ABIL. See Allowable business investment loss (ABIL)

ACB. See Adjusted cost base (ACB)

Accounting fees. See Tax and accounting fees

AMT. See Alternative minimum tax (AMT)

Active business income. See Business income

Adjusted cost base (ACB)

Canadian currency, 175 capital gains election, 176 capital property, 25 debt obligations, 42, 164 defined, xxxiv, 175 employee stock options, 27, 48, 176 computations, 58 foreign exchange rate, 175 foreign spin-off, 177 gifts and bequests, 175 identical properties, 26, 175 labour-sponsored venture capital corporation tax credits, 106 limited partnership losses, 132 mutual fund trust units, 78 negative, 114 partnerships, interest in, 112 property, 175, 224 share for debt exchange, 65 share for share exchange, 65 shares, 25 stock options, 176 T5008 Statement of Securities Transactions, 192 V-day elections, 176

Affiliated corporations. See Corporations

Affiliated persons, 187

Age credit, 130 ordering of, 148

Allowable business investment loss (ABIL), 28, 191, 224 qualified small business corporation shares, 29

Alternative minimum tax (AMT), 123 basic minimum credit, 130 business losses, 127 calculation of, illustration, 125 Canadian exploration expense, 128 capital cost allowance, 128 capital gains, non-taxed portion, 126 capital losses, allowable, 126 DPSP contributions, 129 defined, 124 dividends, 126 gross-up, 152 employee stock option benefits, 129 film properties, 128 financing expenses, 127 interest expenses, 127 labour-sponsored venture capital corporation tax credits, 106 leasing properties, 128 loss carryovers, 129 minimum credit, basic, 130 partnership carrying costs, 127 partnership interest, 114 partnership losses, 126 property losses, 127 provincial, 131 RPP contributions, 129 **RRSP** contributions, 129 rental properties, 128 resource expenses, 35, 128 rules, 124 T691, Calculation of Minimum Tax, 131 tax carryover, 130 tax preference items, 125 tax reporting, 131 tax shelter deductions, 128

Amalgamations. See Rollovers

Anti-avoidance rules GAAR, 140 income splitting, 310 RRIFs, 372 RRSPs excess contributions, 335

spousal plan withdrawals, 339

Arm's length persons, xxxv transfer of property, 182

Arrangements

off-shore, tax motivated, 210

At-risk rules. See also Limited partnerships

adjustments to, 132 limited partner, 132 limited partnerships, 115, 132 losses, 132 resource expenses, 128 tax shelters, 120

Attribution rules, 287

back-to-back transfers/loans, 300 commercial loans, 296 commingled funds, 291 debt repayment, 295 fair market transfers, 296 income, transfer of rights to, 305 income-on-income exemption, 290 indirect loans or transfers, 293 indirect payments or transfers of rights, 305 interest-free loans, 303 in-trust-for (ITF) accounts, 301 kiddie tax, 306 loan guarantees, 301 low-interest loans, 303 marriage breakdown, 300 minors attaining majority, 293 non-residents, 293 property defined, 288 income from, 288 losses from, 288 substituted, 293 property, loan of, 292 corporations. See Corporate attribution rules indirect, 293 minors attaining majority, 293 paid back, 295 prior to attaining residency, 293

prior to marriage, 292 trusts, 298 property, transfer of, 288, 291 corporations. See Corporate attribution rules fair market, 296 indirect, 293 minors attaining majority, 293 prior to attaining residency, 293 prior to marriage, 292 property transferred back to transferor, 294 trusts, 298 qualified small business corporation shares, 295 reversionary trusts, 301 revocable trusts, 301 separation, 300 small business corporation, 28 split income (TOSI), 306 spousal short-term RRSP contributions, 305 substituted property, 293 summary of, 287 turning attribution off, 294

Automatic interspousal rollover. See Rollovers

Bad debtor investments, 173

Bankers' acceptances, 41

Basic minimum credit. See Alternative minimum tax

Beneficial ownership, 171 joint tenancy, 171 property, transfers of, 171

Beneficiary. See Trusts

Bequests, 175

Bills, 41

Bonds, 44

converted for share, 65 deep discount, 165 defined, 44 discount, 165 income bond, 44 premium, 165

property, xxxiii small business bond, 44 small business development bond, 44 strip. *See* Strip bonds

Borrowed money to invest, 317

Bronfman Trust, 319

DPSPs, 322 income from business or property, 222, 318 interest deductibility. *See* Interest expense RRSPs, 322 tracing rule, 319

Broker's commissions. See Shares

Bronfman Trust, 319

Business income, 197

active, 236 characteristics of, 197 characterizing income, 197 commodities, 69 compensating payments, 326 earned income, 202 futures contracts, 69 gains realized on income account, 197 income vs capital account, 197 lending fees, 326 options, 58 small business corporation, 201 tax treatment, 201 trading, 58

Business investment losses

deductible. *See* Allowable business investment loss small business corporation, 28

Business losses, 201

CCPC. See Canadian-controlled private corporation (CCPC)

CDA. See Capital dividend account (CDA)

CDE. See Canadian development expense (CDE)

CEE. See Canadian exploration expense (CEE)

CESG. See Canada Education Savings Grants (CESG)

CNIL. See Cumulative net investment loss (CNIL)

Calendar, tax compliance, ix-x

CRA, xxxvii

Call options. See Options

Canada Education Savings Grants (CESG), 387

Canada Learning Bond, 388

Canada Pension Plan contribution credit, 130 ordering of, 148

Canada Revenue Agency. See CRA

Canada-U.K. Tax Treaty, 264

Canada-U.S. Treaty, 208, 264, 270, 283

Canadian-controlled private corporation (CCPC), 230

capital dividend account. *See* Capital dividend account corporate income, 231 defined, 28, 230 dividend income, 231 investment income. *See* Investment income RDTOH. *See* RDTOH small business corporation. *See* Small business corporation stock options, 50 tax features, 231 taxation of income, 231

Canadian development expense (CDE), 35, 128

Canadian exploration expense (CEE), 35, 128 alternative minimum tax. *See* Alternative minimum tax (AMT)

Canadian public mutual funds. See Mutual funds

Canadian retirement accounts, 278 defined, 278 exemptions for, 278 generally, 278 registration for foreign securities offered for sale, 281 registration for brokers/dealers, 278

Canadian securities, 44

capital account, 58 defined, 44, 58, 201

Canadian tax otherwise payable. See Income

Capital cost allowance. See Alternative minimum tax

Capital dividend account (CDA), 232

defined, 232 dividends, 232 T2054, Election in Respect of a Capital Dividend under subsection 83(2), 233

Capital dividends, 79, 153, 232 trust income, 233

Capital gains, 169

adjusted cost base. See Adjusted cost base attribution rules. See Attribution rules bond discount, 165 call options. See Options capital dividend account. See Capital dividend account commodities, 201 computing amount of, 174 costs incurred for the purpose of earning, 221 debt obligations, 42 deemed dispositions, 172 defined, 169 disposition, defined, 170 election. See Elections employee stock options, 176 exemption. See Capital gains exemption expenses incurred for purpose of earning, 177 flow-through entity, 186 flow-through shares, 33 foreign currency, 71 gifts of securities to registered charities, 183 T1170, Capital Gains on Gifts of Certain Capital Property, 184 hedge transactions. See Hedge transactions inclusion rate, 182, 189, 191, 194, 232 adjustment to, 232 income, distinction between, 197 investment corporations, 100 limited partnerships, 111 listed personal property, 71 mutual fund corporations, 95 mutual fund trust units, 81 redemption of, 81 sale or transfer of, 81 mutual fund trusts, 77

refundable capital gains tax on hand (RCGTOH), 80 T3 reporting slip, 82 taxable, 78 options. See Options partnerships, interest in, 111 put options. See Options Schedule 3, Capital Gains (or Losses), 193 shares, 25 switch funds, 97 T3, Statement of Trust Income Allocations and Designations, 192 T4(PS), Statement of Employee Profit-Sharing Plan Allocations and Payments, 193 T5, Statement of Investment Income, 193 T657, Calculation of Capital Gains Deduction, 31 T1105, Supplementary Schedule for Dispositions of Capital Property Acquired Before 1972, 193 T5013, Statement of Partnership Income, 116, 193 tax rates, 182 tax reporting, 192 taxation of, 234 traders. See Trader trust tax return, 253

Capital gains exemption, 181, 185

eligible small business corporation shares, 31 limitations, 32 flow-through entities, 186 foreign currency, 73 publicly-traded securities donations, 183 qualified farm property, 185 qualified small business corporation shares, 29, 185 election, 31 limitations, 29 small business corporation shares, 28

Capital losses, 186

allowable, 186, 191
allowable business investment loss. *See* Allowable business investment loss
bond premium, 165
call options. *See* Options
carryback/carryforward rules, 188
T1A, Request for Loss Carryback, 188
computing amount of, 186
debt obligations, 41, 163
deemed dispositions, 172

defined, 169 employee stock options, 176 foreign currency, 71 hedge transactions, 327 inclusion rates, 182 adjustments to, 189 listed personal property, 71 mutual fund trusts, 78 net, 182 carrybacks, reporting, 188 nil, deemed to be, 186 options. See Options partnerships, interest in, 111 personal debt, 188 put options. See Options Schedule 3, Capital Gains (or Losses), 193 share redemptions by affiliated corporations, 188 shares, 27 stop-loss rules, 186 switch funds, 97 T1A, Request for Loss Carryback, 189 taxation of, 231 transfers to registered plans, 187 trusts, 243 tax return, 255 unrealized, of a spouse, 191

Capital property

acquisition of costs, 221 commissions, 175, 221 cost. See Adjusted cost base cost for tax purposes. See Adjusted cost base debt obligations, 42, 163 defined, xxxiii, 169 depreciation, 170 disposition of, 170 costs, 221 expenses, 221 outlays, 221 reporting, 192 joint tenancy, 171 listed personal property. See Listed personal property partnerships, interest in, 113

proceeds of disposition, 177 rights, 64 shares, 25 T1105, Supplementary Schedule for Dispositions of Capital Property Acquired Before 1972, 177, 193 transaction fees, 221 transfer of common law partner, 181 shares as consideration, 179 spouse, 181 trusts, distributed by, 248 V-day (1972), 176

Capital stock. See Shares

Capital taxes, 240

Carrying costs, 115, 127, 177, 221

Charitable donations credit, 130 ordering of, 148

Charitable gifts. See Gifts

Clearance certificate, 255, 274

Closed-end unit trust. See Unit trusts

Commercial trusts. See Trusts

Commodities, 69

capital account. *See* Capital gains income account. *See* Income personal-use property. *See* Personal-use property speculator. *See* Speculator spot market, 328 trader. *See* Trader

Commodity price risk, 327

Common-law partner, xxxvi, 181

Common-law spouse. See Spouse

Connected shareholder, 424

Contingent interest obligations. See under Debt obligations

Continuing trusts. See Trusts

Convertible securities. See Shares

Co-operative housing corporation shares. See Shares

Corporate attribution rules, 298

deemed interest, 299 interest offsets, 299 marriage breakdown, 30 outstanding amount, 299 purpose test, 300

Corporate income, 229

Corporations

affiliated, 186, 188 bankrupt, 173 short position not closed, 325

CCPC. See Canadian-controlled private corporation (CCPC)

capital gains, 95 eligible, 425 family business, 299, 311 flow-through, 78 income, 231, 238 integration, 235, 241 other, 78 insolvent, 173 short position not closed, 325 investment. See Investment corporations mortgage investment. See Mortgage investment corporations mutual fund. See Mutual fund corporationsnon-resident. See Non-resident corporation Part IV tax, 231, 239 private, 229 capital gains/losses. See Capital gains; Capital losses dividend income, 231 property, transfer of, 238 related, xxxvi small business. See Small business corporation taxation of, 239

Cross Border Trading Committee Bulletin, 282

Cumulative Canadian development expense (CCDE) account, 35

Cumulative Canadian exploration expense (CCEE) account, 35

Cumulative net investment loss (CNIL), 29 T936, Calculation of Cumulative Net Investment Loss (CNIL), 31

Currency trading, 198

Dealer in securities. See Trader

Debentures, 44

converted for share, 65 income debenture, 44

Debt

disposition of, 165 losses, 173 election to dispose of. *See* Elections extinguishing, 320 multi-rate, 43, 158, 167 obligation, 41 participating, 43

Debt instruments. See Debt obligations

Debt obligations, 41

accrued interest, 42, 222 seller/purchaser of debt obligation, 222 acquisition, transaction costs of, 41 adjusted cost base. See Adjusted cost base annual interest accrual rules. See under Interest income contingent interest obligations, 161 cost base, 163 dealer gains/losses, 198 deemed interest rate, 159 deep discount bonds, 165 deferred interest obligations, 160 defined. 41 discount, 165 gifted to registered charity, 183 income bond. See Bonds income debenture. See Debentures indexed, defined, 42 interest, principal not proportional to, 160 interest income. See Interest income investment contract. See Investment contract maturity, 43 non-interest-bearing, 159 premium bonds, 165 prescribed, 42 deemed interest rate, 159

defined, 42 gifted to registered charity, 183 principal not proportional to interest, 160 proceeds of disposition, 163 trader gains/losses. *See* Trader transaction costs of acquisition, 41 transfer, 41

Deceased taxpayer

capital property, 254 clearance certificate, 255 continuing trusts, 252 deemed disposition, 251 labour-sponsored venture capital corporations shares, 104 tax credits, 104

RRIFs, 378

RRSPs, 349 terminal return. *See* Terminal return

TFSAs, 408 trust tax returns, 255

Deemed dispositions, 251 leaving Canada, 261 deferring payment, 261

trusts. See Trusts

Deep discount bonds. See Bonds

Deferred interest obligations. *See* **under Debt obligations** DPSP. *See* Deferred profit sharing plan (DPSP)

Deferred profit sharing plan (DPSP), 395

annuity, purchase of, 398 beneficiaries, disallowed, 397 borrowed money. *See* Borrowed money capital gains/losses, 397 employee, treatment of, 397 employer contributions, 396 shares of, 396 income, 349 income splitting, 349 inter-plan transfers, 398 investments, 396

pension adjustment, 396 periodic income, 398 qualified investments, 396, 416 annuities, 423 cash and near cash, 416 debt, 46 limited partnerships interests, 423 other, 424 shares, 420 trust units, 422 warrant, option or similar right, 423 shares of the employer, 398 tax treatment, 397 transfers, inter-plan, 398 withholding tax, 398

Departure date. See Non-residents

Derivatives, 43

Designated shareholder, 424

Direct equity percentage, 218

Disability credit, 130

Discount. See Bonds; Debt obligations

Discretionary trusts. See Trusts

Disposition, capital, meaning of, 170

Disposition of property. See Property

Dividends, 147

after-tax yields, 150 alternative minimum tax. *See* Alternative minimum tax capital. *See* Capital dividends capital dividend account. *See* Capital dividend account deemed, 182 defined, 147 election re spouse, 151 eligible, 147 foreign affiliates, 213 foreign corporations, 96 gross-up, 147 income, 231 recognition of, timing, 149

income bonds/debentures, 44 investment corporations. See Investment corporations limited partnerships. See Limited partnerships mutual fund corporations. See Mutual fund corporations private corporations, 97 refundable dividend tax on hand, 97 spouse, 151 stock. See Stock dividends T5, Statement of Investment Income, 153 tax credits, 147 ordering of, 148 provincial, 148 tax reporting, 153 taxable Canadian corporations, 79 taxation of, 147 tax-free, 150 trust income, 248

Donations. See Gifts

EAPs. See Educational assistance payments (EAPs)

Economic Growth and Tax Relief Reconciliation Act (2001), 267

Education credit, 130

Educational assistance payments (EAPs), 385

Elections

21-year deemed disposition rule, 249 Canadian securities, 58 Canadian source income subject to non-resident withholding tax, 264 capital dividends, 232 capital gains, 176 cost base of shares, 31 debt, election to dispose of, 173 disposition without sale/transfer, 173 dividends, spouse, 151 flow-through entity, realization of capital gains, 186 foreign spin-off, 177 guaranteed capital gains, 200 mutual fund corporation dividends, 96 preferred beneficiary, 248 RRSPs, Refund of premiums, 345 shares, election to dispose of, 173 tax income or capital gains in trust, 249

T123, Election on Disposition of Canadian Securities, 201
T664, Election to Report a Capital Gain on Property Owned at the End of February 22, 1994, 176
T2054, Election in Respect of Capital Dividend under subsection 83(2), 233
T2057, Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation, 180
T2101, Election for Gains on Shares of a Corporation Becoming Public, 30
V-day (1972), 176

Eligible corporation, 425

Eligible small business corporation (ESBC). See Small business corporation (SBC)

Employee stock options, 27, 47

adjusted cost base, 49, 55, 175 Canadian-controlled private corporation options, 51 classification of, 50 deduction, 48 deferral securities, 58 donation of, 48 income or capital account, 58 key dates, 52 non-deferral securities, 58 ordering rules, 57 other stock options, 52 non-CCPC options, deferral for, 52 stock option deduction, 48 T4 Statement of Renumeration Paid, 176 taxable benefit, 47 computation and timing of, 53 tax treatment of, 59

Employment Insurance premium credit, 130 ordering of, 148

Equity derivative deposits, 43

Equity percentage

defined, 218

Estate

capital gains. *See* Capital gains capital losses. *See* Capital losses clearance certificate, 255 U.S. tax, *See* U.S. estate tax

Expenses, 221

capital property. *See* Capital property costs incurred on capital account, 221 costs incurred on income account, 222 deductible, 222 income tax returns, advice/assistance, 223 interest. *See* Interest expense investment counsel fees. *See* Investment counsel fees investment income, incurred for the purpose of earning, 222 investment publications. *See* Investment publications non-deductible, 224 resource. *See* Resource expenses tax and accounting fees. *See* Tax and accounting fees

FA. See Foreign affiliates (FA)

FAPI. See Foreign accrual property income (FAPI)

FMV. See Fair market value (FMV)

Fair market value (FMV)

bequest, 175 debt obligations exchanged for shares, 65 defined, xxxv gift, 175 inheritance, 175 post-death decrease in RRIF, 377 RRSP, 348 shares exchanged for shares, 65 unit trust, 81

Federal tax credits

alternative minimum tax, 130 dividend tax credit, 147 labour-sponsored venture capital corporations. *See* Prescribed labour-sponsored venture capital corporations

Federally-registered labour-sponsored venture capital corporations. *See* Prescribed labour-sponsored venture capital corporations

Flow-through entities, 93, 186

Flow-through shares, 33

Canadian development expense, 34 Canadian exploration expense, 34 cost base, 36 definition, 34

disposition, 36 expenses, 224 identification number, 37 investment tax credits, 36 prescribed forms, 37 resource companies, 35, *See also* Resource expenses T100, Instructions for the Flow-Through Share Program, 37 T100A, Flow-Through Share Information, 37 T101, Statement of Resource Expenses, 37 tax benefits, 36 tax shelters. *See* Tax shelters

Foreign accrual property income (FAPI), 213, 427

active business income, 428 defined, 427 distributed FAPI deduction, 214 foreign accrual tax, 214 investment business income, 429 investment property, 430

Foreign affiliates (FA), 210

controlled, 216 defined, 217 dividends. *See* Dividends information returns, 208 T1134A, Information Return Relating to Foreign Affiliates and not Controlled Foreign Affiliates, 210

Foreign currency

accounting worksheet, 72 accrual method of accounting, 71 exemption, 73 gains, 71 income account. *See* Income losses, 71 realization, 71 settlement method of accounting, 71 shares acquired with, 26

Foreign currency risk, 327

Foreign exchange. See also Foreign currency gains, 71 losses, 71

Foreign income, 205

Canadian tax otherwise payable, 207 off-shore structures, 210 T1135, Foreign Income Verification Statement, 208 trust income, 218 verification, 208

Foreign investment income, 238

Foreign property. See Property

Foreign retirement arrangement, 338

Foreign spin-offs, 177, 178

Foreign tax credit, 206 Canadian tax otherwise payable, 207 computation of, 207 T2036, Provincial or Territorial Foreign Tax Credit, 208 T2209, Federal Foreign Tax Credits, 208

Form W-8BEN, 22

Forward contracts, 327

Futures contracts, 69 foreign currency, 71

GAAP. See Generally accepted accounting principles (GAAP)

GAAR. See General anti-avoidance rule (GAAR)

GIC. See Guaranteed investment certificate (GIC)

Gains

hedge transactions. *See* Hedge transactions income account. *See* Income lower of cost or market, 328 mark-to-market, 328 shares realized on, 181 redeemed/acquired/canceled by issuing corporation, 181 stock options, 181

General anti-avoidance rule (GAAR), 140

Generally accepted accounting principles (GAAP), 134, 202, 328

Gifts, 175 charitable, 175, 183, 409 employee stock options, 48

publicly traded securities, 183 capital gains tax exemption, 185 securities to registered charities, 183 T1170, Capital Gains on Gifts of Certain Capital Property, 184

Guaranteed investment certificate (GIC), 41

annual interest accrual, 156 multi-rate, 158 stock link, 162

Hedge transactions, 327

closed out, 328 defined, 327 gains realized on, 328 capital account, 327 income account, 327 timing of, 328 treatment of, 328 income splitting. *See* Income splitting losses realized on, 327 capital account, 327 income account, 327 timing of, 328 treatment of, 328 options, 328

Home Buyers' Plan. See under Registered retirement savings plan (RRSP)

Hypothecs, 41

ITC. See Investment tax credits (ITC)

Identical properties, 26 adjusted cost base. *See* Adjusted cost base

Immigration, 262

Immigration trusts, 218

Income

business. *See* Business income Canadian tax otherwise payable, 207 capital, compared, 69, 197 commodities. *See* Business income corporate. *See* Corporate income costs incurred to earn, 221 course of conduct, 199

dividend. See Dividends foreign. See Foreign income foreign currency transactions, 71 futures contracts. See Business income gains realized on income account. See Business income hedge transactions, 325 integration, 235 interest. See Interest income investment. See Investment income nature of transactions, 197 options, 58, 197 other, 238 corporations, 93 foreign investment, 238 interest, 79 mutual fund corporations, 94 personal services business, 238 royalties, 79 property, xxxiv, 233, 288 shares disposition of, 198 short sale, 325 gains/losses realized on, 325 source ceases to exist, 321 traders. See Trader trading. See Business income worldwide, 206, 211, 214, 262

Income bond. See Bonds

Income debenture. See Debentures

Income shifting, 3

Income splitting, 18, 287

anti-avoidance rule, 313 attribution rules. *See* Attribution rules checklist, 18-19 fair market transfers, 296 hedge transactions, 325 in-trust-for (ITF) accounts, 301, 312 RRIFs, 374 RRSPs, 349 strategies, 306 testamentary trusts, 252

Income trusts. See Unit trusts

Index linked deposits, 158

Indexed debt obligation. See Debt obligations

Inheritance, 175

Inside information commodities, 71 income treatment, 71

Intangible property. See Property

Integration, 235

Inter vivos trusts. See Trusts

Interest

after-tax yield, 150 annual accrual rules. *See* under Interest income expense. *See* Interest expense income. *See* Interest income other income, 79 over-accrual, 161 reporting, 166

Interest expense. See also Borrowed money

accrual method of accounting for, 317 capital gains, incurred for the purpose of earning, 221 cash method of accounting for, 317 DPSPs, funds borrowed to contribute to a, 322 debt obligations, 222 deductibility, 317 income from business or property, 318 income-earning purpose, 318 income source ceases to exist, 321 interest-free loan, 322 legal obligation to pay, 318 limitations, 322 matching, 222 RRSP, funds borrowed to contribute to a, 322 rearranging financial affairs, 320 restrictions, 322 secured loan, nature of security for, 323 sham transactions, 321 tracing rule, 319

Interest income, 155

annual accrual rules, 156 contingent interest obligations, 161 debt obligation, 163 deep discount bonds. *See* Bonds deferred interest obligations, 160 non-interest-bearing debt obligations, 159 partnership, 162 prescribed debt obligations, 158 principal not proportional to interest, 160 recognition of, 155 annual accrual rules, 156 received/receivable methods, 156 tax reporting, 166 unit trusts, 162

Inter-spousal rollovers, 186

In-trust-for accounts. See Income splitting

Investing, tax preferred checklist, 15

Investment, registered. See Registered investment

Investment accounts, trading from U.S., 276

broker/dealers, exemption from registration of, 278 Canadian retirement accounts, 278 defined, 280 exemptions for, broker/dealers, registration of, 278 foreign securities, registration of, 281 generally, 276 federal exemption Canadian retirement accounts, 278 foreign securities offered for sale, 281 registration, exemption from, Canadian broker-dealers, 278 temporary presence, 277 foreign securities, 281 state security regulations, 282 self-regulating organizations, 280

Investment business, 429

Investment business, specified. See Specified investment business

Investment Company Act Rule 7d-2, 281

Investment contract, 42, 156

annual interest accrual rules, 156 defined, 42 exceptions, 156

Investment corporations, 98

business income. *See* Business income capital gains, 100 defined, 98 dividends, 100 flow-through, 98 foreign affiliate dividends, 100 income, types of, 100 interest income, 100 other income, 101 qualifying as, 99 share. *See* Shares taxation of, 100

Investment counsel fees, 222

Investment Dealers Association of Canada (IDA), 278, 280, 282

Investment income

aggregate, 232 capital dividend account. *See* Capital dividend account capital gains/losses. *See* Capital gains; Capital losses Form W-8BEN, 282 refundable portion of tax, 234 T5 Statement of Investment Income, 153, 155, 166 tax rate, 234 withholding on U.S. source income, 282

Investment property, 430

Investment publications, 223

Investment tax credits (ITC), 36 T2038(IND), Investment Tax Credit (Individuals), 38

Joint tenancy, 172 probate fees. *See* Probate fees

Kiddie tax. See Attribution rules

LIFs. See Life income funds (LIFs)

LRIFs. See Locked-in retirement income funds (LRIFs)

LSVCC. See Prescribed labour-sponsored venture capital corporations

Labour funds. See Prescribed labour-sponsored venture capital corporations

Labour-sponsored funds credit, 130, 131

Labour-sponsored venture capital corporations, prescribed. *See* Prescribed labour-sponsored venture capital corporations

Legal ownership, 171 joint tenancy, 172 property, transfers of, 171 trusts, 243

Life income funds (LIFs), 375

Lifelong Learning Plan. See under Registered retirement savings plan (RRSP)

Limited partnerships

adjusted cost base, 112 alternative minimum tax, 115 at-risk rules, 115, 132 Canadian exploration expenses, 115 capital cost allowance, 115 capital gains, 112, 114 capital losses, 114 carrying costs, 115 dividends, 115 expenses, 115 fiscal period, 111 flow-through vehicle, 111, 112 income allocation of, 111 computed, 116 distribution of, 113 interest sold, 113 taxation of, 116 interest in, 112 cost, adjustments to, 112 sale of, 113 losses, 115 alternative minimum tax, 115 at-risk rules, 115, 132 carried forward, 132 mutual fund. See Mutual fund limited partnerships

negative cost base, 114 partnership agreement, 114 resource expenses, 113, 115 revenues, 114 small business investment, 426 specified investment flow-through (SIFT), 112 T5013, Statement of Partnership Income, 37, 116 tax reporting, 116 tax shelters, 113

Listed personal property, 71

Loans, 41

Locked-in retirement income funds (LRIFs), 348, 375

Loop-holes, 120

Loss utilization checklist, 17

Losses

business. *See* Business losses capital. *See* Capital losses carrybacks/carryforwards, 188 hedge transactions. *See* Hedge transactions income account. *See* Income lower of cost or market, 328 mark-to-market, 328 personal debt, 188 recognizing, 325 short sale, 325 superficial. *See* Superficial losses T1A, Request for Loss Carryback, 189

Lower of cost or market. See Income

Manufacturing and processing profits, 238

Mark-to-market. See Income

Matchable expenditure rules, 133 deductibility, 135 mutual fund limited partnerships, 134

Medical expense credit, 130

ordering of, 148

Minimum tax carryover, 130

Money lenders, 198

Mortgage investment corporations, 28, 94

Mortgages, 41

Multi-rate debt. See Debt

Mutual fund corporations, 94

business income. See Business income capital gains, 95 capital stock gifted to registered charity, 183 convertible securities, 65, 98 defined, 94 dividends, 96 capital gains, 95 Part IV tax, 97 flow-through, 93 foreign affiliate dividends, 95 income, types of, 95 interest income, 97 multi-class funds, 97 open-end, 95 other income, 97 prescribed labour-sponsored venture capital corporations, 94 qualifying as, 94 redemptions, 96 refundable capital gains tax on hand (RCGTOH), 96 share. See Shares share conversion, 98 shareholder taxation of, 98 switch funds, 97 taxation of, 97 Part IV tax, 97

Mutual fund limited partnerships, 134

Mutual fund switch funds. See Mutual funds

Mutual fund trusts, 77

automatic reinvestment plans, 83 capital gains. *See* Capital gains defined, 77 distributions, 78 capital gains, 79

non-taxed portion, 83 last 16 days of calendar year, 81 reinvested, 83 income, 79 composition of, 84 flow-through, 78 paid to beneficiaries, 78 retained in trust, 80 T3, Statement of Trust Income Allocations and Designations, 84 types of, 81, 82 open-end fund, 77, 84 redemptions, 82 taxation of, 78 taxation year, 81 unit capital gains. See Capital gains capital property, 82 cost, 83 gifted to registered charity, 183 unitholder, taxation of, 81 capital gains, 82 income, undistributed pre-acquisition, 81 reporting, 84 unit trust, 77

Mutual funds, 77

Canadian public, 94 corporations. *See* Mutual fund corporations multi-class funds, 94 rollovers. *See* Rollovers trusts. *See* Mutual fund trusts

Net capital gains. See Capital gains

Net capital losses. See Capital losses

Non-arm's length persons defined, xxxv proceeds of disposition, 177, 182

Non-arm's length transactions, 182 Non-capital losses, 201

Non-resident corporations, 213

determining residency, 214 common law test, 215

statutory tests, 215 treaty tests, 215 direct equity percentage, 218 equity percentage, 217 foreign accrual property income. *See* Foreign accrual property income (FAPI) overview, 213 stock dividends of, 213 types, 216 controlled foreign affiliate, 216 foreign affiliate, 217

Non-resident trusts, 218

Non-residents. See also Residency business income, 264 capital gains, 264 corporations. See Non-resident corporations deemed dispositions, 261 deferring payment, 262 departure date, 261 employment income earned in Canada, 263 interest, 264 lump sum benefits, 338 NR4, Statement of Amounts Paid or Credited to Non-Residents of Canada, 265 passive income, 264 personal tax credits, 263 property income, 263 residency, 259 tax reporting, 265 taxation of, 262 taxation year, 261 U.S. estate tax, See U.S. estate tax withholding tax, 264

North American Securities Administrators Association (NASAA), 282 Notes, 41, 72

converted for share, 65

Offshore arrangements, 210

Offshore investment funds, 218

Open-end mutual fund, 95

Open-end trust unit. See Unit trusts

Options call

acquiring/holding, 59 capital losses, 59 writing/selling, 61 capital gains, 59 illustration, 60 capital losses, 59 closed out before expiry, 61 covered, 59 employee stock options. See Employee stock options exercised, 59 expiry, 60 gains, 60 income vs capital account, 58 losses, 59 naked, 59 CRA administrative position, 59 gain/loss, 59 put acquiring/holding, 59 capital losses, 59 writing/selling, 61 rights, issued concurrently, 64 selling, 66 tax treatment acquiring, 59 holding, 59 selling, 61 writing, 61 trading in, 58 Other income. See Income Part IV tax dividends, 231 Part X.1 penalty tax, 335, 365 Participating debt. See Debt Partnerships, 162 limited. See Limited partnerships

Passive income. See Income

Pension credit, 130 ordering of, 148

Personal services business, 238

Personal tax credits, 130 ordering of, 148

Personal tax rates. See Tax rates

Personal trusts. See Trusts

Personal use property, 71 capital gains/losses, 71

Political donations credit, 130

Premium. See Bonds; Debt obligations

Prescribed debt obligation. See Debt obligations

Prescribed labour-sponsored venture capital corporations (LSVCC), 103

alternative minimum tax. See Alternative minimum tax clawback, 106 defined, 103 disabled individual, 107 federal tax credits, 104 alternative minimum tax, 105 capital loss and adjusted cost adjustment, 106 claiming, 105 clawback, 1069 holding period, 106 maximum, 104 non-refundable, 105 recovery of, 106 T5006, Statement of Registered Labour-Sponsored Venture Capital Corporation Class A Shares, 107 tax reporting, 108 unused, 105 holding periods, 106 Part XII.5 penalty tax, 106 permanently unfit for work individual, 107 provincial tax credits, 108 qualifying as, 103 RRIFs, 108 RRSP investments, 108 spousal plan, 118 shares, 106 disabled individual, 107 holding period, 106 March 6, 1996, issued before, 106

permanently unfit for work individual, 107 terminally ill individual, 107 tax credits, 104 adjusted cost base implications, 106 capital loss implications, 106 clawback, 106 federal, 106 provincial, 108 recovery of, 106 tax reporting, 108 terminally ill individual, 107

Prescribed stock exchanges

in Canada, 425 outside Canada, 425

Private corporations. See Corporations

Probate fees

inter vivos trusts, 252 joint tenancy, 172 transfer at death, 172

Proceeds of disposition, 177

debt obligations, 163 defined, xxxiv property, 177 T5008, Statement of Securities Transactions, 193

Promoter

defined, 120

Property

adjusted cost base. *See* Adjusted cost base capital. *See* Capital property defined, xxxiii, 169 disposition of, 170 defined, xxxiv leaving Canada, 261 fair market value. *See* Fair market value foreign defined, 358 RRIFs. *See* RRIF RRSPs. *See* RRSP reporting ownership of, 208 specified, 208

T1135, Foreign Income Verification Statement, 208 identical. *See* Identical properties income from. *See* Income intangible, xxxiii proceeds of disposition. *See* Proceeds of disposition real. *See* Real property tangible, xxxiii taxable Canadian, defined, 263 U.S. situs, 267 value of, xxxv

Provincial tax credits, labour fund, 108

Provincial tax rates. See Tax rates

Public mutual funds. See Mutual funds

Public securities. See Shares

Put options. See Options

Qualified investments of registered plans, 416

Qualified small business corporation shares (QSBC). See Small business corporation (SBC)

RCGTOH. See Refundable capital gains tax on hand (RCGTOH)

RDTOH. See Refundable dividend tax on hand (RDTOH)

RDSP. See Registered disability savings plan (RDSP)

RESP. See Registered education savings plan (RESP)

RRIF. See Registered retirement income fund (RRIF)

RRSP. See Registered retirement savings plan (RRSP)

Real property, xxxiii

Real property unit trust. See Unit trusts

Reasonable expectation of profit (REOP), 138

Refundable capital gains tax on hand (RCGTOH), 80 mutual fund corporations, 80 mutual fund trusts, 80

Refundable dividend tax on hand (RDTOH), 97, 231 amounts added to, 231 Canadian-controlled private corporation, 230 Part IV tax, 231

Registered disability savings plan (RDSP), 350, 379

Registered education savings plan (RESP), 385 accumulated income payment (AIP), 391 Part X.5 tax, 392 beneficiaries, 385 Canada Education Savings Grants (CESG), 387 Canada Learning Bond (CLB), 388 contributions, 386 death of subscriber, 388 designated educational institutions, payments to, 391 educational assistance payments (EAP), 389 educational institutions in Canada, 389 outside Canada, 390 investments, 392 over-contributions, 387 Part X.4 penalty tax, 387 Part X.5 tax, 392 payments, refund of, 390 post-secondary educational institutions, 389 qualified investments, 392 qualifying educational program, 390 refund of payments, 390 taxation of, 393 tax deferral, 8 transfers between plans, 393

Registered investment, 426

Registered retirement income fund (RRIF), 371

alternative minimum tax. *See* Alternative minimum tax amended, 376 annuitant, 373 death of, 378 defined, 373, 381 benefits, taxation of, 372 carrier, defined, 371, 382 contributions, 374 designated benefit, defined, 382 fair market value, post-death decrease in, 380 income splitting, 374 labour-sponsored venture capital corporations. *See* Prescribed labour-sponsored venture capital corporations

life income funds (LIFs), 375 locked-in retirement income funds (LRIFs), 375 minimum amount, defined, 382 non-qualified investments, 378 overview, 371 payments, types of, 373 post-death decrease in fair market value, 380 prescribed factors, 382 property, transfers from/to, 377 post-death decrease in fair market value of, 380 qualified investments, 384 security, pledging plan assets as, 378 spousal plan withdrawals, 376 taxation of, 372, 376 Part XI tax, 373 Part XI.1 tax, 373 terminal return. See Terminal return transfers to, 14, 15, 187, 377

Registered retirement savings plan (RRSP), 333

alternative minimum tax. See Alternative minimum tax (AMT) annuitant, defined, 356 beneficiaries, payments to, 343, 354 benefits defined, 357 taxation of, 342 after maturity, 343 before maturity, 342 borrowed money. See Borrowed money contributions carried forward, 337 designated transfers, 338 limit, 336 over-, 339 spousal, 339 cumulative excess amount, 335, 341, 365 DPSP benefits transfer, 339 death of annuitant, 349 election, 351 spouse becomes annuitant, 352 deduction limit, 336 defined, 361 formula, 361

spouse, 339 defined, 333 depository, issued by, 334 deregistration of, 346 direct designations to qualified donees, 355 direct transfers, 341 dollar limit, defined, 362 earned income, 357 defined, 357 excess contributions deductions. 336 penalty tax, 336, 338 T1-OVP, Individual Income Tax Return for RRSP Excess Contributions, 341 T746, Calculating Your Deduction for Refund of Unused RRSP Contributions, 340 T3012A, Tax Deduction Waiver on a Refund of Your Undeducted RRSP Contributions, 340 withholding tax, 340 foreign property, 335 defined, 358 group RRSP amount, 366 Home Buyers' Plan, 339, 343, 366 income splitting, 349 inducements, 334 in-kind contribution of securities, 188 issuer, defined, 359 labour-sponsored venture capital corporations. See Prescribed labour-sponsored venture capital corporations (LSVCC) life income fund (LIF), 348 lifelong learning plan, 339, 343, 366 locked-in (LIRAs), 348 locked-in retirement savings plans (LRSP), 348 lump sum benefits, 347 maturity, 346 defined, 359 mental infirmity, 338, 350 money purchase limit, 362 non-qualified investments, 345 defined, 360 over-contributions, 339 penalty tax, 341 withdrawals, 340 PAR, defined, 360

Part X.1 penalty tax, 365 payments to beneficiaries, 343, 354 pension adjustment reversal (PAR), defined, 360 premiums (contributions), 338 defined, 360 qualifying group RRSP, 366 refund of, 350 undeducted, 365 property post-death decrease in fair market value of, 355 transfers from/to, 345 qualified donees, 355 qualified investments, 360 qualifying arrangement, 367 qualifying group RRSP premium, 367 RPP, transfers to, 341 RRIF, transfers to, 342 refund of premiums, 350, 363 retirement income, 346, 363 retiring allowances, 338 security, pledging plan assets as, 345 spousal contributions, 339 spousal plan, 340, 343 defined, 364 withdrawals, 343 T2033, Direct Transfer Under Paragraph 146(16)(a) or 146.3(2)(e), 342 T2205, Amounts from a Spousal or Common-law Partner RRSP or RRIF to Include in Income, 344 T2220, Transfer from an RRSP or a RRIF to another RRSP or RRIF on Marriage Breakdown, 342 taxation of, 334 Part I tax, 334 Part X.1 tax, 335 Part XI tax, 335 Part XI.1 tax,336 tax deferral, 8 tax-paid amount, 354, 364 terminal return. See Terminal return transfers from, 341, 345 transfers to, 345 transitional amount, 368 undeducted premiums, 365 unused deduction room, 364

Related persons, xxxv, 182

transfer of ownership to, 182

Rent, 222

Residency, 259 183-day rule, 259 departure rules, 261 determination of, 259 disputes, 261 NR74, Determination of Residency Status (Entering Canada), 261 NR73, Determination of Residency Status (Leaving Canada), 261 rulings, CRA, 261 sojourner rule, 259 tax treaties, 260

Resource expense pools. *See* Cumulative Canadian development expense account; Cumulative Canadian exploration expense account

Resource expenses, 224

deductions, claiming, 35 deductions, 35 investment tax credit, 36 limited partnerships, 111 at-risk amount, 132 renounced, 34 partnerships, 36 T101, Statement of Resource Expenses, 37 T5013, Statement of Partnership Income, 37 tax reporting, 37

Resource flow-through shares. See Flow-through shares

Retirement savings checklist, 13

Retiring allowances, 338

Revenue Canada. See CRA

Right to receive production, 133, 142

Rights

acquire securities of corporation, 64 benefit included in income, 64 Canadian shareholders of foreign corporations, 65 foreign corporations, 65 gifted to registered charity, 183 income, 64

options, issued concurrently, 65 property, xxxiii stock dividends, 65

Rollovers

amalgamations, 180 automatic inter-spousal, 180 eligible small business corporation (ESBC) shares, 178 foreign spin-offs, 178 inter-spousal, 180 mutual fund switch funds, 97 section 85, 179 conditions, 238 share for share exchanges, 180 shares, 178, 180 spousal trust, property transferred to, 180 T2057, Election on Disposition of Property by a Taxpayer to a Taxable Canadian Corporation, 180

Royalties, 222, 233

other income, 79

SIFT. See Specified investment flow-through (SIFT) trusts and partnerships

Section 85 rollovers. See Rollovers

Securities. See Shares Canadian. See Canadian securities

Securities Act registration requirements, 276 Rule 237, 281

Securities lending arrangements, 326

Settlor. See Trusts

Share for share exchange, 65, 180 adjusted cost base. *See* Adjusted cost base fair market value. *See* Fair market value rollovers. *See* Rollovers

Shareholders, defined, 424

Shares acquired by issuing corporation, 181 adjusted cost base, 25 broker's commissions, 25

business, carrying on of a, 199 business income. See Business income Canadian securities. See Canadian securities Canadian currency, 26 cancelled by issuing corporation, 181 capital gains election. See Elections categories of, 28 cease trading order, 174 convertible securities, 65 cost, 25 dealer gains/losses, 198 deferral securities, 57 defined, 25 delisted, 174, 325 disposition, 170 settlement date, 171 election to dispose of. See Elections eligible small business corporation. See Eligible Small business corporation exchanges of, 65 flow-through. See Flow-through shares gains, 25, 28, 29, 30 gifted to registered charity, 183 identical properties. See Identical properties inside information. See Inside information inventory, held as, 25 investment corporation, 28 labour-sponsored venture capital corporations, 103 long position, 325 losses, 25, 30 mutual fund corporation, 28 options. See Options pool, 26 stock options. See Stock options promotion gains/losses, 198 qualified small business corporation. See Small business corporation redeemed by issuing corporation, 181 rights. See Rights rollovers. See Rollovers sale of, gains and losses realized on, 29 securities lending arrangements, 326 settlement date, 171 short sale, 59 gains/losses, 198, 325 securities lending arrangement, 325

small business corporation, 28

capital loss on disposition, 28 special knowledge. *See* Inside information stock options. *See* Employee stock options trader gains/losses. *See* Trader types of, 28

Short sale. See Shares

Small business bond. See Bonds

Small business corporation (SBC), 28 attribution rules. See Attribution rules capital stock. See Shares **CCPC**, 29 defined, 29, 230 eligible small business corporation shares, 31 definition, 31, 33 disposition, 31 tax reporting, 34 qualified small business corporation (QSBC) shares, 30, 230 2-year holding period, 29 allowable business investment loss. See Allowable business investment loss (ABIL) capital gains exemption. See Capital gains exemption definition, 30 disposition of, 29 tax reporting, 31 shares capital gains, 28, 36 capital losses, 188 small business deduction, 201

Small business development bond. See Bonds

Small business investment limited partnership. See Limited partnerships

Small business investment trust. See Trusts

Small business limit, 236

Sojourner rule, 259

Specified investment business, 237

Specified investment flow-through (SIFT) trusts and partnerships, 87, 112

Speculator. See also Trader

defined, 69 income vs capital treatment, 69 reporting method, 70

Spot market, 70, 328

Spouse

12-month test, xxxvi common-law, xxxvi deemed, xxxvi defined, xxxvi, 181 inter-, rollovers, 180

Stock. See Shares

Stock dividends, 152

Stock exchanges. See Prescribed stock exchanges

Stock options. See Employee stock options

Stock split, 26, 174

Stop-loss rules. See Capital losses

Strip bonds, 20, 43, 158, 160, 167

Strip coupons, 41, 43, 158, 160 annual interest, 157

Student loan, interest on, 149

Superficial losses, 186 securities sold and repurchased, 321

Surtax. See Tax rates

Switch funds. See Mutual funds

TFSAs. See Tax-free savings accounts (TFSAs)

Tangible property. See Property

Tax and accounting fees, 223

Tax avoidance, 212

Tax compliance calendar, ix

Tax credits federal. *See* Federal tax credits labour-sponsored venture capital corporations. *See* Prescribed labour-sponsored venture capital corporations

ordering of, 148 personal. *See* Personal tax credits provincial. *See* Provincial tax credits Tax deferral, 8

Tax-deferred rollovers. See Rollovers

Tax evasion, 212

Tax-free savings accounts (TFSAs), 401 capital gains, 403 charitable donations tax credit, 409 contributions, 402 excess, 405 exempt, 406 in-kind, of property, 403 non-resident, 406 unused room, 402 death of holder, 408 deemed disposition, 408 distributions, 403 dollar limit, 402 excess contributions, 406 exempt contributions, 409 investments, 404 non-qualified, 404 prohibited, 404 overview, 401 prescribed property, 404 prescribed restricted property, 404 prohibited investments, 404 qualified donees, 409 taxation of, 405 advantage, 408 excess contributions, 406 non-resident contributions, 406 Part I tax, 405 prohibited investments, 407 transfers between plans, 455 qualifying, 405

Tax havens, 216, 261, 265, 339

Tax planning defined, 1

Tax planning checklist

administrative, 20 income splitting, 18 loss utilization, 17 personal trusts, 19 reporting, 20 retirement savings, 13 tax-preferred investing, 15

Tax-preferred investing checklist, 15

Tax rates

Alberta, 412 British Columbia, 412 federal, 411 Manitoba, 413 marginal tax rates, 411 New Brunswick, 413 Newfoundland and Labrador, 413 Northwest Territories, 415 Nova Scotia, 413 Nunavut, 413 Ontario, 7, 414 Prince Edward Island, 414 Quebec, 414 Saskatchewan, 414 surtaxes Ontario, 414 Prince Edward Island, 414 U.S. estate tax, 267 Yukon, 415

Tax savings

absolute, 2 chosing investments generating preferentially taxed income, 6 exploiting tax brackets, 3 utilizing available deductions and credits, 6 types, 2

Tax shelters, 119

alternative minimum tax. *See* Alternative minimum tax at-risk rules. *See* At-risk rules cost, adjustments to, 122 deductions, 122

defined, 121 flow-through shares, 34, 120 **GAAR**, 140 identification number, 121, 126 information return, 122 limited partnerships. See Limited partnerships limited-recourse debt, 122 loop-holes, 120 matchable expenditure rules. See Matchable expenditure rules partnership interest, 123 adjustments to cost, 122 promoter, defined, 121 reasonable expectation of profit test, 119, 138 registration, 120 T5002, Tax Shelter Information Return, 122 T5003 Supplementary, Statement of Tax Shelter Information, 122 T5004, Statement of Tax Shelter Loss or Deduction, 122 tax reporting, 122, 131 third party penalties. See Third party penalties

Tax treaties, 206, 214, 215, 260 residency, 215

Taxable Canadian corporation dividends. See Dividends

Taxable Canadian property. See Property

Taxable capital gains. See Capital gains

Taxation of corporations vs. individuals, 239

Terminal return, 254 labour-sponsored venture capital corporation tax credits, 104

Testamentary trusts. See Trusts

Third party civil penalties, 135

planner penalty, 135 preparer penalty, 136 principles of application, 137 rationale, 135

Trade accounts payable, 41

Trader, 69 CRA interpretation of term, 198 defined, 69 gains, 198

hedge transactions, 325 income account. *See* Business income income vs capital treatment, 70 inside information, 71 losses, 198 options, 66

Treasury bills, 43, 72, 158, 159, 160, 163

Trustee. See Trusts

Trusts. See also Mutual fund trusts 21-year deemed disposition rule, 247, 250 alter ego, 247 assets, transfer of, 170 beneficiary, 244 capital losses. See Capital losses characteristics, 243 checklist, 19 commercial, 246 common-law partner, 247 continuing, 253 defined, 243 education, 252 flow-through entity, 248 immigration trusts, 218 income allocation of, 80, 247 character of, 248 designated, 79 designations of by type, 249 flow-through, 79, 247 retained in trust, 250 T3, Statement of Trust Income Allocations and Designations, 255 taxation of, 78, 247, 248 indenture, 244, 248 informal, 301, 312 inter vivos, 88, 89, 245 probate fees, 252 property, transfer of, 251 irrevocable, 252 joint spousal, 247 minors, 293 entitlements of, 250

mutual fund. See Mutual fund trusts non-capital losses, 251 non-resident, 218 personal, 246 21-year deemed disposition rule, 251 capital property, 251 capital property, deemed disposition of, 251 income, 248 taxation of, 250 tax planning checklist, 19 property transfer of, 251 transfer to, 170 qualifying terminable interest property (QTIP) trust, 270 settlor, 244 shares transferred to, 170 small business investment, 426 spousal, 246 T3, Statement of Trust Income Allocations and Designations, 255 tax reporting, 255 tax returns, 254 taxation of, 250 testamentary, 245, 252 deceased taxpayers, 252 income, 245 income-splitting, 252 tax return, 254, 255 three certainties, 243 transfers to, 170 trust deed, 248, 250 trustee, 244 types of, 245 unit trust. See Unit trusts

T-Bills. See Treasury bills

Tuition credit, 130

Unit trusts, 87 closed-end unit trust, 88 defined, 87 federal tax rate, 90 income, 90 T3, Statement of Trust Income Allocations and Designations, 91

tax rate, 90 unitholders, paid to, 81 open-end funds, 77, 84 open-end unit trust, 88 qualifying as, 88 real property unit trust, 89 tax return, 90 taxation of, 90 taxation year, 90 unitholder, taxation of, 90

Uniform Securities Act, 282

Unitholder. See Mutual fund trusts; Unit trusts

Unpaid consideration, 41

Unused credits, transfer of, 130 ordering of, 148

U.S. estate tax, 267

allowable credits, 271 Canadian marital credit, 271 estate tax credit, 271 state death taxes, 271 allowable deductions, 269 charitable deduction, 269 debts, 269 expenses, 269 marital deduction, 270 Canada-U.S. Tax Treaty, 270, 271, 273 Canadian tax credit for U.S. estate taxes, 273 clearance certificates, 244 gross estate, 278-279 overview, 267 qualifying domestic trust (QDOT), 270 qualifying terminable interest property (QTIP) trust, 270 reporting, 274 situs property, 268 excluded property, 268 situs rules, 288 small estate exemption, 273 tax rates, 270 valuation date, 269

U.S. vacation properties, 209

V-day elections (1972), 176 Valuation day. *See* V-day elections (1972) Worldwide income. *See* Income Zero-coupon instruments, 43, 45, 158, 159, 167