

COMMENT BACKGROUND



NUMBER 230 – MARCH/APRIL 2005

REVERSIONARY TRUSTS

Income Tax Act references:

- Section 74.3 – Transfers or loans to a trust
- Subsection 75(2) – Reversionary trust
- Subsection 107(2) – Distribution by personal trust
- Subsection 107(2.1) – Other distributions
- Subsection 107 (4.1) – Where subsection 75(2) applicable to trust

Canada Revenue Agency material:

- IT-369R and its Special Release (dated June 1994) – Attribution of trust income to the settlor

POLICY LOANS AND THE CAPITAL DIVIDEND ACCOUNT

Question 5 from the Financial Services Round Table of the 2004 Conference of the Fiscal and Financial Planning Association of Quebec

Income Tax Act references:

- Subsection 148(9) – Definition of adjusted cost basis
- Subsection 89(1) – Definition of capital dividend account

2005 PRESCRIBED RATES FOR AUTOMOBILES

Income Tax Act references:

- Subsection 67.2 – Interest on money borrowed for passenger vehicle
- Subsection 67.3 – Limitation re cost of leasing passenger vehicle
- Subsection 248(1) – Definitions of automobile and passenger vehicle
- Regulations 7305.1 and 7307 – Automobile Deduction Limits, Expense Benefit Rates for Business

Federal Department of Finance news release 2004-081 dated December 17, 2004:

<http://www.fin.gc.ca/news04/04-081e.html>

GOVERNMENT PENSION PLANS: BENEFITS AND CONTRIBUTIONS FOR 2005

- Details on these Income Security Programs, and updated benefit and contribution rates, are posted on Human Resources Development Canada's Web site at www.hrdc-drhc.gc.ca and on the Quebec government's Web site at www.gouv.qc.ca