GETTING A GRIP ON NEW PASSIVE INVESTMENT RULES AND INTEGRATION

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This article discusses integration in the Canadian tax system and describes how legislation originating from changes announced in the 2018 federal budget affects Canadian-controlled private corporations. The authors point out that refundable dividend tax on hand is now split into two pools, one for eligible refundable dividend tax on hand and one for non-eligible refundable dividend tax on hand. As well, the authors discuss two recent changes to the small business deduction rules: (1) the reduction of the small business deduction where passive investment income exceeds a specified limit and (2) the expanded application of the rules for sharing the small business limit among corporations within a corporate group.

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