



“Tax Topics” Presentations

The Use of a Holding Company

What are the benefits to using a holding company?

- Tax efficient investment accumulation
- Asset protection/wealth preservation
- Purification

When should a holding company be put in place (timing)?

- Income splitting considerations
- Asset accumulation
- Retirement planning

Matters to be considered when putting a holding company in place:

- Preserving the ability to claim the capital gains exemption
- Considerations regarding dividend sprinkling shares
- Merits of using a family trust

Estate Planning Considerations on the death of a shareholder:

- Transition to family members
- Double tax exposure and post mortem planning

The Ins and Outs of Rollover Transactions

Purpose of Rollover Transactions

Section 51 Roll Over – the ideal:

- When is it used/What to watch out for
- Compliance requirements

Section 86 Roll Over – the next best:

- When is it used/What to watch out for
- Compliance requirements

Section 85 Roll Over – if we have to:

- When is it used/What to watch out for
- Compliance requirements

Tips and Traps of “Boot”

- Pipeline
- Extracting corporate surplus with boot
- 84.1 Warning

Other Matters for Consideration

- Farm Property
- Converting recapture to capital gain
- Butterfly transactions
- Land inventory
- Triggering Controlled Gains



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US Tax matters of Relevance to Canadian Residents

When can a Canadian Resident be caught by the US Tax system and what are the US tax implications?

- How will the IRS ever find out if my Canadian resident client is not in compliance?
- If the IRS does find out, how can they impose penalties if my client never goes to the US?

What are the “US Anti-Deferral Rules” and how can they apply to a Canadian resident?

- What are the penalties for non-compliance:

What is the current status of the US Estate Tax and its application to Canadian residents?

- US citizens and non-US-citizens?

How can US citizenship impact some very common Canadian planning techniques?

- i.e. investment decisions, estate freeze transactions, use of family trusts....?

Post Mortem Planning

How Does the Double Tax Exposure on death Arise?

Strategies for Mitigating Double Tax Exposure

- Do Nothing
- Pipeline
- 164(6) and Loss Carryback Planning
- Winding Up vs Estate Freeze
- Bump Planning
- “Simplified” Bump Planning
- Wasting Freeze

Pitfalls

- Gifts prior to death
- Jointly held assets
- Full Redemption with no RDTOH/CDA
- Superficial losses
- The 50% solution
- GRIP considerations
- Spouse Trusts/Alter Ego or Joint Partner Trusts
- Waiting too Long
- Capital Gains Exemption Basis

Pre-Mortem Planning

- Estate Freeze
- Wasting Freeze
- Acquisition of Control
- Continuity of Assets (spouse trust)



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T1 Primer

Automobile Benefits

- Qualifying vehicles
- Treatment of employer-owned vehicles versus employee-owned
- Standby charges and operating benefits
- Changes to CRA’s “mileage log” considerations
- Tips to mitigate and manage inclusions and deductions

Shareholder Benefits

- Amounts not to be included in income
- Personal use of corporate property
- Interest and debt

Investment Taxation Highlights

Completing the T1135

Significant Changes for 2010 T1’s

Domestic Trusts: What are they used for? And Recent CRA Activity

Background information:

- Design of a trust
- Taxation of a trust
- Attribution considerations
- Taxation of transfers to a trust
- Taxation of dispositions from a trust
- 21st anniversary date
- Association considerations

Uses of trusts:

- Income splitting
- Inter-provincial tax planning
- Estate planning
- Asset protection and confidentiality
- Other

Recent CRA activity



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Mythical Estate Freeze

Description of Traditional Estate Freeze:

- Purpose of the Estate Freeze
- Illustration of Estate Freeze
- Illustration of Wasting Freeze Techniques

Review of Benefit of Estate Freeze:

- Income splitting
- Purification and Retirement Planning
- Multiplying capital gains exemption
- Mitigating family law claims exposure
- Freeze and wasting of tax bill to Estate

Illustration of the Succession Time Bomb

- Succession challenges
- Transition of voting control
- Transition of Ownership
- Governance Considerations
- Liquidity concerns

Techniques for Mitigating Transition Challenges

The Changing Landscape of the “Salary vs Dividend” Decision, and T1 Season Primer

The Salary vs. Dividend Decision

- Changing rates for eligible and regular dividends as well as corporate business income
- Mini case studies
- Additional considerations, filings, timing
- CRA’s interpretation of “notification” for the purposes of an eligible dividend
- Correct completion of T2 Schedule 7
- Preparation of T2 Schedules 53 and 55

Canadian Clients’ Foreign Reporting

- “US Person” vs. “Canadian Client” (for the purposes of discussion)
- Canadian foreign reporting – beyond the T1135
- Source of income and impact of US Tax Treaty
- Requirements to withhold - > Requirement to file
- Traps (US Presence)
- Some questions to ask



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The Tax Lifecycle of a Business

- 1) Start Up:
 - a. Purchase of Business
 - b. Tax Efficient Debt Repayment

- 2) Wealth Accumulation:
 - a. Income splitting with Spouse and Children
 - b. Use of a Holding Company
 - c. Estate Freeze Considerations
 - d. Family Trust Planning
 - e. Multiplying Future Capital Gains Exemption

- 3) Retirement Funding:
 - a. Tax Efficient Receipt of Dividends During Retirement
 - b. Wasting Freeze of Preferred Shares

- 4) Exit Strategy Planning:
 - a. Transfer to Family
 - b. Management Buy-Out
 - c. 3rd party Sale

- 5) Estate Planning:
 - a. Planning to mitigate double tax exposure
 - b. Use of Testamentary Trusts

US Tax Update

Dean Smith of Cadesky and Associates (an affiliated firm of the Tax Specialist Group of which Shelagh is a member <http://www.taxspecialistgroup.ca>) will discuss US tax matters of relevance to Canadian Residents.

- 1) Who is caught with US filing requirements
- 2) Current state of US catch up filings
- 3) Problem areas for Canadian advisors – how Canadian reorganization plans go offside for US purposes
- 4) US Tax Considerations for non-US Citizens owning US real estate



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21st Anniversary Date Planning for Trusts

Trust established in the early 90's are now coming upon their 21st anniversary dates giving rise to potentially significant tax implications. During this interactive session, we will consider the tax matters arising from the 21st anniversary date of Trusts and the various pitfalls that can arise in planning for such events including:

The rules and how they apply.

When can you not roll out an asset at cost – the hazards of subsection 75(2)

Planning for Non-Resident Beneficiaries

Planning considerations for tax deferred transfers

T1135 Foreign Reporting Requirements

The Canada Revenue Agency has significantly increased the information taxpayer's must report where a Form T1135 applies. During this interactive session, we will consider the expanded requirements, including:

Who must file a Form T1135?

What information must be reported?

Requirements where a T3 or T5 issued for an account with foreign property.

Risk of not filing or inaccurate or incomplete reporting where a Form T1135 is required.

Tax Considerations in Family Shareholder Agreements

Shareholder Agreements in a family business context are a key tool in effectively planning for the ownership of shares by successive generations. During this interactive session, we will consider the tax matters that should be addressed in drafting shareholder agreements in a family business context and review the various tax pitfalls that can arise without a properly executed agreement including:

1. Control (Voting) Shares vs. Participating Shares
2. Managing Cash Flow Priorities
3. Dealing with the Retraction Feature on Preferred Shares
4. Post Mortem Planning considerations
5. Buy Sell Provisions
6. Share Valuation considerations



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Estate Planning – The New Tax Regime

With the introduction of the new “Graduated Rate Estate” rules by the Department of Finance on December 16, 2014, the tax landscape for estate, gift and post mortem planning has changed dramatically. We will outline the changes that have been introduced and discuss the related tax planning implications.

1. Background
2. New Rules for Testamentary Trusts
3. New Rules for Charitable Giving
4. Related Tax Changes
5. Qualified Disability Trusts (“QDT”)
6. Graduated Rate Estates (“GRE”)
7. Discussion of Estate and Post Mortem Planning Matters for Review