Jan 19th. 1932.

Dear Sirs :-

I am enclosing copy of correspondence which I have had with the Inspector of Income Tax. regarding Advances to Shareholders.

As yoy will see by my letter of the 8th of Jan. I have given him the amount of balance of the accounts as our books show them as at Dec. 31 st. 1929 and 1930. These amounts differ from that shown on the Annual Statements by the amounts paid out during Jan. and Feb.

I suppose that he is asking for these figures for the purpose of assessing us as individuals with the difference between the balances as our income for the 1930 period.

Before they finish they will no doubt check up on the $4000. which was credited to the McAllister and Dormer accounts and charged to Administration account in 1930 for Travelling expense.

In regard to this item , there has been no adjusting entry made as yet to bring the three accounts into equity.

If we are assessed for the difference between the 1929 and 1930 balances, I intend taking the position that thase payments are only loans and subject to call. If they are not recalled Dividends will be declared against the payments as our buisness warrants. That we have declared a dividend of $10000.00 as at Feb 28th. 1931 and that this dividend will be reported as income during the 1931 period.

Under separate letter I am sending you copy of correspondence regarding reorganization. This action would have a bearing on our personal returns.

Yours truly
James Goldie.

To.
J.E. McAllister
Toronto, Ont.
N.S.Dormer
Newbury, Eng.

THE RAINBOW RANCHE, LIMITED
OKANAGAN CENTRE, B.C.

COPY.

Letter from Inspector of Income Tax.

Vancouver, B.C? Dec.11,1931.

Messrs. Helliwell,Maclachlan &Co.
525 Seymour Street
Vancouver, B.C.

Dear Sirs : Re Rainbow Ranche Limited.

With reference to your letter of the 9th inst. re Shareholders Advances, I would advise that Section No.19 of the Act, as amended, states :

" On the winding up, the distribution in any form of the property "of the Company shall be deemed to be the payment of a dividend to the "extent that the Company has on hand undistributed income earned in the "1930 period and subsequent periods. "

Accordingly, on the winding up of the above named Company the Surplus, as by the books, would appear to be exempt up to and including 1929.

With regard to the Shareholders Advances, I understand that the major portion, if not the whole of these, were advances prior to 1925 and, as such, this Office would be prepared to recommend to the Commissioner that same be considered in the light of an ordinary Account Receivable, and not taxable on the winding up.

Yours faithfully,
NORMAN LEE.
Inspector of Income Tax.
per "A.C. Cox.

Letter from Helliwell, Maclachlan & Co

Vancouver January 4th.1932.

Messrs. Rainbow Ranche Limited
Okanagan Centre, B.C.

Dear Sirs : Re Reorganization.

We enclose herewith copy of a letter received from the Inspector of Income Tax.

The only question remaining is whether the dividend declared during the fiscal period ended February 28.1931 may be deducted from the su surplus earned subsequent to the 1929 taxation period.
We have been verbally informed that this will not be permissible under the ruling now in force, so that on reorganization taxes would be collected from the individual shareholders on the basis of a dividend of about $10,000.00. It appears to us, however, that the reorganization of the Company may safely be executed without further taxation than the foregoing.

Yours truly,
Helliwell, Maclachlan & Co.

C O P Y .

The Inspector of Income Tax
739 Hastings St. W.
Vancouver , B.C.

Dec, 1st 1931.

Rainbow Ranch Ltd.
Okanagan Centre, B.C.:-

Dear Sirs :- re 1930 Income Tax Returns.

During the year ending 28th of February 1930 advances were made to Shareholders, as follows :

Mr. R.S. Dormer,	$4,000.00
Mr. D.G.McAllister,	7,680.00
Mr. J.R. Goldie,	4,000.00

Will you please supply the following information in this connection ?

(a) Date of payment of advances.

(b) If the whole, or any portion of the amounts were repaid subsequently, please give the dates.

(c) State the present postal addresses of Mr. Dormer and Mr. McAllister.

An early reply will be appreciated.

Yours faithfully,
Norman Lee,
Inspector of Income Tax.

per A.W. Higgs.