

COMMENT BACKGROUND

Number 259 – JANUARY / FEBRUARY 2010

CORPORATE-OWNED LIFE INSURANCE

Income Tax Act reference:

- subsection 15(1) – shareholder taxable benefit

TRUSTS: BEWARE OF AUDIT POTENTIAL

Income Tax Act references:

- subsection 104(4) – 21-year deemed distribution by trust
- section 74.4 – attribution on transfers and loans to a corporation
- subsection 248(1) – definition of small business corporation

TRANSFERRING A LIFE INSURANCE POLICY

Income Tax Act references:

- subsection 148(8.1) – inter vivos transfer of life insurance policy to spouse
- subsection 148(8) – transfer of life insurance policy to a child
- subsection 148(7) – non-arm's-length transfer of life insurance policy
- paragraph 87(2)(j.4) – rules applicable on amalgamation of corporations

TAX-DEDUCTIBLE EXPENSES

Canada Revenue Agency Guides:

- Guide T4002 – *Business and Professional Income*
- Guide T4044 – *Employment Expenses*

Canada Revenue Agency Interpretation Bulletins:

- IT-514 – *Work Space in Home Expenses*
- IT-352R2 – *Employees' Expenses, Including Work Space In Home Expenses*
- IT-521R – *Motor Vehicle Expenses Claimed by Self-Employed Individuals*
- IT -522R – *Vehicle, Travel and Sales Expenses of Employees*