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In a June 9, 1997 letter to the chair of the CICA Taxation Committee, Revenue Canada's Assistant Deputy Minister, VECR (Barry Lacombe) pointed out that 84(4) may apply when a corporation returns part of its share capital to shareholders after a comprehensive revaluation of its assets and liabilities under *CICA Handbook* §1625. Such revaluation occurs following a financial reorganization where there has been substantial realignment of the equity and non-equity interest of an enterprise, or where its assets and liabilities are revised after its purchase.

Where a corporation overpays, in error, on a reduction of PUC, 84(4) applies but CRA may grant administrative relief: VIEWS doc 2008-0266181I7. On the interaction of 84(4) and s. 261, see 2016-0642111C6 (see Notes to 84(3)).

See also Vaillancourt, “Negative Paid-Up Capital and Subsection 84(4) Reduction”, 1894 *Tax Topics* (CCH) 1-3 (June 26, 2008).

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