

COMMENT BACKGROUND

Number 261 – MAY / JUNE 2010

DISPOSITION OF A LIFE INSURANCE POLICY

Income Tax Act references:

- Subsection 148(1) – amounts included in computing policyholder's income [on disposition of a life insurance policy]
- Section 54 and subparagraph 39(1)(a)(iii) – [exclusion of a life policy (other than a segregated fund contract) from the definition of capital property]
- Paragraph 56(1)(j) – life insurance policy proceeds [inclusion in regular income]
- Subsection 148(4) – income from disposition [proration of ACB on a partial disposition of a policy]

CHARITABLE GIFTING OF LIFE INSURANCE POLICIES

Income Tax Act references:

- Proposed subsection 248(35) – deemed fair market value [of a charitable gift]
- Subsection 148(7) – disposition [of a life insurance policy] at non-arm's length and similar cases