Personal Tax Planning
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Non-Resident Trusts: Selected Interpretive and Planning Issues—Part 1
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The amendments to the non-resident trust rules in section 94 of the Income Tax Act enacted in 2013 were introduced to curtail the avoidance or deferral of Canadian income tax through the use of non-resident trusts. Part 1 of this two-part article provides an overview of key provisions of the non-resident trust rules, and explores practical situations and selected interpretive issues relating to the application of the rules in the context of corporate estate freeze transactions. Part 2 will discuss the potential application of the non-resident trust rules in other circumstances, including estate planning, corporate transactions, immigration, and emigration, and will discuss certain planning issues that arise having regard to the potential scope and effect of these provisions.

Keywords: Non-Resident Trusts ■ Estate Freeze ■ Beneficiaries ■ Contributions ■ Anti-Avoidance Rules

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