. 66.1(6), LG.1.8
- production sharing contracts, 19.6.3

Foreign oil and gas production taxes, 3.3A

Foreign tax credits, 19.3

Frontier depletion base, 6.2.3

Frontier exploration allowance. See Depletion allowances

Frontier exploration base. See Exploration base

Gas activities. See Oil or gas activities

Gas well. See Oil or gas well

Global foreign resource limit, 2.17A

Goods and services, sale of, 5.3.1

Grubstakers. See Prospectors and grubstakers

Head lease, 2.17C

Heavy crude oil, 6.3.1

#### Hydrocarbons

- processing, 5.3.2(2), 6.3.1
- production of, 6.3.1
- transmitting, 5.3.2(2), 6.3.1
- transporting, 5.3.2(2), 6.3.1

Incentives. See Exploration incentive, Research and development incentive

Income. See Taxation of resource revenues

- deduction from (See Deductions)
- trust (See Trust income)

#### Income Tax Folios

- S3-F8-C1, 2.25
- S3-F8-C2, 2.6A

Indebtedness, forgiveness of, 6.3.2

Industrial mineral mines, 16.1

## Inventory

- non-qualifying rights, 2.7.4
- vs. capital property, 2.7.4(2)

Investment, 2.17D

Investment tax credits, 4.14.1

- certified property, 4.14.3
- flow-through mining expenditure, 4.14.5
- income inclusion, 4.14.6
- partnerships, 10.1, 10.2.4(2)
- pre-production mining expenditures, 4.21.3
- qualified property, 4.14.2
- qualified resource property, 4.14.2A
- SR&ED qualified expenditure pool, 4.14.4

Iron ore. See Ore

Joint exploration corporations (JECs), 11.1

- advantages, 11.7, 11.8
- defined, 2.39.14, 11.2
- disadvantages, 11.7, 11.8
- income, 11.6
- recovery of expenses, 3.5.5
- renunciation of expenses, 3.5.5, 4.16, 11.4, 11.5
- utility of, 11.3

Joint ventures, 10.2.5(9)

• defined, 10.1.2

Legislation, government documents, case law

- CRA Views, LG.3
- • Canadian development expenses, LG.1.10, LG.1.11
- • Canadian exploration expense, LG.1.8, LG.1.18

- • Canadian oil and gas property expense, LG.1.13, LG.1.14, LG.1.15, LG.1.16
- • Canadian renewable and conservation expense, LG.3.3
- • Canadian resource property, LG.1.2, LG.1.6, LG.3.4
- • death, LG.3.5
- • environmental assessment expense, LG.3.2
- • flow-though share, LG.1.3, LG.1.7, LG.1.22, LG.3.6
- • foreign resource property, LG.1.27, LG.3.14
- • death, LG.3.5
- • development expenses, LG.3.13
- • pre-production mining expenditure, LG.3.2
- • transmission pipelines and related equipment, LG.1.9
- recent cases, LG.4

Licence, 2.7.2

Look-back rule, ND.4, 2.5.2, 8.4

Losses, 6.4

- prescribed, 3.5.6
- prescribed resource losses, 6.4

Mine, 2.18A

Mineral, 2.19

Mineral resources, See also Industrial mineral mines

- defined, 2.20
- natural accumulation, 5.2
- ore, production and processing, 6.3.1
- ore from, 5.3.2(1)

Mining exploration depletion allowance. See Depletion allowances

Mining exploration depletion base. See Depletion bases

National Energy Program, 5.1

Natural Instruments

• NI 43-101, 2.5.3

National gas

- income from the production of, 5.3.2(1)
- natural accumulations, 5.2, 6.2
- processing, 5.3.2(2), 6.3.1
- processing facilities, 6.1
- production of, 6.3.1

- transmitting, 5.3.2(2), 6.3.1
- transporting, 5.3.2(2), 6.3.1

Net Corporate income tax rate, 2.20A to 2.20D

## Net operating loss (NOL)

• limitations, 19A.6.6

## New developments

- CRA Views, ND.1
- • Canadian exploration expense, ND.1.1
- • geoexchange equipment, LG.3.7
- • income reasonably attributable to production, LG.3.8
- • manufacturing and processing credit, LG.3.9
- • mining expenditure review table, ND.1.9
- • oil and gas company payments to landowners, LG.3.15
- • oil sands project, LG.3.16
- • photovoltaic equipment, LG.3.10
- • prospectors and grubstakers, LG.3.17
- • qualifying site, LG.3.18
- • sharecropper, LG.3.11
- • test wind turbines, LG.3.12
- • Canadian resource property, ND.1.2
- • disposition of resource property, ND.1.7
- • oil and gas payments, ND.1.3
- • photovoltaic systems, ND.1.4
- • qualifying environmental trust, ND.1.5
- • "taxable Canadian property", ND.1.8
- Cases, ND.2
- Recent amendments, ND.4

## Non-arm's length party

- amount charged by, 5.3.2(2)
- partnership, 5.3.2(2)
- resource profits, 6.3.2

#### Non-portfolio property

• defined, 2.39.9

#### Non-qualifying rights

- rents, 2.7.4
- royalties, 2.7.4
- tax consequences, 2.7.4(4)

Non-resident, deemed disposition, 3.4.4

Non-resource business activity, 5.3.2(2)

Oil or gas activities

- CEE, 2.5.2
- farm-out arrangement, 18.2
- resource allowance, 6.3.3(1)(a)

Oil or gas well, 2.21

- deductions not attributable to a particular, 6.1
- income from the production of, 5.3.2(1)
- natural accumulation, 5.2

Oil sands mine development project

• defined, 2.21A

Oil sands project. See also, Specified oil sands property

• defined, 2.39.9

Oil sands property. See also, Specified oil sands property

• defined, 2.39.17

Option farm-out arrangement, 18.2

Ore, processing of, 5.2

Original owner, 2.22

Outlay, 2.23

Overview of statutory scheme, 1.1

• U.S. partnership, non-U.S. partners, 19A.4.3

#### **PFIC**

- defined, 19A.1.1, 19A.7.1
- elections to mitigate classification, 19A.7.5
- passive income, 19A.7.3(1)
- first-year exception, 19A.7.4

Paid-up capital, 8.11, 10.2.1

Part IX tax, 12

Part XII tax, 13

Part XII.l tax, 14.1

• carved-out income, 14.2.1

- carved-out property, 14.2.2
- compliance, 14.3

#### Part XII.6 tax

- amendments, ND.4
- renunciation, ND.4
- stacking arrangements, 8.4.1

## Partnerships, 10.1

- adjusted cost base, 10.2.3
- adjusted stub period accrual (ASPA), 10.2.5, 10.2.5(1), (3), (6), (7)
- • qualified resource expense (QRE), 10.5.2(1)
- adjusted resource profits, 6.3.3(2)
- amalgamations and, 7.9
- at-risk amount, 10.2.4(1)
- at-risk rules, 10.1, 10.1.2, 10.2.1, 10.4
- CDE, 2.3.2
- CDE of reclassified, LG.4.8
- CEE, 2.5.4
- COGPE, 2.6.2
- corporate, special rule, 10.2.5(3)
- deductions, 4.15
- deemed allowable capital loss, 10.2.5(7)
- depletion bases, 10.4
- eligible alignment income (EAI), 10.5.2(1)
- exempt interest, 10.2.4(1)
- exempt partnership, 6.3.3(2)
- fiscal period, 10.2.5(5)
- flow-through shares, 8.12
- foreign affiliates, 10.2.5(8)
- grandfathering, 6.3.3(2)
- income, 7.8.3, 7.8.4, 10.2.1
- • computation of, 10.2.1, 10.2.2(1)
- • underaccrued partnership income, interest charge, 10.2.5(1)(b)
- historical information
- • application, 10.6.1
- • fiscal period of partnership, 10.5.1
- • character reserve, QTI, 10.5.3
- • deemed allowable capital loss, 10.5.4
- • joint ventures, 10.5.5
- • The Tax Fairness Plan, 10.6.1
- • transitional reserve, 10.5.2
- investment tax credits, 10.2.4(2) (See also Investment tax credits)
- joint ventures, 10.2.5(9)
- limitations of deductions, 10.2.4
- • section 66.8, 10.2.4(1)
- limited partner, 10.2.4(1)

- non-arm's length transactions, 5.3.2(2), 6.1, 6.3.2
- partitioned income, 10.2.5(3)
- property, amalgamation, LG.1.19
- qualifying transitional income (QTI), 10.5.2, 10.5.2(1)-(4), 10.5.3, 10.5.4, 10.5.5
- requirements in formation of, 10.1.2
- resource expenses, 10.2.1A
- • aggregate approach, 10.2.2(1)
- • entity approach, 10.2.2(1)
- • expenses, 10.2.2(2)
- • GAAR, 10.2.2(5)
- • proceeds of disposition, 10.2.2(3)
- • section 103, 10.2.2(4)
- resource profits, 10.1.1, 10.2.1
- resource property, 9.4.4
- • increase tax cost, 9.4.4
- SIFT Partnerships, 10.3
- • application, 10.3.4, 10.6.1
- • compliance, 10.3.5
- • foreign tax credit, 10.3.3
- • Royalty Trusts, 10.3.1
- • Tax Fairness Plan, 10.3.4, 10.6.1
- • taxation, 10.3.2
- successor corporation rules, 7.8.3
- tax rates, 3.1.3
- transitional provisions, 10.2.5(4)
- treatment under the Act, 10.2.1
- tiered structure, 10.2.1, 10.2.3, 10.4

Passive Foreign Investment Company. See PFIC

#### Petroleum

- income from the production of, 5.3.2(1)
- natural accumulation, 5.2, 6.2
- processing, 5.3.2(2), 6.3.1
- production of, 6.3.1
- transmitting, 5.3.2(2), 6.3.1
- transporting, 5.3.2(2), 6.3.1

Planning techniques. See Tax planning

Post-production activities. See Resource activities

Pre-production activities. See Resource activities

Predecessor owner, 2.24

## Preliminary work activity

• defined, 2.39.18

Pre-production mining expenditures, LG.3.2, 4.14.5A, 4.21.3

• defined, 2.39.19

Preferred beneficiary election, 5.3.2(2)

Prescribed resource losses, 3.5.6, 6.4

Prescribed right, defined, 2.15.3

Prescribed share, 2.15.2

- analysis of regulation 6202.1, 2.15.2(3)
- • assistance, 2.15.2(3)(b)
- • conversions and exchanges, 2.15.2(3)(c)
- • escrow arrangements, 2.15.2(3)(d)
- • specified person, 2.15.2(3)(e)
- • non-arm's length test, 2.15.2(3)(e)(i)
- • time of issuance, 2.15.2(3)(a)
- covenant, 2.15.2
- history, 2.15.2(1)
- jurisprudence, 2.15.2(2)
- representation, 2.15.2
- warranty, 2.15.2

Principal-business corporations, 6.2

- deduction of CEE, 4.5.1
- defined, 2.25
- order of deductions, 4.20.2
- pre-1974 expenditures, 4.19

Privilege, 2.7.2

Proceeds of disposition, 2.25A

Processing, 6.3.2

Production, 2.26, 6.3.2

• meaning of, 6.1

Production royalty. See Royalties

Production sharing contracts, 19.6.1

- commercial obligation, 2001 technical notes defined, 19.6.1
- drilling, 19.6.2

- exploring, 19.6.2
- foreign oil and gas business, 2001 technical notes defined, 19.6.1
- foreign resource property, 19.6.2
- production tax amount, 2001 technical notes defined, 19.6.1
- taxing country, 2001 technical notes defined, 19.6.1

#### Prohibited investment

• defined, 2.26AA

Prospectors and grubstakers, 17.1

- deferral, nature of, 17.2
- jurisprudence, 17.3

Protection, 2.27. See also Qualifying Environmental Trust

Provincial SIFT tax rate, 2.26A

Public market, 2.26B

QET. See Qualifying Environmental Trust

QET income tax rate

• defined, 2.26C

Qualified property, 4.14.2

Qualified reit property, 2.27A to 2.27D

## Qualifying contract

• defined, 2.26D

Qualifying environmental trust (QET), 2.27, 5.3.2(2)

- Alberta legislation, 2.27(vii)
- B.C. legislation, 2.27(iii)
- beneficiary, 6.3.1
- deductions, 15.2
- defined, 2.27
- double taxation, 15.6
- environmental RRSP, contrasted, 15.6
- introduction, 15.1
- Manitoba legislation, 2.27(v)
- Newfoundland and Labrador legislation, 2.27(v)
- Ontario legislation, 2.27(i)
- Quebec legislation, 2.27(ii)
- Saskatchewan legislation, 2.27(iv)
- resource profits, 6.3.1

- taxation of
- • beneficiaries, 15.5
- • receipts, 15.3
- • trusts, 15.4

## Qualifying site

• defined, 2.27AB

## Qualified REIT property

• defined, 2.27A

Quebec Taxation Act (QTA)

- CEE, 2.5.3
- Kiena Mines, 2.5.3

Railway company, wholly-owned, 5.3.2(1), 6.3.1

Real estate investment trust. See REIT

Real or immovable property

• defined, 2.27C

Reclamation, 2.27

Recovery project, in situ, 6.3.3(1)(a)

**REIT**, 2.27B

Rent from real or immovable property

• defined, 2.27D

#### Renunciation

- flow-through shares, 8.2 (See also Flow-through shares)
- JECs, 11.4, 11.5

Research or Experimental Expenditures, 19A.5.1(1)

Reserve amount, 2.39.20

Reserve provisions, 5.3.2(1)

• eliminated, 6.3.1

#### Reserves

- deductions, 4.10
- recovery of, 3.5.4

#### Resource activities

- ancillary activities, 5.3.2(2)
- definition, 6.3.2
- post-production activities, 5.3.2(2)
- pre-production activities, 5.3.2(2)

## Resource allowance, 5.1, 6.2.1, 6.3.3(1)(a)

- calculation of, 6.3
- deductions, 4.12
- • resource profits, 6.1
- nature of, 6.2
- pre-1982, 6.1
- resource profits, 6.1
- rules, 6.1

## Resource expenses, 2.30

• application to, in partnerships, 10.2.2

## Resource income, 6.3.3(1)(a)

• computation of, 3.2

## Resource losses, 2.5.6, 6.1

## Resource operation

• single, 5.3.2(1)

## Resource profits, 5.1

- 75% included in income, 6.4
- adjusted, 6.1, 6.2
- • calculation of formula component, 6.3.3(1), 6.3.3(2), 6.3.3(3)
- • defined, 6.3.3
- • partnership (See Partnerships)
- computation of, 5.3.2(2), 6.3.2
- cost of services, 5.3.2(2)
- deduction of, 5.3.1
- earned depletion base, 5.3.2
- FEDE, deduction in respect of, 5.3.2(1)
- gross, 6.1, 6.2.1
- • amounts included, 6.3.1
- • computation of, 5.3.2(1), 6.3.1
- • deductions from, 5.3.2(2)
- • income computed in, 6.3.1
- • trust, 5.3.2(1)
- gross, calculation of, 5.3.2(1)
- less than CEDOE, 5.3.3
- partnerships (See Partnerships)

• reduction of, 5.3.2(2)

## Resource property

- 90% rule, 2.7.4
- partnership, 9.4.4
- • increase tax cost, 9.4.4
- • example, 9.4.4

Restricted expense, 2.29

Revenues. See Taxation of resource revenues

Right, 2.7.2

Roads, 6.1

## Royalties

- Canadian resource property, 2.7.3
- CRA Views, meaning of, 2.7.3(3)
- Crown, 3.3, 6.1, 6.3.3(1)(a), 6.3.3(3), 6.4
- • Crown purchases and sales, 3.3.3
- • deduction of expenditures, 3.3.2
- • disallowance of, 3.3.2
- • profits-based taxes, 3.3.2(1)
- • reinbursement of Crown charges, 3.3.2(2)
- • general, 3.3.1
- • taxation of resource revenues, 3.3
- deduction of expenditures, 3.3.2
- in resource context, 2.7.3(2)
- mining, 6.3.3(3)
- outside of resource context, 2.7.3(1)
- production, 6.3.3(3)
- • defined, 6.3.3(1)(a)
- specified, 6.1, 6.3.3(3)
- • net, 6.3.3(1)(a)

Royalty interests, 19A.7.6

#### **SMCRA**

• reclamation fee, 19A.3.4

Section 18.1 receipt, 2.7.4(3)

• matchable expenditure, 2.7.4(3)

Section 85 reorganization, 9.1.1

• elected amount, 9.1.2

- successor corporation rules, 9.1.3
- • election form, 9.1.3(3)
- • transferor as original owner, 9.1.3(1)
- • transferor as original owner and predecessor owner, 9.1.3(2)

Security, 2.30A

Selling instrument, 2.31

Service income, 6.1

Services, sale of. See Goods and services, sale of

Shareholder corporation, 2.39.21

SIFT partnerships, 2.33B, 10.3

- application, 10.3.4
- balance due day, 2.33C
- compliance, 10.3.5
- Foreign tax credit, 10.3.3
- general comments, 10.3.1
- Royalty Trusts, 10.3.1
- taxation of, 10.3.2
- • Canadian resident partnership, 2.6B

SIFT partnership balance due day, 2.33C

SIFT trust, 2.33D, 21.2

- beneficiaries, taxation of, 21.2.3
- general comments, 21.2.1
- taxation of, 21.2.2

Sixty day rule, 8.4

Special look-through rules, 19A.7.2

Special product corporations, 4.19

Specified amount, 2.33

Specified development phase. See also, Specified oil sands property

• defined, 2.39.22

Specified energy property

• defined, 2.39.23

Specified foreign exploration and development expense, 2.33A

Specified net royalty. See Royalties

Specified Oil Sands Mine Development Expense

• defined, 2.39.25

Specified Oil Sands Mine Development Project

• defined, 2.39.26

Specified oil sands property

- accelerated capital cost allowance, 2.39.24, 4.13.2(1)
- defined, 2.39.24

Specified purpose, 2.5.1, 2.34

Specified royalties. See Royalties

Specified sampling, 2.34A

Stacking arrangement, 8.7

Subject entity, 2.34B

Subsidiaries, 19.5. See also Carrying on business in foreign jurisdiction

Successor, 2.35

Successor corporation rules, 7.1

- acquisition of control, 7.8, 7.9, 9.4.1
- • designation of income of other corporations, 7.8.3
- • income not recognized, 7.10
- • where rules do not apply, 7.8.2
- acquisitions before Feb. 18/87, 7.4.2
- allowances
- • conditions precedent, 7.12.3
- • definitions, 7.11.1
- • earned depletion base, 7.12.4(1)
- • other allowances, 7.12.4(2)
- • where rules do not apply, 7.12.2
- amalgamations, 7.4.1(1), 9.2.1
- partnerships and, 7.9
- Canadian resource properties, 7.5.1
- CCDE account, 7.7.4(1) to 7.7.4(3), 7.7.4(4)(b)
- CCEE account, 7.7.4(1) to 7.7.4(3), 7.7.4(4)(a)
- CCOGPE account, 7.7.4(1) to 7.7.4(3), 7.7.4(4)(b)

- CEDE account, 7.7.2
- CEE, 2.5.1
- CFRE, 7.4(1) to 7.7.4(2)(a), 7.7.4(2)(b)(iii), 7.7.4(3), 7.7.4(4)(c)
- Canadian resource properties, 7.5.1
- • current transactions, 7.5.1
- • transactions before 1987 amendments, 7.5.1(2)
- common elements of rules, 7.6
- conditions precedent, 7.5
- deductions, 4.17
- definitions, 2.12, 7.3
- depletion allowances, 7.12
- disposition, 2.12
- earned depletion base, 5.3.3, 7.11, 7.11.4(1)
- FEDE, 7.5.2, 7.7.3
- flow-through shares, 9.2.2
- foreign resource properties, 7.5.2
- illustation, 7.3.1
- mining exploration depletion base, 5.6.2
- miscellaneous rules, 7.11
- Subsection 66.7(16), 7.11(1)
- Subsection 66.7(17), 7.11(2)
- overview, 7.2
- partnership income, 7.8.4
- • tiered partnerships, 7.8.4(1)
- pre-1972 expenses, 7.7.1
- section 85 reorganization, 9.1.3
- • election form, 9.1.3(3)
- • transferor as original owner, 9.1.3(1)
- • transferor as original owner and predecessor owner, 9.1.3(2)
- section 66.6, 7.4.3
- successored expenses, utilization of, 7.13
- windings-up, 7.4.1(2), 9.3.1

Successor pool allocation, LG.3.8

Supplementary depletion allowance. See Depletion allowances

Supplementary depletion base. See Depletion bases

Surface Mining Control and Reclamation Act. See SMCRA

Surrogatum rule, 2.7.4(2)

Syncrude Project, 6.3.1

Tar sands, 2.36

- processing of, 5.2
- production from, 6.3.3(1)(a)

Tax cost bump. See Acquisition of control

## Tax planning

- debt forgiveness, 20.4
- order of deductions, 4.20.4

#### Tax rates, 3.1

- corporate rate reduction, 3.1.2
- general, 3.1.1
- partnerships, 3.1.3
- U.S. overall tax, 19A.3.6(8)

Taxable non-portfolio earnings, 2.36A

Taxable SIFT trust distributions, 2.36B

#### Taxation of resource revenues

- Crown purchases/sales, 3.3.3
- Crown royalties, 3.3
- disposition of properties
- • Canadian resource properties, 3.4.2, 3.4.3
- • deemed disposition by non-resident, 3.4.4
- • foreign resource property, 3.4.1
- • involuntary dispositions, 3.4.3
- · recovery of
- • CEE/CDE/COGPE, 3.5.2
- • depletion bases, 3.5.3
- • expenses renounced by JEC, 3.5.5
- • FEDE, 3.5.1
- • reserves, 3.5.4
- statutes, 1.1
- tax rates, 3.1

Term, 2.37

Timber limit, natural accumulation, 5.2

## Transfer pricing, 19A.6.7

- operating agreements, 19A.6.7(2)
- relevant jurisprudence, 19A.6.7(1)

Transmission pipelines and related equipment, LG.1.9

• class 49, 4.13.9B

#### Trusts

- nature of, 21.1
- SIFT trusts, see SIFT trusts

Trust income, 5.3.2(2)

## Upgrading development phase

• defined, 2.39.27

#### **USRPI**

• tax-free/roll-over transfers, 19A.4.4

## U.S. Corporate Tax Provisions, relevant for Canadian mining corporations

- alternative minimum tax, 19A.3.6(8), 19A.6.5
- base erosion and anti-abuse tax (BEAT), 19A.6.3
- income
- • foreign-derived intangible, 19A.6.1
- • global intangible, low-taxed (GILTI), 19A.6.2
- net business interest expense, limitation, 19A.6.4

U.S. mining operations, 19A.2

U.S. real property interest. See USRPI

Warehousing, 8.6.3, 8.12

White Paper, 5.1

## Windings-up, 9.3

- parent-timing, 9.3.1(1)
- subsidiary, 9.3.1(2)
- successor corporation expenses, 9.3.1
- successor corporation rules, 7.4.1(2), 9.3.1

## Withholding tax

• withholding certificate, 19A.4.2

- • photovoltaic equipment, LG.3.10
- • prospectors and grubstakers, LG.3.17
- • qualifying site, LG.3.18
- • sharecropper, LG.3.11
- • test wind turbines, LG.3.12
- • Canadian resource property, ND.1.2
- • disposition of resource property, ND.1.7
- • oil and gas payments, ND.1.3
- • photovoltaic systems, ND.1.4
- • qualifying environmental trust, ND.1.5
- • "taxable Canadian property", ND.1.8
- Cases, ND.2

## Non-arm's length party

- amount charged by, 5.3.2(2)
- partnership, 5.3.2(2)
- resource profits, 6.3.2

#### Non-portfolio property

• defined, 2.39.9

## Non-qualifying rights

- rents, 2.7.4
- royalties, 2.7.4
- tax consequences, 2.7.4(4)

Non-resident, deemed disposition, 3.4.4

Non-resource business activity, 5.3.2(2)

## Oil or gas activities

- CEE, 2.5.2
- farm-out arrangement, 18.2
- resource allowance, 6.3.3(1)(a)

## Oil or gas well, 2.21

- deductions not attributable to a particular, 6.1
- income from the production of, 5.3.2(1)
- natural accumulation, 5.2

## Oil sands mine development project

• defined, 2.21A

Oil sands project. See also, Specified oil sands property

• defined, 2.39.9

Oil sands property. See also, Specified oil sands property

• defined, 2.39.17

Option farm-out arrangement, 18.2

Ore, processing of, 5.2

Original owner, 2.22

Outlay, 2.23

Overview of statutory scheme, 1.1

• U.S. partnership, non-U.S. partners, 19A.4.3

#### **PFIC**

- defined, 19A.1.1, 19A.7.1
- elections to mitigate classification, 19A.7.5
- passive income, 19A.7.3(1)
- first-year exception, 19A.7.4

Paid-up capital, 8.11, 10.2.1

Part IX tax, 12

Part XII tax, 13

Part XII.l tax, 14.1

- carved-out income, 14.2.1
- carved-out property, 14.2.2
- compliance, 14.3

## Part XII.6 tax

• stacking arrangements, 8.4.1

## Partnerships, 10.1

- adjusted cost base, 10.2.3
- adjusted stub period accrual (ASPA), 10.2.5, 10.2.5(1), (3), (6), (7)
- • qualified resource expense (QRE), 10.5.2(1)
- adjusted resource profits, 6.3.3(2)
- amalgamations and, 7.9
- at-risk amount, 10.2.4(1)
- at-risk rules, 10.1, 10.1.2, 10.2.1, 10.4
- CDE, 2.3.2
- CDE of reclassified, LG.4.8
- CEE, 2.5.4
- COGPE, 2.6.2

- corporate, special rule, 10.2.5(3)
- deductions, 4.15
- deemed allowable capital loss, 10.2.5(7)
- depletion bases, 10.4
- eligible alignment income (EAI), 10.5.2(1)
- exempt interest, 10.2.4(1)
- exempt partnership, 6.3.3(2)
- fiscal period, 10.2.5(5)
- flow-through shares, 8.12
- foreign affiliates, 10.2.5(8)
- grandfathering, 6.3.3(2)
- income, 7.8.3, 7.8.4, 10.2.1
- • computation of, 10.2.1, 10.2.2(1)
- • underaccrued partnership income, interest charge, 10.2.5(1)(b)
- historical information
- • application, 10.6.1
- • fiscal period of partnership, 10.5.1
- character reserve, QTI, 10.5.3
- • deemed allowable capital loss, 10.5.4
- • joint ventures, 10.5.5
- • The Tax Fairness Plan, 10.6.1
- • transitional reserve, 10.5.2
- investment tax credits, 10.2.4(2) (See also Investment tax credits)
- joint ventures, 10.2.5(9)
- limitations of deductions, 10.2.4
- • section 66.8, 10.2.4(1)
- limited partner, 10.2.4(1)
- non-arm's length transactions, 5.3.2(2), 6.1, 6.3.2
- partitioned income, 10.2.5(3)
- property, amalgamation, LG.1.19
- qualifying transitional income (QTI), 10.5.2, 10.5.2(1)-(4), 10.5.3, 10.5.4, 10.5.5
- requirements in formation of, 10.1.2
- resource expenses, 10.2.1A
- • aggregate approach, 10.2.2(1)
- • entity approach, 10.2.2(1)
- • expenses, 10.2.2(2)
- • GAAR, 10.2.2(5)
- • proceeds of disposition, 10.2.2(3)
- • section 103, 10.2.2(4)
- resource profits, 10.1.1, 10.2.1
- resource property, 9.4.4
- increase tax cost, 9.4.4
- SIFT Partnerships, 10.3
- • application, 10.3.4, 10.6.1
- • compliance, 10.3.5
- • foreign tax credit, 10.3.3
- • Royalty Trusts, 10.3.1

- • Tax Fairness Plan, 10.3.4, 10.6.1
- • taxation, 10.3.2
- successor corporation rules, 7.8.3
- tax rates, 3.1.3
- transitional provisions, 10.2.5(4)
- treatment under the Act, 10.2.1
- tiered structure, 10.2.1, 10.2.3, 10.4

Passive Foreign Investment Company. See PFIC

#### Petroleum

- income from the production of, 5.3.2(1)
- natural accumulation, 5.2, 6.2
- processing, 5.3.2(2), 6.3.1
- production of, 6.3.1
- transmitting, 5.3.2(2), 6.3.1
- transporting, 5.3.2(2), 6.3.1

Planning techniques. See Tax planning

Post-production activities. See Resource activities

Pre-production activities. See Resource activities

Predecessor owner, 2.24

Preliminary work activity

• defined, 2.39.18

Pre-production mining expenditures, LG.3.2, 4.14.5A, 4.21.3

• defined, 2.39.19

Preferred beneficiary election, 5.3.2(2)

Prescribed resource losses, 3.5.6, 6.4

Prescribed right, defined, 2.15.3

Prescribed share, 2.15.2

- analysis of regulation 6202.1, 2.15.2(3)
- • assistance, 2.15.2(3)(b)
- • conversions and exchanges, 2.15.2(3)(c)
- • escrow arrangements, 2.15.2(3)(d)
- • specified person, 2.15.2(3)(e)
- • non-arm's length test, 2.15.2(3)(e)(i)
- • time of issuance, 2.15.2(3)(a)

- covenant, 2.15.2
- history, 2.15.2(1)
- jurisprudence, 2.15.2(2)
- representation, 2.15.2
- warranty, 2.15.2

## Principal-business corporations, 6.2

- deduction of CEE, 4.5.1
- defined, 2.25
- order of deductions, 4.20.2
- pre-1974 expenditures, 4.19

Privilege, 2.7.2

Proceeds of disposition, 2.25A

Processing, 6.3.2

Production, 2.26, 6.3.2

• meaning of, 6.1

Production royalty. See Royalties

Production sharing contracts, 19.6.1

- drilling, 19.6.2
- exploring, 19.6.2
- foreign resource property, 19.6.3

#### Prohibited investment

• defined, 2.26AA

Prospectors and grubstakers, 17.1

- deferral, nature of, 17.2
- jurisprudence, 17.3

Protection, 2.27. See also Qualifying Environmental Trust

Provincial SIFT tax rate, 2.26A

Public market, 2.26B

QET. See Qualifying Environmental Trust

QET income tax rate

• defined, 2.26C

## Qualified property, 4.14.2

## Qualified reit property, 2.27A to 2.27D

## Qualifying contract

• defined, 2.26D

Qualifying environmental trust (QET), 2.27, 5.3.2(2)

- Alberta legislation, 2.27(vii)
- B.C. legislation, 2.27(iii)
- beneficiary, 6.3.1
- deductions, 15.2
- defined, 2.27
- double taxation, 15.6
- environmental RRSP, contrasted, 15.6
- introduction, 15.1
- Manitoba legislation, 2.27(v)
- Newfoundland and Labrador legislation, 2.27(v)
- Ontario legislation, 2.27(i)
- Quebec legislation, 2.27(ii)
- Saskatchewan legislation, 2.27(iv)
- resource profits, 6.3.1
- taxation of
- • beneficiaries, 15.5
- • receipts, 15.3
- • trusts, 15.4

## Qualifying site

• defined, 2.27AB

## Qualified REIT property

• defined, 2.27A

Quebec Taxation Act (QTA)

- CEE, 2.5.3
- Kiena Mines, 2.5.3

Railway company, wholly-owned, 5.3.2(1), 6.3.1

Real estate investment trust. See REIT

Real or immovable property

• defined, 2.27C

Reclamation, 2.27

Recovery project, in situ, 6.3.3(1)(a)

**REIT, 2.27B** 

Rent from real or immovable property

• defined, 2.27D

#### Renunciation

- flow-through shares, 8.2 (See also Flow-through shares)
- JECs, 11.4, 11.5

Research or Experimental Expenditures, 19A.5.1(1)

Reserve amount, 2.39.20

Reserve provisions, 5.3.2(1)

• eliminated, 6.3.1

#### Reserves

- deductions, 4.10
- recovery of, 3.5.4

#### Resource activities

- ancillary activities, 5.3.2(2)
- definition, 6.3.2
- post-production activities, 5.3.2(2)
- pre-production activities, 5.3.2(2)

Resource allowance, 5.1, 6.2.1, 6.3.3(1)(a)

- calculation of, 6.3
- deductions, 4.12
- • resource profits, 6.1
- nature of, 6.2
- pre-1982, 6.1
- resource profits, 6.1
- rules, 6.1

Resource expenses, 2.30

• application to, in partnerships, 10.2.2

Resource income, 6.3.3(1)(a)

• computation of, 3.2

Resource losses, 2.5.6, 6.1

Resource operation

• single, 5.3.2(1)

## Resource profits, 5.1

- 75% included in income, 6.4
- adjusted, 6.1, 6.2
- • calculation of formula component, 6.3.3(1), 6.3.3(2), 6.3.3(3)
- • defined, 6.3.3
- • partnership (See Partnerships)
- computation of, 5.3.2(2), 6.3.2
- cost of services, 5.3.2(2)
- deduction of, 5.3.1
- earned depletion base, 5.3.2
- FEDE, deduction in respect of, 5.3.2(1)
- gross, 6.1, 6.2.1
- • amounts included, 6.3.1
- • computation of, 5.3.2(1), 6.3.1
- • deductions from, 5.3.2(2)
- • income computed in, 6.3.1
- • trust, 5.3.2(1)
- gross, calculation of, 5.3.2(1)
- less than CEDOE, 5.3.3
- partnerships (See Partnerships)
- reduction of, 5.3.2(2)

## Resource property

- 90% rule, 2.7.4
- partnership, 9.4.4
- • increase tax cost, 9.4.4
- • example, 9.4.4

Restricted expense, 2.29

Revenues. See Taxation of resource revenues

Right, 2.7.2

Roads, 6.1

#### Royalties

- Canadian resource property, 2.7.3
- CRA Views, meaning of, 2.7.3(3)
- Crown, 3.3, 6.1, 6.3.3(1)(a), 6.3.3(3), 6.4
- • Crown purchases and sales, 3.3.3
- • deduction of expenditures, 3.3.2
- • disallowance of, 3.3.2
- • profits-based taxes, 3.3.2(1)

- • reinbursement of Crown charges, 3.3.2(2)
- • general, 3.3.1
- • taxation of resource revenues, 3.3
- deduction of expenditures, 3.3.2
- in resource context, 2.7.3(2)
- mining, 6.3.3(3)
- outside of resource context, 2.7.3(1)
- production, 6.3.3(3)
- • defined, 6.3.3(1)(a)
- specified, 6.1, 6.3.3(3)
- • net, 6.3.3(1)(a)

Royalty interests, 19A.7.6

#### **SMCRA**

• reclamation fee, 19A.3.4

Section 18.1 receipt, 2.7.4(3)

• matchable expenditure, 2.7.4(3)

Section 85 reorganization, 9.1.1

- elected amount, 9.1.2
- successor corporation rules, 9.1.3
- • election form, 9.1.3(3)
- • transferor as original owner, 9.1.3(1)
- • transferor as original owner and predecessor owner, 9.1.3(2)

Security, 2.30A

Selling instrument, 2.31

Service income, 6.1

Services, sale of. See Goods and services, sale of

Shareholder corporation, 2.39.21

SIFT partnerships, 2.33B, 10.3

- application, 10.3.4
- balance due day, 2.33C
- compliance, 10.3.5
- Foreign tax credit, 10.3.3
- general comments, 10.3.1
- Royalty Trusts, 10.3.1
- taxation of, 10.3.2
- • Canadian resident partnership, 2.6B

SIFT partnership balance due day, 2.33C

SIFT trust, 2.33D, 21.2

- beneficiaries, taxation of, 21.2.3
- general comments, 21.2.1
- taxation of, 21.2.2

Sixty day rule, 8.4

Special look-through rules, 19A.7.2

Special product corporations, 4.19

Specified amount, 2.33

Specified development phase. See also, Specified oil sands property

• defined, 2.39.22

Specified energy property

• defined, 2.39.23

Specified foreign exploration and development expense, 2.33A

Specified net royalty. See Royalties

Specified Oil Sands Mine Development Expense

• defined, 2.39.25

Specified Oil Sands Mine Development Project

• defined, 2.39.26

Specified oil sands property

- accelerated capital cost allowance, 2.39.24, 4.13.2(1)
- defined, 2.39.24

Specified purpose, 2.5.1, 2.34

Specified royalties. See Royalties

Specified sampling, 2.34A

Stacking arrangement, 8.7

Subject entity, 2.34B

Subsidiaries, 19.5. See also Carrying on business in foreign jurisdiction

## Successor, 2.35

Successor corporation rules, 7.1

- acquisition of control, 7.8, 7.9, 9.4.1
- • designation of income of other corporations, 7.8.3
- • income not recognized, 7.10
- • where rules do not apply, 7.8.2
- acquisitions before Feb. 18/87, 7.4.2
- allowances
- • conditions precedent, 7.12.3
- • definitions, 7.11.1
- earned depletion base, 7.12.4(1)
- • other allowances, 7.12.4(2)
- • where rules do not apply, 7.12.2
- amalgamations, 7.4.1(1), 9.2.1
- partnerships and, 7.9
- Canadian resource properties, 7.5.1
- CCDE account, 7.7.4(1) to 7.7.4(3), 7.7.4(4)(b)
- CCEE account, 7.7.4(1) to 7.7.4(3), 7.7.4(4)(a)
- CCOGPE account, 7.7.4(1) to 7.7.4(3), 7.7.4(4)(b)
- CEDE account, 7.7.2
- CEE, 2.5.1
- CFRE, 7.4(1) to 7.7.4(2)(a), 7.7.4(2)(b)(iii), 7.7.4(3), 7.7.4(4)(c)
- Canadian resource properties, 7.5.1
- • current transactions, 7.5.1
- • transactions before 1987 amendments, 7.5.1(2)
- common elements of rules, 7.6
- conditions precedent, 7.5
- deductions, 4.17
- definitions, 2.12, 7.3
- depletion allowances, 7.12
- disposition, 2.12
- earned depletion base, 5.3.3, 7.11, 7.11.4(1)
- FEDE, 7.5.2, 7.7.3
- flow-through shares, 9.2.2
- foreign resource properties, 7.5.2
- illustation, 7.3.1
- mining exploration depletion base, 5.6.2
- miscellaneous rules, 7.11
- Subsection 66.7(16), 7.11(1)
- Subsection 66.7(17), 7.11(2)
- overview, 7.2
- partnership income, 7.8.4
- • tiered partnerships, 7.8.4(1)
- pre-1972 expenses, 7.7.1
- section 85 reorganization, 9.1.3
- election form, 9.1.3(3)

- • transferor as original owner, 9.1.3(1)
- • transferor as original owner and predecessor owner, 9.1.3(2)
- section 66.6, 7.4.3
- successored expenses, utilization of, 7.13
- windings-up, 7.4.1(2), 9.3.1

Successor pool allocation, LG.3.8

Supplementary depletion allowance. See Depletion allowances

Supplementary depletion base. See Depletion bases

Surface Mining Control and Reclamation Act. See SMCRA

Surrogatum rule, 2.7.4(2)

Syncrude Project, 6.3.1

Tar sands, 2.36

- processing of, 5.2
- production from, 6.3.3(1)(a)

Tax cost bump. See Acquisition of control

## Tax planning

- debt forgiveness, 20.4
- order of deductions, 4.20.4

#### Tax rates, 3.1

- corporate rate reduction, 3.1.2
- general, 3.1.1
- partnerships, 3.1.3
- U.S. overall tax, 19A.3.6(8)

Taxable non-portfolio earnings, 2.36A

Taxable SIFT trust distributions, 2.36B

#### Taxation of resource revenues

- Crown purchases/sales, 3.3.3
- Crown royalties, 3.3
- disposition of properties
- • Canadian resource properties, 3.4.2, 3.4.3
- • deemed disposition by non-resident, 3.4.4
- • foreign resource property, 3.4.1
- • involuntary dispositions, 3.4.3

- · recovery of
- • CEE/CDE/COGPE, 3.5.2
- • depletion bases, 3.5.3
- • expenses renounced by JEC, 3.5.5
- • FEDE, 3.5.1
- • reserves, 3.5.4
- tax rates, 3.1

Term, 2.37

Timber limit, natural accumulation, 5.2

Transfer pricing, 19A.6.7

- operating agreements, 19A.6.7(2)
- relevant jurisprudence, 19A.6.7(1)

Transmission pipelines and related equipment, LG.1.9

• class 49, 4.13.9B

#### Trusts

- nature of, 21.1
- SIFT trusts, see SIFT trusts

Trust income, 5.3.2(2)

Upgrading development phase

• defined, 2.39.27

#### **USRPI**

• tax-free/roll-over transfers, 19A.4.4

U.S. Corporate Tax Provisions, relevant for Canadian mining corporations

- alternative minimum tax, 19A.3.6(8), 19A.6.5
- base erosion and anti-abuse tax (BEAT), 19A.6.3
- income
- • foreign-derived intangible, 19A.6.1
- • global intangible, low-taxed (GILTI), 19A.6.2
- net business interest expense, limitation, 19A.6.4

U.S. mining operations, 19A.2

U.S. real property interest. See USRPI

Warehousing, 8.6.3, 8.12

White Paper, 5.1

# Windings-up, 9.3

- parent-timing, 9.3.1(1)
- subsidiary, 9.3.1(2)
- successor corporation expenses, 9.3.1
- successor corporation rules, 7.4.1(2), 9.3.1

## Withholding tax

• withholding certificate, 19A.4.2