

Structures

December 7, 2021

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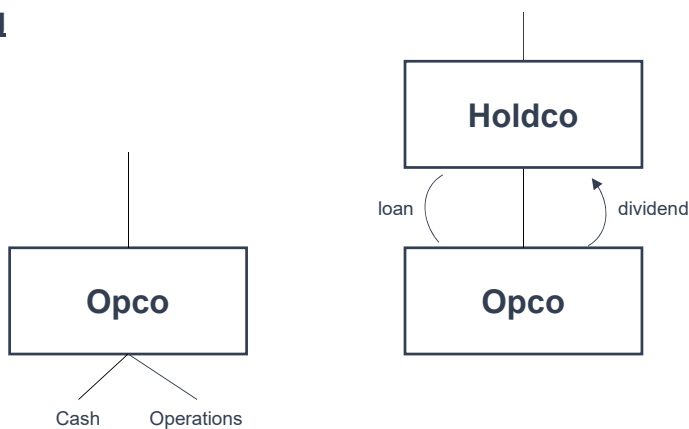
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Creditor Proofing



Dividend loan back for security interest

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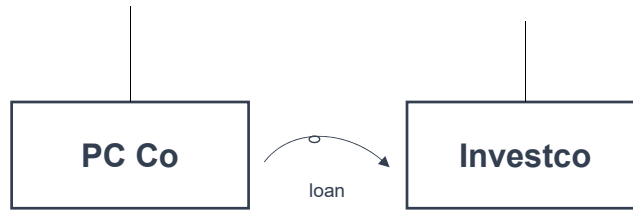
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PC



Avoid personal tax on withdrawing funds

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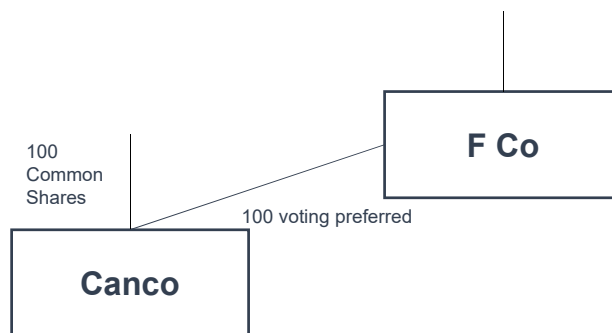


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Non-CCPC



Create non-CCPC

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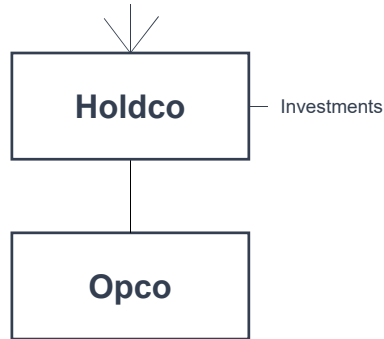


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Capital Gains Exemption



Bad structure, need to remove investments before sale

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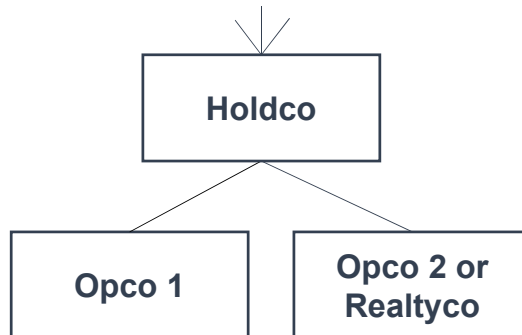
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Capital Gains Exemption



Bad structure. How to sell Opco 1 at personal level

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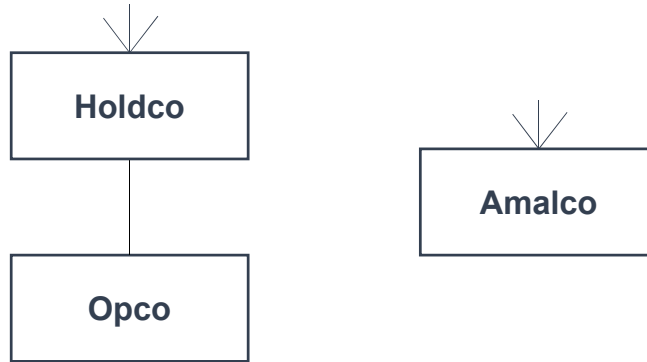
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TOSI



Excluded shares blocked by Holdco

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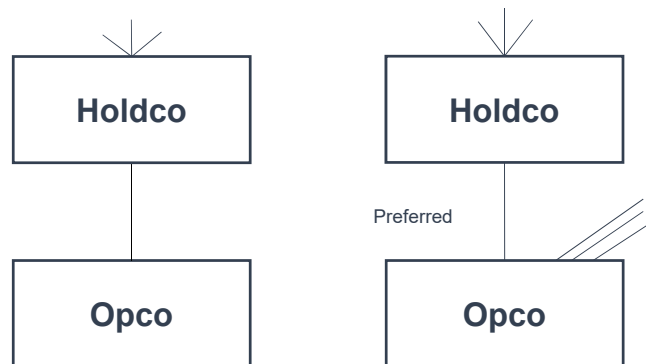
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TOSI



Excluded shares blocked by Holdco

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Trust Sandwich

- Switching remuneration strategy (from bonus or dividend to accumulating funds) creates cash and investment buildup in corporation
- Will disqualify corporation from being a Small Business Corporation (SBC) (90% or more must be active assets)
- Requires strategy to extract excess cash in a tax efficient manner, keep SBC status, remove cash, BUT not have personal tax

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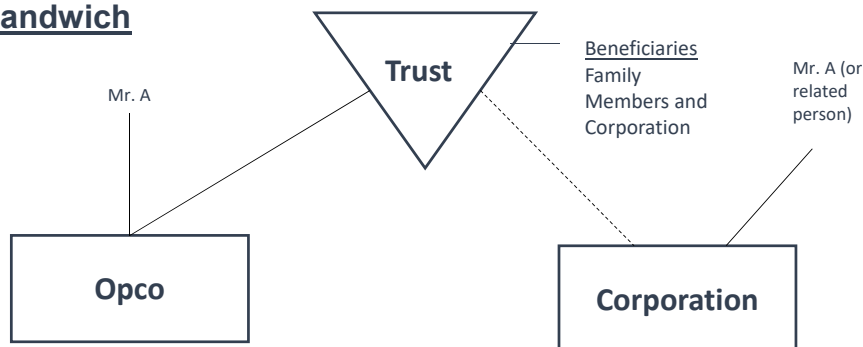
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Trust Sandwich



Note: Part IV tax if not common control

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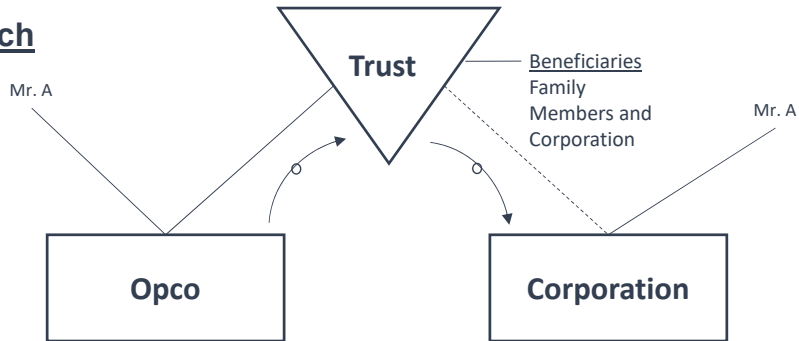
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Trust Sandwich



Example: Opco pays \$100,000 dividend to trust in the year.
Trust allocates all of this dividend to the corporate beneficiary (Corporation)
But excluded shares blocked by trust

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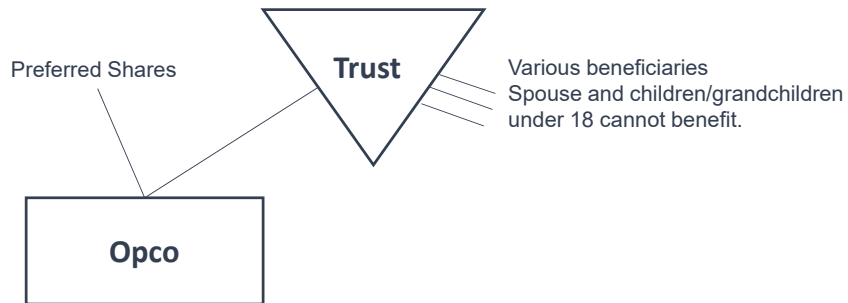
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Restriction on Capital Gains Exemption



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Conclusions

No structure generally is perfect for all purposes

Creditor – proof

Avoid personal tax

Avoid TOSI

Claim capital gains exemption

TOSI is the big problem with meeting excluded shares definition.

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