

§ 54¹ “Income tax on transaction for tax advantage” of the Income Tax Act

§ 54¹ of the Income Tax Act regulates the application of the general anti-abuse provision in the taxation of the profit of a resident company. If it has been established that it is a transaction or a chain of transactions:

- ✓ the principal purpose of which or one of the principal purposes is to **obtain a tax advantage** which is contrary to the content or purpose of the applicable tax law or international agreement and
- ✓ which **is not actual** having regard to all the relevant circumstances and
- ✓ which resulted in loss of income or excess expense to the taxpayer, then

the amount is taxed with income tax that the resident company would have received as income, or the amount that the resident company would not have incurred as an expense, if there had been no transaction or chain of transactions corresponding to the characteristics specified in **§ 5¹ of the Income Tax Act**.

DECLARATION AND PAYMENT OF INCOME TAX

Transactions made for the purpose of obtaining a tax advantage (§ 54¹ of the Income Tax Act) are subject to declaration. These are declared in part II of Annex 6 of the TSD tax declaration, where “622” (income not received or cost not made) must be entered as type on the code 6240.

The TSD declaration is submitted and the tax liability is paid by the 10th day of the month following the taxable period.

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