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NOTE ON TAX INTERRELATIONSHIPS BETWEEN PERSONS

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A number of ways could be chosen by CPA candidates studying taxation to organize their personal notes. Various taxation textbooks organize differently the topics. A suggestion is to separate the topics under three broad categories, such as Selected themes in taxation, Tax interrelationships between persons and Tax situations.

Tax interrelationships between persons themes are:

Gifts and Transfers between Persons

- Gifts
    - General rules
    - Gifts to registered charities
- Transfer between spouse
    - General rules
    - Transfer of property to spouse
    - Loan to spouse
    - Attribution rules
- Transfer to minor child
    - Transfer of property to child, including farm, woodlot or fishing property
    - Loan to child
    - Attribution rules
    - Transfer back to a parent
    - Kiddie tax
- Special rules

Transactions - Shareholders and Corporations

- Remuneration
  - Compensation package
  - Salary - dividend choice
- Surplus Distribution
  - Type of surplus
  - Paid-up capital (PUC)
  - Deemed dividends
    - Changes in PUC compare to changes in net assets (ITA 84(1))
    - Distribution or appropriation of funds or property (ITA 84(2))
    - Redemption, acquisition or cancellation of shares (ITA 84(3))
    - Reduction of PUC (other than public corporation) (ITA 84(4))
    - Reduction of PUC (public corporation) (ITA 84(4.1))
  - Capital dividend account (CDA)
- Concept of integration

Groupings, Reorganizations and Transfers of Asset / Business

- Sale and purchase of a business
  - Assets
  - Shares
    - Non-arm's length sale of shares to a corporation (dividend stripping) (ITA 84.1)
    - Arm's length sale of shares by a corporation (capital gains stripping) (ITA 55(2))
- Acquisition of control (ITA 249(4))
- Rollovers
  - Transferring assets to corporation (ITA 85)
  - Exchange of shares (ITA 85.1)
  - Exchange of shares (ITA 86)
  - Convertible properties (ITA 51, 51.1)
- Amalgamation (ITA 87)
- Wind-up (ITA 88)
  - Wind-up of subsidiary with more than 90% (ITA 88(1))
  - Wind-up of other subsidiary (ITA 88(2))
- Partnership reorganization
  - Transfer of property to partnership (ITA 97(1),(2),(3),(4); 98(1),(2))
  - Admission and withdrawal of a partner
  - Termination of a partnership
- Estate freeze
- Family transfers
- Use of holding corporations