

# The Structure of the Income Tax Act (ITA)

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## Structure of the *Income Tax Act*

The Canadian *Income Tax Act* is divided into parts. Some parts are very long, while others contain only one section (but sometimes a very lengthy section). Most parts deal with specific issues.

There are four parts that apply to the ITA as a whole, and they are: Part XV (Administration and Enforcement); Part XVI (Tax Avoidance); Part XVI.1 (Transfer Pricing); and Part XVII (Interpretation)

The majority of the provisions are found in Part I. Part I is the only part of the ITA that is further grouped into Divisions and Subdivisions.

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The ITA currently has the following superstructure:

	Subject Matter	Sections
<b>Part I</b>	<b>Income Tax</b>	<b>2 - 180</b>
Division A	Liability for Tax	2
Division B	Computation of Income	3 - 108
<i>Subdivision a</i>	<i>Income or Loss from an Office or Employment</i>	<i>5 - 8</i>
<i>Subdivision b</i>	<i>Income or Loss from a Business or Property</i>	<i>9 - 37</i>
<i>Subdivision c</i>	<i>Taxable Capital Gains and Allowable Capital Losses</i>	<i>38 - 55</i>

<i>Subdivision d</i>	<i>Other Sources of Income</i>	<i>56-59.1</i>
<i>Subdivision e</i>	<i>Deductions In Computing Income</i>	<i>60 - 66.8</i>
<i>Subdivision f</i>	<i>Rules Relating to Computation of Income</i>	<i>67 - 80.5</i>
<i>Subdivision g</i>	<i>Amounts Not Included in Computing Income</i>	<i>81</i>
<i>Subdivision h</i>	<i>Corporations Resident in Canada and Their Shareholders</i>	<i>82 - 89</i>
<i>Subdivision i</i>	<i>Shareholders of Corporations not Resident in Canada</i>	<i>90 - 95</i>
<i>Subdivision j</i>	<i>Partnerships and Their Members</i>	<i>96 - 103</i>
<i>Subdivision k</i>	<i>Trusts and Their Beneficiaries</i>	<i>104 - 108</i>
Division C	Computation of Taxable Income	109 - 114.1
Division D	Taxable Income Earned in Canada by Non-Residents	115 - 116
Division E	Computation of Tax	117 - 127.4
<i>Subdivision a</i>	<i>Rules Applicable to Individuals</i>	<i>117 - 122.51</i>
<i>Subdivision a.1</i>	<i>Child Tax Benefit</i>	<i>122.6 - 122.64</i>
<i>Subdivision a.2</i>	<i>Working Income Tax Benefit</i>	<i>122.7 - 122.71</i>
<i>Subdivision b</i>	<i>Rules Applicable to Corporations</i>	<i>123 - 125.5</i>

<i>Subdivision or</i>	<i>Rules Applicable to</i>	<i>All Taxpayers</i>	<i>126 - 127.4</i>
Division E.1	Minimum Tax		127.5 - 127.55
Division F	Special Rules Applicable in Certain Circumstances		128 - 143.4
Division G	Deferred and Other Special Income Arrangements		144 - 148.1
Division H	Exemptions		149 - 149.2
Division I	Returns, Assessments, Payments and Appeals		150 - 168
Division J	Appeals to the Tax Court of Canada and the Federal Court		169 - 180
<b>Part I.01</b>	<b>Tax in Respect of Stock Option Benefit Deferral</b>		<b>180.01</b>
<b>Part I.1</b>	<b>Individual Surtax [repealed]</b>		
<b>Part I.2</b>	<b>Tax on Old Age Security Benefits</b>		<b>180.2</b>
<b>Part I.3</b>	<b>Tax on Large Corporations</b>		<b>181 - 181.71</b>
<b>Part II</b>	<b>Tobacco Manufacturers' Surtax</b>		<b>182 - 183</b>
<b>Past II.1</b>	<b>Tax on Corporate Distributions</b>		<b>183.1 - 183.2</b>
<b>Part III</b>	<b>Additional Tax on Excessive Elections</b>		<b>184 - 185</b>
<b>Part III.1</b>	<b>Additional Tax on Excessive Eligible Dividend Designations</b>		<b>185.1 - 185.2</b>
<b>Part IV</b>	<b>Tax on Taxable Dividends Received by Private Corporations</b>		<b>186 - 187</b>
<b>Part IV.1</b>	<b>Taxes on Dividends on Certain Preferred Shares Received by Corporations</b>		<b>187.1 - 187.61</b>
<b>Part V</b>	<b>Tax and Penalties in Respect of Registered Charities</b>		<b>187.7 - 189</b>
<b>Part VI</b>	<b>Tax on Capital of Financial Institutions</b>		<b>190 - 190.211</b>
<b>Part VI.1</b>	<b>Tax on Corporations Paying Dividends on Taxable Preferred Shares</b>		<b>191 - 191.4</b>
<b>Part VII</b>	<b>Refundable Tax on Corporations Issuing Qualifying Shares</b>		<b>192 - 193</b>
<b>Part VIII</b>	<b>Refundable Tax on Corporations in Respect of Scientific Research and Experimental</b>		<b>194 - 195</b>

	<b>Development Tax Credit</b>	
<b>Part IX</b>	<b>Tax on Deduction under Section 66.5</b>	<b>196</b>
<b>Part IX.1</b>	<b>Tax on SIFT Partnerships</b>	<b>197</b>
<b>Part X</b>	<b>Taxes on Deferred Profit Sharing Plans and Revoked Plans</b>	<b>198 - 204</b>
<b>Part X.1</b>	<b>Tax in Respect of Over-Contributions to Deferred Income Plans</b>	<b>204.1 - 204.3</b>
<b>Part X.2</b>	<b>Tax in Respect of Registered Investments</b>	<b>204.4 - 204.7</b>
<b>Part X.3</b>	<b>Registered Labour-Sponsored Venture Capital Corporations</b>	<b>204.8 - 204.87</b>
<b>Part X.4</b>	<b>Tax in Respect to Overpayments to Registered Education Savings Plans</b>	<b>204.9 - 204.93</b>
<b>Part X.5</b>	<b>Payments Under Registered Education Savings Plans</b>	<b>204.94</b>
<b>Part XI</b>	<b>Taxes in Respect of Disability Savings Plans</b>	<b>205 - 207</b>
<b>Part XI.01</b>	<b>Taxes in Respect of TFSAs</b>	<b>207.01 - 207.07</b>
<b>Part XI.1</b>	<b>Tax in Respect of Deferred income Plans and Other Tax Exempt Persons</b>	<b>207.1 - 207.2</b>
<b>Part XI.2</b>	<b>Tax in Respect of Certain Properties Disposed of by Certain Public Authorities or Institutions</b>	<b>207.3 - 207.4</b>
<b>Part XI.3</b>	<b>Tax in Respect of Retirement Compensation Arrangements</b>	<b>207.5 - 207.7</b>
<b>Part XII</b>	<b>Tax in Respect of Certain Royalties, Taxes, Lease Rentals, etc., Paid to a Government by a Tax Exempt Person [repealed]</b>	
<b>Part XII.1</b>	<b>Tax on Carved Out Income</b>	<b>209</b>
<b>Part XII.2</b>	<b>Tax on Designated Income of Certain Trusts</b>	<b>210 - 210.3</b>
<b>Part XII.3</b>	<b>Tax on Investment Income of Life Insurers</b>	<b>211 - 211.5</b>
<b>Part XII.4</b>	<b>Tax on Qualifying Environmental Trusts</b>	<b>211.6</b>
<b>Part XII.5</b>	<b>Recovery of Labour-Sponsored Funds Tax Credit</b>	<b>211.7 - 211.9</b>
<b>Part XII.6</b>	<b>Tax on Flow-Through Shares</b>	<b>211.91</b>
<b>Part XIII</b>	<b>Tax on Income From Canada of Non-Residents</b>	<b>212 - 218.1</b>
<b>Part XIII.1</b>	<b>Additional Tax on Non-Resident Corporations</b>	<b>218.2</b>
<b>Part XIII.2</b>	<b>Non-Resident Investors in Canadian Mutual Funds</b>	<b>218.3</b>
<b>Part XIV</b>	<b>Additional Tax on Non-Resident Corporations</b>	<b>219 - 219.3</b>
<b>Part XV</b>	<b>Administration and Enforcement</b>	<b>220 - 244</b>
<b>Part XVI</b>	<b>Tax Avoidance</b>	<b>245 - 246</b>
<b>Part XVI.1</b>	<b>Transfer Pricing</b>	<b>247</b>
<b>Part XVII</b>	<b>Interpretation</b>	<b>248 - 262</b>

Alternatively, we can look at the ITA in a functional manner. Groups of sections could be seen as performing specific functions within the larger scheme of the ITA. I prefer the following functional grouping:

<b>Function</b>	<b>Sections</b>
Liability to tax and Computing Income	2 - 4
Employment Income	5 - 8
Business and Property Income	9 - 37
Capital Gains	38 - 55
Other Sources of Income	56 - 59.1
Deductions in Computing Income	60 - 66.8
General Rules for Computing Income	67 - 69
Death, Family transfers, Income Splitting	70 - 75.2
Debts	76 - 80.5
Amounts not Included in Income	81
Corporate Income	82 - 89
Shareholders of Non-resident Corporations	90 - 95
Partnership Income	96 - 103
Trust Income	104 - 108
Computation of Taxable Income rules	109 - 114.2
Income earned by Non-Residents	115 - 116; 212 - 218.1
Computation rules for Individuals	117 - 122.71
Computation Rules for Corporations	123 - 125.5
Computation Rules for all Taxpayers	126 - 127.41
Alternate Minimum Tax	127.5 - 127.55
Bankruptcies	128
Changes in Residence	128.1 - 128.3
Private Corporations	129
Investment Corporations	130
Mortgage Investment Corporations	130.1
Mutual Fund Corporations	131
Mutual Fund Trusts	132 - 132.2
Non-Resident Owned Investment Corporations	133 - 134.1
Patronage Dividends	135
Agricultural Co-operatives	135.1
Cooperative Corporations	136
Credit Unions, Savings and Credit Unions, and Deposit Insurance Corporations	137 - 137.2
Insurance Corporations	138 - 141.1
Financial Institutions	142.2 - 142.7; 190 - 190.2
Communal Organizations	143 - 143.1
Tax Sheltered Investments	143.2
Employees Plans	144 - 145
Registered Retirement Savings Plans	146 - 146.02
Registered Education Savings Plans	146.1 - 146.2; 204.9 - 204.94
Registered Retirement Income Funds	146.3; 204.1 - 204.3
Registered Disability Savings Plans	146.4; 205 - 207

Deferred Profit Sharing Plans	147; 198 - 204
Registered Pension Plans	147.1 - 148
Eligible Funeral Arrangements	148.1
Miscellaneous Exemptions	149
Charities	149.1 - 149.2; 187.7 - 189
Tax Returns	150 - 151
Assessments, Payment of tax, Interest, Penalties, Third Party Misrepresentations, Refunds, Objections, etc.	152 - 168
Appeals to TCC or FCA	169 - 180
Refundable Tax Credits	192 - 195
Taxable Dividends Received by Private Corporations	186 - 187
Tax Free Savings Accounts	207.01 - 207.07
Additional Tax on Non-resident Corporations	219 - 219.3
Administration and Collection	220 - 244
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Transfer Pricing	247
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