

TIF Solution Twenty - 3

1. A. Sam Jackle, a Canadian citizen who has lived in Barbados for the last fifteen years.
2. D. She did not leave taxable Canadian property in Canada.
3. B. It appears Karen has severed all ties with Canada.
4. D. The Company was incorporated in the U.S. and it appears that the mind and management of the Company is currently in the U.S.
5. C. An individual who immigrates to Canada during the year is a resident of Canada for tax purposes for the full calendar year.
6. B. Bob, Charles, and Dick.
7. A. To be a resident for tax purposes, an individual must be a Canadian citizen.
8. C. Norad Inc. was incorporated in New York state on March 1, 1985 and, until the end of 1993, carried on business in Canada. At that time, all of the management and operations of the Company moved to the southern United States.
9. A. The country in which the individual earns business income.
10. D. The individual has given up his Canadian citizenship in order to become a citizen of another country.
11. C. Mr. O'Shea will be subject to Canadian Part I tax.
12. C. Interest on Government of Canada bonds.
13. B. Interest on a GIC issued by a Canadian bank.
14. D. Merivale is subject to Canadian tax on the income that is earned by the Calgary office.
15. A. The gross rents are subject to withholding under Part XIII of the *Income Tax Act*. However, the taxpayer can elect to file a Canadian tax return which will include the net rental income.
16. A. Mr. Winsome will be deemed to have disposed of his mutual funds, sailboat, TNX Co. shares, and Bell Canada shares on December 15, 2010.
17. B. Land and building that is being used as a rental property.
18. C. There will be no tax consequences at the time of departure. However, any withdrawals from the plan after his departure will be subject to Canadian Part XIII tax.
19. B. There would be an allowable capital loss of \$20,000.
20. D. The gross amount received, prior to the deduction of any Italian taxes withheld, will be taxable in Canada. Maria will receive a Canadian tax credit for the Italian taxes paid.
21. D. All of the above.
22. C. A controlled foreign affiliate is not considered to be an FIE.