

Clause 1

Termination of amateur athlete trust

ITA
143.1(3)

Section 143.1 of the *Income Tax Act* (the “Act”) provides for the tax treatment of certain amounts received by or on behalf of individuals who are amateur athletes. Under the eligibility standards of certain international sport federations, in order to preserve the eligibility status of an athlete for international competition, certain types of income earned by the athlete must be deposited with, and controlled and administered by, the applicable national sport organization.

Subsection 143.1(3) is intended to ensure that amounts held by amateur athlete trusts are included in an individual’s income within a reasonable period of time. This subsection provides that if an individual has not competed in an international sporting event as a Canadian national team member for eight years, the amounts held by the amateur athlete trust at the end of the year are deemed to be distributed to the individual athlete at that time. The eight-year period commences with the later of the last year in which the athlete so competed and the year in which the trust was created.

Consequential on the introduction of new subsection 143.1(3.1) of the Act, subsection (3) is amended to provide that it is subject to the application of the new special rule in subsection (3.1). For more information, see the commentary on new subsection (3.1).

This amendment comes into force on January 1, 2019.

Special rule — 2019

ITA
143.1(3.1)

New subsection 143.1(3.1) of the Act applies if the eight-year period referred to in subsection 143.1(3), determined without reference to subsection (3.1), would end in 2019. Where new subsection (3.1) applies, it extends that period to nine years. As a result, the period referred to in subsection (3) will instead end in 2020 and the deemed distribution under subsection (3) by a trust will occur at the end of the 2020 taxation year rather than the 2019 taxation year.

This amendment comes into force on January 1, 2019.