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Income Tax Folio S3-F9-C1, Lottery Winnings, Miscellaneous Receipts, and Income (and Losses) from Crime

Series 3: Property, Investments and Savings Plans

Folio 9: Miscellaneous Payments/Receipts

Chapter 1: Lottery Winnings, Miscellaneous Receipts, and Income (and Losses) from Crime

Summary

This Chapter discusses the tax treatment of various receipts, such as strike pay, gambling winnings, and forfeited deposits, which do not readily come within any of the more usual categories of income. Prizes from lottery schemes, pool system betting, and giveaway contests are also considered. The Chapter indicates whether and under what circumstances a particular type of receipt is to be included in calculating income for tax purposes.

This Chapter also discusses the income tax treatment of gains and losses of both a capital and non-capital nature resulting from theft or embezzlement from a business by strangers, employees, proprietors, and others.

The Canada Revenue Agency (CRA) issues income tax folios to provide a summary of technical interpretations and positions regarding certain provisions contained in income tax law. Due to their technical nature, folios are used primarily by tax specialists and other individuals who have an interest in tax matters. While each paragraph in a chapter of a folio may relate to provisions of the law in force at the time it was written (see the Application section), the information provided is not a substitute for the law. The reader should, therefore, consider the Chapter's information in light of the relevant provisions of the law in force for the particular tax year being considered.

The CRA may have published additional guidance and detailed filing instructions on matters discussed in this Chapter. See the CRA Forms and publications web page for this information and other topics that may be of interest.

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Discussion and interpretation

General

1.1 For tax purposes, section 3 brings into income a taxpayer's income from all sources inside or outside of Canada, whether or not the particular source is enumerated in section 3, (and including sources that are not specifically described in this Chapter) and the taxable portion of capital gains net of allowable capital losses. In addition, section 3 and various other sections of the Act describe specific sources of income and the specific rules applicable in determining taxable capital gains and allowable capital losses. In the case of hobbies, neither amounts received nor expenses incurred are included in the income computation for tax purposes and any excess of expenses over receipts is a personal or living expense, the deduction of which is denied by paragraph 18(1)(h).

Windfalls

1.2 Subject to the comments in ¶1.3 and ¶1.11 to 1.29, an amount received as a **windfall** is not subject to tax. Factors indicating that a particular receipt is a windfall include the following:

- a. the taxpayer had no enforceable claim to the payment,
- b. the taxpayer made no organized effort to receive the payment,
- c. the taxpayer neither sought after nor solicited the payment,
- d. the taxpayer had no customary or specific expectation to receive the payment,
- e. the taxpayer had no reason to expect the payment would recur,
- f. the payment was from a source that is not a customary source of income for the taxpayer,
- g. the payment was not in consideration for or in recognition of property, services or anything else provided or to be provided by the taxpayer, and
- h. the payment was not earned by the taxpayer as a result of any activity or pursuit of gain carried on by the taxpayer and was not earned in any other manner.

The factors above are based on those set out in the decision of *The Queen v. Cranswick*, [1982] CTC 69, 82 DTC 6073 (F.C.A.).

Gifts and other voluntary payments

1.3 The term **gift** is not defined in the Act. In common law jurisdictions, the courts have said that a bona fide gift exists when:

- There is a voluntary transfer of property,
- A donor freely disposes of his or her property to a donee, and
- The donee confers no right, privilege, material benefit, or advantage on the donor or on a person designated by the donor.

1.3.1 Under the Civil Code of Québec (C.C.Q.), a gift is a contract by which a donor transfers property to a donee without obtaining any advantage in return. As well, a “remunerative gift or a gift with a charge” constitutes a gift to the extent of the value in excess of any remuneration or charge. For more information, see Articles 1381, 1806, and 1810 of the C.C.Q.

1.4 Whether a transfer of property has been made voluntarily is a question of fact. In order for a transfer to be considered voluntary, there must be no obligation to make such a transfer. Amounts received as gifts are not subject to tax in the hands of the recipient.

1.5 However, sometimes individuals receive a voluntary payment or other valuable transfer or benefit by virtue of an office or employment from an employer, or from some other person. In such cases, the amount of the payment or the value of the transfer or benefit is generally included in employment income pursuant to subsection 5(1) or paragraph 6(1)(a). (See also Guide T4130, Employers’ Guide – Taxable Benefits and Allowances.) Similarly, voluntary payments (or other transfers or benefits) received by virtue of a profession or in the course of carrying on a business are taxable receipts.

Example 1

Assume a lawyer was retained to perform certain services for the class “A” shareholders of a corporation. If the class “B” shareholders considered that the lawyer’s work had also benefited them, any payment made by the class “B” shareholders to the lawyer would be taxable income. This is so despite the fact that there was no contract or obligation between the class “B” shareholders and the lawyer concerning this payment.

Example 2

Assume a business uses crowdfunding as a method of raising funds for the development of a new product and the contributors do not receive any form of equity. The amounts received by the business would be included in its income pursuant to subsection 9(1).

Accumulated vacation and sick leave credits

1.6 Payments in respect of accumulated vacation leave and sick leave are considered to be income from an office or employment and taxable under subsection 5(1) in the year in which the payment is received. However, as confirmed in the case of Harel v. DMR (Que.), [1977] CTC 441, 77 DTC 5438 (S.C.C.), an amount received upon or after retirement in respect of unused sick leave credits qualifies as a retiring allowance (see Income Tax Folio S2-F1-C2, Retiring Allowances).

Inducements received to change employment

1.7 When an employee receives an amount which is intended as an inducement to leave his or her present employment and accept new employment, the payment is included in the recipient's income. Subsection 6(3) will normally apply to include in income such an inducement paid to an employee by a prospective employer. Furthermore, regardless of who pays the amount, any payment received by an employee as an inducement to accept new employment is considered to be for the purpose of acquiring that taxpayer's experience and capabilities and to be by its nature an income item. For example, in a situation in which a payment is made by a

shareholder to induce an individual to resign a managerial position and accept new employment, the payment would be included in the individual's income.

Forfeited deposits

1.8 Cancellation of a contract constitutes a disposition of a taxpayer's rights under that contract pursuant to subparagraph (b)(ii) of the definition of **disposition** in subsection 248(1). This means that a taxpayer entitled to retain a deposit upon the cancellation of a contract may realize a capital gain on the forfeiture where the taxpayer's rights under the contract are capital in nature. However, if the rights disposed of under the contract are of an income nature, the amount forfeited will be ordinary income to the taxpayer.

Options to purchase

1.8.1 In general, where an amount is received in respect of the granting of an option, the rules of section 49 may apply. Interpretation Bulletin IT-96R6, Options Granted by Corporations to Acquire Shares, Bonds, or Debentures and by Trusts to Acquire Trust Units discusses options to purchase.

Contract novation

1.9 Novation of a contract occurs when there is a substitution of a new contract for an existing one between the same or different parties. Novation results in a disposition of rights under the original contract. A taxpayer who receives an amount to accept the novation will either realize a capital gain or be in receipt of ordinary income. Whether it is a capital or income receipt will depend on the nature of the rights disposed of as a result of the novation of the contract.

Payments from a union

1.10 A union member who is on strike or locked out need not include strike pay in income. This is the case, even if the member performs picketing duties as a requirement of membership. In the decision of the Supreme Court of Canada in Wally Fries v. The Queen, [1990] 2 CTC 439, 90 DTC 6662, payments of strike pay were held not to be **income from a source**. On the other hand, payments made by a union to its members for services performed during the course of a strike are included in income if the member is employed by or is a consultant to the union whether permanently, as a member of a temporary committee, or in some other capacity. Regular salary, wages, and benefits received by employees of unions are subject to tax in the usual manner.

Gambling profits

1.11 Profits derived from bookmaking or from the operation of any gambling establishment (carried on legally or otherwise) constitute income from a business. It is clear from various decisions of the courts that earnings from illegal operations or illicit businesses, such as illegal gambling and fraudulent business schemes, are not exempt from tax. See for example, the decisions in *The Queen v. Poynton*, [1972] CTC 411, 72 DTC 6329 (Ont. C.A.) and *MNR v. Eldridge*, [1964] CTC 545, 64 DTC 5338 (Ex. Ct.).

1.12 An individual's gambling activities may result in taxable business income or a business loss. This will be the case if the gambling activities constitute a source of income (that is, carrying on the business of gambling). Determining the commerciality of gambling can be challenging. Games of pure chance, like lotteries, lack the badges of trade to which the traditional tests of business activity can be applied. Traditional tests to determine the existence of a **business** include an evaluation of a taxpayer's profit-making purpose (that is, **pursuit of profit**) and the commerciality of

a taxpayer's activity. However, gambling is always undertaken in pursuit of profit. This was addressed in *Balanko v. M.N.R.*, [1981] CTC 2977, 81 DTC 887, where the court stated that gambling with a view to profit is an intention, "shared by all who gamble, and the presence of the intention to win or make money in gambling, which is there in all who gamble, does not lead to a conclusion that all who gamble, or even all those who gamble frequently, are carrying on a business."

1.13 Usually the frequency and systematic nature of an activity would be indicative of a business. In addition to the definition of **business** in subsection 248(1) of the Act, the traditional common law definition of business is "anything which occupies the time and attention and labour of a man for the purpose of profit", see *Smith v. Anderson*, (1880) 15 Ch. D. 247. More recently, the Tax Court of Canada went on to state that:

Such a definition would usually be unexceptionable when one is talking about a commercial activity. If applied literally and mechanically it would include the activities of a person who consistently and regularly placed bets on horses, or played the lotteries or the gaming tables. It would mean that the gambling activities in every case that I have cited would be a business, yet we know that this is not so. Gambling - even regular, frequent and systematic gambling - is something that by its nature is not generally regarded as a commercial activity except under very exceptional circumstances. *Leblanc v. The Queen*, 2006 TCC 680, 2007 DTC 307.

1.14 There are some exceptional cases, which are noted in *Leblanc*, where gambling activities have been held to be taxable. However, these cases relate to taxpayers who applied inside information, knowledge and skill to their activities. For example, in *Luprypa v. The Queen*, [1997] 3 CTC 2363, 97 DTC 1416, a pool player who in cold sobriety would challenge inebriated pool players to a game of pool was held to be taxable on his winnings.

1.15 The issue of whether a taxpayer's activities are such that he or she can be considered to be carrying on a gambling business is a question of fact that can be determined only by an examination of all of the circumstances and the taxpayer's entire course of conduct. Although no single factor may be conclusive, the following criteria should be considered in making the determination:

- the degree of organization that is present in the pursuit of this activity by the taxpayer,
- the existence of special knowledge or inside information that enables the taxpayer to reduce the element of chance,
- the taxpayer's intention to gamble for pleasure as compared with any intention to gamble for profit as a means of gaining a livelihood, and
- the extent of the taxpayer's gambling activities, including the number and frequency of bets.

Lottery schemes

1.16 The amount or value of a prize received by a taxpayer from a lottery scheme is not taxable as either a capital gain or income. This will be the case unless, due to the circumstances applying to the lottery scheme, the prize can be considered to be income from employment, business or property, or a prize for achievement referred to in paragraph 56(1)(n). Lottery ticket retailers who sell winning tickets must include in their income the amount or value of any prize commissions they received from a provincial lottery corporation. For more information, see [Lottery Prize Commissions](#).

1.17 Paragraph 40(2)(f) specifies that no taxable capital gain or allowable capital loss results from the disposition of a chance to win or a right to receive an amount as a prize in connection with a lottery scheme. However, subsection 52(4) states that for the purposes of computing any tax

consequences after receiving a prize, a winner in a lottery scheme is deemed to have acquired the prize at a cost equal to its fair market value at the time of acquisition. Where the prize in a lottery scheme is an annuity, see ¶1.29.

1.18 A **lottery** has been defined as a scheme for distributing prizes by lot or chance among persons who have purchased a ticket or a right to the chance. If real skill or merit plays a part in determining the distribution of the prize, the scheme is not a lottery (unless it is based essentially on chance and the degree of skill is minimal).

Pool system betting

1.19 Paragraph 40(2)(f) also provides that no taxable capital gains or allowable capital losses arise from the disposition of a chance to win a bet or a right to receive an amount as winnings on a bet in connection with a pool system of betting. The nature of pool system betting is such that the only winnings are in the form of cash from the respective pool.

Consequently, no additional capital gain or loss tax consequences could arise on subsequent disposition of the winnings and thus it is not necessary to deem the winnings to have been acquired at fair market value, as described in ¶1.17 with reference to a lottery.

1.20 The CRA considers a pool system of betting to be a pool on any combination of two or more professional athletic contests or events. The fact that a degree of skill is involved in the selection of the outcome of the contest or event distinguishes it from a lottery scheme as described in ¶1.18.

Other schemes

1.21 Where a prize has been won otherwise than through a lottery scheme or a pool system of betting, neither paragraph 40(2)(f) nor subsection 52(4) will apply. The tax implications of receiving these other prizes will vary, depending on the following factors:

- a. When the prize has been received as a gift, it is not included in computing income at the time of receipt. However, the recipient will be deemed to have acquired the prize at its fair market value pursuant to paragraph 69(1)(c), so that a subsequent disposition of the prize will result in a capital gain on any increase in value since the time of its acquisition. A prize can be reasonably considered to be a gift from the viewpoint of the recipient, even though chance and/or skill may have been involved in the win. Ordinarily a gift is not considered to have been made until the donee has received delivery of the gift and accepted it in a completed and irreversible transaction.
- b. The prize will be received as income where it is received by virtue of the recipient's employment pursuant to subsection 5(1) and paragraph 6(1)(a), received in the course of the recipient's business pursuant to subsection 9(1), or received in respect of an achievement in a field of endeavour ordinarily carried on by the recipient pursuant to paragraph 56(1)(n).
- c. Where the prize is not received as income as described in ¶1.21(b) and is not a gift as described in ¶1.21(a), no amount will be included in income upon receipt of the prize and the provisions of paragraph 69(1)(c) will not apply. Such a situation would arise where the contestant has incurred a cost towards winning the prize such as purchasing a ticket or paying an entrance fee entitling the contestant to participation in the contest. In such a case, while there are no tax consequences resulting from receipt of the prize, any subsequent disposition of that

prize may result in a capital gain or loss. In computing any such gain or loss the taxpayer's cost of the prize will be the original cost of the ticket or entrance fee rather than the fair market value of the prize as used in ¶1.21(a).

It should be noted that where personal-use property is involved, the \$1,000 exemption contained in subsection 46(1) may eliminate any capital gains on disposition of a prize as described in ¶1.21(a) and (c).

1.22 In some instances, a ticket (or entrance fee of the type described in ¶1.21(c)) entitles the holder to something in addition to a prize, for example, some entertainment value. Where the portion of the ticket price that relates to the prize is considered insignificant in relation to the total cost of the ticket, the fact that part of the cost is attributable to the prize may be ignored and the prize will be treated as a gift to the taxpayer as described in ¶1.21(a).

1.23 Where the winner referred to in any of the paragraphs above is a syndicate, the income tax consequences to each member of the syndicate are the same. The Concise Oxford Dictionary defines **syndicate** as a group of individuals or organizations combined to promote a common interest.

1.24 Some examples of the manner in which the rules in ¶1.21 to 1.23 apply are given in ¶1.25 to 1.29.

Employer-promoted contests

1.25 Where an employer accustomed to awarding employees with a bonus establishes a scheme or giveaway contest in which the bonus or some amount in lieu of a bonus is divided among the employees as prizes following a draw, the scheme is not a lottery. The prizes are considered to be employment income taxable under subsection 5(1). However, there may be circumstances in which the value of an employer-promoted prize won by

chance will not be treated as employment income but will be considered a win from a lottery scheme. In these situations, paragraph 40(2)(f) and subsection 52(4) will apply. To qualify for this treatment, the employees and their families:

- must account for only a small percentage of the participants in a scheme,
- must not be given a favoured position in relation to the other participants, and
- must be subject to the same contribution requirements (if any) towards the scheme as other participants.

Internet, television, and radio programs

1.26 The value of a prize or other award received by a person for being at or participating in an Internet, radio, or television program is generally not included in income when

- it is awarded through a draw because, for example, the person is in a lucky seat or has a certain brand of merchandise at home. The treatment does not change even though the person may have to demonstrate some minor degree of skill or knowledge before being eligible to receive the prize, or
- the prizes that go to winning contestants, the consolation prizes that go to losing contestants, or the merchandise gifts given to all participants are all that the person receives for appearing in the program.

1.27 On the other hand, if a person is party to an employment or business contract, such as may be the case where a professional actor, an entertainer, or some other person appears on a television show as a

celebrity and receives a giveaway prize or wins a prize by skill or chance for appearing or participating in a contest on the show, the prize will be subject to tax as business or employment income.

1.28 In all cases referred to in ¶1.26 and ¶1.27, the capital gains implications will be established on the basis of the particular circumstances in each case through application of the rules given in ¶1.21 or ¶1.22.

Annuities as prizes

1.29 An **annuity** as defined in subsection 248(1) includes an amount payable on a periodic basis whether payable at intervals longer or shorter than a year and whether payable under a contract, will or trust or otherwise. For the purpose of determining the amount to be brought into income where the prize in a lottery scheme is an annuity, the initial adjusted cost basis of the annuity is considered to be the fair market value of the annuity when it was acquired, in accordance with subsection 52(4). Should the annuity be a **prescribed annuity contract** as defined in section 304 of the Regulations, the adjusted purchase price of the annuity will be its fair market value at the time it was acquired. For prescribed annuity contracts and those other annuity contracts not subject to the accrual rules, annuity payments are brought into income under paragraph 56(1)(d), see *The Queen v. Rumack*, [1992] 1 CTC 57, 92 DTC 6142. A deduction from income is allowed under paragraph 60(a) for a portion of the adjusted purchase price as determined under section 300 of the Regulations. For other annuity contracts, which are subject to the accrual rules, the income from the annuity is determined according to the provisions of paragraph 56(1)(d.1) and section 12.2 in which the adjusted cost basis is a determining factor. In the case of the application of paragraph 56(1)(d.1) and section 12.2, the income calculation should be provided by the issuer.

Gains from theft or embezzlement

1.30 Gains from theft or embezzlement as well as cash or property received as a result of extortion, blackmail, bribery, or other similar acts are income from a source and as such these funds or property are taxable in the hands of the recipient. The cash or fair market value of property received will be added into the recipient's income in the year of receipt.

1.31 Taxpayers who receive such funds or property may be subject to a penalty under subsection 163(2) for each year that they were taken and not reported.

1.32 It is the CRA's practice that when amounts that were added to a taxpayer's income under ¶1.30 are repaid, there will normally be a deduction allowed in respect of such repaid amounts for the tax year in which the repayments are made. This will be the case unless the taxpayer was a major shareholder or senior official of the injured party at the time of the theft or other act to which these comments apply.

Losses from theft or embezzlement

Loss of trading assets

1.33 A loss of trading assets, such as inventory or cash, through theft or embezzlement is normally deductible in computing income from a business provided:

- such losses are an inherent risk of carrying on the business and
- the loss is reasonably incidental to the normal income-earning activities of the business.

In all cases, if the cost of an asset or property is expensed on some other basis, that amount may not be deducted a second time if the asset or property is stolen. Only out-of-pocket losses are eligible for deduction;

profits lost or foregone as a result of theft or embezzlement are not deductible. Some guidelines applicable in specific circumstances follow below.

Thefts by strangers

1.34 Losses through theft by strangers are an inherent risk for most businesses. Accordingly, losses of trading assets from these causes in circumstances where the loss is reasonably incidental to the income-earning activities of the business are normally deductible in computing income from a business.

Thefts by employees

1.35 Losses of trading assets through theft or embezzlement by employees other than senior employees (as described in ¶1.37) are considered an inherent risk of carrying on most businesses and, as such, generally satisfy the conditions for deductibility set out in ¶1.33.

Thefts by partners, proprietors and shareholders

1.36 Losses through theft or embezzlement by proprietors, partners, or significant shareholders of the business are not normally deductible. In most cases, such losses are more properly considered withdrawals of capital or are sustained outside the normal income-earning activities of the business. On the other hand, in the case of *Parkland Operations Ltd. v. The Queen*, [1991] 1 CTC 23, 90 DTC 6676 (F.C.T.D.), a corporation was permitted to deduct amounts embezzled from its operating line of credit by two signing officers whose personal holding corporations were minority shareholders in the corporation. The court in that case found that the funds

were not taken by the individuals in their capacity as shareholders or by exercising any overriding control, but rather while dealing wrongfully with the operating funds in the normal course of the business.

Thefts by senior employees

1.37 The treatment of losses resulting from theft or embezzlement by senior employees and managers depends upon the circumstances of each case. If, as is frequently the case, such a loss is not reasonably incidental to the normal income-earning activities, considerations in determining deductibility in cases involving senior employees include:

- the extent of the senior employee's authority and control. Note that if the individual was in a position to act as if he or she were an owner of the business, the loss is unlikely to meet the requirements for deductibility;
- how and at what stage in the income-earning process the funds or property were stolen or embezzled. Note that a loss or diversion of profits which have already been earned by the business is generally not a loss which is incidental to the income-earning activities of the business; and
- the extent of any shareholdings in the business by the senior employee. Note that an amount which is misappropriated by an individual in his or her capacity as a shareholder is not deductible (see ¶1.36).

General

1.38 A taxpayer can deduct an allowable loss, which is the net amount after taking into account any insurance recovery or restitution in the year in which the deduction is claimed. This loss also includes the cost to the taxpayer of discharging a liability to a third party (for example, to a

customer) created by a theft. In cases where the allowable loss is already reflected in the reported income or loss of a business, the amount of reported income or loss will not have to be adjusted. This might be the situation where the losses are reflected in overstated expense accounts. In any other case, the allowable loss will usually be deductible in computing income of the year in which the loss is discovered. Where the application of this rule would create a hardship (as might be the case when the theft has forced the taxpayer into bankruptcy), the taxpayer may request a deduction in the year (or years) in which the event causing the loss took place. This will not be possible if the year in question is statute-barred under subsection 152(4).

1.39 The guidelines in this Chapter do not necessarily apply:

- where the amount of the loss is out of proportion to the risks which might reasonably be expected in the taxpayer's business,
- where the circumstances of the loss are extraordinary or doubtful, or
- where there has been no attempt to obtain restitution.

1.40 If a recovery occurs after the end of the year in which a loss has been allowed, whether by restitution from the wrongdoer or through insurance, the amount of recovery is income in the year in which it is received, or the year in which it became receivable, whichever is earlier.

Capital losses

1.41 Where a taxpayer incurs a loss of a capital asset through theft or embezzlement, any compensation received for such property represents proceeds of disposition by virtue of the definition of proceeds of disposition in section 54. The date of disposition of the property, as well as the date on which such proceeds become receivable by the taxpayer, must be determined in accordance with subsection 44(2), which is discussed in Income Tax Folio S3-F3-C1, Replacement Property. However, where no such

proceeds are received for property unlawfully taken, a disposition of the property is considered to have occurred on the date on which the loss of the property was discovered.

Fraudulent investment schemes

1.42 Amounts paid to taxpayers that are a return on their investment should be included in the taxpayer's income. This was confirmed by the Federal Court of Appeal in The Queen v. Johnson, 2012 FCA 253, 2013 DTC 5004.

1.43 A taxpayer may claim a deduction for a bad debt pursuant to paragraph 20(1)(p) in the year the fraud is discovered to the extent that investment income purportedly earned from a scheme, that was not considered to have been received or withdrawn by the taxpayer, was previously included in the taxpayer's income. Generally, the year the fraud is discovered is considered to be the year during which the Crown lays charges against the perpetrator of the fraud. Any amounts received by the taxpayer or paid to a third party for the benefit of the taxpayer cannot be claimed as a bad debt deduction.

1.44 The nature of any losses needs to be established to determine whether the losses have the character of a business loss or a capital loss (see Interpretation Bulletin IT-159R3, Capital Debts Established to be Bad Debts). If it is a capital loss, it must be determined if the loss is a business investment loss (see Income Tax Folio S4-F8-C1, Business Investment Losses).

1.45 A taxpayer who recovers a debt that was previously thought to be bad and that was the subject of a bad debt deduction in a previous year is taxable on the amount recovered pursuant to paragraph 12(1)(i). A

recovery of a previously deducted business loss will be taxable pursuant to section 9. A recovery of a previously deducted capital loss, including a business investment loss, will be taxable as a capital gain.

Application

This updated Chapter, which may be referenced as S3-F9-C1, is effective July 3, 2020.

When it was first published on December 9, 2014, this Chapter replaced and cancelled Interpretation Bulletins IT-185R (Consolidated), Losses from Theft, Defalcation, or Embezzlement; IT-213R, Prizes from Lottery Schemes, Pool System Betting and Giveaway Contents; IT-256R, Gains from Theft, Defalcation, or Embezzlement; and IT-334R2, Miscellaneous Receipts.

The history of updates to this Chapter as well as any technical updates from the cancelled interpretation bulletins can be viewed in the [Chapter History](#) page.

Except as otherwise noted, all statutory references herein are references to the provisions of the Income Tax Act, R.S.C., 1985, c.1 (5th Supp.), as amended and all references to a Regulation are to the Income Tax Regulations, C.R.C., c. 945, as amended.

Links to jurisprudence are provided through CanLII.

Income tax folios are available in electronic format only.

Reference

Sections 3, 4, 9, 12.2, 49, and the definition of **proceeds of disposition** in section 54, subsections 5(1), 6(3), 9(1), 44(2), 46(1), 52(4), 152(4), 163(2), and the definition of **annuity** in subsection 248(1), paragraphs 6(1)(a), 12(1)(i),

15(1)(b), 18(1)(a), 18(1)(h), 20(1)(p), 40(2)(f), 56(1)(d), 56(1)(d.1), 56(1)(n), 60(a), 69(1)(c), and paragraph (b) of the definition of **disposition** in subsection 248(1) of the Act; and sections 300 and 304 of the Regulations.

Date modified: 2020-07-03