

(9) If the acquisition of an asset by a person is the derivation of an amount included in gross income, the cost of the asset is the amount included plus any amount paid by the person for the asset.

(10) If the acquisition of an asset by a person is the derivation of an amount exempt from income tax, the cost of the asset is the exempt amount plus any amount paid by the person for the asset.

(11) The cost of an asset does not include the amount of any grant, subsidy, rebate, commission, or other assistance received or receivable by a person in respect of the acquisition of the asset, except to the extent to which the amount is included in the person's gross income.

(12) The reference to "other assistance" in subsection (11) does not include a loan repayable with or without interest.

55. Consideration received

(1) Except as otherwise provided in this Act, this section establishes the amount of consideration received on disposal of an asset for the purposes of this Act.

(2) The consideration received by a person on disposal of an asset is the total amount received by the person for the asset, including the fair market value of any consideration received in kind determined at the time of disposal.

(3) If an asset has been lost or destroyed by a person, the consideration received for the asset includes any compensation, indemnity, or damages received by the person under –

(a) an insurance policy, indemnity, or other agreement;

(b) a settlement; or

(c) a judicial decision.

(4) The consideration received for an asset treated as disposed of under subsection (4) of section 53 is the fair market value of the asset determined at the time it is applied to personal use.

(5) If two or more assets are disposed of by a person in a single transaction and the consideration received for each asset

is not specified, the total consideration received by the person shall be apportioned among the assets disposed of in proportion to their respective fair market values determined at the time of the transaction.

56. Non-arm's length transactions

For the purposes of this Act, if an asset is disposed of in a non-arm's length transaction, the person –

(a) disposing of the asset is treated as having received consideration equal to the fair market value of the asset determined at the time the asset is disposed of; and

(b) acquiring the asset is treated as having a cost equal to the amount determined under paragraph (a).

57. Non-recognition rules

(1) For the purposes of this Act and subject to subsection (2), no gain or loss is taken to arise on the disposal of an asset –

(a) between spouses as part of a divorce settlement or under an agreement to live apart;

(b) by reason of the transmission of the asset to an executor or beneficiary on the death of a person;

(c) by reason of the compulsory acquisition of the asset under any law if the consideration received for the disposal is reinvested by the recipient in an asset of a like kind (referred to as a "replacement asset") within one year of the disposal;

(d) by a company to a shareholder on liquidation of the company; or

(e) by a partnership to a partner on dissolution of the partnership if the assets are distributed to the partners in accordance with their interests in the capital of the partnership.

(2) Subsection (1) does not apply if the person acquiring the asset is a non-resident person at the time of the acquisition.

(3) If paragraph (a), (b), (d), or (e) of subsection (1) applies, the person acquiring the asset is treated as –

(a) acquiring an asset of the same character as the person disposing of the asset; and