

COMMENT BACKGROUND



NUMBER 227 – SEPTEMBER / OCTOBER 2004

CREDITOR PROTECTION FOR RRSPS

Case reference:

- Amherst Crane Rentals Limited v. Arlene Clare Perring (docket C38627), Court of Appeal for Ontario, June 16, 2004:
<http://www.ontariocourts.on.ca/decisions/2004/june/amherstC38627.htm>

Income Tax Act reference:

- subsection 160.2(1) – joint and several liability in respect of amounts received out of or under an RRSP

GROUP CREDITOR INSURANCE

Income Tax Act references:

- paragraph 20(1)(e.2) – premiums on life insurance used as collateral
- subsection 89(1) – capital dividend account

CRA Interpretation Bulletins:

- IT-430R3 (Consolidated) – *Life Insurance Proceeds Received by a Private Corporation or a Partnership as a Consequence of Death*
- IT-309R2 – *Premium on Life Insurance Used as Collateral*

CAPITAL DIVIDENDS UNDER AN INSURED REDEMPTION STRATEGY

The August 2004 CALU Report contains an excellent article by Kevin Wark, LL.B., CFP, that reviews the mechanics of an insured redemption strategy and a new “wrinkle” that may change these rules yet again. This CALU Report is available to non-CALU members on the www.calu.ca Web site (under the “What’s New” and “Life Insurance” sections).

Income Tax Act references:

- subsection 83(2) – capital dividend
- subsection 184(3) – election to treat excess as separate dividend
- subsection 84(1) – reduction in paid-up capital