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## EXPLANATION

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- Subsections and paragraphs referred to on this form are those of the *Income Tax Act*.
- For the purpose of subsection 116(5.2), a disposition of a life insurance policy in Canada includes certain:
  - dividends – paragraph 148(2)(a);
  - death benefits – paragraph 148(2)(b);
  - policy changes – paragraph 148(2)(d);
  - surrenders – paragraph (a) of the definition "disposition" in subsection 148(9);
  - policy loans – paragraph (b) of the definition "disposition" in subsection 148(9); and
  - maturities – paragraph (c) of the definition "disposition" in subsection 148(9).
- "Life Insurance Policy in Canada" is defined in subsection 138(12).
- The Proceeds of disposition amount is not reduced by commissions for sale or adjustments in the sale price for taxes, etc.
- For more information see the current versions of:

### **Information Circular**

IC72-17 – *Procedures concerning the disposition of taxable Canadian property by non-residents of Canada – Section 116*

### **Interpretation Bulletins**

IT-87 – *Policyholders' Income from Life Insurance Policies*

IT-176 – *Taxable Canadian property – Interests in and options on real property and shares*

### **Guide**

T4058 – *Non-residents and Income Tax*

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