

(4) Where a corporation has distributed to its shareholders directly or indirectly, any of its property, either on winding-up or otherwise, for no consideration or for a consideration substantially below the fair market value, if the sale thereof at the fair market value would have increased the corporation's income for a taxation year, the corporation shall, for the purpose of determining its income be deemed to have sold the property during the year and to have received therefor the fair market value thereof. 5

Lease-
option,
hire-
purchase, etc.

18. For the purpose of computing income, a lease-option agreement, a hire-purchase agreement or other contract or arrangement for the leasing or hiring of property by which it is agreed that the property may, on the satisfaction of a condition, vest in the lessee or other person to whom the property is leased or hired shall be deemed to be an agreement for the sale of the property and rent or other consideration paid or given thereunder shall be deemed to be on account of the price of the property and not for its use; and the lessee or other person in whom the property may vest shall, for the purpose of a deduction under paragraph (a) or (b) of subsection (1) of section 11, be deemed as long as the contract or arrangement is outstanding to be the owner of the property the capital cost of which was the price fixed by the contract or arrangement. 10 15 20

Loan to non-
resident cor-
poration.

19. Where a corporation resident in Canada has loaned money to a non-resident corporation and the loan has remained outstanding for one year or longer without interest at a reasonable rate having been paid or credited to the lender, interest computed at 5% per annum shall, for the purpose of computing its income, be deemed to have been received by the lender on the last day of each taxation year during all or part of which the loan has been outstanding. 25 30

Losses in
another
country not
allowed if
tax deduction
taken in
previous
year.

20. Where a corporation has been allowed a deduction from tax for a previous taxation year under this Act in respect of taxes paid to the government of a country other than Canada, the income of the corporation for a taxation year shall be deemed to be not less than its income from all sources outside that country. 35

Husband
and wife.

21. (1) Where a person has either before or during a taxation year transferred property, either directly or indirectly, by means of a trust or by any other means whatsoever, to his spouse, the income for the year from the property or from property substituted therefor shall be deemed to be income of the transferor and not of the transferee. 40 45