

Notice of Ways and Means Motion to implement certain provisions of  
the budget tabled in Parliament on February 18, 2003

That it is expedient to implement certain provisions of the  
budget tabled in Parliament on February 18, 2003, as follows:

SHORT TITLE

Short title

1. This Act may be cited as the *Budget Implementation Act, 2003*.

PART 1

DIAGNOSTIC AND MEDICAL EQUIPMENT

Payments to  
trust –  
equipment and  
training

2. (1) The Minister of Finance may make direct payments, in an aggregate amount of not more than \$1.5 billion, to a trust established to provide the provinces with funding for the purposes of acquiring diagnostic and medical equipment and related specialized staff training in order to improve access to publicly funded diagnostic and treatment services.

Provincial  
share

(2) The amount that may be provided to a province under this section is to be determined in accordance with the terms of the trust indenture establishing the trust referred to in subsection (1).

Payments out of  
C.R.F.

(3) Any amount payable under this section may be paid by the Minister out of the Consolidated Revenue Fund at the times and in the manner that the Minister considers appropriate.

**PART 2**

R.S., c. F-8;  
1995, c. 17, s.  
45(1)

**AMENDMENTS TO THE FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT**

2001, c. 19, s.  
1

**3. Paragraph 4(9)(a) of the *Federal-Provincial Fiscal Arrangements Act* is replaced by the following:**

(a) the total amount of the fiscal equalization payments to all provinces as determined under this Part for any fiscal year in the period beginning on April 1, 2000 and ending on March 31, 2002

2000, c. 35, s.  
5(2)

**3.1 Subsection 13(4) of the Act is replaced by the following:**

Definition of  
"social  
programs"

(4) In this section, "social programs" includes programs in respect of health, post-secondary education, social assistance and social services, including early childhood development, and early learning and child care services.

2000, c. 35, s.  
6

**4. (1) Paragraph 14(f) of the Act is repealed.**

2000, c. 35, s.  
6

**(2) Paragraph 14(g) of the Act is amended by adding the word "and" at the end of subparagraph (ii) and by replacing subparagraphs (iii) to (v) with the following:**

(iii) \$4.325 billion for the fiscal year beginning on April 1, 2003; and

**(3) Section 14 of the Act is amended by adding the following after paragraph (g):**

(h) a cash contribution of \$2.5 billion to be paid to the trust referred to in section 16.3.

**5. Section 15 of the Act is amended by adding the following after subsection (5):**

Provincial  
share of cash  
contribution  
established  
under paragraph  
14(h)

(6) The portion of the cash contribution established under paragraph 14(h) that may be provided to a province is to be determined in accordance with the terms of the trust indenture establishing the trust referred to in section 16.3.

1999, c. 31, s.  
238

**6. (1) The portion of paragraph 16(2)(a) of the French version of the Act after subparagraph (iii) is replaced by the following;**

égal au produit obtenu en multipliant par  $13,5/(100-9,143)$  l'« impôt qu'il est par ailleurs tenu de payer en vertu de la présente partie », au sens du paragraphe 120(4) de la *Loi de l'impôt sur le revenu*, sur ces revenus;

1999, c. 31, s.  
238

**(2) The portion of paragraph 16(2)(b) of the French version of the Act after subparagraph (iii) is replaced by the following;**

égal au produit obtenu en multipliant par  $13,5/(100-9,143)$  l'« impôt qu'il est par ailleurs tenu de payer en vertu de la présente partie », au sens du paragraphe 120(4) de la *Loi de l'impôt sur le revenu*, sur ces revenus;

**7. The Act is amended by adding the following after section 16.2:**

Payments to  
trust – Canada  
Health and  
Social Transfer  
supplement

**16.3** The Minister may make direct payments, in an aggregate amount of not more than \$2.5 billion, to a trust established to provide the provinces with funding for the purposes of relieving existing pressures in the health care system.

**8. The Act is amended by adding the following after section**

**23.2:**

PART V.1

CANADA HEALTH TRANSFER, CANADA SOCIAL TRANSFER AND HEALTH REFORM  
TRANSFER

*Canada Health Transfer*

Purposes

**24.** Subject to this Part and for the purpose of giving effect to the 2003 First Ministers' Accord on Health Care Renewal, a Canada Health Transfer in the amounts referred to in subsection 24.1(1) is to be provided to the provinces for the purposes of

(a) maintaining the national criteria and conditions in the *Canada Health Act*, including those respecting public administration, comprehensiveness, universality, portability and accessibility, and the provisions relating to extra-billing and user charges; and

(b) contributing to providing the best possible health care system for Canadians and to making information about the health care system available to Canadians.

Amount

**24.1** (1) The Canada Health Transfer is to consist of

(a) a cash contribution of

(i) \$12.65 billion for the fiscal year beginning on April 1, 2004,

(ii) \$13 billion for the fiscal year beginning on April 1, 2005,

(iii) \$13.4 billion for the fiscal year beginning on April 1, 2006, and

(iv) \$13.75 billion for the fiscal year beginning on April 1, 2007; and

(b) the portion of the total equalized tax transfer for all provinces that is determined by multiplying the total equalized tax transfer for all provinces by the quotient, rounded to the nearest hundredth, that is obtained by dividing an amount equal to the cash contribution specified in subparagraph (a)(i) by an amount equal to the aggregate of the cash contributions specified in subparagraphs (a)(i) and

24.4(1)(a)(i).

Meaning of  
"total  
equalized tax  
transfer"

(2) In subsection (1), "total equalized tax transfer" means the total equalized tax transfer as determined in accordance with subsection 24.7(1).

Provincial  
share

**24.2** The cash contribution established under paragraph 24.1(1)(a) that may be provided to a province for each of the fiscal years mentioned in that paragraph is the amount determined by the formula

$$F \times (K/L) - M$$

where

- F is the total of the amounts established under paragraphs 24.1(1)(a) and (b) for the fiscal year;
- K is the population of the province for the fiscal year;
- L is the total of the population of all provinces for the fiscal year; and
- M is the amount obtained by multiplying the total equalized tax transfer for the province as determined in accordance with subsection 24.7(1) by the quotient, rounded to the nearest hundredth, that is obtained by dividing an amount equal to the cash contribution specified in subparagraph 24.1(1)(a)(i) by an amount equal to the aggregate of the cash contributions specified in subparagraphs 24.1(1)(a)(i) and 24.4(1)(a)(i).

#### *Canada Social Transfer*

Purposes

**24.3** (1) Subject to this Part, a Canada Social Transfer in the amounts referred to in subsection 24.4(1) is to be provided to the provinces for the purposes of

(a) financing social programs in a manner that provides provincial flexibility;

(b) maintaining the national standard, set out in subsection 25.1(1), that no period of minimum residency be required or

allowed with respect to social assistance; and

(c) promoting any shared principles and objectives that are developed under subsection (2) with respect to the operation of social programs.

Discussion with  
provinces

(2) The Minister of Human Resources Development shall invite representatives of all the provinces to consult and work together to develop, through mutual consent, a set of shared principles and objectives for social programs that could underlie the Canada Social Transfer.

Definition of  
"social  
programs"

(3) In this section, "social programs" includes programs in respect of post-secondary education, social assistance and social services, including early childhood development, and early learning and child care services.

Amount

**24.4** (1) The Canada Social Transfer is to consist of

(a) a cash contribution of

(i) \$7.75 billion for the fiscal year beginning on April 1, 2004,

(ii) \$75 million for the fiscal year beginning on April 1, 2004,

(iii) \$8.15 billion for the fiscal year beginning on April 1, 2005,

(iv) \$8.5 billion for the fiscal year beginning on April 1, 2006, and

(v) \$8.8 billion for the fiscal year beginning on April 1, 2007; and

(b) the portion of the total equalized tax transfer for all provinces that is determined by multiplying the total equalized tax transfer for all provinces by the quotient, rounded to the nearest hundredth, that is obtained by dividing an amount equal to the cash contribution specified in subparagraph (a)(i) by an amount equal to the aggregate of the cash contributions specified in subparagraphs (a)(i) and

24.1(1)(a)(i).

Meaning of  
"total  
equalized tax  
transfer"

(2) In subsection (1), "total equalized tax transfer" means the total equalized tax transfer as determined in accordance with subsection 24.7(1).

Provincial  
share

**24.5** The cash contribution established under paragraph 24.4(1)(a) that may be provided to a province for each of the fiscal years mentioned in that paragraph is the amount determined by the formula

$$F \times (K/L) - M$$

where

F is the total of the amounts established under paragraphs 24.4(1)(a) and (b) for the fiscal year;

K is the population of the province for the fiscal year;

L is the total of the population of all provinces for the fiscal year; and

M is the amount obtained by multiplying the total equalized tax transfer for the province as determined in accordance with subsection 24.7(1) by the quotient, rounded to the nearest hundredth, that is obtained by dividing an amount equal to the cash contribution specified in subparagraph 24.4(1)(a)(i) by an amount equal to the aggregate of the cash contributions specified in subparagraphs 24.1(1)(a)(i) and 24.4(1)(a)(i).

#### *Health Reform Transfer*

Purposes

**24.6** (1) For the purpose of giving effect to the 2003 First Ministers' Accord on Health Care Renewal and accelerating health care reform in the priority areas of primary health care, home care and catastrophic drug coverage, the Minister may make direct payments to the provinces to

(a) increase, in the case of primary health care, the number of residents of a province routinely receiving needed care from multi-disciplinary primary health care organizations or

teams;

(b) provide, in the case of home care, first dollar coverage for a basket of services in the home and community for short-term acute home care, including acute community mental health and end-of-life care; and

(c) ensure, in the case of catastrophic drug coverage, that persons who are residents under provincial law do not suffer undue financial hardship as a result of needed drug therapy.

#### Payments

(2) The amounts that may be paid under this section are

(a) \$1 billion for the fiscal year beginning on April 1, 2003;

(b) \$1.5 billion for the fiscal year beginning on April 1, 2004;

(c) \$3.5 billion for the fiscal year beginning on April 1, 2005;

(d) \$4.5 billion for the fiscal year beginning on April 1, 2006; and

(e) \$5.5 billion for the fiscal year beginning on April 1, 2007.

#### Provincial share

(3) The amount that may be paid to a province for each of the fiscal years mentioned in subsection (2) is the amount determined by multiplying the amount set out for that fiscal year by the quotient obtained by dividing

(a) the population of the province for the fiscal year

by

(b) the total of the population of all provinces for the fiscal year.

#### *Total Equalized Tax Transfer*

Total equalized  
tax transfer

**24.7** (1) The total equalized tax transfer applicable to a province for a fiscal year is the aggregate of



(a) the total amount, as determined by the Minister, for the fiscal year represented by the federal income tax reduction in the province in respect of the Canada Health Transfer and the Canada Social Transfer for the fiscal year, and

(b) the amount equal to the lesser of

(i) the equalization payment that would be payable to the province for the fiscal year under Part I, and

(ii) the amount of equalization that would be paid to the province in respect of the federal income tax reduction in all the provinces in respect of the Canada Health Transfer and the Canada Social Transfer for the fiscal year, if the method of calculation of fiscal equalization payments as set out in Part I, excluding subsection 4(6), were to be applied to the value of the income tax reduction in all the provinces in respect of the Canada Health Transfer and the Canada Social Transfer for the fiscal year, except that

(A) for the purposes of the calculation under this subparagraph, the relevant revenue bases are to be determined in the prescribed manner, and

(B) where subsection 4(6) applies in the determination of the fiscal equalization payment to the province for the fiscal year, the amount determined under this subparagraph is to be adjusted in the prescribed manner.

Federal income  
tax reduction

(2) For the purposes of subsection (1), the amount represented by the federal income tax reduction in a province in respect of the Canada Health Transfer and the Canada Social Transfer for a fiscal year is an amount equal to the aggregate of

(a) seventy-five per cent of the amount, as determined by the Minister, that would be derived from a tax, computed in accordance with the *Income Tax Act*,

(i) on the incomes, other than incomes from businesses, of individuals resident in the province on the last day of the taxation year ending in the fiscal year, within the meaning of the *Income Tax Act*,

(ii) on the incomes, other than incomes from businesses, earned in the province in the taxation year ending in the fiscal year by individuals not resident in Canada at any time during the taxation year, within the meaning of the

*Income Tax Act*, and

(iii) on the incomes from businesses earned in the province in the taxation year ending in the fiscal year by individuals, within the meaning of the *Income Tax Act*,

equal to the product obtained by multiplying  $13.5/(100-9.143)$  by the "tax otherwise payable under this Part", within the meaning assigned by subsection 120(4) of the *Income Tax Act*, on those incomes,

(b) twenty-five per cent of the amount, as determined by the Minister, that would be derived from a tax, computed in accordance with the *Income Tax Act*,

(i) on the incomes, other than incomes from businesses, of individuals resident in the province on the last day of the taxation year beginning in the fiscal year, within the meaning of the *Income Tax Act*,

(ii) on the incomes, other than incomes from businesses, earned in the province in the taxation year beginning in the fiscal year by individuals not resident in Canada at any time during the taxation year, within the meaning of the *Income Tax Act*, and

(iii) on the incomes from businesses earned in the province in the taxation year beginning in the fiscal year by individuals, within the meaning of the *Income Tax Act*,

equal to the product obtained by multiplying  $13.5/(100-9.143)$  by the "tax otherwise payable under this Part", within the meaning assigned by subsection 120(4) of the *Income Tax Act*, on those incomes,

(c) seventy-five per cent of the amount, as determined by the Minister, that would be derived from a tax, computed in accordance with the *Income Tax Act*, on the income earned in the province by each corporation, other than a non-resident-owned investment corporation within the meaning of that Act or a corporation named in Schedule III to the *Financial Administration Act*, or a wholly-owned subsidiary within the meaning of that Act of a corporation so named, that is an agent of Her Majesty in right of Canada, that maintained a permanent establishment in the province at any time during its taxation year ending in the calendar year that ends in the fiscal year, at the rate of one per cent of its taxable income earned in the province in that taxation year, and

(d) twenty-five per cent of the amount, as determined by the Minister, that would be derived from a tax, computed in

accordance with the *Income Tax Act*, on the income earned in the province by each corporation, other than a non-resident-owned investment corporation within the meaning of that Act or a corporation named in Schedule III to the *Financial Administration Act*, or a wholly-owned subsidiary within the meaning of that Act of a corporation so named, that is an agent of Her Majesty in right of Canada, that maintained a permanent establishment in the province at any time during its taxation year ending in the calendar year that begins in the fiscal year, at the rate of one per cent of its taxable income earned in the province in that taxation year.

#### *Payments*

Payments out of  
C.R.F.

**24.8** Any amount payable under this Part may be paid by the Minister out of the Consolidated Revenue Fund at the times and in the manner that may be prescribed.

#### *Reduction or Withholding*

Definitions

**24.9** The following definitions apply in sections 25 to 25.5.

"Minister"  
« *ministre* »

"Minister" means the Minister of Human Resources Development.

"social  
assistance"  
« *assistance  
sociale* »

"social assistance" means aid in any form to or in respect of a person in need.

Reduction or  
withholding –  
Canada Health  
Transfer and  
Canada Social  
Transfer

**25.** The cash contribution that may be provided to a province under section 24.2 or 24.5 or subsection 24.6(3) is to be reduced or withheld for the purposes of giving effect to

(a) any order made by the Governor in Council in respect of

the province under section 15 or 16 of the *Canada Health Act* or, in the case of a cash contribution under section 24.5, section 25.3 or 25.4 of this Act; or

(b) any deduction from the cash contribution under section 20 of the *Canada Health Act*.

#### Criteria for eligibility

**25.1** (1) In order that a province may qualify for a full cash contribution under sections 24.2 and 24.5 and subsection 24.6(3) for a fiscal year, the laws of the province must not

(a) require or allow a period of residence in the province or Canada to be set as a condition of eligibility for social assistance or for the receipt or continued receipt of social assistance; or

(b) make or allow the amount, form or manner of social assistance to be contingent on a period of such residence.

#### Exception

(2) The criteria in subsection (1) are not contravened by a requirement of a health insurance plan of a province of a minimum period of residence in the province or waiting period that does not contravene paragraph 11(1)(a) of the *Canada Health Act*.

#### Referral to Governor in Council

**25.2** (1) Subject to subsection (3), if the Minister, after consultation in accordance with subsection (2) with the minister responsible for social assistance in a province, is of the opinion that the province does not or has ceased to comply with section 25.1 and the province has not given an undertaking satisfactory to the Minister to remedy the non-compliance within a period that the Minister considers reasonable, the Minister must refer the matter to the Governor in Council.

#### Consultation process

(2) Before referring a matter to the Governor in Council under subsection (1) in respect of a province, the Minister must

(a) send by registered mail to the minister responsible for social assistance in the province a notice of concern with respect to any problem foreseen;

(b) seek any additional information available from the province with respect to the problem through bilateral discussions, and make a report to the province within ninety days after sending the notice of concern; and

(c) if requested by the province, meet within a reasonable time to discuss the report.

#### Exception

(3) The Minister may act under subsection (1) without consultation if he or she is of the opinion that a sufficient time has expired after reasonable efforts to achieve consultation were made and that consultation will not be achieved.

#### Order reducing or withholding contribution

**25.3** (1) If the Governor in Council, on the referral of a matter under section 25.2, is of the opinion that the province does not or has ceased to comply with section 25.1, the Governor in Council may, by order,

(a) direct that any cash contribution under section 24.2 or 24.5 or subsection 24.6(3) to that province for a fiscal year be reduced, in respect of each non-compliance, by an amount that the Governor in Council considers to be appropriate, having regard to the gravity of the non-compliance; or

(b) if the Governor in Council considers it appropriate, direct that the whole of any cash contribution under section 24.2 or 24.5 or subsection 24.6(3) to that province for a fiscal year be withheld.

#### Amending orders

(2) The Governor in Council may, by order, repeal or amend any order made under subsection (1) if the Governor in Council is of the opinion that the repeal or amendment is warranted in the circumstances.

#### Copy of order

(3) A copy of each order made under this section together with a statement of any findings on which the order was based must be sent without delay by registered mail to the government of the province concerned, and the Minister must have the order and statement laid before each House of Parliament on any of the first fifteen days on which that House is sitting after the order is made.

Commencement of  
order

(4) An order made under subsection (1) does not come into force earlier than thirty days after a copy of the order has been sent to the government of the province concerned under subsection (3).

Reimposition of  
reductions or  
withholdings

**25.4** In the case of a continuing failure to comply with section 25.1, any reduction or withholding under section 25.3 of a cash contribution to a province for a fiscal year must be reimposed for each succeeding fiscal year as long as the Minister is satisfied, after consultation with the minister responsible for social assistance in the province, that the non-compliance is continuing.

When reduction  
or withholding  
imposed

**25.5** Any reduction or withholding under section 25.3 or 25.4 of a cash contribution may be imposed in the fiscal year in which the non-compliance that gave rise to the reduction or withholding occurred or in the following fiscal year.

*Additional Withholding and Deduction*

Definition of  
"federal  
payment"

**25.6** (1) In this section, "federal payment", in respect of a province, means a payment by Canada to the province under this or any other Act of Parliament or any fiscal arrangement or agreement between Canada and the province, whether enacted or entered into before or after the coming into force of this section.

Additional  
withholding or  
reduction

(2) If the Governor in Council makes an order under subsection 15(1) of the *Canada Health Act* or subsection 25.3(1) of this Act directing, in respect of a fiscal year, the withholding of an amount that, but for this section, would exceed the amount that could be withheld under that subsection, the Governor in Council may, in that order, deem any federal payment to the province to be, despite any provision of the Act, arrangement or agreement under

which the federal payment is made, a cash contribution to that province for that fiscal year for the purpose of a reduction by, or a withholding of, the excess amount under either of those subsections, under section 16 or 17 of the *Canada Health Act* or under section 25.4 or 25.5 of this Act.

Additional  
deduction

(3) If the amount to be deducted under subsection 20(1) or (2) of the *Canada Health Act* for a fiscal year exceeds the amount from which it is to be deducted, the Governor in Council may, by order, deem any federal payment to the province to be, despite any provision in the Act, arrangement or agreement under which the federal payment is made, a cash contribution to that province for that fiscal year for the purpose of deducting the excess amount under that subsection or section 21 of that Act.

#### *References in Other Acts*

References in  
other Act

**25.7** Every reference to "Canada Health and Social Transfer" in any other Act of Parliament is to be read as a reference

(a) until March 31, 2004, to "Canada Health and Social Transfer and the Health Reform Transfer"; and

(b) after that date, to "Canada Health Transfer, the Canada Social Transfer and the Health Reform Transfer".

#### *Report*

Report by  
Ministers

**25.8** The Minister, the Minister of Health and the Minister of Human Resources Development may, together or individually, prepare a report on the administration and operation of this Part and have the report laid before each House of Parliament.

**PART 3**

**STUDENT LOANS**

1994, c. 28

***Canada Student Financial Assistance Act***

2001, c. 27, s.  
219

**9. Paragraph (a) of the definition "qualifying student" in subsection 2(1) of the *Canada Student Financial Assistance Act* is replaced by the following:**

(a) who is a Canadian citizen, a permanent resident within the meaning of subsection 2(1) of the *Immigration and Refugee Protection Act* or a protected person within the meaning of subsection 95(2) of that Act,

2000, c. 14, s.  
19

**10. (1) The definitions "net costs" and "total program net costs" in subsection 14(6) of the Act are replaced by the following:**

"net costs"  
« coût net »

"net costs", for a province for a loan year, means the amount determined by the formula

$$(A + B) - (C + D)$$

where

A is the estimated aggregate of all amounts paid by the Minister in that loan year

(a) to lenders, service providers or financial institutions under this Act, the regulations or an agreement entered into under section 5, 6.2 or 6.3, to lenders under the *Canada Student Loans Act* or the regulations made under that Act, and to collection agencies, in respect of student loans or guaranteed student loans made pursuant to certificates of eligibility issued or caused to be issued in any loan year by the appropriate authority for that province, and



(b) to persons pursuant to regulations made under paragraph 15(p),

excluding

(c) any amounts paid pursuant to paragraph 5(e) or pursuant to regulations made under paragraph 15(o) that provide for the repayment of student loans by borrowers on an income-contingent basis, and

(d) any provincial share paid pursuant to an agreement or arrangement made under subparagraph 18(b)(ii),

B is the estimated aggregate of

(a) the amount of interest calculated in that loan year in respect of outstanding loans referred to in the description of A made under an agreement entered into under section 6.1, at the rate of interest fixed or determined in accordance with subsection 20(2),

(b) the amount by which the outstanding principal in respect of all loans referred to in paragraph (a) has been reduced in that loan year in accordance with the regulations,

(c) the amount of the outstanding principal and interest in respect of all loans referred to in paragraph (a) for which the Minister has, in that loan year, cancelled the obligation to pay, in accordance with the regulations, as a result of the death or disability of the borrower, and

(d) the amount of the outstanding principal and interest in respect of all loans referred to in paragraph (a) for which the Minister has commenced collection action in that loan year, minus the amount of the outstanding principal and interest in respect of loans referred to in that paragraph for which the Minister has ended collection action in that loan year due to the occurrence of an event set out in the regulations that resulted in the removal of restrictions to financial assistance,

C is the estimated aggregate of all amounts received by or on behalf of Her Majesty in right of Canada in that loan year, including any amount received pursuant to the *Financial Administration Act*, in respect of loans referred to in the description of A, other than loans made under an agreement entered into under section 6.1,

excluding

(a) any amounts received pursuant to paragraph 5(e) or pursuant to regulations made under paragraph 15(o) that provide for the repayment of student loans by borrowers on an income-contingent basis, and

(b) any amounts received by or on behalf of Her Majesty in right of Canada in respect of a provincial share paid pursuant to an agreement or arrangement made under subparagraph 18(b)(ii), and

D is the estimated aggregate of

(a) the amount of interest received by or on behalf of Her Majesty in right of Canada in that loan year in respect of loans referred to in the description of A that were made under an agreement entered into under section 6.1, and

(b) any amounts received in that loan year pursuant to collection action taken by the Minister in respect of loans referred to in paragraph (a).

"total program  
net costs"  
« coût net  
total du  
programme »

"total program net costs", for a loan year, means the amount determined by the formula

$$(A + B) - (C + D)$$

where

A is the aggregate of all amounts paid by the Minister in that loan year

(a) to lenders, service providers or financial institutions under this Act, the regulations or an agreement entered into under section 5, 6.2 or 6.3, to lenders under the *Canada Student Loans Act* or the regulations made under that Act, and to collection agencies, in respect of student loans or guaranteed student loans made pursuant to certificates of eligibility issued or caused to be issued in any loan year by the appropriate authorities for participating provinces, and

(b) to persons pursuant to regulations made under paragraph 15(p),

excluding

(c) any amounts paid pursuant to paragraph 5(e) or pursuant to regulations made under paragraph 15(o) that provide for the repayment of student loans by borrowers on an income-contingent basis, and

(d) any provincial share paid pursuant to an agreement or arrangement made under subparagraph 18(b)(ii),

B is the aggregate of

(a) the estimated amount of interest calculated in that loan year in respect of outstanding loans referred to in the description of A made under an agreement entered into under section 6.1, at the rate of interest fixed or determined in accordance with subsection 20(2),

(b) the amount by which the outstanding principal in respect of all loans referred to in paragraph (a) has been reduced in that loan year in accordance with the regulations,

(c) the amount of the outstanding principal and interest in respect of all loans referred to in paragraph (a) for which the Minister has, in that loan year, cancelled the obligation to pay, in accordance with the regulations, as a result of the death or disability of the borrower, and

(d) the amount of the outstanding principal and interest in respect of all loans referred to in paragraph (a) for which the Minister has commenced collection action in that loan year, minus the amount of the outstanding principal and interest in respect of loans referred to in that paragraph for which the Minister has ended collection action in that loan year due to the occurrence of an event set out in the regulations that resulted in the removal of restrictions to financial assistance,

C is the aggregate of all amounts received by or on behalf of Her Majesty in right of Canada in that loan year, including any amount received pursuant to the *Financial Administration Act*, in respect of loans referred to in the description of A, other than loans made under an agreement entered into under section 6.1, excluding

(a) any amounts received pursuant to paragraph 5(e) or pursuant to regulations made under paragraph 15(o) that provide for the repayment of student loans by borrowers on an income-contingent basis, and

(b) any amounts received by or on behalf of Her Majesty in right of Canada in respect of a provincial share paid pursuant to an agreement or arrangement made under subparagraph 18(b)(ii), and

D is the aggregate of

(a) the amount of interest received by or on behalf of Her Majesty in right of Canada in that loan year in respect of loans referred to in the description of A that were made under an agreement entered into under section 6.1, and

(b) any amounts received in that loan year pursuant to collection action taken by the Minister in respect of loans referred to in paragraph (a).

**(2) Subsection 14(7) of the Act is replaced by the following:**

Exception

(7) The following amounts shall be included in the calculations described in the definitions "net costs" and "total program net costs" in subsection (6) only if the government of the province satisfies the Minister, by written notice received by the Minister before the beginning of the loan year in question, that, in relation to the matter in question, the provincial student financial assistance plan has substantially the same effect as the plan established by this Act and the regulations:

(a) amounts that are determined as a result of the application of subparagraph 5(a)(viii) or section 7, 10 or 11;

(b) amounts in relation to programs established by regulations made under paragraph 15(l), (m), (n) or (p);

(c) in respect of loans made under an agreement entered into under section 6.1, amounts in relation to a termination of the Minister's rights or a reduction in the outstanding principal resulting from the operation of regulations made under paragraph 15(o), other than regulations that provide for the repayment of student loans by borrowers on an income-contingent basis; and

(d) amounts in relation to programs established by regulations made under section 11 of the *Canada Student Loans Act*.

Negative  
amounts

(8) If the amount determined by the formula " $(A + B) - (C + D)$ " in subsection (6) would, but for this subsection, be a negative amount, it is deemed to be zero.

**11. The Act is amended by adding the following after section 16:**

Limitation  
period

**16.1** (1) Subject to this section and section 16.2, no action or proceedings shall be taken to recover money owing under a student loan more than six years after the day on which the money becomes due and payable.

Deduction and  
set-off

(2) Money owing under a student loan may be recovered at any time by way of deduction from or set-off against any sum of money that may be due or payable by Her Majesty in right of Canada to the borrower or the estate or succession of the borrower.

Acknowledgment  
of liability

(3) If a borrower's liability for money owing under a student loan is acknowledged in accordance with subsection (4), the time during which the limitation period has run before the acknowledgment does not count in the calculation of that period.

Types of  
acknowledgments

(4) An acknowledgment of liability means

(a) a written promise to pay the money owing, signed by the borrower or his or her agent or other representative;

(b) a written acknowledgment of the money owing, signed by the borrower or his or her agent or other representative, whether or not a promise to pay can be implied from it and whether or not it contains a refusal to pay;

(c) a part payment by the borrower or his or her agent or other representative of any money owing; or

(d) any acknowledgment of the money owing made by the borrower, his or her agent or other representative or the

trustee or administrator in the course of proceedings under the *Bankruptcy and Insolvency Act* or any other legislation dealing with the payment of debts.

Acknowledgment  
after expiry of  
limitation  
period

(5) If a borrower's liability for money owing under a student loan is acknowledged in accordance with subsection (4) after the expiry of the limitation period in respect of the loan, an action or proceedings to recover the money may, subject to subsections (3) and (6), be brought within six years after the date of the acknowledgment.

Limitation  
period  
suspended

(6) The running of a limitation period in respect of a student loan is suspended during any period in which it is prohibited to commence or continue an action or other proceedings against the borrower to recover money owing under the loan.

Enforcement  
proceedings

(7) This section does not apply in respect of an action or proceedings relating to the execution, renewal or enforcement of a judgment.

Application

**16.2** (1) This section applies only in respect of the recovery of money that became due and payable under a student loan before the coming into force of this section.

Limitation  
period

(2) Subject to this section, no action or proceedings shall be taken to recover money owing under a student loan more than six years after the day on which the limitation period that applied before the coming into force of this section started to run.

Prior  
acknowledgments

(3) For the purposes of subsection (2), the day of the most recent acknowledgment of a borrower's liability in respect of money owing under a student loan is deemed to be the day on which the

limitation period started to run if

(a) the acknowledgment was made before the coming into force of this section; and

(b) under the law applicable at the time of the acknowledgment, the time during which the limitation period ran before the acknowledgment did not count in the calculation of that period.

Deduction and  
set-off

(4) Money owing under a student loan may be recovered at any time by way of deduction from or set-off against any sum of money that may be due or payable by Her Majesty in right of Canada to the borrower or the estate or succession of the borrower.

Acknowledgment  
of liability

(5) If, on or after the day on which this section comes into force, a borrower's liability for money owing under a student loan is acknowledged in accordance with subsection (6), the time during which the limitation period has run before the acknowledgment does not count in the calculation of that period.

Types of  
acknowledgments

(6) For the purposes of subsections (5) and (7), an acknowledgment of liability means

(a) a written promise to pay the money owing, signed by the borrower or his or her agent or other representative;

(b) a written acknowledgment of the money owing, signed by the borrower or his or her agent or other representative, whether or not a promise to pay can be implied from it and whether or not it contains a refusal to pay;

(c) a part payment by the borrower or his or her agent or other representative of any money owing; or

(d) any acknowledgment of the money owing made by the borrower, his or her agent or other representative or the trustee or administrator in the course of proceedings under the *Bankruptcy and Insolvency Act* or any other legislation dealing with the payment of debts.

Acknowledgment  
after expiry of

limitation  
period

(7) If, after the expiry of the limitation period in respect of a student loan – including any limitation period that expired before the coming into force of this section – and on or after the day on which this section comes into force, a borrower's liability for money owing under the loan is acknowledged in accordance with subsection (6), an action or proceedings to recover the money may, subject to subsections (5) and (8), be brought within six years after the date of the acknowledgment.

Limitation  
period  
suspended

(8) The running of a limitation period in respect of a student loan is, commencing on the day on which this section comes into force, suspended during any period in which it is prohibited to commence or continue an action or other proceedings against the borrower to recover money owing under the loan.

Statutory bar

(9) Subject to subsection (7), if the limitation period in respect of a student loan expired before the coming into force of this section, no action or proceeding shall be taken to recover money owing under the loan.

Enforcement  
proceedings

(10) This section does not apply in respect of an action or proceedings relating to the execution, renewal or enforcement of a judgment.

**12. Section 20 of the Act is renumbered as subsection 20(1) and is amended by adding the following:**

Interest rates

(2) The Minister, with the concurrence of the Minister of Finance and subject to the approval of the Governor in Council, shall fix a rate of interest, or a manner of determining a rate of interest, for the purposes of paragraph (a) of the description of B in the definitions "net costs" and "total program net costs" in subsection 14(6).

R.S., c. S-23



**13. The *Canada Student Loans Act* is amended by adding the following after section 19:**

Limitation  
period

**19.1** (1) Subject to this section and section 19.2, no action or proceedings shall be taken to recover money owing under a guaranteed student loan more than six years after the day on which the money becomes due and payable.

Deduction and  
set-off

(2) Money owing under a guaranteed student loan may be recovered at any time by way of deduction from or set-off against any sum of money that may be due or payable by Her Majesty in right of Canada to the borrower or the estate or succession of the borrower.

Acknowledgment  
of liability

(3) If a borrower's liability for money owing under a guaranteed student loan is acknowledged in accordance with subsection (4), the time during which the limitation period has run before the acknowledgment does not count in the calculation of that period.

Types of  
acknowledgments

(4) An acknowledgment of liability means

(a) a written promise to pay the money owing, signed by the borrower or his or her agent or other representative;

(b) a written acknowledgment of the money owing, signed by the borrower or his or her agent or other representative, whether or not a promise to pay can be implied from it and whether or not it contains a refusal to pay;

(c) a part payment by the borrower or his or her agent or other representative of any money owing; or

(d) any acknowledgment of the money owing made by the borrower, his or her agent or other representative or the trustee or administrator in the course of proceedings under the *Bankruptcy and Insolvency Act* or any other legislation dealing with the payment of debts.

Acknowledgment

after expiry of  
limitation  
period

(5) If a borrower's liability for money owing under a guaranteed student loan is acknowledged in accordance with subsection (4) after the expiry of the limitation period in respect of the loan, an action or proceedings to recover the money may, subject to subsections (3) and (6), be brought within six years after the date of the acknowledgment.

Limitation  
period  
suspended

(6) The running of a limitation period in respect of a guaranteed student loan is suspended during any period in which it is prohibited to commence or continue an action or other proceedings against the borrower to recover money owing under the loan.

Enforcement  
proceedings

(7) This section does not apply in respect of an action or proceedings relating to the execution, renewal or enforcement of a judgment.

Application

**19.2** (1) This section applies only in respect of the recovery of money that became due and payable under a guaranteed student loan before the coming into force of this section.

Limitation  
period

(2) Subject to this section, no action or proceedings shall be taken to recover money owing under a guaranteed student loan more than six years after the day on which the limitation period that applied before the coming into force of this section started to run.

Prior  
acknowledgments

(3) For the purposes of subsection (2), the day of the most recent acknowledgment of a borrower's liability in respect of money owing under a guaranteed student loan is deemed to be the day on which the limitation period started to run if

(a) the acknowledgment was made before the coming into force

of this section; and

(b) under the law applicable at the time of the acknowledgment, the time during which the limitation period ran before the acknowledgment did not count in the calculation of that period.

Deduction and  
set-off

(4) Money owing under a guaranteed student loan may be recovered at any time by way of deduction from or set-off against any sum of money that may be due or payable by Her Majesty in right of Canada to the borrower or the estate or succession of the borrower.

Acknowledgment  
of liability

(5) If, on or after the day on which this section comes into force, a borrower's liability for money owing under a guaranteed student loan is acknowledged in accordance with subsection (6), the time during which the limitation period has run before the acknowledgment does not count in the calculation of that period.

Types of  
acknowledgments

(6) For the purposes of subsections (5) and (7), an acknowledgment of liability means

(a) a written promise to pay the money owing, signed by the borrower or his or her agent or other representative;

(b) a written acknowledgment of the money owing, signed by the borrower or his or her agent or other representative, whether or not a promise to pay can be implied from it and whether or not it contains a refusal to pay;

(c) a part payment by the borrower or his or her agent or other representative of any money owing; or

(d) any acknowledgment of the money owing made by the borrower, his or her agent or other representative or the trustee or administrator in the course of proceedings under the *Bankruptcy and Insolvency Act* or any other legislation dealing with the payment of debts.

Acknowledgment  
after expiry of  
limitation  
period

(7) If, after the expiry of the limitation period in respect of a guaranteed student loan – including any limitation period that expired before the coming into force of this section – and on or after the day on which this section comes into force, a borrower's liability for money owing under the loan is acknowledged in accordance with subsection (6), an action or proceedings to recover the money may, subject to subsections (5) and (8), be brought within six years after the date of the acknowledgment.

Limitation  
period  
suspended

(8) The running of a limitation period in respect of a guaranteed student loan is, commencing on the day on which this section comes into force, suspended during any period in which it is prohibited to commence or continue an action or other proceedings against the borrower to recover money owing under the loan.

Statutory bar

(9) Subject to subsection (7), if the limitation period in respect of a guaranteed student loan expired before the coming into force of this section, no action or proceeding shall be taken to recover money owing under the loan.

Enforcement  
proceedings

(10) This section does not apply in respect of an action or proceedings relating to the execution, renewal or enforcement of a judgment.

#### ***Coming into Force***

Coming into  
force

**14. (1) Sections 9, 11 and 13 come into force or are deemed to have come into force on August 1, 2003.**

Coming into  
force

**(2) Sections 10 and 12 are deemed to have come into force on August 1, 2002.**

#### **PART 4**

#### **EMPLOYMENT INSURANCE**

1996, c. 23

***Employment Insurance Act***

2000, c. 12, s.  
106

**15. The definition "common-law partner" in subsection 2(1) of the *Employment Insurance Act* is replaced by the following:**

"common-law  
partner"  
« *conjoint de  
fait* »

"common-law partner", in relation to an individual, means a person who is cohabiting with the individual in a conjugal relationship, having so cohabited for a period of at least one year;

**16. (1) Section 10 of the Act is amended by adding the following after subsection (5):**

Exception

(5.1) A claim for benefits referred to in section 23.1 with respect to a family member shall not be regarded as having been made on an earlier day under subsection (4) or (5) if

(a) at the time the claim is made, all benefits that may otherwise have been payable in relation to that claim have already been exhausted;

(b) the beginning of the period referred to in subsection 23.1(4) has already been determined with respect to that family member and the claim would have the effect of moving the beginning of that period to an earlier date; or

(c) the claim is made in any other circumstances set out in the regulations.

2002, c. 9, s.  
12(4)

**(2) Subsections 10(13) to (15) of the Act are replaced by the following:**

Extension of  
benefit period  
– special  
benefits

- (13) If, during a claimant's benefit period,
- (a) regular benefits were not paid to the claimant,
  - (b) benefits were paid because of all of the reasons mentioned in paragraphs 12(3)(a), (b) and (c), and
  - (c) benefits were not paid for the maximum number of weeks established for the reasons mentioned in paragraphs 12(3)(a), (b) and (c),

the benefit period is extended so that benefits may be paid up to the maximum number of weeks available to the claimant for the reason mentioned in each of paragraphs 12(3)(a), (b) and (c).

Extension of  
benefit period  
- special  
benefits

- (13.1) If, during a claimant's benefit period,
- (a) regular benefits were not paid to the claimant,
  - (b) benefits were paid because of all of the reasons mentioned in paragraphs 12(3)(b), (c) and (d), and
  - (c) benefits were not paid for the maximum number of weeks established for the reasons mentioned in paragraphs 12(3)(b), (c) and (d),

the benefit period is extended so that benefits may be paid up to the maximum number of weeks available to the claimant for the reason mentioned in each of paragraphs 12(3)(b), (c) and (d).

Extension of  
benefit period  
- special  
benefits

- (13.2) If, during a claimant's benefit period,
- (a) regular benefits were not paid to the claimant,
  - (b) benefits were paid because of all of the reasons mentioned in paragraphs 12(3)(a), (b) and (d), and
  - (c) benefits were not paid for the maximum number of weeks established for the reasons mentioned in paragraphs 12(3)(a), (b) and (d),

the benefit period is extended so that benefits may be paid up to

the maximum number of weeks available to the claimant for the reason mentioned in each of paragraphs 12(3)(a), (b) and (d).

Extension of  
benefit period  
- special  
benefits

(13.3) If, during a claimant's benefit period,

(a) regular benefits were not paid to the claimant,

(b) benefits were paid because of all of the reasons mentioned in subsection 12(3), and

(c) benefits were not paid for the maximum number of weeks established for the reasons mentioned in paragraphs 12(3)(a), (b), (c) and (d),

the benefit period is extended so that benefits may be paid up to the maximum number of weeks available to the claimant for the reason mentioned in each of those paragraphs.

Maximum  
extension under  
subsections  
(10) to (13.3)

(14) Subject to subsection (15), no extension under any of subsections (10) to (13.3) may result in a benefit period of more than 104 weeks.

Maximum  
extension under  
subsections  
(13) to (13.3)

(15) Unless the benefit period is also extended under any of subsections (10) to (12),

(a) no extension under subsection (13) may result in a benefit period of more than 67 weeks;

(b) no extension under subsection (13.1) or (13.2) may result in a benefit period of more than 58 weeks; and

(c) no extension under subsection (13.3) may result in a benefit period of more than 73 weeks.

**17. (1) Subsection 12(3) of the Act is amended by striking out the word "and" at the end of paragraph (b), by adding the word "and" at the end of paragraph (c) and by adding the following after**

**paragraph (c):**

(d) because the claimant is providing care or support to one or more family members described in subsection 23.1(2), is six.

**(2) Section 12 of the Act is amended by adding the following after subsection (4):**

Maximum –  
compassionate  
care benefits

(4.1) Even if more than one claim is made, or certificate is issued, in respect of the same family member, the maximum number of weeks of benefits payable under section 23.1 is six weeks during the period of 26 weeks beginning with the first day of the week referred to in paragraph 23.1(4)(a).

Shorter period

(4.2) If a shorter period is prescribed for the purposes of subsection 23.1(5), then that shorter period applies for the purposes of subsection (4.1).

Expiration of  
shorter period

(4.3) When a shorter period referred to in subsection (4.2) has expired in respect of a family member, no further benefits are payable under section 23.1 in respect of that family member until the minimum prescribed number of weeks has elapsed.

2000, c. 14, s.  
3(3); 2002, c.  
9, s. 13

**(3) Subsection 12(5) of the Act is replaced by the following:**

Combined weeks  
of benefits

(5) In a claimant's benefit period, the claimant may combine weeks of benefits to which the claimant is entitled because of a reason mentioned in subsection (3), but the maximum number of combined weeks is 50. If the benefit period

(a) is extended under subsection 10(13), the maximum number of combined weeks is 65;

(b) is extended under subsection 10(13.1) or (13.2), the maximum number of combined weeks is 56; and



(c) is extended under subsection 10(13.3), the maximum number of combined weeks is 71.

2002, c. 9, s.  
14

**18. Subsections 23(3.2) and (3.3) of the Act are replaced by the following:**

Extension of  
period –  
special  
benefits

(3.2) If, during a claimant's benefit period,

(a) regular benefits were not paid to the claimant,

(b) benefits were paid because of all of the reasons mentioned in paragraphs 12(3)(a), (b) and (c), and

(c) benefits were not paid for the maximum number of weeks established for the reason mentioned in paragraph 12(3)(b),

the period referred to in subsection (2) is extended so that benefits may be paid up to that maximum number.

Extension of  
period –  
special  
benefits

(3.21) If, during a claimant's benefit period,

(a) regular benefits were not paid to the claimant,

(b) benefits were paid because of all of the reasons mentioned in paragraphs 12(3)(b), (c) and (d), and

(c) benefits were not paid for the maximum number of weeks established for the reason mentioned in paragraph 12(3)(b),

the period referred to in subsection (2) is extended so that benefits may be paid up to that maximum number.

Extension of  
period –  
special  
benefits

(3.22) If, during a claimant's benefit period,

(a) regular benefits were not paid to the claimant,

(b) benefits were paid because of all of the reasons mentioned in paragraphs 12(3)(a), (b) and (d), and

(c) benefits were not paid for the maximum number of weeks established for the reasons mentioned in paragraph 12(3)(b),

the period referred to in subsection (2) is extended so that benefits may be paid up to that maximum number.

Extension of  
period –  
special  
benefits

(3.23) If, during a claimant's benefit period,

(a) regular benefits were not paid to the claimant,

(b) benefits were paid because of all of the reasons mentioned in subsection 12(3), and

(c) benefits were not paid for the maximum number of weeks established for the reason mentioned in paragraph 12(3)(b),

the period referred to in subsection (2) is extended so that benefits may be paid up to that maximum number.

Limitation

(3.3) No extension under any of the following provisions may result in the period referred to in subsection (2) being longer than the specified number of weeks:

(a) for an extension under subsection (3.2), 67 weeks;

(b) for an extension under subsection (3.21) or (3.22), 58 weeks; and

(c) for an extension under subsection (3.23), 73 weeks.

Limitation

(3.4) No extension under any of subsections 10(10) to (13.3) may result in the period referred to in subsection (2) being longer than 104 weeks.

**19. The Act is amended by adding the following after section 23:**

Definition

**23.1** (1) In this section, "family member", in relation to an individual, means

- (a) a spouse or common-law partner of the individual;
- (b) a child of the individual or a child of the individual's spouse or common-law partner;
- (c) a parent of the individual or a spouse or common-law partner of the parent; and
- (d) any other person who is a member of a class of persons prescribed for the purposes of this definition.

Compassionate  
care benefits

(2) Notwithstanding section 18, but subject to this section, benefits are payable to a major attachment claimant if a medical doctor has issued a certificate stating that

- (a) a family member of the claimant has a serious medical condition with a significant risk of death within 26 weeks
  - (i) from the day the certificate is issued,
  - (ii) in the case of a claim that is made before the day the certificate is issued, from the day from which the medical doctor certifies the family member's medical condition, or
  - (iii) in the case of a claim that is regarded to have been made on an earlier day under subsection 10(4) or (5), from that earlier day; and
- (b) the family member requires the care or support of one or more other family members.

Medical  
practitioner

(3) In the circumstances set out in the regulations, the certificate required under subsection (2) may be issued by a member of a prescribed class of medical practitioners.

Weeks for which  
benefits may be  
paid

(4) Subject to section 12, benefits under this section are payable for each week of unemployment in the period

(a) that begins with the first day of the week in which the following falls, namely,

(i) the day of issuance of the first certificate in respect of the family member that meets the requirements of subsection (2) and is filed with the Commission,

(ii) in the case of a claim that is made before the day the certificate is issued, the day from which the medical doctor certifies the family member's medical condition, or

(iii) in the case of a claim that is regarded to have been made on an earlier day under subsection 10(4) or (5), that earlier day; and

(b) that ends on the last day of the week in which any of the following occurs, namely,

(i) all benefits payable under this section in respect of the family member are exhausted,

(ii) the family member dies, or

(iii) the expiration of 26 weeks following the first day of the week referred to in paragraph (a).

#### Shorter period

(5) If a shorter period is prescribed for the purposes of this section,

(a) the certificate referred to in subsection (2) must state that the family member has a serious medical condition with a significant risk of death within that period; and

(b) that period applies for the purposes of subparagraph (4)(b)(iii).

#### Exception

(6) Subparagraph (4)(a)(ii) does not apply to a claim if

(a) at the time the certificate is filed with the Commission, all benefits that may otherwise have been payable in relation to that claim have already been exhausted;

(b) the beginning of the period referred to in subsection (4) has already been determined with respect to the family member, and the filing of the certificate with the Commission would have the effect of moving the beginning of that period to an earlier date; or

(c) the claim is made in any other circumstances set out in the regulations.

Deferral of  
waiting period

(7) A claimant who makes a claim for benefits under this section may have their waiting period deferred until they make another claim for benefits in the same benefit period if

(a) another claimant has made a claim for benefits under this section in respect of the same family member during the period described in subsection (4) and that other claimant has served or is serving their waiting period in respect of that claim;

(b) another claimant is making a claim for benefits under this section in respect of the same family member at the same time as the claimant and that other claimant elects to serve the waiting period; or

(c) the claimant or another claimant meets the prescribed requirements.

Division of  
weeks of  
benefits

(8) If more than one claimant makes a claim for benefits under this section in respect of the same family member, any remaining weeks of benefits payable under this section may be divided in the manner agreed to by those claimants.

Failure to  
agree

(9) If the claimants referred to in subsection (8) cannot agree, the weeks of benefits are to be divided in accordance with the prescribed rules.

Limitation

(10) When benefits are payable to a claimant for the reasons set out in this section and any allowances, money or other benefits are payable to the claimant under a provincial law for the same or substantially the same reasons, the benefits payable to the claimant under this section shall be reduced or eliminated as prescribed.

**20. (1) Section 54 of the Act is amended by adding the following after paragraph (c.1):**

(c.2) setting out circumstances for the purposes of paragraphs

10(5.1)(c) and 23.1(6)(c);

**(2) Section 54 of the Act is amended by adding the following before paragraph (g):**

(f.2) prescribing classes of persons for the purposes of paragraph 23.1(1)(d);

(f.3) defining and determining what is care or support for the purposes of paragraph 23.1(2)(b);

(f.4) prescribing classes of medical practitioners for the purposes of subsection 23.1(3) and setting out the circumstances in which a certificate may be issued by them under subsection 23.1(2);

(f.5) prescribing a shorter period for the purposes of subsection 23.1(5) and prescribing a minimum number of weeks in relation to that shorter period for the purposes of subsection 12(4.3);

(f.6) prescribing requirements for the purposes of paragraph 23.1(7)(c);

(f.7) prescribing rules for the purposes of subsection 23.1(9);

2001, c. 5, s.  
10

**21. Section 67 of the Act is replaced by the following:**

Premium rate  
for 2004

**66.2** Notwithstanding section 66, the premium rate for the year 2004 is 1.98%.

Employee's  
premium

**67.** Subject to section 70, a person employed in insurable employment shall pay, by deduction as provided in subsection 82(1), a premium equal to their insurable earnings multiplied by the premium rate set under section 66, 66.1 or 66.2, as the case may be.

**22. (1) Paragraph 69(1)(a) of the Act is replaced by the following:**

(a) the payment of any allowances, money or other benefits because of illness, injury, quarantine, pregnancy, child

care or compassionate care under a plan that covers insured persons employed by the employer, other than one established under provincial law, would have the effect of reducing the special benefits payable to the insured persons; and

**(2) Subsection 69(2) of the Act is replaced by the following:**

Provincial  
plans

(2) The Commission shall, with the approval of the Governor in Council, make regulations to provide a system for reducing the employer's and employee's premiums when the payment of any allowances, money or other benefits because of illness, injury, quarantine, pregnancy, child care or compassionate care under a provincial law to insured persons would have the effect of reducing or eliminating the special benefits payable to those insured persons.

**(3) Section 69 of the Act is amended by adding the following after subsection (5):**

Definition

(6) The reference to the payment of allowances, money or other benefits because of compassionate care in subsections (1) and (2) means the payment of allowances, money or other benefits for the same or substantially the same reasons for which benefits are payable under section 23.1.

SOR/96-445

***Employment Insurance (Fishing) Regulations***

SOR/2001-74

**23. (1) Subsection 8(11.1) of the *Employment Insurance (Fishing) Regulations* is replaced by the following:**

(11.1) Notwithstanding subsection (11) and subject to the applicable maximums referred to in subsections (17) and (18), the benefit period of a fisher shall be extended by one week for each week in respect of which the fisher is entitled to special benefits under section 21, 22, 23 or 23.1 of the Act, but shall not exceed a maximum of 52 weeks.

2002, c. 9, s.  
16(1)

**(2) Subsections 8(11.3) to (11.5) of the Regulations are replaced by the following:**

(11.3) Notwithstanding subsection (11) and subject to the applicable maximums referred to in subsection (17), if, during a fisher's benefit period,

(a) benefits were not paid to the fisher under subsection (12),

(b) benefits were paid because of the reasons mentioned in paragraphs 12(3)(a), (b) and (c) of the Act, and

(c) benefits were not paid for the maximum number of weeks established for the reasons mentioned in paragraphs 12(3)(a), (b) and (c) of the Act,

the benefit period is extended so that benefits may be paid up to the maximum number of weeks available to the fisher for the reason mentioned in each of paragraphs 12(3)(a), (b) and (c) of the Act.

(11.31) Notwithstanding subsection (11) and subject to the applicable maximums referred to in subsection (17), if, during a fisher's benefit period,

(a) benefits were not paid to the fisher under subsection (12),

(b) benefits were paid because of all of the reasons mentioned in paragraphs 12(3)(b), (c) and (d) of the Act, and

(c) benefits were not paid for the maximum number of weeks established for those reasons,

the benefit period is extended so that benefits may be paid up to the maximum number of weeks available to the fisher for the reason mentioned in each of paragraphs 12(3)(b), (c) and (d) of the Act.

(11.32) Notwithstanding subsection (11) and subject to the applicable maximums referred to in subsection (17), if, during a fisher's benefit period,

(a) benefits were not paid to the fisher under subsection (12),

(b) benefits were paid because of all of the reasons mentioned in paragraphs 12(3)(a), (b) and (d) of the Act, and

(c) benefits were not paid for the maximum number of weeks established for the reasons mentioned in paragraphs 12(3)(a), (b) and (d) of the Act,

the benefit period is extended so that benefits may be paid up to the maximum number of weeks available to the fisher for the reason mentioned in each of paragraphs 12(3)(a), (b) and (d) of the Act.



(11.33) Notwithstanding subsection (11) and subject to the applicable maximums referred to in subsection (17), if, during a fisher's benefit period,

(a) benefits were not paid to the fisher under subsection (12),

(b) benefits were paid because of all of the reasons mentioned in subsection 12(3) of the Act, and

(c) benefits were not paid for the maximum number of weeks established for the reasons mentioned in paragraphs 12(3)(a), (b), (c) and (d) of the Act,

the benefit period is extended so that benefits may be paid up to the maximum number of weeks available to the fisher for the reason mentioned in each those paragraphs.

(11.4) Subject to subsection (11.5), no extension under any of subsections (11.1) to (11.33) may result in a benefit period of more than 104 weeks.

(11.5) Unless a benefit period is also extended under subsection (11.1) or (11.2), no extension under subsections (11.3) to (11.33) may result in a benefit period of more than

(a) in the case of an extension under subsection (11.3), 67 weeks;

(b) in the case of an extension under subsection (11.31) or (11.32), 58 weeks; and

(c) in the case of an extension under subsection (11.33), 73 weeks.

2002, c. 9, s.  
16(2)

**(3) Subsection 8(14) of the Regulations is replaced by the following:**

(14) No benefit period established under subsection (1) or (6) shall be extended beyond the date determined in accordance with any of subsections (11) to (11.33).

2002, c. 9, s.  
16(3)

**(4) Subsection 8(17.1) of the Regulations is replaced by the following:**

(17.1) For the purpose of subsection (17), the reference in

subsection 12(5) of the Act to

(a) subsection 10(13) of the Act is to be read as a reference to subsection (11.3) of this section;

(b) subsection 10(13.1) of the Act is to be read as a reference to subsection (11.31) of this section;

(c) subsection 10(13.2) of the Act is to be read as a reference to subsection (11.32) of this section; and

(d) subsection 10(13.3) of the Act is to be read as a reference to subsection (11.33) of this section.

**24. (1) Subsection 12(3) of the Regulations is replaced by the following:**

(3) Subject to subsection (4), sections 22 to 23.1 of the Act apply to the payment of special benefits under this section.

**(2) Paragraph 12(4)(b) of the Regulations is replaced by the following:**

(b) entitled to benefits under section 22, 23 or 23.1 of the Act.

#### *Transitional Provisions*

**25. (1) Sections 15 to 20 and 22 apply to a claimant for any benefit period**

(a) that begins on or after January 4, 2004; or

(b) that has not ended before January 4, 2004, but only for weeks of benefits that begin on or after that date.

**(2) Sections 23 and 24 apply to a fisher for any benefit period**

(a) that begins on or after January 4, 2004; or

(b) that has not ended before January 4, 2004, but only for weeks of benefits that begin on or after that date.

#### *Related Amendments*

R.S., c. L-2

#### **Canada Labour Code**

1993, c. 42, s.

26. The heading "REASSIGNMENT, MATERNITY LEAVE AND PARENTAL LEAVE" immediately after the heading "DIVISION VII" in Part III of the *Canada Labour Code* is replaced by the following:

REASSIGNMENT, MATERNITY LEAVE, PARENTAL LEAVE AND COMPASSIONATE CARE LEAVE

27. The Act is amended by adding the following after section 206.2:

Compassionate Care Leave

Definitions

206.3 (1) The following definitions apply in this section.

"common-law partner"  
« *conjoint de fait* »

"common-law partner", in relation to an individual, means a person who is cohabiting with the individual in a conjugal relationship, having so cohabited for a period of at least one year.

"family member"  
« *membre de la famille* »

"family member", in relation to an employee, means

(a) a spouse or common-law partner of the employee;

(b) a child of the employee or a child of the employee's spouse or common-law partner;

(c) a parent of the employee or a spouse or common-law partner of the parent; and

(d) any other person who is a member of a class of persons prescribed for the purposes of this definition or the definition "family member" in subsection 23.1(1) of the *Employment Insurance Act*.

"qualified medical practitioner"  
« *médecin qualifié* »

"qualified medical practitioner" means a person who is entitled to practise medicine under the laws of a jurisdiction in which

care or treatment of the family member is provided and includes a member of a class of medical practitioners prescribed for the purposes of subsection 23.1(3) of the *Employment Insurance Act*.

"week"  
« semaine »

"week" means the period between midnight on Saturday and midnight on the immediately following Saturday.

Entitlement to  
leave

(2) Subject to subsections (3) to (8), every employee is entitled to and shall be granted a leave of absence from employment of up to eight weeks to provide care or support to a family member of the employee if a qualified medical practitioner issues a certificate stating that the family member has a serious medical condition with a significant risk of death within 26 weeks from

(a) the day the certificate is issued; or

(b) if the leave was commenced before the certificate was issued, the day the leave was commenced.

Period when  
leave may be  
taken

(3) The leave of absence may only be taken during the period

(a) that starts with

(i) the first day of the week in which the certificate is issued, or

(ii) if the leave was commenced before the certificate was issued, the first day of the week in which the leave was commenced if the certificate is valid from any day in that week; and

(b) that ends with the last day of the week in which either of the following occurs, namely,

(i) the family member dies, or

(ii) the expiration of 26 weeks following the first day of the week referred to in paragraph (a).

Shorter period

(4) If a shorter period is prescribed by regulation for the purposes of subsection 23.1(5) of the *Employment Insurance Act*,

(a) the certificate referred to in subsection (2) must state that the family member has a serious medical condition with a significant risk of death within that period; and

(b) that shorter period applies for the purposes of subparagraph (3)(b)(ii).

Expiration of  
shorter period

(5) When a shorter period referred to in subsection (4) has expired in respect of a family member, no further leave may be taken under this section in respect of that family member until the minimum number of weeks prescribed for the purposes of subsection 12(4.3) of the *Employment Insurance Act* has elapsed.

Minimum period  
of leave

(6) A leave of absence under this section may only be taken in periods of not less than one week's duration.

Aggregate leave  
- more than one  
employee

(7) The aggregate amount of leave that may be taken by two or more employees under this section in respect of the care or support of the same family member shall not exceed eight weeks in the period referred to in subsection (3).

Copy of  
certificate

(8) If requested in writing by the employer within 15 days after an employee's return to work, the employee must provide the employer with a copy of the certificate referred to in subsection (2).

**28. Section 209.3 of the Act is renumbered as subsection 209.3(1) and is amended by adding the following:**

Prohibition -  
compassionate  
care leave

(2) The prohibitions set out in subsection (1) also apply in respect of an employee who has taken a leave of absence under section 206.3.

29. Section 209.4 of the Act is amended by adding the following after paragraph (a):

(a.1) prescribing classes of persons for the purposes of paragraph (d) of the definition "family member" in subsection 206.3(1);

*Coming into Force*

Coming into  
force

30. (1) Subject to subsection (2), the provisions of this Part, other than sections 21, 23 and 24, come into force on a day to be fixed by order of the Governor in Council.

Coming into  
force

(2) Despite section 153 of the *Employment Insurance Act*, sections 23 and 24 come into force on a day to be fixed by order of the Governor in Council.

PART 5

GENERAL — NON-TAX MEASURES

*Foundations*

1997, c. 26

*Budget Implementation Act, 1997*

31. Section 31 of the *Budget Implementation Act, 1997* is renumbered as subsection 31(1) and is amended by adding the following:

Repayment out  
of remaining  
property

(2) Despite subsection (1), the Minister may require the foundation to repay out of the moneys arising from the liquidation to the Receiver General for credit to the Consolidated Revenue Fund any amount that is so repayable under the terms or conditions on which public moneys were provided to the foundation.

1998, c. 21

*Budget Implementation Act, 1998*

32. Section 43 of the *Budget Implementation Act, 1998* is renumbered as subsection 43(1) and is amended by adding the following:

Repayment out  
of remaining  
property

(2) Despite subsection (1), the Ministers may require the Foundation to repay out of the moneys arising from the liquidation to the Receiver General for credit to the Consolidated Revenue Fund any amount that is so repayable under the terms or conditions on which public moneys were provided to the Foundation.

2001, c. 23

**Canada Foundation for Sustainable Development Technology Act**

33. Section 32 of the *Canada Foundation for Sustainable Development Technology Act* is renumbered as subsection 32(1) and is amended by adding the following:

Repayment out  
of remaining  
property

(2) Despite subsection (1), the Minister may require the Foundation to repay out of the moneys arising from the liquidation to the Receiver General for credit to the Consolidated Revenue Fund any amount that is so repayable under the terms or conditions on which public moneys were provided to the Foundation.

***Appropriations for Grants***

**Canada Foundation for Sustainable Development Technology**

\$250,000,000  
granted

34. From and out of the Consolidated Revenue Fund there may, on the requisition of the Minister of the Environment and the Minister of Natural Resources, be paid and applied a sum not exceeding two hundred and fifty million dollars for payment to the Canada Foundation for Sustainable Development Technology for its use.

**Canadian Foundation for Climate and Atmospheric Sciences**

\$50,000,000  
granted

35. From and out of the Consolidated Revenue Fund there may,

on the requisition of the Minister of the Environment, be paid and applied a sum not exceeding fifty million dollars for payment to the Canadian Foundation for Climate and Atmospheric Sciences for its use.

Canada Health Infoway Inc.

\$600,000,000  
granted

36. From and out of the Consolidated Revenue Fund there may, on the requisition of the Minister of Health, be paid and applied a sum not exceeding six hundred million dollars for payment to the Canada Health Infoway Inc. for its use.

Canadian Health Services Research Foundation

\$25,000,000  
granted

37. From and out of the Consolidated Revenue Fund there may, on the requisition of the Minister of Health, be paid and applied a sum not exceeding twenty-five million dollars for payment to the Canadian Health Services Research Foundation for its use.

Canadian Institute for Health Information

\$70,000,000  
granted

38. From and out of the Consolidated Revenue Fund there may, on the requisition of the Minister of Health, be paid and applied a sum not exceeding seventy million dollars for payment to the Canadian Institute for Health Information for its use.

Canada Foundation for Innovation

\$500,000,000  
granted

39. From and out of the Consolidated Revenue Fund there may, on the requisition of the Minister of Industry, be paid and applied a sum not exceeding five hundred million dollars for payment to the Canada Foundation for Innovation for its use.

Genome Canada

\$75,000,000  
granted

40. From and out of the Consolidated Revenue Fund there may, on the requisition of the Minister of Industry, be paid and applied



a sum not exceeding seventy-five million dollars for payment to Genome Canada for its use.

1993, c. 14;  
2001, c. 22, s.  
2

***Amendments to the Farm Credit Canada Act***

2001, c. 22, s.  
5(4)

**41. Paragraph 4(2)(f.4) of the *Farm Credit Canada Act* is replaced by the following:**

(f.4) acquire and dispose of investments in farming operations or in businesses related to farming, including shares of corporations that carry on those operations or businesses, within parameters that are satisfactory to the Minister of Finance;

1997, c. 26, s.  
93

**42. Subsection 11(1) of the Act is replaced by the following:**

Capital  
payments

**11.** (1) At the request of the Corporation, the Minister of Finance may, with the approval of the Governor in Council, pay to the Corporation, out of the Consolidated Revenue Fund, amounts not exceeding in the aggregate one billion, two hundred and twenty-five million dollars, or such greater aggregate amount as may be authorized from time to time under an appropriation Act.

1992, c. 18

***Repeal of Debt Servicing and Reduction Account Act***

**43. (1) The *Debt Servicing and Reduction Account Act* does not apply to the fiscal year ending on March 31, 2003 or to any subsequent fiscal year.**

**(2) The Act is repealed.**

**PART 6**

2002, c. 9, s.  
5

**AMENDMENTS TO THE AIR TRAVELLERS SECURITY CHARGE ACT**

**44. (1) Paragraphs 12(1)(a) to (c) of the *Air Travellers Security Charge Act* are replaced by the following:**

(a) \$6.54 for each chargeable emplanement included in the service, to a maximum of \$13.08, if

(i) the service does not include transportation to a destination outside Canada, and

(ii) tax under subsection 165(1) of the *Excise Tax Act* is required to be paid in respect of the service;

(b) \$7.00 for each chargeable emplanement included in the service, to a maximum of \$14.00, if

(i) the service does not include transportation to a destination outside Canada, and

(ii) tax under subsection 165(1) of the *Excise Tax Act* is not required to be paid in respect of the service;

(c) \$11.22 for each chargeable emplanement included in the service, to a maximum of \$22.43, if

(i) the service includes transportation to a destination outside Canada and does not include transportation to a destination outside the continental zone, and

(ii) tax under subsection 165(1) of the *Excise Tax Act* is required to be paid in respect of the service;

(d) \$12.00 for each chargeable emplanement included in the service, to a maximum of \$24.00, if

(i) the service includes transportation to a destination outside Canada and does not include transportation to a destination outside the continental zone, and

(ii) tax under subsection 165(1) of the *Excise Tax Act* is not required to be paid in respect of the service; or

(e) \$24.00, if the service includes transportation to a destination outside the continental zone.

**(2) Subsection (1) applies in respect of any air transportation service that includes a chargeable emplanement after February 2003 and for which any consideration is paid or becomes payable after February 2003.**

**PART 7**

**AMENDMENTS RELATED TO THE TAXATION OF TOBACCO PRODUCTS**

1997, c. 36

***Customs Tariff***

2002, c. 22, s.  
412

**45. Paragraphs 21(2)(a) to (c) of the *Customs Tariff* are replaced by the following:**

- (a) \$0.075 per cigarette, in the case of cigarettes;
- (b) \$0.055 per stick, in the case of tobacco sticks; and
- (c) \$0.05 per gram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

2002, c. 22

***Excise Act, 2001***

**46. Paragraphs 240(a) to (c) of the *Excise Act, 2001* are replaced by the following:**

- (a) \$0.34995 per cigarette that was removed in contravention of that subsection,
- (b) \$0.199966 per tobacco stick that was removed in contravention of that subsection, and
- (c) \$199.966 per kilogram of manufactured tobacco, other than cigarettes and tobacco sticks, that was removed in contravention of that subsection.

**47. (1) The portion of paragraph 1(a) of Schedule 1 to the Act before subparagraph (i) is replaced by the following:**

- (a) \$0.374875 for each five cigarettes or fraction of five cigarettes contained in any package, if the cigarettes are black stock

**(2) Paragraph 1(b) of Schedule 1 to the Act is replaced by the following:**

- (b) \$0.396255 for each five cigarettes or fraction of five cigarettes contained in any package, in any other case.

**48. (1) The portion of paragraph 2(a) of Schedule 1 to the Act**

before subparagraph (i) is replaced by the following:

(a) \$0.054983 per stick, if the tobacco sticks are black stock

(2) Paragraph 2(b) of Schedule 1 to the Act is replaced by the following:

(b) \$0.057983 per stick, in any other case.

49. (1) The portion of paragraph 3(a) of Schedule 1 to the Act before subparagraph (i) is replaced by the following:

(a) \$49.983 per kilogram, if the manufactured tobacco is black stock

(2) Paragraph 3(b) of Schedule 1 to the Act is replaced by the following:

(b) \$53.981 per kilogram, in any other case.

50. (1) Paragraph (a) of Schedule 2 to the Act is replaced by the following:

(a) \$0.065 per cigar, and

(2) The portion of paragraph (b) of Schedule 2 to the Act before subparagraph (i) is replaced by the following:

(b) 65%, computed on

51. Paragraphs 1(a) to (c) of Schedule 3 to the Act are replaced by the following:

(a) \$0.075 per cigarette, in the case of cigarettes;

(b) \$0.055 per stick, in the case of tobacco sticks; and

(c) \$0.05 per gram, in the case of manufactured tobacco other than cigarettes or tobacco sticks.

52. Paragraphs 2(a) to (c) of Schedule 3 to the Act are replaced by the following:

(a) \$0.075 per cigarette, in the case of cigarettes;

(b) \$0.055 per stick, in the case of tobacco sticks; and

(c) \$0.05 per gram, in the case of manufactured tobacco other than cigarettes or tobacco sticks.

53. Paragraphs 3(a) to (c) of Schedule 3 to the Act are replaced by the following:

- (a) \$0.075 per cigarette, in the case of cigarettes;
- (b) \$0.055 per stick, in the case of tobacco sticks; and
- (c) \$50.00 per kilogram, in the case of tobacco products other than cigarettes or tobacco sticks.

**54. Paragraphs 4(a) to (c) of Schedule 3 to the Act are replaced by the following:**

- (a) \$0.095724 per cigarette, in the case of cigarettes;
- (b) \$0.042 per stick, in the case of tobacco sticks; and
- (c) \$46.002 per kilogram, in the case of tobacco products other than cigarettes or tobacco sticks.

R.S., c. E-15

***Excise Tax Act***

2002, c. 22, s.  
414

**55. Paragraphs 23.11(2)(a) to (c) of the *Excise Tax Act* are replaced by the following:**

- (a) \$0.0475 per cigarette, in the case of cigarettes;
- (b) \$0.03665 per stick, in the case of tobacco sticks; and
- (c) \$31.65 per kilogram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

2002, c. 22, s.  
415

**56. Paragraphs 23.12(1)(a) to (c) of the Act are replaced by the following:**

- (a) \$0.075 per cigarette, in the case of cigarettes;
- (b) \$0.055 per stick, in the case of tobacco sticks; and
- (c) \$0.05 per gram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

2002, c. 22, s.  
416(1)

**57. (1) Paragraphs 23.13(1)(a) to (c) of the Act are replaced by the following:**

- (a) \$0.075 per cigarette, in the case of cigarettes;
- (b) \$0.055 per stick, in the case of tobacco sticks; and
- (c) \$50.00 per kilogram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

2002, c. 22,  
ss. 416(2) and  
(3)

**(2) Paragraphs 23.13(2)(a) to (c) of the Act are replaced by the following:**

- (a) \$0.1475 per cigarette, in the case of cigarettes;
- (b) \$0.08165 per stick, in the case of tobacco sticks; and
- (c) \$81.65 per kilogram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

1994, c. 29, s.  
14(1); 2002, c.  
22, s. 419

**58. Sections 1 to 4 of Schedule II to the Act are replaced by the following:**

1. Cigarettes: \$0.25888 for each five cigarettes or fraction of five cigarettes contained in any package.
2. Tobacco sticks: \$0.03965 per stick.
3. Manufactured tobacco other than cigarettes and tobacco sticks: \$35.648 per kilogram.
4. Cigars: the greater of \$0.065 per cigar and 65 per cent.

#### ***Coming into Force and Application***

**59. For the purposes of applying the provisions of the *Customs Act* and the *Excise Tax Act* that provide for the payment of, or the liability to pay, interest in respect of any amount, the amount shall be determined and interest shall be computed on it as though this Act had been assented to on June 18, 2002.**

**60. (1) Section 45 is deemed to have come into force on June 18, 2002. For greater certainty, the *Customs Tariff*, as amended by section 45, is further amended by section 346 of the *Excise Act, 2001* on the coming into force of that section 346, regardless of whether that coming into force occurs before or after this Act is assented to.**

(2) Sections 46 to 54 come into force or are deemed to have come into force on the day that is the earlier of the day on which this Act is assented to and the day on which Part 3 of the *Excise Act, 2001* comes into force.

(3) Sections 55 to 58 are deemed to have come into force on June 18, 2002. For greater certainty, the *Excise Tax Act*, as amended by those sections, is further amended by sections 368 and 390 of the *Excise Act, 2001* on the coming into force of those sections 368 and 390, regardless of whether that coming into force occurs before or after this Act is assented to.

## PART 8

### AMENDMENTS RELATED TO EXCISE TAX ON FUEL AND TO THE GOODS AND SERVICES TAX/HARMONIZED SALES TAX

R.S., c. E-15

#### *Excise Tax Act*

61. (1) Section 23.4 of the *Excise Tax Act* is amended by adding the following after subsection (2):

Where excise  
tax not payable  
on diesel-  
alcohol

(3) Where diesel fuel has been blended with alcohol to produce a diesel-alcohol fuel, the excise tax imposed under section 23 on diesel fuel is not payable on the portion of the diesel-alcohol fuel that is equal to the percentage by volume of alcohol in the fuel.

(2) Subsection (1) is deemed to have come into force on February 19, 2003.

62. (1) The Act is amended by adding the following after section 23.4:

Definition of  
"bio-diesel  
fuel"

23.5 (1) In this section, "bio-diesel fuel" means a diesel fuel that is produced from waste materials, or feedstocks, of biological origin and not from petroleum, natural gas or coal.

Excise tax not  
payable on bio-

diesel fuel

(2) The excise tax imposed under section 23 on diesel fuel is not payable on bio-diesel fuel.

Where excise  
tax not payable  
on bio-diesel  
blended with  
diesel

(3) Where diesel fuel has been blended with bio-diesel fuel to produce a diesel-bio-diesel fuel, the excise tax imposed under section 23 on diesel fuel is not payable on the portion of the diesel-bio-diesel fuel that is equal to the percentage by volume of bio-diesel fuel in the fuel.

**(2) Subsection (1) is deemed to have come into force on February 19, 2003.**

**63. (1) Section 68.1 of the Act is amended by adding the following after subsection (2):**

Exception

(3) For greater certainty, no amount is payable to a person under subsection (1) in respect of tax paid on gasoline or diesel fuel transported out of Canada in the fuel tank of the vehicle that is used for that transportation.

**(2) Subsection (1) applies in respect of any application for a payment under section 68.1 of the Act received by the Minister of National Revenue after February 17, 2003.**

1990, c. 45, s.  
18

**64. (1) Section 5 of Part III of Schedule V to the Act is replaced by the following:**

5. A supply made by a school authority to a person other than another school authority of a service of transporting elementary or secondary school students to or from a school that is operated by a school authority.

**(2) Subsection (1) is deemed to have come into force on December 17, 1990.**

**(3) If the amount of a school authority's net tax for a reporting period determined under the Act as amended by subsection (1) is different from the amount that would be the authority's net tax for the period if that subsection were not enacted, and the**



Minister of National Revenue has assessed the net tax for the period, the Minister may reassess the net tax or an amount payable by the authority under section 230.1 of the Act to take into account that difference, on or before the later of the day that is one year after the day on which this Act is assented to and the last day of the period otherwise allowed under section 298 of the Act for making the reassessment, despite that section and despite any decision of a court in respect of that reporting period of the authority that is rendered after December 21, 2001.

1997, c. 10, s.  
115(1)

**65. (1) Section 21 of Part VI of Schedule V to the Act is replaced by the following:**

21. A supply of a municipal service, if

(a) the supply is

(i) made by a government or municipality to a recipient that is an owner or occupant of real property situated in a particular geographic area, or

(ii) made on behalf of a government or municipality to a recipient that is an owner or occupant of real property situated in a particular geographic area and that is not the government or municipality;

(b) the service is

(i) one which the owner or occupant has no option but to receive, or

(ii) supplied because of a failure by the owner or occupant to comply with an obligation imposed under a law; and

(c) the service is not one of testing or inspecting any property for the purpose of verifying or certifying that the property meets particular standards of quality or is suitable for consumption, use or supply in a particular manner.

**(2) Subsection (1) is deemed to have come into force on December 17, 1990 except that, in applying section 21 of Part VI of Schedule V to the Act, as enacted by subsection (1), to supplies for which all of the consideration becomes due or is paid before April 24, 1996, it shall be read without reference to subparagraph (b)(ii).**

2002, c. 22

*Consequential Amendment to Excise Act, 2001*

66. (1) Section 377 of the *Excise Act, 2001* is replaced by the following:

2000, c. 30, s.  
12(1)

377. Subsection 68.1(2) of the Act is repealed.

(2) Subsection (1) comes into force or is deemed to have come into force on the earlier of the day before the day on which section 377 of the *Excise Act, 2001* comes into force and the day on which this Act is assented to.

PART 9

FIRST NATIONS GOODS AND SERVICES TAXES

*First Nations Goods and Services Tax Act*

67. (1) The *First Nations Goods and Services Tax Act* is enacted as follows:

An Act respecting first nations goods and services tax

SHORT TITLE

Short title

1. This Act may be cited as the *First Nations Goods and Services Tax Act*.

INTERPRETATION

Definitions

2. (1) The definitions in this subsection apply in this Act.

"administration  
agreement"  
« *accord  
d'application* »

"administration agreement" means an agreement referred to in subsection 5(2).

"authorized  
body"  
« *organe  
autorisé* »

"authorized body", of a first nation, means the body of the first nation that has the authority to enter into an administration agreement.

"band"  
« *bande* »

"band" has the meaning assigned by subsection 2(1) of the *Indian Act*.

"governing  
body"  
« *corps  
dirigeant* »

"governing body" means the body of a first nation that is identified opposite the name of the first nation listed in the schedule.

"imported  
taxable supply"  
« *fourniture  
taxable  
importée* »

"imported taxable supply" has the meaning assigned by section 217 of the *Excise Tax Act*.

"input tax

credit"  
« *crédit de  
taxe  
sur les  
intrants* »

"input tax credit" has the same meaning as in Part IX of the *Excise Tax Act*.

"lands"  
« *terres* »

"lands", of a first nation, means the lands that are described opposite the name of the first nation listed in the schedule.

"Minister"  
« *ministre* »

"Minister" means the Minister of Finance.

"net tax"

« *taxe nette* »

"net tax" has the same meaning as in Part IX of the *Excise Tax Act*.

"Part IX of the  
*Excise Tax*  
*Act*"

« *partie IX de*  
*la Loi sur la*  
*taxe d'accise* »

"Part IX of the *Excise Tax Act*" includes Schedules V to X to that Act.

"reserve"  
« *réserve* »

"reserve" has the meaning assigned by subsection 2(1) of the *Indian Act*.

Expressions  
defined in s.  
123(1) of the  
*Excise Tax Act*

(2) Unless a contrary intention appears, words and expressions used in this Act have the meanings assigned by subsection 123(1) of the *Excise Tax Act*.

Mobile home or  
floating home

(3) A mobile home or floating home is deemed to be tangible personal property for the purposes of applying the provisions of this Act and any first nation law, as defined in subsection 11(1) or 12(1), in respect of the bringing of tangible personal property onto the lands of a first nation.

Application of  
deeming rules

(4) If a provision of Part IX of the *Excise Tax Act* deems certain circumstances or facts to exist, those circumstances or facts are deemed to exist for the purposes of determining the matters in respect of which a first nation may enact a first nation law, as defined in subsection 11(1) or 12(1).

#### APPLICATION OF OTHER ACTS OF PARLIAMENT

Section 87 of  
*Indian Act* and  
similar

provisions

3. (1) The obligation to pay tax or any other amount that is required to be paid under a first nation law, as defined in subsection 11(1) or 12(1), applies despite the application of the exemption under section 87 of the *Indian Act* and of any other exemption from taxation under any other Act of Parliament that is similar to the exemption under that section.

Subsection 4(1)  
applies despite  
any other Act  
of Parliament

(2) The governing body of a first nation listed in the schedule may enact a law under subsection 4(1) that imposes a tax despite any other Act of Parliament that limits the authority of the first nation to enact a law that imposes a tax.

Binding on Her  
Majesty

(3) If a provision of Part IX of the *Excise Tax Act* is binding on Her Majesty in right of Canada or a province, that provision, to the extent that it applies for the purposes of a first nation law, as defined in subsection 11(1) or 12(1), and any provision of the first nation law that corresponds to that provision of that Part, are so binding for the purposes of that law.

FIRST NATION GOODS AND SERVICES TAX LAW

Authority to  
impose tax

4. (1) Subject to this section, the governing body of a first nation that is listed in the schedule and that is a band or has the power to enact laws that has been recognized or granted under any other Act of Parliament or under an agreement that has been given effect by any other Act of Parliament may enact a law that imposes

(a) a tax in respect of a taxable supply made on the lands of the first nation;

(b) a tax in respect of the bringing of tangible personal property onto the lands of the first nation from a place in Canada; and

(c) a tax in respect of an imported taxable supply made on the lands of the first nation.

Supply made on  
lands

(2) A supply, other than an imported taxable supply, is made on the lands of a first nation only if at least one of the following conditions is met:

(a) if the lands of the first nation were a participating province, a provision of Part IX of the *Excise Tax Act* would deem the supply to be made in that participating province if

(i) the lands of every other first nation in respect of which a first nation law, as defined in subsection 11(1) or 12(1), is in force at the time the supply is made were each a separate participating province, and

(ii) the participating provinces listed in Schedule VIII to the *Excise Tax Act* were non-participating provinces; or

(b) tax under Part IX of the *Excise Tax Act* is not payable in respect of the supply and such tax would, without section 13, be payable but for the connection of the supply with those lands and the application of the exemption under section 87 of the *Indian Act* or of any other exemption from taxation under any other Act of Parliament that is similar to the exemption under that section.

Supply of  
specified motor  
vehicle on  
lands

(3) Despite subsection (2), for the purposes of paragraph (1)(a), a supply of a specified motor vehicle by way of lease, licence or similar arrangement under an agreement under which continuous possession or use of the vehicle is provided for a period of more than three months is made on the lands of a first nation only if

(a) in the case of a recipient who is an individual, the recipient ordinarily resides on those lands at the time the supply is made; and

(b) in the case of a recipient who is not an individual, the ordinary location of the vehicle, determined for the purposes of Schedule IX to the *Excise Tax Act* at the time the supply is made, is on those lands.

Imported  
taxable supply  
made on lands

(4) An imported taxable supply is made on the lands of a first nation only if at least one of the following conditions is met:

(a) tax would be payable in respect of the imported taxable supply under subsection 218.1(1) of the *Excise Tax Act* if

(i) the lands of the first nation were the particular participating province referred to in that subsection,

(ii) the lands of every other first nation in respect of which a first nation law, as defined in subsection 11(1) or 12(1), is in force at the time the supply is made were each a separate participating province,

(iii) the participating provinces listed in Schedule VIII to the *Excise Tax Act* were non-participating provinces, and

(iv) the recipient of the supply were not a selected listed financial institution; or

(b) tax under Part IX of the *Excise Tax Act* is not payable in respect of the imported taxable supply and such tax would, without section 13, be payable but for the connection of the supply with those lands and the application of the exemption under section 87 of the *Indian Act* or of any other exemption from taxation under any other Act of Parliament that is similar to the exemption under that section.

Bringing of  
property onto  
lands

(5) Subject to subsection (6), a tax in respect of the bringing of property onto the lands of a first nation by a person shall be imposed under a law of the first nation enacted under subsection (1) only if the property was last supplied to the person by way of sale at a time when an administration agreement was in effect in respect of that law and tax would have been payable under Part IX of the *Excise Tax Act* in respect of the supply otherwise than at the rate of zero but for the application of the exemption under section 87 of the *Indian Act* or of any other exemption from taxation under any other Act of Parliament that is similar to the exemption under that section.

Exception

(6) A tax in respect of the bringing of property onto the lands of a first nation by a person shall not be imposed if

(a) tax became payable by the person in respect of the property under any first nation law, as defined in subsection 11(1) or 12(1), or section 212 of the *Excise Tax Act* before the property is brought onto the lands of the first nation; or

(b) tax would not be payable under subsection 220.05(1) of the *Excise Tax Act* in respect of the bringing of the property onto the lands of the first nation if

(i) the lands of the first nation were the particular participating province referred to in that subsection,

(ii) the lands of every other first nation in respect of which a first nation law, as defined in subsection 11(1) or 12(1), is in force at the time the property is brought onto the lands of the first nation were each a separate participating province,

(iii) the participating provinces listed in Schedule VIII to the *Excise Tax Act* were non-participating provinces, and

(iv) paragraphs 220.05(3)(a) and (b) of the *Excise Tax Act*, section 18 of Part I of Schedule X to that Act, the exemption under section 87 of the *Indian Act* and any other exemption from taxation under any other Act of Parliament that is similar to the exemption under that section did not apply in respect of the bringing of the property onto the lands of the first nation.

#### Carriers

(7) For the purposes of this Act, if a particular person brings property onto the lands of a first nation on behalf of another person, the other person, and not the particular person, is deemed to have brought the property onto those lands.

Amount of tax –  
bringing of  
property onto  
lands

(8) For the purposes of subsection (1), the amount of tax that may be imposed under the law of a first nation in respect of the bringing of property onto the lands of the first nation by a person is equal to the amount determined by the formula

$$A \times B$$

where

A is the rate of tax set out in subsection 165(1) of the *Excise Tax Act*, and

B is



(a) if the person last acquired the property by way of a sale under which the property was delivered to the person within thirty days before the day on which it is brought onto the lands of the first nation, the value of the consideration on which tax under Part IX of the *Excise Tax Act* in respect of the sale would have been calculated but for the application of the exemption under section 87 of the *Indian Act* or of any other exemption from taxation under any other Act of Parliament that is similar to the exemption under that section, and

(b) in any other case, the lesser of

(i) the fair market value of the property at the time the property is brought onto the lands of the first nation, and

(ii) the value of the consideration referred to in paragraph (a).

Reporting and  
payment of tax

(9) Tax that is imposed under a law of a first nation enacted under subsection (1) in respect of the bringing of property onto the lands of the first nation shall become payable by the person who brings it onto the lands at the time it is brought onto the lands and

(a) if the person is a registrant who acquired the property for consumption, use or supply primarily in the course of commercial activities of the person, the person shall, on or before the day on or before which the person's return in respect of net tax is required to be filed under the law of the first nation for the reporting period in which the tax became payable, pay the tax to the Receiver General and report the tax in that return; and

(b) in any other case, the person shall, on or before the last day of the month following the calendar month in which the tax became payable, pay the tax to the Receiver General and file with the Minister of National Revenue in the manner authorized by that Minister a return in respect of the tax in the form authorized by and containing information specified by that Minister.

Amount of tax –  
supply made on  
lands

(10) For the purposes of paragraphs (1)(a) and (c), the amount of tax that may be imposed under the law of a first nation in

respect of a supply is equal to the amount of tax that would be imposed under Part IX of the *Excise Tax Act* in respect of that supply if

(a) the *Excise Tax Act* applied and the law of the first nation, the exemption under section 87 of the *Indian Act* and any other exemption from taxation under any other Act of Parliament that is similar to the exemption under that section did not apply in respect of that supply;

(b) the amount were determined without reference to subparagraph (v) of the description of A or subparagraph (vi) of the description of J in the definition "basic tax content" in subsection 123(1) of the *Excise Tax Act*; and

(c) no amount of tax under subsection 165(2), 212.1(2) or 218.1(1) or Division IV.1 of Part IX of the *Excise Tax Act* were included in determining that amount.

Administration  
and enforcement

(11) A law enacted under subsection (1) by the governing body of a first nation shall be administered and enforced, and the tax imposed under that law shall be collected, in accordance with an administration agreement entered into under subsection 11(2) by the authorized body of the first nation.

Tax  
attributable to  
a first nation

5. (1) An administration agreement in respect of a first nation law, as defined in subsection 11(1) or 12(1), of a particular first nation shall provide for payments by the Government of Canada to the particular first nation in respect of that law based on an estimate for each calendar year of the total (in this section referred to as "tax attributable to the first nation") of

(a) the amount by which

(i) the total of all amounts each of which is an amount of tax (other than tax payable by a listed financial institution) that, while that first nation law was in force, became payable in the year under a first nation law, as defined in subsection 11(1) or 12(1), or Part IX of the *Excise Tax Act* (other than subsections 165(2), 212.1(2) and 218.1(1) and Division IV.1) and that is attributable to property or a service that is for consumption or use on the lands of the particular first nation

exceeds

(ii) the total of all amounts each of which is included in the total determined under subparagraph (i) and

(A) is included in determining an input tax credit or in determining a deduction that may be claimed in determining the net tax of a person,

(B) can reasonably be regarded as an amount that a person is or was entitled to recover by way of a rebate or refund or otherwise under a first nation law, as defined in subsection 11(1) or 12(1), or under any Act of Parliament, or

(C) is an amount of tax in respect of a supply to a person who is, under any Act of Parliament or any other law, exempt from paying the tax, and

(b) the total of all amounts each of which is determined in respect of a listed financial institution by the formula

$$A \times B$$

where

A is the excess that would be determined under paragraph (a) in respect of the financial institution if subparagraph (a)(i) were read without reference to the words "that is for consumption or use on the lands of the particular first nation" and that subparagraph included amounts of tax payable by the financial institution but did not include amounts of tax payable by any other person, and

B is the percentage that would be determined, for the purpose of the description of C in the formula in subsection 225.2(2) of the *Excise Tax Act*, as the financial institution's percentage for the particular first nation for the last taxation year of the financial institution ending in that calendar year (or, if the financial institution does not have a taxation year ending in that calendar year, for the period that would be that last taxation year if the taxation year of the financial institution that is partly included in that calendar year ended at the end of that calendar year) if the financial institution were a selected listed financial institution and the lands of the particular first nation were a participating province.

Administration  
agreement

(2) The Minister, with the approval of the Governor in Council, may on behalf of the Government of Canada enter into an agreement in respect of a first nation law, as defined in subsection 11(1) or 12(1), of a first nation with the authorized body of the first nation and, among other things, the agreement shall provide

(a) the method for estimating, in accordance with the formulae, rules, conditions and data sources specified in the agreement, the tax attributable to the first nation;

(b) for the sharing, if any, between the first nation and the Government of Canada of the tax attributable to the first nation;

(c) for the retention by the Government of Canada, as its property, of

(i) the portion, if any, of the total tax imposed by the first nation under the first nation law that is not tax attributable to the first nation, and

(ii) the Government of Canada's share, if any, under paragraph (b) of the tax attributable to the first nation;

(d) for the payments, and for the eligibility for payments, by the Government of Canada to the first nation in respect of the tax attributable to the first nation out of the Consolidated Revenue Fund to which the first nation is entitled under the agreement, the time when and the manner in which such payments will be made, and the remittance by the first nation to the Government of Canada of any overpayments or advances by the Government of Canada or the right of the Government of Canada to set off any overpayments or advances against amounts payable by the Government of Canada to the first nation under the agreement;

(e) for the administration and enforcement of the first nation law by the Government of Canada and for the collection, by the Government of Canada, of amounts imposed under that law;

(f) for the provision by the Government of Canada to the first nation of information acquired in the administration and enforcement of the first nation law or, subject to section 295 of the *Excise Tax Act*, Part IX of that Act and for the provision by the first nation to the Government of Canada of information acquired in the administration and enforcement of the first nation law;

(g) for the accounting for amounts collected in accordance with the agreement;

(h) for the payment by the Government of Canada and its agents and subservient bodies of amounts imposed under the first nation law or any other first nation law, as defined in subsection 11(1) or 12(1), and for the payment by the first nation and its agents and subservient bodies of amounts imposed under that law, any other first nation law, as defined in subsection 11(1) or 12(1), or Part IX of the *Excise Tax Act*;

(i) for the accounting for the payments referred to in paragraph (h);

(j) for the compliance by the Government of Canada and its agents and subservient bodies with the first nation law and any other first nation law, as defined in subsection 11(1) or 12(1), and for the compliance by the first nation and its agents and subservient bodies with that law, any other first nation law, as defined in subsection 11(1) or 12(1), and Part IX of the *Excise Tax Act*; and

(k) for other matters that relate to, and that are considered advisable for the purposes of implementing or administering, the first nation law.

#### Amending agreements

(3) The Minister, with the approval of the Governor in Council, may on behalf of the Government of Canada enter into an agreement with the authorized body of a first nation amending or varying an administration agreement with the first nation or an agreement under this subsection.

#### Payments to first nation

(4) If the Minister, on behalf of the Government of Canada, has entered into an administration agreement with the authorized body of a first nation, the Minister may pay to the first nation out of the Consolidated Revenue Fund

(a) amounts determined in accordance with the agreement as provided, and at such times as are specified, in the agreement; and

(b) in accordance with the agreement, advances in respect of the amounts referred to in paragraph (a).

#### Payments to other persons

(5) Subject to subsection (6), if an administration agreement has been entered into in respect of a first nation law, as defined in subsection 11(1) or 12(1), payments may be made to a person out of the Consolidated Revenue Fund on account of any amount that is payable to the person under that law in accordance with the agreement.

Recoverable  
advance out of  
Consolidated  
Revenue Fund

(6) If no amount is held on behalf of a first nation from which payment under subsection (5) may be made in accordance with an administration agreement, or the amount of the payment exceeds the amount so held, payment under subsection (5) may be made as a recoverable advance out of the Consolidated Revenue Fund if the repayment of the amount or excess by the first nation is provided for in the agreement.

Statutory  
authority to  
make payments

6. Despite any other Act of Parliament, the payments made under an administration agreement under the authority of subsection 5(4), (5) or (6) may be made without any other or further appropriation or authority.

Coming into  
force - law  
under  
subsection 4(1)

7. (1) A law enacted under subsection 4(1) may come into force only on or after the later of the day on which a copy of the law is received by the Minister and the day on which an administration agreement in respect of that law comes into effect.

Law deemed not  
in force

(2) A law enacted under subsection 4(1) is deemed to not be in force at a particular time unless an administration agreement in respect of that law is in effect at that time.

Not subject to  
*Statutory  
Instruments Act*

(3) A law enacted under subsection 4(1) is not subject to the *Statutory Instruments Act*.

Proof of law

8. A copy of a first nation law, as defined in subsection 11(1) or 12(1), enacted by the governing body of a first nation is, if it is certified to be a true copy, evidence that the law was duly enacted by the governing body and, in the case of a law enacted under subsection 4(1), was received by the Minister, without proof of the signature or official character of the person certifying it to be a true copy if that person is

(a) in the case of a first nation law, as defined in subsection 11(1), the Minister or a person authorized by the Minister; and

(b) in the case of a first nation law, as defined in subsection 12(1), a person authorized by the governing body.

Law of a band

9. (1) A law enacted under subsection 4(1) by the governing body of a band is valid only if the power of the governing body to enact the law is exercised in conformity with paragraph 2(3)(b) of the *Indian Act* and no such law is invalid by reason of any defect in form.

Expenditures

(2) The power of the governing body of a band to expend moneys paid by the Government of Canada pursuant to an administration agreement in respect of a law enacted under subsection 4(1) by the governing body is validly exercised only if the power is exercised in conformity with paragraph 2(3)(b) of the *Indian Act*.

Publication of  
law

(3) The governing body of a band shall, on demand, provide a copy of any law enacted under subsection 4(1) by that governing body and shall publish a copy of every such law in a newspaper that has general circulation in the place where the law applies and in the *First Nations Gazette*, but no such law shall be invalid by reason of a failure to publish it.

Indian moneys

(4) Moneys raised pursuant to a tax imposed under a law of a first nation enacted under subsection 4(1) are not Indian moneys within the meaning of subsection 2(1) of the *Indian Act*.

First nation -  
provisions of

other Acts of  
Parliament

**10.** (1) Subject to subsection (2), if any other Act of Parliament or an agreement that has been given effect by any other Act of Parliament recognizes or grants a power of a first nation, other than a band, to enact a law and that Act or agreement contains provisions relating to such matters as the expenditure of moneys raised under a law of the first nation relating to taxation, the style, form or registration of such a law or the procedure for enacting, publishing and providing copies of such a law, the provisions of that Act or agreement apply, with such modifications as the circumstances require, for the purposes of a law of the first nation that is enacted under subsection 4(1).

Exception

(2) Subsection (1) does not apply to the extent that provisions relating to the matters referred to in that subsection are contained in a law of a first nation that is enacted under a power recognized or granted under any other Act of Parliament or under a power recognized or granted under an agreement that has been given effect by any other Act of Parliament.

Meaning of  
"first nation  
law"

**11.** (1) In this section, "first nation law" means a law enacted under subsection 4(1).

Administration  
agreement

(2) The authorized body of a first nation may enter into an administration agreement in respect of a first nation law enacted by the governing body of the first nation.

Rules where  
agreement

(3) If the authorized body of a first nation and the Minister have entered into an administration agreement in respect of a first nation law,

(a) every provision of Part IX of the *Excise Tax Act* (other than subsection 327(2) of that Act) applies, with such modifications as the circumstances require, for the purposes of the first nation law as if tax referred to in each of paragraphs 4(1)(a) and (c) imposed under the first nation law were imposed under subsection 165(1) and section 218 of the *Excise Tax Act* respectively and, subject to subsection 4(9),



as if tax referred to in paragraph 4(1)(b) imposed under the first nation law were imposed under subsection 220.05(1) of the *Excise Tax Act* in respect of the bringing of property into a participating province, but the first nation law shall not thereby be construed as imposing a tax except as provided in section 4;

(b) the first nation law applies as if tax imposed under Part IX of the *Excise Tax Act* were imposed under the first nation law and as if the provisions of that Part relating to that tax were included in the first nation law, but the first nation law shall not thereby be construed as imposing a tax except as provided in section 4;

(c) Part IX of the *Excise Tax Act* applies, other than for the purposes of paragraph (a), as if tax imposed under the first nation law were imposed under that Part and as if the provisions of the first nation law relating to that tax were included in that Part, but that Part shall not thereby be construed as imposing a tax except as provided in that Part;

(d) all Acts of Parliament, other than this Act and Part IX of the *Excise Tax Act*, apply as if tax referred to in each of paragraphs 4(1)(a) and (c) imposed under the first nation law were imposed under subsection 165(1) and section 218 of the *Excise Tax Act* respectively and, subject to subsection 4(9), as if tax referred to in paragraph 4(1)(b) imposed under the first nation law were imposed under subsection 220.05(1) of the *Excise Tax Act* in respect of the bringing of property into a participating province; and

(e) for greater certainty,

(i) a person who does anything to satisfy a requirement of the first nation law that would satisfy a corresponding requirement of Part IX of the *Excise Tax Act* if the tax imposed under the first nation law were imposed under that Part is deemed to have satisfied the requirement of the first nation law,

(ii) a person who does anything to exercise an authority, right or privilege under the first nation law that would be a valid exercise of a corresponding authority, right or privilege under Part IX of the *Excise Tax Act* if the tax imposed under the first nation law were imposed under that Part is deemed to have validly exercised the authority, right or privilege under the first nation law,

(iii) a person who does anything to satisfy a requirement or exercise an authority, right or privilege under Part IX of the *Excise Tax Act* is deemed to have done that

thing for the purposes of both that Part and the first nation law,

(iv) a person who does anything to satisfy a requirement or exercise an authority, right or privilege under the first nation law is deemed to have done that thing for the purposes of both that law and Part IX of the *Excise Tax Act*,

(v) a person who is a registrant for the purposes of Part IX of the *Excise Tax Act* is a registrant for the purposes of both that Part and the first nation law,

(vi) a person who is a registrant for the purposes of the first nation law is a registrant for the purposes of both that law and Part IX of the *Excise Tax Act*, and

(vii) if a proceeding may be taken under any other Act of Parliament in respect of the tax imposed under Part IX of the *Excise Tax Act*, that proceeding may be taken in respect of the tax imposed under the first nation law.

FIRST NATION LAW ENACTED UNDER SEPARATE POWER

Meaning of  
"first nation  
law"

**12.** (1) In this section, "first nation law" means a law enacted by the governing body of a first nation listed in the schedule under a power recognized or granted under any other Act of Parliament or an agreement that has been given effect by any other Act of Parliament, if that law and its application are consistent with subsections 4(1) to (10), paragraphs 11(3)(a) and (b) and subparagraphs 11(3)(e)(i) to (iii) and (v).

Rules where  
agreement

(2) If the authorized body of a first nation and the Minister have entered into an administration agreement in respect of a first nation law,

(a) Part IX of the *Excise Tax Act* applies as if tax imposed under the first nation law were imposed under that Part and as if the provisions of the first nation law relating to that tax were included in that Part, but that Part shall not thereby be construed as imposing a tax except as provided in that Part;

(b) all Acts of Parliament, other than this Act and Part IX of the *Excise Tax Act*, apply as if tax referred to in each of paragraphs 4(1)(a) and (c) imposed under the first nation law

were imposed under subsection 165(1) and section 218 of the *Excise Tax Act* respectively and, subject to subsection 4(9), as if tax referred to in paragraph 4(1)(b) imposed under the first nation law were imposed under subsection 220.05(1) of the *Excise Tax Act* in respect of the bringing of property into a participating province; and

(c) for greater certainty,

(i) a person who does anything to satisfy a requirement or exercise an authority, right or privilege under the first nation law is deemed to have done that thing for the purposes of both that law and Part IX of the *Excise Tax Act*,

(ii) a person who is a registrant for the purposes of the first nation law is a registrant for the purposes of both that law and Part IX of the *Excise Tax Act*, and

(iii) if a proceeding may be taken under any other Act of Parliament in respect of the tax imposed under Part IX of the *Excise Tax Act*, that proceeding may be taken in respect of the tax imposed under the first nation law.

Cessation of  
agreement

(3) If an administration agreement in respect of a first nation law ceases to have effect at any time, this Act applies after that time in respect of the first nation law as if the first nation law had been repealed at that time.

#### ADMINISTRATION AGREEMENT AND PART IX OF EXCISE TAX ACT

Tax not payable

**13.** If an administration agreement in respect of a first nation law, as defined in subsection 11(1) or 12(1), is in effect, no tax (other than tax imposed under subsection 165(2), 212.1(2) or 218.1(1) or Division IV.1 of Part IX of the *Excise Tax Act*) is payable or deemed to have been paid or collected under Part IX of the *Excise Tax Act* in respect of a supply to the extent that tax is payable or deemed to have been paid or collected, as the case may be, in respect of the supply under the first nation law.

#### OFFENCES

Offences

**14.** When an administration agreement in respect of a first nation law, as defined in subsection 11(1) or 12(1), is in effect and a person commits an act or omission in respect of that law that

would be an offence under a provision of Part IX of the *Excise Tax Act* or regulations made under that Part if the act or omission were committed in relation to that Part or those regulations,

(a) subject to paragraph (b), the person is guilty of an offence punishable on summary conviction;

(b) the Attorney General of Canada may elect to prosecute the person by indictment if an offence under that provision may be prosecuted by indictment; and

(c) the person is liable on conviction to the punishment provided for in that provision.

GENERAL

Amendment of  
schedule

**15.** The Governor in Council may, by order, amend the schedule by adding, deleting or varying the name of any first nation or of the governing body of any first nation or the description of the lands of any first nation.

Information  
reports

**16.** (1) If an administration agreement entered into by the authorized body of a first nation is in effect, the Minister of National Revenue may, for the purposes of that agreement, require any person having a place of business, or maintaining assets of a business, on the lands of the first nation to make a report respecting supplies relating to that business made by the person or property or services acquired or imported for consumption, use or supply in connection with those lands and that business.

Form and manner  
of filing

(2) A report under subsection (1) shall be filed with the Minister of National Revenue in the manner and form authorized by that Minister and at the time and containing information specified by that Minister.

**(2) The schedule to the *First Nations Goods and Services Tax Act* is set out in the schedule to this Act.**

***Consequential Amendments***

R.S., c. E-15

1993, c. 27, s.  
128(3)

**68. (1) Subparagraph 295(5)(d)(i) of the *Excise Tax Act* is replaced by the following:**

(i) to an official of the Department of Finance solely for the purposes of the formulation or evaluation of fiscal policy or for the purposes of an administration agreement, as defined in subsection 2(1) of the *Federal-Provincial Fiscal Arrangements Act*, entered into with an aboriginal government, as defined in that subsection, or for the purposes of an administration agreement, as defined in subsection 2(1) of the *First Nations Goods and Services Tax Act*,

**(2) Paragraph 295(5)(d) of the Act is amended by adding the following after subparagraph (iv.1):**

(iv.2) to a person authorized by the governing body of a first nation listed in the schedule to the *First Nations Goods and Services Tax Act* solely for the purposes of the formulation, evaluation or initial implementation of fiscal policy relating to a tax referred to in that Act,

## PART 10

### AMENDMENTS TO THE INCOME TAX ACT AND ANOTHER ACT AS A CONSEQUENCE

R.S., c. 1 (5th  
Supp.)

#### *Income Tax Act*

**69. (1) The descriptions of A and B in subsection 6(2) of the *Income Tax Act* are replaced by the following:**

A is

(a) the lesser of the total kilometres that the automobile is driven (otherwise than in connection with or in the course of the taxpayer's office or employment) during the total available days and the value determined for the description of B for the year in respect of the standby charge for the automobile during the total available days, if

(i) the taxpayer is required by the employer to use the automobile in connection with or in the course of the office or employment, and

(ii) the distance travelled by the automobile in the total available days is primarily in connection with or in the course of the office or employment, and

(b) the value determined for the description of B for the year in respect of the standby charge for the automobile during the total available days, in any other case;

B is the product obtained when 1,667 is multiplied by the quotient obtained by dividing the total available days by 30 and, if the quotient so obtained is not a whole number and exceeds one, by rounding it to the nearest whole number or, where that quotient is equidistant from two consecutive whole numbers, by rounding it to the lower of those two numbers;

**(2) Subsection (1) applies to the 2003 and subsequent taxation years.**

**70. (1) The definitions "qualifying cost", "qualifying portion of a capital gain" and "qualifying portion of the proceeds of disposition" in subsection 44.1(1) of the Act are repealed.**

**(2) The descriptions of E and F in the definition "ACB reduction" in subsection 44.1(1) of the Act are replaced by the following:**

E is the cost to the individual of the replacement share; and

F is the cost to the individual of all the replacement shares of the individual in respect of the qualifying disposition.

**(3) The descriptions of G, H and I in the definition "permitted deferral" in subsection 44.1(1) of the Act are replaced by the following:**

G is the lesser of the individual's proceeds of disposition from the qualifying disposition and the total of all amounts each of which is the cost to the individual of a replacement share in respect of the qualifying disposition;

H is the individual's proceeds of disposition from the qualifying disposition; and

I is the individual's capital gain from the qualifying disposition.

**(4) Paragraph (a) of the definition "replacement share" in subsection 44.1(1) of the Act is replaced by the following:**

(a) acquired by the individual in the year or within 120 days after the end of the year; and

**(5) Subsections (1) to (4) apply in respect of dispositions that occur after February 18, 2003.**

**71. (1) Subparagraph 60(1)(v) of the Act is amended by adding the following after clause (B):**

(B.01) the amount included in computing the taxpayer's income for the year as a payment (other than a payment that is part of a series of periodic payments or that relates to an actuarial surplus) received by the taxpayer out of or under a registered pension plan as a consequence of the death of an individual of whom the taxpayer was a child or grandchild, if the taxpayer was, immediately before the death, financially dependent on the individual for support because of mental or physical infirmity,

**(2) The portion of subclause 60(1)(v)(B.1)(II) of the Act before sub-subclause 1 is replaced by the following:**

(II) the amount (other than any portion of it that is included in the amount determined under clause (B), (B.01) or (B.2)) that is included in computing the taxpayer's income for the year as

**(3) Subsections (1) and (2) apply in respect of deaths that occur after 2002.**

**72. (1) Paragraph 104(27)(c) of the French version of the Act is replaced by the following:**

c) lorsque la prestation est un montant unique, au sens du paragraphe 147.1(1), qu'un régime de pension agréé verse à la fiducie par suite du décès de l'auteur de celle-ci :

(i) si le bénéficiaire était, immédiatement avant le décès de l'auteur, l'enfant ou le petit-enfant de celui-ci qui était financièrement à sa charge en raison d'une déficience mentale ou physique, la part du bénéficiaire sur la prestation (à l'exception de toute fraction de celle-ci qui se rapporte à un surplus actuariel) est réputée, pour l'application de l'alinéa 601), être un montant provenant d'un régime de pension agréé qui est inclus dans le calcul du revenu du bénéficiaire pour l'année donnée à titre de paiement visé à la division 601)(v)(B.01),

(ii) si le bénéficiaire – enfant ou petit-enfant de l’auteur – avait moins de 18 ans au décès de l’auteur, la part du bénéficiaire sur la prestation (à l’exception de toute fraction de celle-ci qui se rapporte à un surplus actuariel) est réputée, pour l’application de l’alinéa 601), être un montant provenant d’un régime de pension agréé qui est inclus dans le calcul du revenu du bénéficiaire pour l’année donnée à titre de paiement visé à la subdivision 601)(v)(B.1)(II).

**(2) Paragraph 104(27)(e) of the English version of the Act is replaced by the following:**

(e) where the benefit is a single amount (within the meaning assigned by subsection 147.1(1)) paid by a registered pension plan to the trust as a consequence of the death of the settlor of the trust,

(i) if the beneficiary was, immediately before the settlor’s death, a child or grandchild of the settlor who, because of mental or physical infirmity, was financially dependent on the settlor for support, the beneficiary’s share of the benefit (other than any portion of it that relates to an actuarial surplus) is deemed, for the purposes of paragraph 60(1), to be an amount from a registered pension plan included in computing the beneficiary’s income for the particular year as a payment described in clause 60(1)(v)(B.01), and

(ii) if the beneficiary was, at the time of the settlor’s death, under 18 years of age and a child or grandchild of the settlor, the beneficiary’s share of the benefit (other than any portion of it that relates to an actuarial surplus) is deemed, for the purposes of paragraph 60(1), to be an amount from a registered pension plan included in computing the beneficiary’s income for the particular year as a payment described in subclause 60(1)(v)(B.1)(II).

**(3) Subsections (1) and (2) apply in respect of deaths that occur after 2002.**

**73. (1) Paragraph 118.2(2)(1.4) of the Act is replaced by the following:**

(1.4) on behalf of the patient who has a speech or hearing impairment, for sign language interpretation services or real-time captioning services, to the extent that the payment is made to a person in the business of providing such services;

(1.41) on behalf of the patient who has a mental or physical impairment, for note-taking services, if



(i) the patient has been certified in writing by a medical practitioner to be a person who, because of that impairment, requires such services, and

(ii) the payment is made to a person in the business of providing such services;

(1.42) on behalf of the patient who has a physical impairment, for the cost of voice recognition software, if the patient has been certified in writing by a medical practitioner to be a person who, because of that impairment, requires that software;

**(2) Subsection 118.2(2) of the Act is amended by striking out the word "or" at the end of paragraph (p), by adding the word "or" at the end of paragraph (q) and by adding the following after paragraph (q):**

(r) on behalf of the patient who has celiac disease, the incremental cost of acquiring gluten-free food products as compared to the cost of comparable non-gluten-free food products, if the patient has been certified in writing by a medical practitioner to be a person who, because of that disease, requires a gluten-free diet.

**(3) Subsections (1) and (2) apply to the 2003 and subsequent taxation years.**

**74. (1) Subparagraph 118.3(1)(a.2)(iii) of the English version of the Act is replaced by the following:**

(iii) an impairment with respect to an individual's ability in feeding or dressing themselves, or in walking, a medical doctor or an occupational therapist,

**(2) Subparagraph 118.3(1)(a.2)(iv) of the French version of the Act is replaced by the following:**

(iv) s'il s'agit d'une déficience quant à la capacité de marcher, de s'alimenter ou de s'habiller, un médecin en titre ou un ergothérapeute,

**(3) Subsections (1) and (2) apply to the 2003 and subsequent taxation years.**

**75. (1) Subparagraph 118.4(1)(c)(ii) of the Act is replaced by the following:**

(ii) feeding oneself or dressing oneself,

**(2) Subsection 118.4(1) of the Act is amended by striking out the word "and" at the end of paragraph (c) and by adding the following after paragraph (d):**

(e) feeding oneself does not include

(i) any of the activities of identifying, finding, shopping for or otherwise procuring food, or

(ii) the activity of preparing food to the extent that the time associated with the activity would not have been necessary in the absence of a dietary restriction or regime; and

(f) dressing oneself does not include any of the activities of identifying, finding, shopping for or otherwise procuring clothing.

**(3) Subsections (1) and (2) apply to the 2003 and subsequent taxation years.**

**76. (1) Paragraph 118.6(3)(b) of the English version of the Act is amended by adding the following after subparagraph (i):**

(i.1) a speech impairment, by a medical doctor or a speech-language pathologist,

**(2) Paragraph 118.6(3)(b) of the French version of the Act is amended by adding the following after subparagraph (ii):**

(ii.1) s'il s'agit d'un trouble de la parole, un médecin en titre ou un orthophoniste,

**(3) Subparagraph 118.6(3)(b)(iii) of the English version of the Act is replaced by the following:**

(iii) an impairment with respect to the individual's ability in feeding or dressing themselves, or in walking, by a medical doctor or an occupational therapist, or

**(4) Subparagraph 118.6(3)(b)(iv) of the French version of the Act is replaced by the following:**

(iv) s'il s'agit d'une déficience quant à la capacité de marcher, de s'alimenter ou de s'habiller, un médecin en titre ou un ergothérapeute,

**(5) Subsections (1) and (2) apply in respect of certifications made after October 17, 2000.**

**(6) Subsections (3) and (4) apply to the 2003 and subsequent taxation years.**

77. (1) The first formula in subsection 122.61(1) of the Act is replaced by the following:

$$1/12[(A - B) + C + M]$$

(2) Subsection 122.61(1) of the Act is amended by striking out the word "and" at the end of the description of B and by replacing paragraphs (a) and (b) of the description of F in the description of C with the following:

- (a) only one qualified dependant, \$1,463, and
- (b) two or more qualified dependants, the total of
  - (i) \$1,463 for the first qualified dependant,
  - (ii) \$1,254 for the second qualified dependant, and
  - (iii) \$1,176 for each of the third and subsequent qualified dependants,

(3) The descriptions of G and H in the description of C in subsection 122.61(1) of the Act are replaced by the following:

G is the amount determined by the formula

$$J - [K - (L/0.122)]$$

where

J is the person's adjusted income for the year,

K is the amount referred to in paragraph (b) of the description of B, and

L is the amount referred to in paragraph (a) of the description of F, and

H is

(a) if the person is an eligible individual in respect of only one qualified dependant, 12.2%, and

(b) if the person is an eligible individual in respect of two or more qualified dependants, the fraction (expressed as a percentage rounded to the nearest one-tenth of one per cent) of which

(i) the numerator is the total that would be determined under the description of F in respect of the eligible individual if that

description were applied without reference to the fourth and subsequent qualified dependants in respect of whom the person is an eligible individual, and

(ii) the denominator is the amount referred to in paragraph (a) of the description of F, divided by 0.122; and

**(4) Subsection 122.61(1) of the Act is amended by adding the following after the description of C:**

M is the amount determined by the formula

$$N - (O \times P)$$

where

N is the product obtained by multiplying \$1,600 by the number of qualified dependants in respect of whom both

(a) an amount may be deducted under section 118.3 for the taxation year that includes the month, and

(b) the person is an eligible individual at the beginning of the month,

O is the amount determined by the formula

$$J - [F/H + (K - L/0.122)]$$

where the descriptions of J, F, H, K, and L are described in the description of C, and

P is the amount that would be determined for the description of H if the person were an eligible individual in respect of only the number of qualified dependants included in the description of N.

**(5) Subsection 122.61(6) of the Act is replaced by the following:**

Additions to  
NCB supplement  
- July 2005 and  
2006

(6) Each amount referred to in the description of F in subsection (1) that is to be used for the purpose of determining the amount deemed to be an overpayment arising during months that are

(a) after June 2005 and before July 2006, is to be replaced with the amount that is the total of \$185 and the amount otherwise determined under subsection (5) for those months; and

(b) after June 2006 and before July 2007, is to be replaced with the amount that is the total of \$185 and the amount otherwise determined, for those months, by applying subsection (5) to the amount determined under paragraph (a).

**(6) Subsections (1) to (5) apply in respect of overpayments deemed to arise during months that are after June 2003 except that, for overpayments deemed to arise during those months that are before July 2004, the following applies:**

**(a) the description of G in subsection 122.61(1) of the Act, as enacted by subsection (3), is to be read as follows:**

G is the amount, if any, by which the person's adjusted income for the year exceeds \$21,529, and

**(b) subparagraph (b)(ii) in the description of H in subsection 122.61(1) of the Act, as enacted by subsection (3), is to be read as follows:**

(ii) the denominator is the amount by which the amount referred to in paragraph (b) of the description of B exceeds \$21,529.

**(c) the description of O in subsection 122.61(1) of the Act, as enacted by subsection (4), is to be read as follows:**

O is the amount determined by the formula

(a) "J - \$33,487", if the person is an eligible individual in respect of three or fewer qualified dependants, and

(b) "J - (F/H + \$21,529)", if the person is an eligible individual in respect of more than three qualified dependants,

where the descriptions of J, F and H are described in the description of C, and

**78. (1) The definition "CCPC rate reduction percentage" in subsection 123.4(1) of the Act is repealed.**

**(2) Paragraph (b) of the definition "full rate taxable income" in subsection 123.4(1) of the Act is amended by adding the word "and" at the end of subparagraph (ii) and by repealing subparagraph (iv).**

**(3) Paragraph (c) of the definition "full rate taxable income" in subsection 123.4(1) of the Act is replaced by the following:**

(c) if the corporation is throughout the year an investment corporation, a mortgage investment corporation or a mutual fund corporation, nil.

**(4) Paragraphs 123.4(3)(a) and (b) of the Act are replaced by the following:**

(a) the amount determined by the formula

$$(\$300,000/A) \times B$$

where

A is the total of

(i) that proportion of \$200,000 that the number of days in the taxation year that are before 2003 is of the number of days in the taxation year,

(ii) that proportion of \$225,000 that the number of days in the taxation year that are in 2003 is of the number of days in the taxation year, and

(iii) that proportion of \$250,000 that the number of days in the taxation year that are in 2004 is of the number of days in the taxation year, and

B is the corporation's business limit for the taxation year as determined under section 125 for the purpose of paragraph 125(1)(c),

(b) the amount that would be determined under paragraph 125(1)(a) in respect of the corporation for the year if the description of M in the definition "specified partnership income" in subsection 125(7) were read as it is to be read for fiscal periods that begin after 2005, and

**(5) Subsection 123.4(3) of the Act is repealed.**

**(6) Subsections (1) to (3) and (5) apply to the 2005 and subsequent taxation years.**

**(7) Subsection (4) applies to the 2003 and 2004 taxation years.**

**79. (1) Subsections 125(2) to (4) of the Act are replaced by the following:**

Interpretation  
of business  
limit

(2) For the purpose of this section, a corporation's "business limit" for a taxation year is \$300,000 unless the corporation is associated in the year with one or more other Canadian-controlled private corporations in which case, except as otherwise provided in this section, its business limit for the year is nil.

Associated  
corporations

(3) Notwithstanding subsection (2), if all the Canadian-controlled private corporations that are associated with each other in a taxation year file with the Minister in prescribed form an agreement that assigns for the purpose of this section a percentage to one or more of them for the year, the business limit for the year of each of the corporations is

(a) if the total of the percentages assigned in the agreement does not exceed 100%, \$300,000 multiplied by the percentage assigned to that corporation in the agreement; and

(b) in any other case, nil.

Failure to file  
agreement

(4) If any of the Canadian-controlled private corporations that are associated with each other in a taxation year has failed to file with the Minister an agreement as contemplated by subsection (3) within 30 days after notice in writing by the Minister has been forwarded to any of them that such an agreement is required for the purpose of any assessment of tax under this Part, the Minister shall, for the purpose of this section, allocate an amount to one or more of them for the taxation year. The total amount so allocated must equal the least of the amounts that would, if none of the corporations were associated with any other corporation during the year and if this Act were read without reference to subsections (5) and (5.1), be the business limits of the corporations for the year.

**(2) The description of M in the definition "specified partnership income" in subsection 125(7) of the Act is replaced by the following:**

M is the lesser of

(i) \$300,000, and

(ii) the product obtained when \$822 is multiplied by the total of all amounts each of which is the number of days in a fiscal period of the partnership that ends in the year, and

(3) Subsection (1) applies to the 2003 and subsequent taxation years except that for taxation years that begin before 2006

(a) the reference in subsection 125(2) of the Act, as enacted by subsection (1), to "\$300,000" is to be read as a reference to the total of

(i) that proportion of \$200,000 that the number of days in the taxation year that are before 2003 is of the number of days in the taxation year,

(ii) that proportion of \$225,000 that the number of days in the taxation year that are in 2003 is of the number of days in the taxation year,

(iii) that proportion of \$250,000 that the number of days in the taxation year that are in 2004 is of the number of days in the taxation year,

(iv) that proportion of \$275,000 that the number of days in the taxation year that are in 2005 is of the number of days in the taxation year, and

(v) that proportion of \$300,000 that the number of days in the taxation year that are after 2005 is of the number of days in the taxation year; and

(b) the reference in subsection 125(3) of the Act, as enacted by subsection (1), to "\$300,000" is to be read as a reference to "the amount that would, if the corporation were not associated in the year with any other corporation, be its business limit for the year determined without reference to subsections (5) and (5.1),".

(4) Subsection (2) applies to the 2003 and subsequent taxation years except that, for taxation years that begin before 2006, the references in the description of M in the definition "specified partnership income" in subsection 125(7) of the Act, as enacted by subsection (2), to "\$300,000" and "\$822", are to be read,

(a) for fiscal periods of a partnership that end in a corporation's 2003 taxation year, as "\$225,000" and "\$617", respectively;



(b) for fiscal periods of a partnership that end in a corporation's 2004 taxation year, as "\$250,000" and "\$685", respectively; and

(c) for fiscal periods of a partnership that end in a corporation's 2005 taxation year, as "\$275,000" and "\$754", respectively.

80. (1) Subsection 125.5(3) of the Act is replaced by the following:

Tax credit

(3) An eligible production corporation in respect of an accredited production for a taxation year is deemed to have paid on its balance-due day for the year an amount on account of its tax payable under this Part for the year equal to 16% of its qualified Canadian labour expenditure for the year in respect of the production, if

(a) the corporation files with its return of income for the year

(i) a prescribed form containing prescribed information in respect of the production,

(ii) an accredited film or video production certificate in respect of the production, and

(iii) each other document prescribed in respect of the production; and

(b) the principal filming or taping of the production began before the end of the year.

(2) Subsection (1) applies in respect of Canadian labour expenditures incurred after February 18, 2003.

81. (1) Paragraph (a) of the definition "flow-through mining expenditure" in subsection 127(9) of the Act is replaced by the following:

(a) that is a Canadian exploration expense incurred after October 17, 2000 and before 2005 by a corporation in conducting mining exploration activity from or above the surface of the earth for the purpose of determining the existence, location, extent or quality of a mineral resource described in paragraph (a) or (d) of the definition "mineral resource" in subsection 248(1),

(2) The definition "flow-through mining expenditure" in subsection 127(9) of the Act is amended by adding the word "and" at

the end of paragraph (c), by striking out the word "and" at the end of paragraph (d) and by repealing paragraph (e).

(3) Subsection 127(10.2) of the Act is replaced by the following:

Expenditure  
limit  
determined

(10.2) For the purpose of subsection (10.1), a corporation's expenditure limit for a particular taxation year is the amount determined by the formula

$$(\$5,000,000 - 10A) \times B/C$$

where

A is the greater of \$300,000 and either

(a) if the corporation is associated with one or more other corporations in the particular year and the particular year ends in a calendar year, the total of all amounts each of which is the taxable income of the corporation, or of such an associated corporation, for its last taxation year that ended in the preceding calendar year (determined before taking into consideration the specified future tax consequences for that last taxation year), or

(b) if paragraph (a) does not apply, the corporation's taxable income for its immediately preceding taxation year (determined before taking into consideration the specified future tax consequences for that preceding year),

B is the total of the business limits under section 125 for the particular year of the corporation and any such other corporations for the particular year, and

C is

(a) if the corporation is associated with one or more other corporations in the particular year, the total of all amounts each of which would be the business limit for the particular year of the corporation or of such an associated corporation, if this Act were read without reference to subsections 125(5) and (5.1), or

(b) if paragraph (a) does not apply, the amount that would, if this Act were read without reference to

subsections 125(5) and (5.1), be the corporation's business limit for the particular year.

Expenditure  
limits -  
associated  
CCPCs

(10.21) Notwithstanding subsection (10.2), the expenditure limit for a taxation year of a corporation that is associated in the taxation year with one or more other Canadian-controlled private corporations is, except as otherwise provided in this section, nil.

**(4) Subsections (1) and (2) apply after February 18, 2003.**

**(5) Subsection (3) applies to taxation years that end after 2002 except that, for taxation years that immediately follow taxation years that ended before 2003, the reference in the formula in subsection 127(10.2) of the Act, as enacted by subsection (3), to "\$5,000,000" is to be read as a reference to "\$4,000,000" and the reference to "\$300,000" in the description of A is to be read as a reference to "\$200,000".**

**82. (1) The definition "refund of premiums" in subsection 146(1) of the Act is replaced by the following:**

"refund of  
premiums"  
« *remboursement*  
*de primes* »

"refund of premiums" means any amount paid out of or under a registered retirement savings plan (other than a tax-paid amount in respect of the plan) as consequence of the death of the annuitant under the plan,

(a) to an individual who was, immediately before the death, a spouse or common-law partner of the annuitant, where the annuitant died before the maturity of the plan, or

(b) to a child or grandchild of the annuitant who was, immediately before the death, financially dependent on the annuitant for support;

**(2) Paragraphs (a) and (b) of the definition "RRSP dollar limit" in subsection 146(1) of the Act are replaced by the following:**

(a) for years other than 1996 and 2003, the money purchase limit for the preceding year,

(b) for 1996, \$13,500, and

(c) for 2003, \$14,500;

**(3) Section 146 of the Act is amended by adding the following after subsection (1):**

Restriction –  
financially  
dependent

(1.1) For the purpose of paragraph (b) of the definition "refund of premiums" in subsection (1), clause 60(1)(v)(B.01) and subparagraph 104(27)(e)(i), it is assumed, unless the contrary is established, that an individual's child or grandchild was not financially dependent on the individual for support immediately before the individual's death if the income of the child or grandchild for the taxation year preceding the taxation year in which the individual died exceeded the amount determined by the formula

$$A + B$$

where

A is the amount used under paragraph (c) of the description of B in subsection 118(1) for that preceding taxation year; and

B is nil, unless the financial dependency was because of mental or physical infirmity, in which case it is \$6,180 adjusted for each such preceding taxation year that is after 2002 in the manner set out in section 117.1.

**(4) Subsections (1) and (3) apply in respect of deaths that occur after 2002.**

**(5) Subsection (2) applies after 2002.**

**83. (1) Paragraph 146.3(2)(a) of the Act is replaced by the following:**

(a) the fund provides that the carrier shall make only those payments described in any of paragraphs (d) and (e), the definition "retirement income fund" in subsection (1), and subsections (14) and (14.1);

**(2) The portion of paragraph 146.3(2)(e.1) of the Act before subparagraph (i) is replaced by the following:**

(e.1) where the fund does not govern a trust or the fund governs a trust created before 1998 that does not hold an annuity contract as a qualified investment for the trust, the

fund provides that if an annuitant, at any time, directs that the carrier transfer all or part of the property held in connection with the fund, or an amount equal to its value at that time, to a person who has agreed to be a carrier of another registered retirement income fund of the annuitant or to a registered pension plan in accordance with subsection (14.1), the transferor shall retain an amount equal to the lesser of

**(3) The portion of paragraph 146.3(2)(e.2) of the Act before subparagraph (i) is replaced by the following:**

(e.2) where paragraph (e.1) does not apply, the fund provides that if an annuitant, at any time, directs that the carrier transfer all or part of the property held in connection with the fund, or an amount equal to its value at that time, to a person who has agreed to be a carrier of another registered retirement income fund of the annuitant or to a registered pension plan in accordance with subsection (14.1), the transferor shall retain property in the fund sufficient to ensure that the total of

**(4) Subsection 146.3(14) of the Act is replaced by the following:**

Transfer on  
breakdown of  
marriage or  
common-law  
partnership

(14) An amount is transferred from a registered retirement income fund of an annuitant in accordance with this subsection if the amount

(a) is transferred on behalf of an individual who is a spouse or common-law partner or former spouse or common-law partner of the annuitant and who is entitled to the amount under a decree, an order or a judgment of a competent tribunal, or under a written agreement, that relates to a division of property between the annuitant and the individual in settlement of rights that arise out of, or on a breakdown of, their marriage or common-law partnership; and

(b) is transferred directly to

(i) a registered retirement income fund under which the individual is the annuitant, or

(ii) a registered retirement savings plan under which the individual is the annuitant (within the meaning assigned by subsection 146(1)).

Transfer to  
money purchase  
RPP

(14.1) An amount is transferred from a registered retirement income fund of an annuitant in accordance with this subsection if the amount is transferred at the direction of the annuitant directly to a registered pension plan of which, at any time before the transfer, the annuitant was a member (within the meaning assigned by subsection 147.1(1)) or to a prescribed registered pension plan and allocated to the annuitant under a money purchase provision (within the meaning assigned by subsection 147.1(1)) of the plan.

Taxation of  
amount  
transferred

(14.2) An amount transferred on behalf of an individual in accordance with paragraph (2)(e) or subsection (14) or (14.1)

(a) is not, solely because of that transfer, to be included in computing the income of any taxpayer; and

(b) is not to be deducted in computing the income of any taxpayer.

**(5) Subsections (1) to (4) apply after 2003.**

**84. (1) Paragraphs (g) to (j) of the definition "money purchase limit" in subsection 147.1(1) of the Act are replaced by the following:**

(g) for years after 1995 and before 2003, \$13,500,

(h) for 2003, \$15,500,

(i) for 2004, \$16,500,

(j) for 2005, \$18,000,

(k) for each year after 2005, the greater of

(i) the product (rounded to the nearest multiple of \$10, or, if that product is equidistant from two such consecutive multiples, to the higher multiple) of

(A) \$18,000, and

(B) the quotient obtained when the average wage for the year is divided by the average wage for 2005, and

(ii) the money purchase limit for the preceding year;

(2) Subsection (1) applies after 2002. However, for the purpose of determining a pension credit of an individual for the 2002 calendar year under section 8308.1 or 8308.3 of the *Income Tax Regulations* or an amount prescribed in respect of an individual under section 8308.2 or 8309 of the *Income Tax Regulations* for the 2003 calendar year, the money purchase limit for 2002 is deemed to be \$14,500.

85. (1) Subsection 181.1(1) of the Act is replaced by the following:

Tax payable

**181.1** (1) Every corporation shall pay a tax under this Part for each taxation year equal to the amount obtained by multiplying the corporation's specified percentage for the taxation year by the amount, if any, by which

(a) its taxable capital employed in Canada for the year exceeds

(b) its capital deduction for the year.

Specified percentage

(1.1) For the purpose of subsection (1), the specified percentage of a corporation for a taxation year that ends after 2003 is the total of

(a) that proportion of 0.225% that the number of days in the taxation year that are before 2004 is of the number of days in the taxation year,

(b) that proportion of 0.200% that the number of days in the taxation year that are in 2004 is of the number of days in the taxation year,

(c) that proportion of 0.175% that the number of days in the taxation year that are in 2005 is of the number of days in the taxation year,

(d) that proportion of 0.125% that the number of days in the taxation year that are in 2006 is of the number of days in the taxation year, and

(e) that proportion of 0.0625% that the number of days in the taxation year that are in 2007 is of the number of days in the taxation year.

#### Exceptions

(1.2) Notwithstanding subsection (1.1), for the purposes of applying subsection 125(5.1) and the definitions "unused surtax credit" in subsections (6) and 190.1(5), the amount of tax in respect of a corporation under subsection (1) for a taxation year is to be determined as if the specified percentage of the corporation for the taxation year were 0.225%.

**(2) Subsection (1) applies to the 2004 and subsequent taxation years.**

**86. (1) Subsections 181.5(1) to (3) of the Act are replaced by the following:**

Capital  
deduction

**181.5** (1) Subject to subsection (1.1), the capital deduction of a corporation for a taxation year is \$50 million unless the corporation is related to another corporation at any time in the taxation year, in which case, subject to subsection (4), its capital deduction for the year is nil.

#### Exceptions

(1.1) For the purposes of applying subsection 125(5.1), the definitions "unused surtax credit" in subsections 181.1(6) and 190.1(5), and subsection 225.1(8), the amount of tax in respect of a corporation under subsection 181.1(1) for a taxation year is to be determined as if the reference to "\$50 million" in subsection (1) were a reference to "\$10 million".

Related  
corporations

(2) Subject to subsection (4.1), a corporation that is related to any other corporation at any time in a taxation year of the corporation that ends in a calendar year may file with the Minister in prescribed form an agreement on behalf of the related group of which the corporation is a member under which an amount that does not exceed \$50 million is allocated among all corporations that are members of the related group for each taxation year of each such



corporation ending in the calendar year and at a time when it was a member of the related group.

Allocation by  
Minister

(3) Subject to subsection (4.1), the Minister may request a corporation that is related to any other corporation at the end of a taxation year to file with the Minister an agreement referred to in subsection (2) and, if the corporation does not file such an agreement within 30 days after receiving the request, the Minister may allocate an amount among the members of the related group of which the corporation is a member for the taxation year not exceeding \$50 million.

**(2) Section 181.5 of the Act is amended by adding the following after subsection (4):**

Exceptions

(4.1) For the purposes of applying subsection 125(5.1), the definitions "unused surtax credit" in subsections 181.1(6) and 190.1(5), and subsection 225.1(8), subsections (2) to (4) are to be read as if the amount determined under subsection (2) or (3), as the case may be, in respect of the corporation for the taxation year were that proportion of \$10 million that the amount otherwise determined in respect of the corporation for the taxation year under that subsection is of \$50 million.

**(3) Subsections (1) and (2) apply to the 2004 and subsequent taxation years.**

**87. (1) The definition "tax shelter" in subsection 237.1(1) of the Act is replaced by the following:**

"tax shelter"  
« *abri fiscal* »

"tax shelter" means

(a) a gifting arrangement described by paragraph (b) of the definition "gifting arrangement"; and

(b) a gifting arrangement described by paragraph (a) of the definition "gifting arrangement", or a property (including any right to income) other than a flow-through share or a prescribed property, in respect of which it can reasonably be considered, having regard to statements or representations made or proposed to be made in connection with the gifting arrangement or the property, that, if a person were to enter into the gifting arrangement or acquire an interest in the property, at

the end of a particular taxation year that ends within four years after the day on which the gifting arrangement is entered into or the interest is acquired,

(i) the total of all amounts each of which is

(A) an amount, or a loss in the case of a partnership interest, represented to be deductible in computing the person's income for the particular year or any preceding taxation year in respect of the gifting arrangement or the interest in the property (including, if the property is a right to income, an amount or loss in respect of that right that is stated or represented to be so deductible), or

(B) any other amount stated or represented to be deemed under this Act to be paid on account of the person's tax payable, or to be deductible in computing the person's income, taxable income or tax payable under this Act, for the particular year or any preceding taxation year in respect of the gifting arrangement or the interest in the property, other than an amount so stated or represented that is included in computing a loss described in clause (A),

would equal or exceed

(ii) the amount, if any, by which

(A) the cost to the person of the property acquired under the gifting arrangement, or of the interest in the property at the end of the particular year, determined without reference to section 143.2,

would exceed

(B) the total of all amounts each of which is the amount of any prescribed benefit that is expected to be received or enjoyed, directly or indirectly, in respect of the property acquired under the gifting arrangement, or of the interest in the property, by the person or another person with whom the person does not deal at arm's length.

**(2) Subsection 237.1(1) of the Act is amended by adding the following in alphabetical order:**

"gifting  
arrangement"  
« *arrangement  
de don* »

"gifting arrangement" means any arrangement under which it may reasonably be considered, having regard to statements or representations made or proposed to be made in connection with the arrangement, that if a person were to enter into the arrangement, the person would

(a) make a gift to a qualified donee, or a contribution referred to in subsection 127(4.1), of property acquired by the person under the arrangement; or

(b) incur a limited-recourse amount that can reasonably be considered to relate to a gift to a qualified donee or a contribution referred to in subsection 127(4.1).

(3) The portion of the definition "tax shelter" in subsection 237.1(1) of the Act before paragraph (a), as enacted by subsection (1), and the portion of the definition "gifting arrangement" in subsection 237.1(1) of the Act before paragraph (a), as enacted by subsection (2), apply after February 18, 2003.

(4) Paragraph (a) of the definition "tax shelter" in subsection 237.1(1) of the Act, as enacted by subsection (1), and paragraph (b) of the definition "gifting arrangement" in subsection 237.1(1) of the Act, as enacted by subsection (2) apply in respect of property acquired, and gifts, contributions, statements and representations made, after February 18, 2003.

(5) Paragraph (b) of the definition "tax shelter" in subsection 237.1(1) of the Act, as enacted by subsection (1), and paragraph (a) of the definition "gifting arrangement" in subsection 237.1(1) of the Act, as enacted by subsection (2), apply in respect of property acquired, and statements and representations made, after February 18, 2003.

88. (1) The definition "automobile" in subsection 248(1) of the French version of the Act is amended by adding the following after paragraph (a):

a.1) les véhicules d'intervention d'urgence clairement identifiés qui sont utilisés dans le cadre de la charge ou de l'emploi d'un particulier au sein d'un service des incendies ou de la police;

(2) The definition "automobile" in subsection 248(1) of the English version of the Act is amended by adding the following after paragraph (b):

(b.1) a clearly marked emergency-response vehicle that is used in connection with or in the course of an individual's office or employment with a fire department or the police;

**(3) Paragraph (d) of the definition "automobile" in subsection 248(1) of the French version of the Act is replaced by the following:**

d) les véhicules à moteur suivants :

(i) les véhicules de type fourgonnette ou camionnette, ou d'un type analogue, comptant au maximum trois places assises, y compris celle du conducteur, et qui, au cours de l'année d'imposition où ils sont acquis ou loués, sont utilisés principalement pour le transport de marchandises ou de matériel en vue de gagner un revenu,

(ii) les véhicules de type fourgonnette ou camionnette, ou d'un type analogue, dont la totalité ou la presque totalité de l'utilisation au cours de l'année d'imposition où ils sont acquis ou loués est pour le transport de marchandises, de matériel ou de passagers en vue de gagner un revenu,

(iii) les véhicules de type camionnette qui sont utilisés, au cours de l'année d'imposition où ils sont acquis ou loués, principalement pour le transport de marchandises, de matériel ou de passagers en vue de gagner un revenu à un ou plusieurs endroits au Canada qui sont, à la fois :

(A) visés, pour ce qui est d'un ou de plusieurs des occupants du véhicule, aux sous-alinéas 6(6)a)(i) ou (ii),

(B) situés à au moins 30 kilomètres du point le plus rapproché de la limite de la plus proche région urbaine, au sens du dernier dictionnaire du recensement publié par Statistique Canada avant l'année en question, qui compte une population d'au moins 40 000 personnes selon le dernier recensement publié par Statistique Canada avant cette même année.

**(4) Paragraph (e) of the definition "automobile" in subsection 248(1) of the English version of the Act is replaced by the following:**

(e) a motor vehicle

(i) of a type commonly called a van or pick-up truck, or a similar vehicle, that has a seating capacity for not more than the driver and two passengers and that, in the taxation year in which it is acquired or leased, is used primarily for the transportation of goods or equipment in the course of gaining or producing income,

(ii) of a type commonly called a van or pick-up truck, or a similar vehicle, the use of which, in the taxation year in which it is acquired or leased, is all or substantially all for the transportation of goods, equipment or passengers in the course of gaining or producing income, or

(iii) of a type commonly called a pick-up truck that is used in the taxation year in which it is acquired or leased primarily for the transportation of goods, equipment or passengers in the course of earning or producing income at one or more locations in Canada that are

(A) described, in respect of any of the occupants of the vehicle, in subparagraph 6(6)(a)(i) or (ii), and

(B) at least 30 kilometres outside the nearest point on the boundary of the nearest urban area, as defined by the last census dictionary published by Statistics Canada before the year, that has a population of at least 40,000 individuals as determined in the last census published by Statistics Canada before the year.

**(5) Subsection 248(1) of the Act is amended by adding the following in alphabetical order:**

"limited-  
recourse  
amount"  
« *montant à  
recours limité*  
»

"limited-recourse amount" means an amount that is a limited-recourse amount under section 143.2.

**(6) Subsections (1) and (2) apply to the 2003 and subsequent taxation years.**

(7) Subsections (3) and (4) apply to taxation years that begin after 2002.

(8) Subsection (5) applies after February 18, 2003.

89. (1) Subsection 252(3) of the Act is replaced by the following:

(3) For the purposes of paragraph 56(1)(b), section 56.1, paragraphs 60(b) and (j), section 60.1, subsections 70(6) and (6.1), 73(1) and (5) and 104(4), (5.1) and (5.4), the definition "pre-1972 spousal trust" in subsection 108(1), subsection 146(16), subparagraph 146.3(2)(f)(iv), subsections 146.3(14), 147(19), 147.3(5) and (7) and 148(8.1) and (8.2), the definition "small business property" in subsection 206(1), subparagraph 210(c)(ii) and subsections 248(22) and (23), "spouse" and "former spouse" of a particular individual include another individual of the opposite sex who is a party to a voidable or void marriage with the particular individual.

(2) Subsection (1) applies after 2003.

1992, c. 48,  
Sch.

#### *Children's Special Allowances Act*

90. (1) Subsection 8(1) of the *Children's Special Allowances Act* is amended by striking out the word "and" at the end of paragraph (a), by adding the word "and" at the end of paragraph (b) and by adding the following after paragraph (b):

(c) if an amount may be deducted under section 118.3 of that Act in respect of the child, the amount expressed in dollars in the description of N in subsection 122.61(1) of that Act,

(2) Subsection (1) applies in respect of special allowances payable for months that are after June 2003.

#### PART 11

#### AMENDMENTS RELATED TO STANDARDIZED ACCOUNTING

2002, c. 22

#### *Excise Act, 2001*

91. (1) Section 165 of the *Excise Act, 2001* is replaced by the following:

Amounts owing  
of \$2 or less  
in total

**165.** (1) If the Minister determines, at any time, that the total of all amounts owing by a person to Her Majesty under this Act does not exceed two dollars, those amounts are deemed to be nil.

Amounts payable  
of \$2 or less  
in total

(2) If, at any time, the total of all amounts payable by the Minister to a person under this Act does not exceed two dollars, the Minister shall apply those amounts against any amount owing, at that time, by the person to Her Majesty under this Act. However, if the person, at that time, does not owe any amount to Her Majesty, those amounts are deemed to be nil.

**(2) Subsection (1) comes into force or is deemed to have come into force on the earlier of the day on which Parts 3 and 4 of the Act come into force and the day on which this Act is assented to.**

**92. (1) Subsections 170(3) to (5) of the Act are replaced by the following:**

Period where  
interest not  
payable

(3) Despite any other provision of this Act, if the Minister notifies a person that the person is required to pay a specified amount under this Act and the person pays the specified amount in full before the end of the period that the Minister specifies with the notice, interest is not payable on the specified amount for the period.

Interest  
amounts of \$25  
or less

(4) If, at any time, a person pays an amount not less than the total of all amounts, other than interest, owing at that time to Her Majesty under this Act for a fiscal month and the total amount of interest payable by the person under this Act for that month is not more than \$25.00, the Minister may cancel the interest.

**(2) Subsection (1) comes into force or is deemed to have come into force on the earlier of the day on which Parts 3 and 4 of the Act come into force and the day on which this Act is assented to.**

**93. (1) Section 171 of the Act is replaced by the following:**

Compound  
interest on  
amounts payable  
by Minister

**171.** Interest shall be compounded daily at the prescribed rate on any amount payable by the Minister to a person. The interest shall be computed for the period beginning on the first day after the day on which the amount is required to be paid and ending on the day on which the amount is paid or is applied against an amount owed by the person to Her Majesty, unless this Act provides otherwise.

**(2) Subsection (1) comes into force or is deemed to have come into force on the earlier of the day on which Parts 3 and 4 of the Act come into force and the day on which this Act is assented to.**

R.S., c. E-15

***Excise Tax Act***

R.S., c. 7 (2nd  
Supp.), s. 3(1)

**94. (1) Subsection 7(1) of the *Excise Tax Act* is replaced by the following:**

Penalty for  
default

**7. (1)** Every person who refuses or neglects to make a return as required by subsection 5(1) is liable to a penalty of five per cent of the amount of tax unpaid at the expiration of the time for filing the return.

**(2) Subsection (1) applies in respect of any period for which a return is required to be filed after June 2003.**

**95. (1) Subsection 58.1(1) of the Act is amended by adding the following in alphabetical order:**

"fiscal month"  
« *mois*  
*d'exercice* »

"fiscal month" means a fiscal month as determined under subsection 78(1);

"month"  
« *mois* »



"month" means a period beginning on a particular day in a calendar month and ending on

(a) the day immediately before the day in the next calendar month that has the same calendar number as the particular day, or

(b) if the next calendar month does not have a day that has the same calendar number as the particular day, the last day of that next calendar month;

**(2) Subsection (1) comes into force or is deemed to have come into force on July 1, 2003.**

**96. Section 59 of the Act is amended by adding the following after subsection (3.3):**

Effect

(3.4) A regulation made under this Act has effect from the day on which it is published in the *Canada Gazette* or at any later time that may be specified in the regulation, unless it provides otherwise and

(a) has a relieving effect only;

(b) corrects an ambiguous or deficient enactment that was not in accordance with the objects of this Act;

(c) is consequential on an amendment to this Act that is applicable before the day on which the regulation is published in the *Canada Gazette*; or

(d) gives effect to a budgetary or other public announcement, in which case the regulation shall not, unless paragraph (a), (b) or (c) applies, have effect before the day on which the announcement was made.

2002, c. 22, s.  
428

**97. (1) Subsection 68.5(7) of the Act is amended by adding the word "and" at the end of paragraph (a), by striking out the word "and" at the end of paragraph (b) and by repealing paragraph (c).**

2002, c. 22, s.  
428

**(2) Paragraph 68.5(9)(b) of the Act is replaced by the following:**

(b) interest at the prescribed rate in respect of the excess rebate for the period beginning on the first day after the day on which the rebate is paid to the person and ending on the earlier of the day on which the excess rebate is paid to the Receiver General and the day on or before which the reconciliation report is required to be filed.

2002, c. 22, s.  
428

**(3) Subsections 68.5(11) to (13) of the Act are repealed.**

2002, c. 22, s.  
428

**(4) Paragraph 68.5(14)(b) of the Act is replaced by the following:**

(b) paid all excess rebates in respect of rebate periods ending before that time and any interest that has accrued to that time.

**(5) Subsection (1) applies in respect of rebate periods ending after June 2003.**

**(6) Subsections (2) to (4) apply in respect of amounts owing after June 2003.**

R.S., c. 7 (2nd  
Supp.), s.  
34(1); 2001, c.  
16, s. 30(2)

**98. (1) Subsections 72(7) and (8) of the Act are replaced by the following:**

Interest on  
payment

(7) If an amount is paid to an applicant under subsection (6), the Minister shall pay interest at the prescribed rate to the applicant on the amount for the period beginning on the day that is 30 days after the day on which the application was received by the Minister and ending on the day on which the amount is paid.

**(2) Subsection (1) applies in respect of an application received by the Minister of National Revenue after June 2003.**

R.S., c. 7 (2nd  
Supp.), s.  
34(1)

**99. (1) Subsections 74(3) and (4) of the Act are replaced by the following:**

Interest on  
deduction

(3) If a deduction is authorized under subsection (1), interest shall be authorized at the prescribed rate as a deduction in accordance with that subsection for the period beginning on the day that is 30 days after the day on which the application for the payment in respect of which the deduction was authorized was received by the Minister and ending on the day on which the notice of determination was sent.

**(2) Subsection (1) applies in respect of an application received by the Minister of National Revenue after June 2003.**

R.S., c. 15  
(1st Supp.), s.  
26(1), c. 7  
(2nd Supp.),  
ss. 35(2) and  
(3) and 36(2),  
c. 12 (4th  
Supp.), ss.  
31(1) and (2)  
and 32(1) to  
(4); 2000, c.  
30, s. 14(1);  
2001, c. 16,  
ss. 32(1) to  
(3)

**100. (1) Sections 78 and 79 of the Act are replaced by the following:**

Determination  
of fiscal  
months

**78. (1) The fiscal months of a person shall be determined in accordance with the following rules:**

(a) if fiscal months of the person have been determined under subsection 243(2) or (4) for the purposes of Part IX, each of those fiscal months is a fiscal month of the person for the purposes of this Act;

(b) if fiscal months of the person have not been determined under subsection 243(2) or (4) for the purposes of Part IX, the person may select for the purposes of this Act fiscal

months that meet the requirements set out in subsection 243(2); and

(c) if neither paragraph (a) nor paragraph (b) applies, each calendar month is a fiscal month of the person for the purposes of this Act.

Notification of  
Minister

(2) Every person who is required to file a return shall notify the Minister of their fiscal months in the prescribed form and manner.

Returns and  
payments

**79.** (1) Every person who is required to pay tax under Part III or IV and every person who holds a licence granted under or in respect of those Parts shall, not later than the last day of the first month after each fiscal month of the person,

(a) file a return with the Minister, in the prescribed form and manner, for that fiscal month;

(b) calculate, in the return, the total amount of the tax payable, if any, by the person for that fiscal month; and

(c) pay that amount to the Receiver General.

Authority for  
extended  
reporting  
period

(2) Despite subsection (1), the Minister may authorize a person to file a return and pay tax in respect of

(a) any period longer than one fiscal month but not longer than six fiscal months, if the tax payable by that person under Parts III and IV for the preceding twelve fiscal months did not exceed \$4,800; or

(b) any period longer than one fiscal month but not longer than six fiscal months, if

(i) the activities of the person that give rise to tax payable by that person under Part III or IV are predominantly limited to a seasonal period of operation, and

(ii) the tax payable by that person under Parts III and IV for the equivalent period in the preceding twelve fiscal months did not exceed an average of \$400 per fiscal month during that equivalent period.

Filing of  
return for  
extended  
reporting  
period

(3) If the Minister authorizes a person under subsection (2) to file a return and pay tax in respect of a period longer than one fiscal month, the person shall, not later than the last day of the first month after the end of the period, file the return and pay any tax owing.

Transition to  
reporting based  
on fiscal  
months

**79.01** For the purposes of sections 78, 79 and 79.1, if the period that includes July 1, 2003 for which a person would have been required to file a return under section 78 as it read before that day (which period is referred to in this section as the "pre-existing accounting period") overlaps one or more fiscal months of the person, including any part of a fiscal month, the following rules apply:

(a) the person shall file a return and pay any amounts owing in respect of the pre-existing accounting period in the same manner and at the same time as the person would have been required to under section 78 as it read before that day; and

(b) in the case of a particular fiscal month that includes the last day of the pre-existing accounting period, the portion of that particular fiscal month after that last day is deemed to be part of the first fiscal month following the particular fiscal month and, for this purpose, that following fiscal month may exceed 35 days in length.

Amounts owing  
of \$2 or less  
in total

**79.02** (1) If the Minister determines, at any time, that the total of all amounts owing by a person to Her Majesty in right of Canada under this Act does not exceed two dollars, those amounts are deemed to be nil.

Amounts payable  
of \$2 or less  
in total

(2) If, at any time, the total of all amounts payable by the Minister to a person under this Act does not exceed two dollars, the Minister shall apply those amounts against any amount owing, at that time, by the person to Her Majesty in right of Canada under this Act. However, if the person, at that time, does not owe any amount to Her Majesty, those amounts payable are deemed to be nil.

Compound  
interest on  
amounts not  
paid when  
required

**79.03** (1) If a person fails to pay an amount to the Receiver General as and when required under this Act, the person shall pay to the Receiver General interest on the amount. The interest shall be compounded daily at the prescribed rate and computed for the period beginning on the first day after the day on which the amount was required to be paid and ending on the day on which the amount is paid.

Payment of  
interest that  
is compounded

(2) For the purposes of subsection (1), interest that is compounded on a particular day on an unpaid amount of a person is deemed to be required to be paid by the person to the Receiver General at the end of the particular day, and, if the person has not paid the interest so computed by the end of the day after the particular day, the interest shall be added to the unpaid amount at the end of the particular day.

Period where  
interest not  
payable

(3) Despite any other provision of this Act, if the Minister notifies a person that the person is required to pay a specified amount under this Act and the person pays the specified amount in full before the end of the period that the Minister specifies with the notice, interest is not payable on the specified amount for the period.

Interest  
amounts of \$25  
or less

(4) If, at any time, a person pays an amount not less than the total of all amounts, other than interest, owing at that time to Her Majesty in right of Canada under this Act for a fiscal month of the person and the total amount of interest payable by the person under this Act for that month is not more than \$25.00, the Minister may cancel the interest.

Compound  
interest on  
amounts owed by  
Her Majesty

**79.04** Interest shall be compounded daily at the prescribed rate on any amount payable by the Minister to a person. The interest shall be computed for the period beginning on the first day after the day on which the amount is required to be paid and ending on the day on which the amount is paid or is applied against an amount owed by the person to Her Majesty in right of Canada, unless this Act provides otherwise.

Application of  
interest  
provisions if  
Act amended

**79.05** For greater certainty, if a provision of an Act amends this Act and provides that the amendment comes into force on, or applies as of, a particular day that is before the day on which the provision is assented to, the provisions of this Act that relate to the calculation and payment of interest apply in respect of the amendment as though the provision had been assented to on the particular day.

**(2) Sections 78 to 79.01 of the Act, as enacted by subsection (1), come into force or are deemed to have come into force on July 1, 2003.**

**(3) Sections 79.02 to 79.04 of the Act, as enacted by subsection (1), apply in respect of amounts owing by a person to Her Majesty in right of Canada, and in respect of amounts payable by the Minister of National Revenue, after June 2003.**

R.S., c. 12  
(4th Supp.), s.  
33(1)

**101. (1) Subparagraphs 79.1(1)(a)(i) to (iii) of the Act are replaced by the following:**

(i) for a fiscal month is the lesser of

(A) the tax payable under Parts III and IV, as the case may be, other than tax payable in accordance with the *Customs Act*, by that person in that month, and

(B) the tax so payable in the last preceding fiscal month, and

(ii) for any period authorized under subsection 79(2) is the lesser of

(A) the tax payable under Parts III and IV, as the case may be, other than tax payable in accordance with the *Customs Act*, by that person in that period, and

(B) the tax so payable in the last preceding period so authorized multiplied by the ratio that the number of days in the period to which the return relates is to the number of days in that last preceding period; and

R.S., c. 12  
(4th Supp.), s.  
33(1); 1999, c.  
31, par.  
247(b)(F)

**(2) Subparagraph 79.1(1)(b)(ii) of the Act is replaced by the following:**

(ii) the person

(A) was, at any time in the last preceding calendar year ending at least ninety days, or ninety-one days if that time falls in a leap year, before that time, a member of a group of associated corporations (within the meaning of section 256 of the *Income Tax Act*) and the aggregate amount of taxes payable under Parts III and IV, other than taxes payable in accordance with the *Customs Act*, by the group in that year exceeded twelve million dollars, and

(B) is not, at that time, authorized under subsection 79(2) to file a return for a period longer than one fiscal month.

R.S., c. 12  
(4th Supp.), s.  
33(1)



**(3) Subsections 79.1(2) to (8) of the Act are replaced by the following:**

Instalment  
payments by  
large taxpayers

(2) A large taxpayer who is required to file a return and pay tax under subsection 79(1) shall pay two instalments, each equal to one-half of the taxpayer's instalment base for the fiscal month in which the tax became payable or the sales were made, as the case may be, the first to be paid not later than the last day of that month and the second not later than the day that is 15 days after that last day.

Instalment  
payments by  
other persons

(3) A person, other than a large taxpayer, who is required under subsection 79(1) or (3) to file a return and pay tax in respect of a fiscal month or other period authorized under subsection 79(2) shall, not later than 21 days after the end of the month or period, as the case may be, pay an instalment on account of the tax equal to the person's instalment base for the month or period.

**(4) Subsections (1) to (3) come into force or are deemed to have come into force on July 1, 2003.**

R.S., c. 12  
(4th Supp.), s.  
33(1); 1999, c.  
17, s. 150(E)  
and par. 156(a)

**102. (1) Section 79.2 of the Act is replaced by the following:**

Filing of  
return by mail

**79.2 (1)** If a person who is required under this Act to file a return with the Minister does so by mailing the return, the return is deemed to have been filed with the Minister on the day on which the return was mailed and the date of the postmark is evidence of that day.

Payment or  
remittance of  
amounts

(2) A person who is required under this Act to pay or remit an amount to the Receiver General shall not be considered as having paid or remitted the amount until it is received by the Receiver General.

**(2) Subsection (1) comes into force or is deemed to have come into force on July 1, 2003.**

1990, c. 45, s.  
11(1)

**103. (1) Subsection 80(2) of the Act is replaced by the following:**

Alternate  
reporting

(2) Any person filing a return under section 79 may, in lieu of submitting a report under subsection (1), include in the return a report in the prescribed form containing details of the person's sales, taxes paid under this Act and deductions under subsection 69(2) in the period to which the return relates and any other prescribed information.

**(2) Subsection (1) applies in respect of fiscal months that begin after June 2003.**

R.S., c. 7 (2nd  
Supp.), s.  
38(1)

**104. (1) Subsections 81.16(4) to (6) of the Act are replaced by the following:**

Interest on  
reassessment

(4) Subject to subsection (5), if an amount is paid under subsection (1), interest at the prescribed rate shall be paid, in respect of each day between the date of the notice of the assessment that is the subject of the objection and the day on which the payment was sent.

Interest on  
amount paid by  
person

(5) If a person has paid an amount on account of the amount owing as set out in a notice of assessment and a payment is made to that person under subsection (1) on an objection to the assessment, interest at the prescribed rate shall be paid, in respect of each

day between the day on which the amount was paid by that person and the day on which the payment was sent to that person.

**(2) Subsection (1) applies in respect of amounts payable by the Minister of National Revenue after June 2003.**

R.S., c. 7 (2nd  
Supp.), s.  
38(1)

**105. (1) Subsections 81.18(3) to (5) of the Act are replaced by the following:**

Interest on  
refund payments

(3) If an amount is paid under subsection (1), interest at the prescribed rate shall be paid, in respect of each day between the day that is 30 days after the day on which the application that is the subject of the reconsideration was received by the Minister and the day on which the payment is sent.

Interest on  
refund  
deductions

(4) If a deduction is authorized under subsection (2), interest at the prescribed rate shall be authorized as a deduction in accordance with subsection 74(1), calculated in respect of each day between the day that is 30 days after the day on which the application was received by the Minister and the day on which the notice of decision was sent.

**(2) Subsection (1) applies in respect of amounts payable by the Minister of National Revenue after June 2003.**

R.S., c. 7 (2nd  
Supp.), s.  
38(1); 2001, c.  
16, s. 33(1)

**106. (1) Subsections 81.38(6) to (9) of the Act are replaced by the following:**

Interest on  
assessment

(6) Subject to subsection (7), if a payment is made under subsection (1) or (4) in respect of an assessment, interest at the prescribed rate shall be paid, in respect of each day between the date of the notice of assessment and the day on which the payment was sent.

Interest on  
amounts payable  
to person

(7) If a person has paid an amount on account of the amount owing as set out in a notice of assessment or a notice of decision and a payment is made to that person under subsection (1) or (4) in respect of the assessment, interest at the prescribed rate shall be paid, in respect of each day between the day on which the amount was paid by that person and the day on which the payment was sent to that person.

Interest on  
refunds

(8) If a payment is made under subsection (1) or (4) in respect of an application under any of sections 68 to 69, interest at the prescribed rate shall be paid, in respect of each day between the day that is 30 days after the day on which the application was received by the Minister and the day on which the payment was sent.

**(2) Subsection (1) applies in respect of amounts owing by a person to the Receiver General or amounts payable by the Minister of National Revenue, as the case may be, after June 2003.**

R.S., c. 7 (2nd  
Supp.), s.  
38(1); 1993, c.  
27, s. 4(1)

**107. (1) Section 81.39 of the Act is replaced by the following:**

Deemed tax

**81.39** (1) Subject to subsection (4), if a person has

(a) received a drawback under section 70,

(b) received a payment under subsection 68.16(1) or (2), 72(6) or (7), 81.14(1), 81.16(1), (4) or (5), 81.18(1) or (3) or 120(7), or

(c) made a deduction under subsection 69(2), 73(1), (2) or (3), 74(1) or (3) or 81.18(2) or (4)

to which that person was not entitled or in excess of the drawback, payment or deduction to which the person was entitled, the amount of the drawback, payment or deduction or the excess is deemed to be a tax under this Act payable by that person on the day the drawback, payment or deduction was made.

Amount payable  
after  
disposition of  
appeal

(2) If a person has received a payment under subsection 81.38(1), (6), (7) or (8) and, on the final disposition of the appeal by further appeal or otherwise, it is determined that the person was not entitled to the payment or that the payment was in excess of the payment to which the person was entitled, the amount of the payment or the excess is deemed to be a tax under this Act payable by that person on the day the payment was made.

Amount payable  
after  
disposition of  
further appeal

(3) If a person has received a payment under subsection 81.38(4), (6), (7) or (8) and, on the final disposition by further appeal or otherwise of the appeal referred to in subsection 81.38(1) on the basis of which the payment was made, it is determined that the person was not entitled to the payment or that the payment was in excess of the payment to which the person was entitled, the amount of the payment or the excess is deemed to be a tax under this Act payable by that person on the day the payment was made.

Amount payable  
after recovery  
of payment

(4) If a person is liable to pay an amount under subsection 68.15(3) or 68.21(3), that amount is deemed to be a tax under this Act payable by that person on the day the liability arose.

**(2) Subsection (1) applies in respect of amounts paid to a person after June 2003.**

R.S., c. 7 (2nd  
Supp.), s.  
41(1), c. 12  
(4th Supp.), s.  
35(1)

**108. (1) Subsections 84(5) to (9) of the Act are replaced by the following:**

Application of  
payments

(5) Any moneys paid by a person under subsection (4) shall, in addition to being applied to that person's liability under this section, be applied on account of the tax debtor's liability under this Act.

Receipt by  
Minister

(6) The receipt by the Minister for moneys paid as required under this section is a good and sufficient discharge of the liability to the tax debtor to the extent of the amount received.

Definition of  
"tax debtor"

(7) In this section, "tax debtor" means a person by whom any tax, penalty, interest or other sum is payable under this Act.

**(2) Subsection (1) applies in respect of an amount payable by a person after June 2003.**

2001, c. 15, s.  
3(1)

**109. (1) Section 88 of the Act is replaced by the following:**

Waiver or  
cancellation of  
interest or  
penalty

**88. (1)** The Minister may waive or cancel any amount otherwise payable to the Receiver General under this Act that is interest or a penalty.

Interest where  
amounts  
cancelled

(2) If a person has paid an amount of interest or penalty and the Minister cancels that amount under subsection (1), the Minister shall pay interest on the amount paid by the person beginning on the day that is 30 days after the day on which the Minister received a request in a manner satisfactory to the Minister to apply that subsection and ending on the day on which the amount is refunded or applied against an amount owed by the person to Her Majesty in right of Canada.

**(2) Subsection (1) applies in respect of requests received by the Minister of National Revenue after June 2003.**

R.S., c. 7 (2nd  
Supp.), s.  
51(1)

**110. (1) The portion of paragraph 116(4)(a) of the Act before subparagraph (i) is replaced by the following:**

(a) the purchaser and not the manufacturer or wholesaler from whom the goods were purchased is liable to pay the tax and any interest under subsection 79.03(1), if

R.S., c. 7 (2nd  
Supp.), s.  
51(1)

**(2) Paragraph 116(4)(b) of the Act is replaced by the following:**

(b) in any other case, the purchaser and the manufacturer or wholesaler from whom the goods were purchased are jointly and severally liable to pay the tax and any interest under subsection 79.03(1).

**(3) Subsections (1) and (2) apply in respect of amounts owing by a person after June 2003.**

R.S., c. 1 (5th  
Supp.)

#### ***Income Tax Act***

**111. (1) Paragraph 129(2.1)(b) of the *Income Tax Act* is replaced by the following:**

(b) the day that is 30 days after the day on which the corporation's return of income under this Part for the year was filed under section 150, unless the return was filed on or before the day on or before which it was required to be filed,

**(2) Subsection (1) applies to taxation years that end after June 2003.**

**112. (1) Paragraph 131(3.1)(b) of the Act is replaced by the following:**

(b) the day that is 30 days after the day on which the corporation's return of income under this Part for the year was filed under section 150, unless the return was filed on or before the day on or before which it was required to be filed,

**(2) Subsection (1) applies to taxation years that end after June 2003.**

**113. (1) The portion of subsection 132(2.1) of the Act before paragraph (a) is replaced by the following:**

Interest on  
capital gains  
refund

(2.1) If a capital gains refund for a taxation year is paid to, or applied to a liability of, a mutual fund trust, the Minister shall pay or apply interest on the refund at the prescribed rate for the period beginning on the day that is 30 days after the later of

**(2) Subsection (1) applies to taxation years that end after June 2003.**

**114. (1) Paragraph 133(7.01)(b) of the Act is replaced by the following:**

(b) the day that is 30 days after the day on which the corporation's return of income under this Part for the year was filed under section 150, unless the return was filed on or before the day on or before which it was required to be filed,

**(2) Subsection (1) applies to taxation years that end after June 2003.**

**115. (1) Subsection 157(2) of the Act is repealed.**

**(2) Subsection (1) applies to taxation years that begin after June 2003.**

**116. (1) Subsection 161(2.1) of the Act is repealed.**

**(2) The portion of paragraph 161(7)(b) of the Act before subparagraph (i) is replaced by the following:**

(b) the amount by which the tax payable under this Part and Parts I.3, VI and VI.1 by the taxpayer for the year is reduced as a consequence of the deduction or exclusion of amounts described in paragraph (a) is deemed to have been paid on account of the taxpayer's tax payable under this Part for the year on the day that is 30 days after the latest of

**(3) Subsection (1) applies to taxation years that end after June 2003.**

**(4) Subsection (2) applies in respect of applications received after June 2003.**

**117. (1) The Act is amended by adding the following after section 161.1:**



Period where  
interest not  
payable

**161.2** Notwithstanding any other provision of this Act, if the Minister notifies a taxpayer that the taxpayer is required to pay a specified amount under this Act and the taxpayer pays the specified amount in full before the end of the period that the Minister specifies with the notice, interest is not payable on the specified amount for the period.

*Small Amounts Owing*

Interest and  
penalty amounts  
of \$25 or less

**161.3** If, at any time, a person pays an amount not less than the total of all amounts, other than interest and penalty, owing at that time to Her Majesty in right of Canada under this Act for a taxation year of the person and the total amount of interest and penalty payable by the person under this Act for that year is not more than \$25.00, the Minister may cancel the interest and penalty.

Taxpayer

**161.4** (1) If the Minister determines, at any time, that the total of all amounts owing by a person to Her Majesty in right of Canada under this Act does not exceed two dollars, those amounts are deemed to be nil.

Minister

(2) If, at any time, the total of all amounts payable by the Minister to a person under this Act does not exceed two dollars, the Minister shall apply those amounts against any amount owing, at that time, by the person to Her Majesty in right of Canada. However, if the person, at that time, does not owe any amount to Her Majesty, those amounts payable are deemed to be nil.

(2) Section 161.2 of the Act, as enacted by subsection (1), comes into force or is deemed to have come into force on July 1, 2003.

(3) Section 161.3 of the Act, as enacted by subsection (1), applies to taxation years that end after June 2003.

(4) Section 161.4 of the Act, as enacted by subsection (1), applies to amounts owing or payable, as the case may be, after June 2003.

**118. (1) Subsection 164(3) of the Act is replaced by the following:**

Interest on  
refunds and  
repayments

(3) Where under this section an amount in respect of a taxation year (other than an amount or portion of it that can reasonably be considered to arise from the operation of section 122.5, 122.61 or 126.1) is refunded or repaid to a taxpayer or applied to another liability of the taxpayer, the Minister shall pay or apply interest on it at the prescribed rate for the period beginning on the day that is the latest of the days referred to in the following paragraphs and ending on the day on which the amount is refunded, repaid or applied:

(a) if the taxpayer is an individual, the day that is 30 days after the individual's balance-due day for the year;

(b) if the taxpayer is a corporation, the day that is 120 days after the end of the year;

(c) if the taxpayer is

(i) a corporation, the day that is 30 days after the day on which its return of income for the year was filed under section 150, unless the return was filed on or before the corporation's filing-due date for the year, and

(ii) an individual, the day that is 30 days after the day on which the individual's return of income for the year was filed under section 150;

(d) in the case of a refund of an overpayment, the day on which the overpayment arose; and

(e) in the case of a repayment of an amount in controversy, the day on which an overpayment equal to the amount of the repayment would have arisen if the total of all amounts payable on account of the taxpayer's liability under this Part for the year were the amount by which

(i) the lesser of the total of all amounts paid on account of the taxpayer's liability under this Part for the year and the total of all amounts assessed by the Minister as payable under this Part by the taxpayer for the year

exceeds

(ii) the amount repaid.

**(2) Subsection 164(3.2) of the Act is replaced by the following:**

Interest where  
amounts  
cancelled

(3.2) Notwithstanding subsection (3), if an overpayment of a taxpayer for a taxation year is determined because of an assessment made under subsection 152(4.2) or 220(3.1) or (3.4) and an amount in respect of the overpayment is refunded to, or applied to another liability of, the taxpayer under subsection (1.5) or (2), the Minister shall pay or apply interest on the overpayment at the prescribed rate for the period beginning on the day that is 30 days after the day on which the Minister received a request in a manner satisfactory to the Minister to apply those subsections and ending on the day on which the amount is refunded or applied.

**(3) The portion of subsection 164(5) of the Act after paragraph (h.3) and before paragraph (i) is replaced by the following:**

is deemed to have arisen on the day that is 30 days after the latest of

**(4) Subsections (1) and (3) apply to taxation years that end after June 2003.**

**(5) Subsection (2) applies in respect of requests received by the Minister of National Revenue after June 2003.**

**119. (1) The portion of subsection 183.1(2) of the Act after paragraph (b) is replaced by the following:**

the corporation shall, on or before its balance-due day for its taxation year that includes that time, pay tax of 45% of that amount or portion of it, as the case may be.

**(2) Subsection (1) applies to taxation years that begin after June 2003.**

**120. (1) The portion of subsection 186(1) of the Act before paragraph (a) is replaced by the following:**

Tax on  
assessable  
dividends

**186. (1) Every corporation (in this section referred to as the "particular corporation") that is at any time in a taxation year a**

private corporation or a subject corporation shall, on or before its balance-due day for the year, pay a tax under this Part for the year equal to the amount, if any, by which the total of

**(2) Subsection (1) applies to taxation years that begin after June 2003.**

**121. (1) Section 187.2 of the Act is replaced by the following:**

Tax on  
dividends on  
taxable  
preferred  
shares

**187.2** Every corporation shall, on or before its balance-due day for a taxation year, pay a tax under this Part for the year equal to 10% of the total of all amounts each of which is a dividend, other than an excepted dividend, received by the corporation in the year on a taxable preferred share (other than a share of a class in respect of which an election under subsection 191.2(1) has been made) to the extent that an amount in respect of the dividend was deductible under section 112 or 113 or subsection 138(6) in computing its taxable income for the year or under subsection 115(1) in computing its taxable income earned in Canada for the year.

**(2) Subsection (1) applies to taxation years that begin after June 2003.**

**122. (1) Subsection 187.3(1) of the Act is replaced by the following:**

Tax on  
dividends on  
taxable RFI  
shares

**187.3** (1) Every restricted financial institution shall, on or before its balance-due day for a taxation year, pay a tax under this Part for the year equal to 10% of the total of all amounts each of which is a dividend, other than an excepted dividend, received by the institution at any time in the year on a share acquired by any person before that time and after 8:00 p.m. Eastern Daylight Saving Time, June 18, 1987 that was, at the time the dividend was paid, a taxable RFI share to the extent that an amount in respect of the dividend was deductible under section 112 or 113 or subsection 138(6) in computing its taxable income for the year or under subsection 115(1) in computing its taxable income earned in Canada for the year.

**(2) Subsection (1) applies to taxation years that begin after June 2003.**

**123. (1) Paragraph 196(3)(b) of the Act is replaced by the following:**

(b) the remainder, if any, of the tax payable by it under this Part for the year, on or before its balance-due day for the year.

**(2) Subsection (1) applies to taxation years that begin after June 2003.**

**124. (1) Paragraph 204.86(1)(c) of the Act is replaced by the following:**

(c) on or before its balance-due day for the year, pay to the Receiver General the amount of tax and penalties, if any, payable under this Part by it for the year.

**(2) Paragraph 204.86(2)(c) of the Act is replaced by the following:**

(c) on or before its balance-due day for the year, pay to the Receiver General the amount of tax payable under this Part by it for the year.

**(3) Subsections (1) and (2) apply to taxation years that begin after June 2003.**

**125. (1) The portion of subsection 208(2) of the Act before paragraph (a) is replaced by the following:**

Return and  
payment of tax

(2) A person liable to pay a tax under this Part in respect of a year shall, on or before its balance-due day for a taxation year,

**(2) Subsection (1) applies to taxation years that begin after June 2003.**

**126. (1) Paragraph 209(4)(b) of the Act is replaced by the following:**

(b) the remainder, if any, of the tax payable by the person under this Part for the year, on or before the person's balance-due day for the year.

**(2) Subsection (1) applies to taxation years that begin after June 2003.**

127. (1) Section 211.4 of the Act is replaced by the following:

Payment of  
remainder of  
tax

211.4 Every life insurer shall pay, on or before its balance-  
due day for a taxation year, the remainder, if any, of the tax  
payable under this Part by the insurer for the year.

(2) Subsection (1) applies to taxation years that begin after  
June 2003.

128. (1) The portion of subsection 219(1) of the Act before  
paragraph (a) is replaced by the following:

Additional tax

219. (1) Every corporation that is non-resident in a taxation  
year shall, on or before its balance-day for the year, pay a  
tax under this Part for the year equal to 25% of the amount, if  
any, by which the total of

(2) Subsection (1) applies to taxation years that begin after  
June 2003.

129. (1) Subsection 220(3) of the Act is replaced by the  
following:

Extensions for  
returns

(3) The Minister may at any time extend the time for making a  
return under this Act. However, the extension does not apply for  
the purpose of calculating a penalty that a person is liable to pay  
under section 162 if the person fails to make the return within the  
period of the extension.

(2) Subsection (1) applies in respect of extensions granted  
after February 18, 2003.

#### *Coordinating Amendments*

#### **Excise Act, 2001**

130. (1) On the later of the coming into force of subsection  
100(1) of this Act and section 382 of the *Excise Act, 2001*, being  
chapter 22 of the Statutes of Canada, 2002 (the "other Act"),  
section 78 of the *Excise Tax Act* is replaced by the following:

Determination  
of fiscal  
months

**78.** (1) The fiscal months of a person shall be determined in accordance with the following rules:

(a) if fiscal months of the person have been determined under subsection 243(2) or (4) for the purposes of Part IX, each of those fiscal months is a fiscal month of the person for the purposes of this Act;

(b) if fiscal months of the person have not been determined under subsection 243(2) or (4) for the purposes of Part IX, the person may select for the purposes of this Act fiscal months that meet the requirements set out in subsection 243(2); and

(c) if neither paragraph (a) nor paragraph (b) applies, each calendar month is a fiscal month of the person for the purposes of this Act.

Notification of  
Minister

(2) Every person who is required to file a return shall notify the Minister of their fiscal months in the prescribed form and manner.

**(2) On the later of the coming into force of subsection 100(1) of this Act and section 383 of the other Act, section 79 of the *Excise Tax Act* is replaced by the following:**

Returns and  
payments

**79.** (1) Every person who is required to pay tax under Part III and every person who holds a licence granted under or in respect of that Part shall, not later than the last day of the first month after each fiscal month of the person,

(a) file a return with the Minister, in the prescribed form and manner, for that fiscal month;

(b) calculate, in the return, the total amount of the tax payable, if any, by the person for that fiscal month; and

(c) pay that amount to the Receiver General.

Authority for  
extended

reporting  
period

(2) Despite subsection (1), the Minister may authorize a person to file a return and pay tax in respect of

(a) any period longer than one fiscal month but not more than six fiscal months, if the tax payable by that person under Part III for the preceding twelve fiscal months did not exceed \$4,800; or

(b) any period longer than one fiscal month but not more than six fiscal months, if

(i) the activities of the person that give rise to tax payable by that person under Part III are predominantly limited to a seasonal period of operation, and

(ii) the tax payable by that person under Part III for the equivalent period in the preceding twelve fiscal months did not exceed an average of \$400 per fiscal month during that equivalent period.

Filing of  
return for  
extended  
reporting  
period

(3) If the Minister authorizes a person under subsection (2) to file a return and pay tax in respect of a period longer than one fiscal month, the person shall, not later than the last day of the first month after the end of the period, file the return and pay any tax owing.

**(3) On the later of the coming into force of subsection 101(1) of this Act and subsection 384(1) of the other Act, clause 79.1(1)(a)(i)(A) of the *Excise Tax Act* is replaced by the following:**

(A) the tax payable under Part III, other than tax payable in accordance with the *Customs Act*, by that person in that month, and

**(4) On the later of the coming into force of subsection 101(1) of this Act and subsection 384(2) of the other Act, clause 79.1(1)(a)(ii)(A) of the *Excise Tax Act* is replaced by the following:**

(A) the tax payable under Part III, other than tax payable in accordance with the *Customs Act*, by that person in that period, and



(5) If subsection 101(1) of this Act comes into force before, or on the same day as, subsection 384(3) of the other Act, then, on the day on which that subsection 101(1) comes into force, that subsection 384(3) is repealed.

(6) On the later of the coming into force of subsection 101(2) of this Act and subsection 384(4) of the other Act, subparagraph 79.1(1)(b)(ii) of the *Excise Tax Act* is replaced by the following:

(ii) the person

(A) was, at any time in the last preceding calendar year ending at least ninety days, or ninety-one days if that time falls in a leap year, before that time, a member of a group of associated corporations (within the meaning of section 256 of the *Income Tax Act*) and the aggregate amount of taxes payable under Part III, other than taxes payable in accordance with the *Customs Act*, by the group in that year exceeded twelve million dollars, and

(B) is not, at that time, authorized under subsection 79(2) to file a return for a period longer than one fiscal month.

(7) If subsection 101(3) of this Act comes into force before, or on the same day as, subsection 384(5) of the other Act, then, on the day on which that subsection 101(3) comes into force, that subsection 384(5) is repealed.

EXPLANATORY NOTES

*Federal-Provincial Fiscal Arrangements Act*

Clause 3: The relevant portion of subsection 4(9) reads as follows:

(9) Notwithstanding anything in this Part, where

(a) the total amount of the fiscal equalization payments to all provinces as determined under this Part for any fiscal year commencing with the fiscal year that begins on April 1, 2000

Clause 3.1: Subsection 13(4) reads as follows:

(4) In this section, "social programs" includes programs in respect of health, post-secondary education, social assistance and social services, including early childhood development.

Clause 4: (1) to (3) Paragraph 14(h) is new. The relevant portion of section 14 reads as follows:

**14.** The Canada Health and Social Transfer shall consist of

...

(f) a cash contribution of \$15.5 billion for each fiscal year in the period beginning on April 1, 2004 and ending on March 31, 2006; and

(g) a cash contribution of

...

(iii) \$4.3 billion for the fiscal year beginning on April 1, 2003,

(iv) \$4.9 billion for the fiscal year beginning on April 1, 2004, and

(v) \$5.5 billion for the fiscal year beginning on April 1, 2005.

Clause 5: New.

Clause 6: (1) and (2) The relevant portion of subsection 16(2) reads as follows:

(2) For the purposes of subsection (1), the amount represented by the federal income tax reduction in a province in respect of the

Canada Health and Social Transfer for a fiscal year is an amount equal to the aggregate of

(a) seventy-five per cent of the amount, as determined by the Minister, that would be derived from a tax, computed in accordance with the *Income Tax Act*,

(i) on the incomes, other than incomes from businesses, of individuals resident in the province on the last day of the taxation year ending in the fiscal year, within the meaning of the *Income Tax Act*,

(ii) on the incomes, other than incomes from businesses, earned in the province in the taxation year ending in the fiscal year by individuals not resident in Canada at any time during the taxation year, within the meaning of the *Income Tax Act*, and

(iii) on the incomes from businesses earned in the province in the taxation year ending in the fiscal year by individuals, within the meaning of the *Income Tax Act*,

equal to the product obtained by multiplying  $13.5/(100-9.143)$  by the "tax otherwise payable under this Part", within the meaning assigned by subsection 120(4) of the *Income Tax Act*, on those incomes,

(b) twenty-five per cent of the amount, as determined by the Minister, that would be derived from a tax, computed in accordance with the *Income Tax Act*,

(i) on the incomes, other than incomes from businesses, of individuals resident in the province on the last day of the taxation year beginning in the fiscal year, within the meaning of the *Income Tax Act*,

(ii) on the incomes, other than incomes from businesses, earned in the province in the taxation year beginning in the fiscal year by individuals not resident in Canada at any time during the taxation year, within the meaning of the *Income Tax Act*, and

(iii) on the incomes from businesses earned in the province in the taxation year beginning in the fiscal year by individuals, within the meaning of the *Income Tax Act*,

equal to the product obtained by multiplying  $13.5/(100-9.143)$  by the "tax otherwise payable under this Part", within the meaning assigned by subsection 120(4) of the *Income Tax Act*, on those incomes,

Clause 7: New.

Clause 8: New.

*Canada Student Financial Assistance Act*

Clause 9: The relevant portion of the definition "qualifying student" in subsection 2(1) reads as follows:

"qualifying student" means a person

(a) who is a Canadian citizen or a permanent resident within the meaning of the *Immigration Act*,

Clause 10: (1) The definitions "net costs" and "total program net costs" in subsection 14(6) read as follows:

"net costs", for a province for a loan year, means the amount by which

(a) the estimated aggregate of all amounts paid by the Minister in that loan year

(i) to lenders, service providers or financial institutions under this Act, the regulations or an agreement entered into under section 5, 6.2 or 6.3, to lenders under the *Canada Student Loans Act* or the regulations made under that Act, and to collection agencies, in respect of student loans or guaranteed student loans made pursuant to certificates of eligibility issued or caused to be issued in any loan year by the appropriate authority for that province, and

(ii) to persons pursuant to regulations made under paragraph 15(p),

excluding

(iii) any amounts paid pursuant to paragraph 5(e) or pursuant to regulations made under paragraph 15(o), and

(iv) any provincial share paid pursuant to an agreement or arrangement made under subparagraph 18(b)(ii),

exceeds

(b) the estimated aggregate of all amounts received by or on behalf of Her Majesty in right of Canada in that loan year, including any amount received pursuant to the

*Financial Administration Act*, in respect of loans referred to in paragraph (a), excluding

(i) any amounts received pursuant to paragraph 5(e) or pursuant to regulations made under paragraph 15(o), and

(ii) any amounts received by or on behalf of Her Majesty in right of Canada in respect of a provincial share paid pursuant to an agreement or arrangement made under subparagraph 18(b)(ii);

"total program net costs", for a loan year, means the amount by which

(a) the aggregate of all amounts paid by the Minister in that loan year

(i) to lenders, service providers or financial institutions under this Act, the regulations or an agreement entered into under section 5, 6.2 or 6.3, to lenders under the *Canada Student Loans Act* or the regulations made under that Act, and to collection agencies, in respect of student loans or guaranteed student loans made pursuant to certificates of eligibility issued or caused to be issued in any loan year by the appropriate authorities for participating provinces, and

(ii) to persons pursuant to regulations made under paragraph 15(p),

excluding

(iii) any amounts paid pursuant to paragraph 5(e) or pursuant to regulations made under paragraph 15(o), and

(iv) any provincial share paid pursuant to an agreement or arrangement made under subparagraph 18(b)(ii),

exceeds

(b) the aggregate of all amounts received by or on behalf of Her Majesty in right of Canada in that loan year, including any amount received pursuant to the *Financial Administration Act*, in respect of loans referred to in paragraph (a), excluding

(i) any amounts received pursuant to paragraph 5(e) or pursuant to regulations made under paragraph 15(o), and

(ii) any amounts received by or on behalf of Her Majesty in right of Canada in respect of a provincial share paid pursuant to an agreement or arrangement made under subparagraph 18(b)(ii).

(2) Subsection 14(8) is new. Subsection 14(7) reads as follows:

(7) Amounts paid or received in relation to subparagraph 5(a)(viii) or section 7, 10 or 11, or in relation to programs established by regulations made under paragraph 15(l), (m), (n) or (p) or under section 11 of the *Canada Student Loans Act*, shall be included in the calculations described in the definitions "net costs" and "total program net costs" in subsection (6) only if the government of the province satisfies the Minister, by written notice received by the Minister before the beginning of the loan year in question, that, in relation to the matter in question, the provincial student financial assistance plan has substantially the same effect as the plan established by this Act and the regulations.

*Clause 11: New.*

*Clause 12: New.*

*Canada Student Loans Act*

*Clause 13: New.*

*Employment Insurance Act*

*Clause 15:* The definition "common-law partner" in subsection 2(1) reads as follows:

"common-law partner", in relation to a claimant, means a person who is cohabiting with the claimant in a conjugal relationship, having so cohabited for a period of at least one year;

*Clause 16: (1) New.*

(2) Subsections 10(13.1) to (13.3) are new. Subsections 10(13) to (15) read as follows:

(13) If, during a claimant's benefit period,

(a) regular benefits were not paid to the claimant,

(b) benefits were paid because of the three reasons mentioned in subsection 12(3), and

(c) with respect to the reasons mentioned in paragraphs 12(3)(b) and (c), benefits were not paid for the maximum number of weeks established for those reasons,

the benefit period is extended so that benefits may be paid up to the maximum number of weeks available to the claimant for the reason mentioned in each of those paragraphs.

(14) Subject to subsection (15), no extension under any of subsections (10) to (13) may result in a benefit period of more than 104 weeks.

(15) No extension under subsection (13) may result in a benefit period of more than 67 weeks, unless the benefit period is also extended under any of subsections (10) to (12).

*Clause 17:* (1) Paragraph 12(3)(d) is new. The relevant portion of subsection 12(3) reads as follows:

(3) The maximum number of weeks for which benefits may be paid in a benefit period

(2) New.

(3) Subsection 12(5) reads as follows:

(5) In a claimant's benefit period, the claimant may combine weeks of benefits to which the claimant is entitled because of a reason mentioned in subsection (3), but the maximum number of combined weeks is 50. If the benefit period is extended under subsection 10(13), the maximum number of combined weeks is 65.

*Clause 18:* Subsections 23(3.21) to (3.23) and (3.4) are new. Subsections 23(3.2) and (3.3) read as follows:

(3.2) If, during a claimant's benefit period,

(a) regular benefits were not paid to the claimant,

(b) benefits were paid because of the three reasons mentioned in subsection 12(3), and

(c) with respect to the reason mentioned in paragraph 12(3)(b), benefits were not paid for the maximum number of weeks established for that reason,

the period referred to in subsection (2) is extended so that benefits may be paid up to the maximum number of weeks available to the claimant for that reason.

(3.3) No extension under subsection (3.2) may result in the period being longer than 67 weeks or, if the benefit period is extended under any of subsections 10(10) to (13), 104 weeks.

*Clause 19:* New.

*Clause 20:* (1) and (2) Paragraphs 54(c.2) and (f.2) to (f.7) are new. The relevant portion of section 54 reads as follows:

**54.** The Commission may, with the approval of the Governor in Council, make regulations

*Clause 21:* Section 66.2 is new. Section 67 reads as follows:

**67.** Subject to section 70, a person employed in insurable employment shall pay, by deduction as provided in subsection 82(1), a premium equal to their insurable earnings multiplied by the premium rate set under section 66 or 66.1, as the case may be.

*Clause 22:* (1) The relevant portion of subsection 69(1) reads as follows:

**69.** (1) The Commission shall, with the approval of the Governor in Council, make regulations to provide a system for reducing the employer's premium where

(a) the payment of any allowances, money or other benefits because of illness, injury, quarantine, pregnancy or child care under a plan that covers insured persons employed by the employer, other than one established under provincial law, would have the effect of reducing the special benefits payable to the insured persons; and

(2) Subsection 69(2) reads as follows:

(2) The Commission shall, with the approval of the Governor in Council, make regulations to provide a system for reducing the employer's and employee's premiums when the payment of any allowances, money or other benefits because of illness, injury, quarantine, pregnancy or child care under a provincial law to insured persons would have the effect of reducing or eliminating the special benefits payable to those insured persons.

(3) New.

*Employment Insurance (Fishing) Regulations*

*Clause 23:* (1) Subsection 8(11.1) reads as follows:

(11.1) Notwithstanding subsection (11) and subject to the applicable maximums referred to in subsections (17) and (18), the benefit period of a fisher shall be extended by one week for each



week in respect of which the fisher is entitled to special benefits under section 21, 22 or 23 of the Act, but shall not exceed a maximum of 52 weeks.

(2) Subsections 8(11.31) to (11.33) are new. Subsections 8(11.3) to (11.5) read as follows:

(11.3) Notwithstanding subsection (11) and subject to the applicable maximums referred to in subsection (17), if, during a fisher's benefit period,

(a) benefits were not paid to the fisher under subsection (12),

(b) benefits were paid because of the three reasons mentioned in subsection 12(3) of the Act, and

(c) with respect to the reasons mentioned in paragraphs 12(3)(b) and (c) of the Act, benefits were not paid for the maximum number of weeks established for those reasons,

the benefit period is extended so that benefits may be paid up to the maximum number of weeks available to the fisher for the reason mentioned in each of those paragraphs.

(11.4) Subject to subsection (11.5), no extension under any of subsections (11.1) to (11.3) may result in a benefit period of more than 104 weeks.

(11.5) No extension under subsection (11.3) may result in a benefit period of more than 67 weeks, unless the benefit period is also extended under subsection (11.1) or (11.2).

(3) Subsection 8(14) reads as follows:

(14) No benefit period established under subsection (1) or (6) shall be extended beyond the date determined in accordance with any of subsections (11) to (11.3).

(4) Subsection 8(17.1) reads as follows:

(17.1) For the purpose of subsection (17), the reference in subsection 12(5) of the Act to subsection 10(13) of the Act is to be read as a reference to subsection (11.3) of this section.

Clause 24: (1) Subsection 12(3) reads as follows:

(3) Subject to subsection (4), sections 22 and 23 of the Act apply to the payment of special benefits under this section.

(2) The relevant portion of subsection 12(4) reads as follows:

(4) Notwithstanding section 18 of the Act, a claimant is not entitled to be paid special benefits for a working day, in a benefit period established under this section, in respect of which the claimant fails to prove that on that day the claimant was

...

(b) entitled to benefits under section 22 or 23 of the Act.

*Canada Labour Code*

Clause 26: The heading reads as follows:

REASSIGNMENT, MATERNITY LEAVE, AND PARENTAL LEAVE

Clause 27: New.

Clause 28: New.

Clause 29: Paragraph 209.4(a.1) is new. The relevant portion of section 209.4 reads as follows:

**209.4** The Governor in Council may make regulations

*Budget Implementation Act, 1997*

Clause 31: New.

*Budget Implementation Act, 1998*

Clause 32: New.

*Canada Foundation for Sustainable Development Technology Act*

Clause 33: New.

*Farm Credit Canada Act*

Clause 41: The relevant portion of subsection 4(2) reads as follows:

(2) In carrying out its purpose, the Corporation has the power to

...

(f.4) acquire and dispose of short- or medium-term equity interests in farming operations or in businesses related to farming, within parameters that are satisfactory to the Minister of Finance;

Clause 42: Subsection 11(1) reads as follows:

**11.** (1) At the request of the Corporation, the Minister of Finance may, with the approval of the Governor in Council, pay to the Corporation, out of the Consolidated Revenue Fund, amounts not exceeding in the aggregate one billion, one hundred and seventy-five million dollars, or such greater aggregate amount as may be authorized from time to time under an appropriation Act.

*Air Travellers Security Charge Act*

*Clause 44:* (1) Subsection 12(1) reads as follows:

**12.** (1) Subject to subsection (3), if an air transportation service is acquired in Canada, the amount of the charge in respect of the service is

(a) \$11.22 for each chargeable emplanement included in the service, to a maximum of \$22.43, if

(i) the service does not include transportation to a destination outside the continental zone, and

(ii) tax under subsection 165(1) of the *Excise Tax Act* is required to be paid in respect of the service;

(b) \$12.00 for each chargeable emplanement included in the service, to a maximum of \$24.00, if

(i) the service does not include transportation to a destination outside the continental zone, and

(ii) tax under subsection 165(1) of the *Excise Tax Act* is not required to be paid in respect of the service; or

(c) \$24.00, if the service includes transportation to a destination outside the continental zone.

*Customs Tariff*

*Clause 45:* Subsection 21(2) reads as follows:

(2) There shall be levied on traveller's tobacco, at the time of its importation, and paid in accordance with the *Customs Act*, a duty of

(a) \$0.0575 per cigarette, in the case of cigarettes;

(b) \$0.0425 per stick, in the case of tobacco sticks; and

(c) \$0.0375 per gram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

*Excise Act, 2001*

Clause 46: Section 240 reads as follows:

**240.** Every tobacco licensee who contravenes subsection 50(5) is liable to a penalty equal to the total of

(a) \$0.25995 per cigarette that was removed in contravention of that subsection,

(b) \$0.159966 per tobacco stick that was removed in contravention of that subsection, and

(c) \$149.966 per kilogram of manufactured tobacco, other than cigarettes and tobacco sticks, that was removed in contravention of that subsection.

Clause 47: (1) and (2) The relevant portion of section 1 of Schedule 1 reads as follows:

1. Cigarettes:

(a) \$0.287375 for each five cigarettes or fraction of five cigarettes contained in any package, if the cigarettes are black stock

...

(b) \$0.308755 for each five cigarettes or fraction of five cigarettes contained in any package, in any other case.

Clause 48: (1) and (2) The relevant portion of section 2 of Schedule 1 reads as follows:

2. Tobacco sticks:

(a) \$0.042483 per stick, if the tobacco sticks are black stock

...

(b) \$0.045483 per stick, in any other case.

Clause 49: (1) and (2) The relevant portion of section 3 of Schedule 1 reads as follows:

3. Manufactured tobacco other than cigarettes and tobacco sticks:

(a) \$37.483 per kilogram, if the manufactured tobacco is black stock

...

(b) \$41.481 per kilogram, in any other case.

*Clause 50:* (1) and (2) The relevant portion of Schedule 2 reads as follows:

Cigars:

The greater of

(a) \$0.03947 per cigar, and

(b) 50%, computed on

*Clause 51:* Section 1 of Schedule 3 reads as follows:

1. Special duty on imported manufactured tobacco:

(a) \$0.0575 per cigarette, in the case of cigarettes;

(b) \$0.0425 per stick, in the case of tobacco sticks; and

(c) \$0.0375 per gram, in the case of manufactured tobacco other than cigarettes or tobacco sticks.

*Clause 52:* Section 2 of Schedule 3 reads as follows:

2. Special duty on traveller's tobacco:

(a) \$0.0575 per cigarette, in the case of cigarettes;

(b) \$0.0425 per stick, in the case of tobacco sticks; and

(c) \$0.0375 per gram, in the case of manufactured tobacco other than cigarettes or tobacco sticks.

*Clause 53:* Section 3 of Schedule 3 reads as follows:

3. Special duty on unstamped tobacco products:

(a) \$0.0575 per cigarette, in the case of cigarettes;

(b) \$0.0425 per stick, in the case of tobacco sticks; and

(c) \$37.50 per kilogram, in the case of tobacco products other than cigarettes or tobacco sticks.

*Clause 54:* Section 4 of Schedule 3 reads as follows:

4. Special duty on stamped tobacco products:

(a) \$0.068224 per cigarette, in the case of cigarettes;

(b) \$0.0345 per stick, in the case of tobacco sticks; and

(c) \$33.502 per kilogram, in the case of tobacco products other than cigarettes or tobacco sticks.

*Excise Tax Act*

Clause 55: Subsection 23.11(2) reads as follows:

(2) The rate of tax imposed under subsection (1) is

(a) \$0.03 per cigarette, in the case of cigarettes;

(b) \$0.02415 per stick, in the case of tobacco sticks; and

(c) \$19.15 per kilogram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

Clause 56: Subsection 23.12(1) reads as follows:

**23.12** (1) If imported tobacco products are delivered to a duty free shop, there shall be imposed, levied and collected in respect of them, in addition to any other duty or tax payable under this Act or any other Act or law, an excise tax at the rate of

(a) \$0.0575 per cigarette, in the case of cigarettes;

(b) \$0.0425 per stick, in the case of tobacco sticks; and

(c) \$0.0375 per gram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

Clause 57: (1) and (2) Subsections 23.13(1) and (2) read as follows:

**23.13** (1) If tobacco products manufactured or produced in Canada are exported in bond in accordance with subparagraph 58.1(3)(a)(i) and paragraph 58.1(3)(b) of the *Excise Act* by their manufacturer or producer, there shall be imposed, levied and collected in respect of the tobacco products, in addition to any other duty or tax payable under this Act or any other Act or law, an excise tax at the rate of

(a) \$0.0575 per cigarette, in the case of cigarettes;

(b) \$0.0425 per stick, in the case of tobacco sticks; and

(c) \$37.50 per kilogram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

(2) If tobacco products manufactured or produced in Canada are exported and subsection (1) does not apply to those products, there shall be imposed, levied and collected in respect of those

products, in addition to any other duty or tax payable under this Act or any other Act or law, an excise tax at the rate of

(a) \$0.1025 per cigarette, in the case of cigarettes;

(b) \$0.06165 per stick, in the case of tobacco sticks; and

(c) \$56.65 per kilogram, in the case of manufactured tobacco other than cigarettes and tobacco sticks.

*Clause 58:* Sections 1 to 4 of Schedule II read as follows:

1. Cigarettes: \$0.17138 for each five cigarettes or fraction of five cigarettes contained in any package.

2. Tobacco sticks: \$0.02715 per stick.

3. Manufactured tobacco other than cigarettes and tobacco sticks: \$23.148 per kilogram.

4. Cigars, the greater of \$0.03947 per cigar and 50 per cent.

*Excise Tax Act*

*Clause 61:* (1) New.

*Clause 62:* (1) New.

*Clause 63:* (1) New.

*Clause 64:* (1) Section 5 of Part III of Schedule V reads as follows:

5. A supply made by a school authority to elementary or secondary school students of a service of transporting the students to or from a school that is operated by a school authority.

*Clause 65:* (1) Section 21 of Part VI of Schedule V reads as follows:

21. A supply of a municipal service made by or on behalf of a government or municipality to owners or occupants of real property situated in a particular geographic area where

(a) the owners or occupants have no option but to receive the service, or

(b) the service is supplied because of a failure by an owner or occupant to comply with an obligation imposed under a law,

but not including a supply of a service of testing or inspecting any property for the purpose of verifying or certifying that the

property meets particular standards of quality or is suitable for consumption, use or supply in a particular manner.

*Excise Act, 2001*

Clause 66: (1) Section 377 reads as follows:

**377. Subsection 68.1(1) of the Act is renumbered as section 68.1 and subsection 68.1(2) of the Act is repealed.**

*First Nations Goods and Services Tax Act*

Clause 67: (1) and (2) New.

*Excise Tax Act*

Clause 68: (1) and (2) Subparagraph 295(5)(d)(iv.2) is new. The relevant portion of subsection 295(5) reads as follows:

(5) An official may

...

(d) provide confidential information

(i) to an official of the Department of Finance solely for the purposes of the formulation or evaluation of fiscal policy,

*Income Tax Act*

Clause 69: (1) The relevant portion of subsection 6(2) reads as follows:

(2) For the purposes of paragraph (1)(e), a reasonable standby charge for an automobile for the total number of days (in this subsection referred to as the "total available days") in a taxation year during which the automobile is made available to a taxpayer or to a person related to the taxpayer by the employer of the taxpayer or by a person related to the employer (both of whom are in this subsection referred to as the "employer") shall be deemed to be the amount determined by the formula

$$A/B \times [2\% \times (C \times D) + 2/3 \times (E - F)]$$

where

A is the lesser of

(a) the total number of kilometres that the automobile is driven (otherwise than in connection with or in the



course of the taxpayer's office or employment) during the total available days, and

(b) the value determined for B for the year under this subsection in respect of the standby charge for the automobile during the total available days,

except that the amount determined under paragraph (a) shall be deemed to be equal to the amount determined under paragraph (b) unless

(c) the taxpayer is required by the employer to use the automobile in connection with or in the course of the office or employment, and

(d) all or substantially all of the distance travelled by the automobile in the total available days is in connection with or in the course of the office or employment;

B is the product obtained when 1,000 is multiplied by the quotient obtained by dividing the total available days by 30 and, if the quotient so obtained is not a whole number and exceeds one, by rounding it to the nearest whole number or, where that quotient is equidistant from two consecutive whole numbers, by rounding it to the lower of those two numbers;

*Clause 70:* (1) The definitions "qualifying cost", "qualifying portion of a capital gain" and "qualifying portion of the proceeds of disposition" in subsection 44.1(1) read as follows:

"qualifying cost" to an individual of particular replacement shares of the individual in respect of a qualifying disposition of the individual that are shares of the capital stock of a particular eligible small business corporation means the lesser of

(a) the total of all amounts each of which is the cost to the individual of such a replacement share; and

(b) the amount by which \$2,000,000 exceeds the total of all amounts each of which is the cost to the individual of a share that was a share of the capital stock of the particular eligible small business corporation or of a corporation related to it at the time the particular replacement shares were acquired and that was a replacement share of the individual in respect of another qualifying disposition.

"qualifying portion of a capital gain" of an individual from a particular qualifying disposition of the individual means the amount determined by the formula

$$J \times (1 - (K/L))$$

where

J is the individual's capital gain from the particular qualifying disposition, determined without reference to this section

K is the amount, if any, by which the total of

(a) the total of all amounts each of which is the adjusted cost base to the individual of a share of a particular corporation that was the subject of the particular qualifying disposition (which adjusted cost base shall be determined immediately before the share was disposed of and without reference to this section), and

(b) the total of all amounts each of which is the adjusted cost base to the individual of a share of the particular corporation or a corporation related to it at the time of the particular qualifying disposition that was the subject of another qualifying disposition (in respect of which a permitted deferral was deducted under this section by the individual) that occurred at or before the time of the particular qualifying disposition (which adjusted cost base shall be determined immediately before the share was disposed of and without reference to this section)

exceeds

(c) \$2,000,000; and

L is the total of all amounts each of which is the adjusted cost base to the individual of a share of the particular corporation that was the subject of the particular qualifying disposition (which adjusted cost base shall be determined immediately before the share was disposed of and without reference to this section).

"qualifying portion of the proceeds of disposition" of an individual from a qualifying disposition means the amount determined by the formula

$$M \times (N/O)$$

where

M is the individual's proceeds of disposition from the qualifying disposition;

- N is the individual's qualifying portion of the capital gain from the qualifying disposition; and
- O is the individual's capital gain from the qualifying disposition, determined without reference to this section.

(2) The relevant portion of the definition "ACB reduction" in subsection 44.1(1) reads as follows:

"ACB reduction" of an individual in respect of a replacement share of the individual in respect of a qualifying disposition of the individual means the amount determined by the formula

$$D \times (E/F)$$

where

...

- E is the qualifying cost to the individual of the replacement share; and
- F is the qualifying cost to the individual of all the replacement shares of the individual in respect of the qualifying disposition.

(3) The definition "permitted deferral" in subsection 44.1(1) reads as follows:

"permitted deferral" of an individual in respect of a qualifying disposition of the individual means the amount determined by the formula

$$(G/H) \times I$$

where

- G is the lesser of the amount included in the description of H and the total of all amounts each of which is the qualifying cost to the individual of a replacement share in respect of the qualifying disposition;
- H is the qualifying portion of the individual's proceeds of disposition from the qualifying disposition; and
- I is the qualifying portion of the individual's capital gain from the qualifying disposition.

(4) The relevant portion of the definition "replacement share" in subsection 44.1(1) reads as follows:

"replacement share" of an individual in respect of a qualifying disposition of the individual in a taxation year means an eligible small business corporation share of the individual that is

(a) acquired by the individual in the year or within 60 days after the end of the year but not later than 120 days after the qualifying disposition occurred; and

Clause 71: (1) and (2) Clause 60(1)(v)(B.01) is new. The relevant portion of section 60 reads as follows:

**60.** There may be deducted in computing a taxpayer's income for a taxation year such of the following amounts as are applicable

...

(1) the total of all amounts each of which is an amount paid by or on behalf of the taxpayer in the year or within 60 days after the end of the year (or within such longer period after the end of the year as is acceptable to the Minister)

...

(v) does not exceed the total of

...

(B.1) the least of

...

(II) the amount (other than any portion thereof included in the amount determined under clause (B) or (B.2)) included in computing the taxpayer's income for the year as

Clause 72: (1) and (2) The relevant portion of subsection 104(27) reads as follows:

(27) Where a testamentary trust has, in a taxation year throughout which it was resident in Canada, received a superannuation or pension benefit or a benefit out of or under a foreign retirement arrangement and has designated, in the return of its income for the year under this Part, an amount in respect of a beneficiary under the trust equal to such portion (in this subsection referred to as the "beneficiary's share") of the benefit as

...

the following rules apply:

(c) where

(i) the benefit is an amount described in subparagraph (a)(i) of the definition "pension income" in subsection 118(7), and

(ii) the beneficiary was a spouse or common-law partner of the settlor of the trust,

the beneficiary's share of the benefit shall be deemed, for the purposes of subsections 118(3) and (7), to be a payment described in subparagraph (a)(i) of the definition "pension income" in subsection 118(7) that is included in computing the beneficiary's income for the particular year,

...

(e) where the benefit is a single amount (within the meaning assigned by subsection 147.1(1)) paid by a registered pension plan to the trust as a consequence of the death of the settlor of the trust and the beneficiary was, at the time of the settlor's death, under 18 years of age and a child or grandchild of the settlor, the beneficiary's share of the benefit (other than any portion thereof that relates to an actuarial surplus) shall be deemed, for the purposes of paragraph 60(1), to be an amount from a registered pension plan included in computing the beneficiary's income for the particular year as a payment described in subclause 60(1)(v)(B.1)(II).

Clause 73: (1) and (2) Paragraphs 118.2(2)(1.41), (1.42) and (r) are new. The relevant portion of subsection 118.2(2) reads as follows:

(2) For the purposes of subsection (1), a medical expense of an individual is an amount paid

...

(1.4) on behalf of the patient who has a speech or hearing impairment, for sign language interpretation services, to the extent that the payment is made to a person engaged in the business of providing such services;

Clause 74: (1) and (2) The relevant portion of subsection 118.3(1) reads as follows:

**118.3** (1) Where

...

(a.2) in the case of

...

(iii) an impairment with respect to an individual's ability in feeding and dressing themselves, or in walking, a medical doctor or an occupational therapist,

(iv) an impairment with respect to an individual's ability in perceiving, thinking and remembering, a medical doctor or a psychologist, and

...

has certified in prescribed form that the impairment is a severe and prolonged mental or physical impairment the effects of which are such that the individual's ability to perform a basic activity of daily living is markedly restricted or would be markedly restricted but for therapy referred to in paragraph (a.1),

...

there may be deducted in computing the individual's tax payable under this Part for the year the amount determined by the formula

*Clause 75:* (1) and (2) Paragraphs 118.4(1)(e) and (f) are new. The relevant portion of subsection 118.4(1) reads as follows:

**118.4** (1) For the purposes of subsection 6(16), sections 118.2 and 118.3 and this subsection,

...

(c) a basic activity of daily living in relation to an individual means

...

(ii) feeding and dressing oneself,

*Clause 76:* (1) to (4) Subparagraph 118.6(3)(b)(i.1) is new. The relevant portion of subsection 118.6(3) reads as follows:

(3) In calculating the amount deductible under subsection (2) in computing an individual's tax payable under this Part for a taxation year, the reference in that subsection to "full-time student" shall be read as "student" if either

...

(b) the individual has in the year a mental or physical impairment the effects of which on the individual have been certified in writing, to be such that the individual cannot reasonably be expected to be enrolled as a full-time student while so impaired, by a medical doctor or, where the impairment is

. . .

(iii) an impairment with respect to the individual's ability in feeding and dressing themselves, or in walking, by a medical doctor or an occupational therapist, or

Clause 77: (1) to (4) The relevant portion of subsection 122.61(1) reads as follows:

**122.61** (1) Where a person and, where the Minister so demands, the person's cohabiting spouse or common-law partner at the end of a taxation year have filed a return of income for the year, an overpayment on account of the person's liability under this Part for the year is deemed to have arisen during a month in relation to which the year is the base taxation year, equal to the amount determined by the formula

$$1/12[(A - B) + C]$$

where

...

C is the amount determined by the formula

$$F - (G \times H)$$

where

F is, where the person is, at the beginning of the month, an eligible individual in respect of

(a) only one qualified dependant, \$1,255, and

(b) two or more qualified dependants, the total of

(i) \$1,255 for the first qualified dependant,

(ii) \$1055 for the second qualified dependant, and

(iii) \$980 for each of the third and subsequent qualified dependants,

G is the amount, if any, by which the person's adjusted income for the year exceeds \$21,214, and

H is the proportion (expressed as a percentage rounded to the nearest one-tenth of one per cent) that

(a) the total that would be determined under the description of F in respect of the eligible individual if that description were applied without reference to the fourth and subsequent qualified dependants in respect of whom the person is an eligible individual

is of

(b) the amount by which

(i) the amount referred to in paragraph (b) of the description of B

exceeds

(ii) \$21,214.

(5) Subsection 122.61(6) reads as follows:

(6) For the purpose of subsection (5), the amount of \$1,090, and the amounts in respect of the amounts of \$213 and \$75, referred to in subsection (1), that are used for the purpose of determining the amount deemed to be an overpayment arising during particular months that are

(a) after June 2000 and before July 2001, are deemed to be \$1,104, \$219 and \$77, respectively;

(b) after June 2001 and before July 2002, shall be equal to the greater of the amounts deemed under paragraph (a) to be an overpayment arising during the months referred to in that paragraph and the amounts that would otherwise be determined for those particular months if this Act were read without reference to this subsection; and

(c) after June 2002, shall be computed without reference to paragraphs (a) and (b).

Clause 78: (1) The definition "CCPC rate reduction percentage" in subsection 123.4(1) reads as follows:

"CCPC rate reduction percentage" of a Canadian-controlled private corporation for a taxation year is that proportion of 7% that



the number of days in the year that are after 2000 is of the number of days in the year.

(2) and (3) The relevant portion of the definition "full rate taxable income" in subsection 123.4(1) reads as follows:

"full rate taxable income" of a corporation for a taxation year is

...

(b) if the corporation is a Canadian-controlled private corporation throughout the year, the amount by which the corporation's taxable income for the year exceeds the total of

...

(iv)  $100/7$  of the amount, if any, deducted under subsection (3) from the corporation's tax otherwise payable under this Part for the year; and

(c) if the corporation is throughout the year an investment corporation, a mortgage investment corporation, a mutual fund corporation, or a non-resident-owned investment corporation, nil.

(4) and (5) Subsection 123.4(3) reads as follows:

(3) There may be deducted from the tax otherwise payable under this Part for a taxation year by a Canadian-controlled private corporation the product obtained by multiplying the corporation's CCPC rate reduction percentage for the year by the amount by which the least of

(a)  $3/2$  of the corporation's business limit for the year, as determined under section 125 for the purpose of paragraph 125(1)(c),

(b) the amount that would be determined under paragraph 125(1)(a) in respect of the corporation for the year if the references in the description of M in the definition "specified partnership income" in subsection 125(7) to "\$200,000" and "\$548" were read as references to "\$300,000" and "\$822", respectively, and

(c) the amount by which

(i) the amount that would, if subsection 126(1) did not apply in respect of any amount included in the corporation's aggregate investment income for the year (determined under subsection 129(4)), be determined under

paragraph 125(1)(b) in respect of the corporation for the year

exceeds

(ii) the corporation's aggregate investment income for the year,

exceeds the total of

(d) the amounts that would, if paragraph (a) of the definition "full-rate taxable income" in subsection (1) applied to the corporation for the year, be determined under subparagraphs (a)(i) to (iv) of that definition in respect of the corporation for the year, and

(e) 100/16 of the amount, if any, deducted under subsection 125(1) from the corporation's tax otherwise payable under this Part for the year.

*Clause 79:* (1) Subsections 125(2) to (4) read as follows:

(2) For the purposes of this section, a corporation's "business limit" for a taxation year is \$200,000 unless the corporation is associated in the year with one or more other Canadian-controlled private corporations in which case, except as otherwise provided in this section, its business limit for the year is nil.

(3) For the purposes of this section, a corporation's "business limit" for a taxation year is \$200,000 unless the corporation is associated in the year with one or more other Canadian-controlled private corporations in which case, except as otherwise provided in this section, its business limit for the year is nil.

(4) If any of the Canadian-controlled private corporations that are associated with each other in a taxation year has failed to file with the Minister an agreement as contemplated by subsection (3) within 30 days after notice in writing by the Minister has been forwarded to any of them that such an agreement is required for the purpose of any assessment of tax under this Part, the Minister shall, for the purpose of this section, allocate an amount to one or more of them for the taxation year, which amount or the total of which amounts, as the case may be, shall equal \$200,000, and in any such case, notwithstanding subsection (2), the business limit for the year of each of the corporations is the amount so allocated to it.

(2) The relevant portion of the definition "specified partnership income" in subsection 125(7) reads as follows:

"specified partnership income" of a corporation for a taxation year means the amount determined by the formula

$$A + B$$

where

A is the total of all amounts each of which is an amount in respect of a partnership of which the corporation was a member in the year equal to the lesser of

. . .

(b) the amount determined by the formula

$$K/L \times M$$

where

. . .

M is the lesser of

(i) \$200,000, and

(ii) the product obtained when \$548 is multiplied by the total of all amounts each of which is the number of days contained in a fiscal period of the partnership ending in the year, and

Clause 80: (1) Subsection 125.5(3) reads as follows:

(3) Subject to subsection (4), where

(a) an eligible production corporation in respect of an accredited production for a taxation year files with its return of income for the year

(i) a prescribed form containing prescribed information in respect of the production,

(ii) an accredited film or video production certificate in respect of the production, and

(iii) each other document prescribed in respect of the production, and

(b) the principal filming or taping of the production began before the end of the year,

the corporation is deemed to have paid on its balance-due day for the year an amount on account of its tax payable under this Part for the year equal to 11% of its qualified Canadian labour expenditure for the year in respect of the production.

*Clause 81:* (1) and (2) The relevant portion of the definition "flow-through mining expenditure" in subsection 127(9) reads as follows:

"flow-through mining expenditure" of a taxpayer for a taxation year means an expense deemed by subsection 66(12.61) (or by subsection 66(18) as a consequence of the application of subsection 66(12.61) to the partnership, referred to in paragraph (c) of this definition, of which the taxpayer is a member) to be incurred by the taxpayer in the year

(a) that is a Canadian exploration expense incurred after October 17, 2000 and before 2004 by a corporation in conducting mining exploration activity from or above the surface of the earth for the purpose of determining the existence, location, extent or quality of a mineral resource described in paragraph (a) or (d) of the definition "mineral resource" in subsection 248(1),

...

(e) that is an expense that would be incurred by the corporation before 2004 if this Act were read without reference to subsection 66(12.66);

(3) Subsection 127(10.21) is new. Subsection 127(10.2) reads as follows:

(10.2) For the purpose of subsection (10.1), a corporation's expenditure limit for a particular taxation year is the amount determined by the formula

$$(\$4,000,000 - 10A) \times B / \$200,000$$

where

A is the greater of \$200,000 and either

(a) where the corporation is associated with one or more other corporations in the particular year and the particular year ends in a calendar year, the total of all amounts each of which is the taxable income of the corporation or such an associated corporation for its last taxation year that ended in the preceding calendar year (determined before taking into consideration the specified future tax consequences for that last year), or

(b) where paragraph (a) does not apply, the corporation's taxable income for its immediately preceding taxation year (determined before taking into consideration the specified future tax consequences for that preceding year), and

B is the total of the business limits under section 125 for the particular year of the corporation and any such other corporations for the particular year,

unless the corporation is associated in the particular year with one or more other Canadian-controlled private corporations, in which case, except as otherwise provided in this section, its expenditure limit for the particular year is nil.

Clause 82: (1) The definition "refund of premiums" in subsection 146(1) reads as follows:

"refund of premiums" means

(a) any amount paid to a spouse or common-law partner of the annuitant out of or under a registered retirement savings plan of the annuitant (other than any part of the amount that is a tax-paid amount in respect of the plan), where the annuitant died before the maturity of the plan and the amount was paid as a consequence of the death, or

(b) any amount paid out of or under a registered retirement savings plan of the annuitant (other than any part of the amount that is a tax-paid amount in respect of the plan) after the death to a child or grandchild (in this definition referred to as a "dependant") of the annuitant, who was, at the time of the death, financially dependent on the annuitant for support,

and for the purpose of paragraph (b), it is assumed, unless the contrary is established, that a dependant was not financially dependent on the annuitant for support at the time of the annuitant's death if the dependant's income for the year preceding the taxation year in which the annuitant died exceeded the amount used under paragraph (c) of the description of B in subsection 118(1) for that preceding year;

(2) The definition "RRSP dollar limit" in subsection 146(1) reads as follows:

"RRSP dollar limit" for a calendar year means

(a) for years other than 1996, the money purchase limit for the preceding year, and

(b) for 1996, \$13,500;

(3) New.

Clause 83: (1) to (3) The relevant portion of subsection 146.3(2) reads as follows:

(2) The Minister shall not accept for registration for the purposes of this Act any retirement income fund of an individual unless, in the Minister's opinion, the following conditions are complied with:

(a) the fund provides that the carrier shall make only those payments described in any of paragraphs (d) and (e), the definition "retirement income fund" in subsection (1) and paragraph (14)(b);

...

(e.1) where the fund does not govern a trust or the fund governs a trust created before 1998 that does not hold an annuity contract as a qualified investment for the trust, the fund provides that if an annuitant, at any time, directs that the carrier transfer all or part of the property held in connection with the fund, or an amount equal to its value at that time, to a person who has agreed to be a carrier of another registered retirement income fund of the annuitant, the transferor shall retain an amount equal to the lesser of

...

(e.2) where paragraph (e.1) does not apply, the fund provides that if an annuitant, at any time, directs that the carrier transfer all or part of the property held in connection with the fund, or an amount equal to its value at that time, to a person who has agreed to be a carrier of another registered retirement income fund of the annuitant, the transferor shall retain property in the fund sufficient to ensure that the total of

(4) Subsections 146.3(14.1) and (14.2) are new. Subsection 146.3(14) reads as follows:

(14) Notwithstanding anything in this section, an amount

(a) transferred as described in paragraph (2)(e), or

(b) transferred from a registered retirement income fund of an annuitant to a registered retirement income fund or registered retirement savings plan of the annuitant's spouse or common-law partner or former spouse or common-law partner under a decree, order or judgment of a competent tribunal, or under a

written separation agreement, relating to a division of property between the annuitant and the annuitant's spouse or common-law partner or former spouse or common-law partner in settlement of rights arising out of, or on the breakdown of, their marriage or common-law partnership,

shall be deemed not to be an amount received by the annuitant out of or under a registered retirement income fund.

*Clause 84:* (1) The relevant portion of the definition "money purchase limit" in subsection 147.1(1) reads as follows:

"money purchase limit" for a calendar year means

...

(g) for years after 1995 and before 2003, \$13,500,

(h) for 2003, \$14,500,

(i) for 2004, \$15,500, and

(j) for each year after 2004, the greater of

(i) the product of

(A) \$15,500, and

(B) the quotient obtained when the average wage for the year is divided by the average wage for 2004,

rounded to the nearest multiple of \$10, or, if that product is equidistant from 2 such consecutive multiples, to the higher thereof, and

(ii) the money purchase limit for the preceding year;

*Clause 85:* (1) Subsections 181.1(1.1) and (1.2) are new. Subsection 181.1(1) reads as follows:

**181.1.** (1) Every corporation shall pay a tax under this Part for each taxation year equal to 0.225% of the amount, if any, by which

(a) its taxable capital employed in Canada for the year exceeds

(b) its capital deduction for the year.

Clause 86: (1) Subsection 181.5(1.1) is new. Subsections 181.5(1) to (3) read as follows:

**181.5** (1) The capital deduction of a corporation for a taxation year is \$10,000,000 unless the corporation was related to another corporation at any time in the year, in which case, subject to subsection (4), its capital deduction for the year is nil.

(2) A corporation that is related to any other corporation at any time in a taxation year of the corporation ending in a calendar year may file with the Minister in prescribed form an agreement on behalf of the related group of which the corporation is a member under which an amount that does not exceed \$10,000,000 is allocated among all corporations that are members of the related group for each taxation year of each such corporation ending in the calendar year and at a time when it was a member of the related group.

(3) The Minister may request a corporation that is related to any other corporation at the end of a taxation year to file with the Minister an agreement referred to in subsection (2) and, if the corporation does not file such an agreement within 30 days after receiving the request, the Minister may allocate an amount among the members of the related group of which the corporation is a member for the year not exceeding \$10,000,000.

(2) New.

Clause 87: (1) The definition "tax shelter" in subsection 237.1(1) reads as follows:

"tax shelter" means any property (including, for greater certainty, any right to income) in respect of which it can reasonably be considered, having regard to statements or representations made or proposed to be made in connection with the property, that, if a person were to acquire an interest in the property, at the end of a particular taxation year that ends within 4 years after the day on which the interest is acquired,

(a) the total of all amounts each of which is

(i) an amount, or a loss in the case of a partnership interest, represented to be deductible in computing income in respect of the interest in the property (including, where the property is a right to income, an amount or loss in respect of that right that is represented to be deductible) and expected to be incurred by or allocated to the person for the particular year or any preceding taxation year, or

(ii) any other amount represented to be deductible in computing income or taxable income in respect of



the interest in the property and expected to be incurred by or allocated to the person for the particular year or any preceding taxation year, other than any amount included in computing a loss described in subparagraph (i),

would equal or exceed

(b) the amount, if any, by which

(i) the cost to the person of the interest in the property at the end of the particular year, determined without reference to section 143.2,

would exceed

(ii) the total of all amounts each of which is the amount of any prescribed benefit that is expected to be received or enjoyed, directly or indirectly, in respect of the interest in the property by the person or another person with whom the person does not deal at arm's length,

but does not include property that is a flow-through share or a prescribed property.

(2) New.

Clause 88: (1) to (4) Paragraph (b.1) of the definition "automobile" in subsection 248(1) is new. The relevant portion of that definition reads as follows:

"automobile" means

(a) a motor vehicle that is designed or adapted primarily to carry individuals on highways and streets and that has a seating capacity for not more than the driver and 8 passengers,

but does not include

...

(e) a motor vehicle of a type commonly called a van or pick-up truck or a similar vehicle

(i) that has a seating capacity for not more than the driver and 2 passengers and that, in the taxation year in which it is acquired, is used primarily for the transportation of goods or equipment in the course of gaining or producing income, or

(ii) the use of which, in the taxation year in which it is acquired, is all or substantially all for the transportation of goods, equipment or passengers in the course of gaining or producing income;

(5) New.

*Clause 89:* (1) Subsection 252(3) reads as follows:

(3) For the purposes of paragraphs 56(1)(b) and (c), section 56.1, paragraphs 60(b), (c) and (j), section 60.1, subsections 70(6) and (6.1), 73(1) and (5) and 104(4), (5.1) and (5.4), the definition "pre-1972 spousal trust" in subsection 108(1), subsection 146(16), subparagraph 146.3(2)(f)(iv), paragraph 146.3(14)(b), subsections 147.3(5) and (7) and 148(8.1) and (8.2), the definition "small business property" in subsection 206(1), subparagraph 210(c)(ii) and subsections 248(22) and (23), "spouse" and "former spouse" of a particular individual include another individual of the opposite sex who is a party to a voidable or void marriage with the particular individual.

*Children's Special Allowance Act*

*Clause 90:* (1) Paragraph 8(1)(c) is new. Subsection 8(1) reads as follows:

**8.** (1) the amount of special allowance to be paid in respect of a child for each month is one twelfth of the total of

(a) the amount expressed in dollars in paragraph (a) of the description of A in subsection 122.61(1) of the *Income Tax Act*, and

(b) the amount expressed in dollars in paragraph (a) of the description of F in that subsection,

each such amount being adjusted and rounded in accordance with subsections 122.61(5) and (7) of that Act.

*Excise Act, 2001*

*Clause 91:* (1) Section 165 reads as follows:

**165.** (1) If, at any time, the total of all unpaid amounts owing by a person to the Receiver General under this Act does not exceed a prescribed amount, the amount owing by the person is deemed to be nil.

(2) If, at any time, the total of all amounts payable by the Minister to a person under this Act does not exceed a prescribed amount, the Minister is not required to pay any of the amounts

payable. The Minister may apply those amounts against a liability of the person.

*Clause 92:* (1) Subsections 170(3) to (5) read as follows:

(3) The Minister may serve or send to a person who is required under this Act to pay an amount that may consist of principal and interest a notice specifying the amount owed by the person and a date by which the payment must be made.

(4) If the person to whom a notice referred to in subsection (3) is served or sent pays in full the specified amount within the specified time, interest is not payable, despite subsection (1), on the amount for the period beginning on the date of the notice and ending on the day on which the amount is paid.

(5) If at any time a person has paid all amounts, other than interest, owed to Her Majesty under this Act and, immediately before that time, the total amount of interest owed by the person under this Act is less than the prescribed amount, the Minister may write off and cancel the interest owed.

*Clause 93:* (1) Section 171 reads as follows:

**171.** Interest shall be compounded daily at the prescribed rate on amounts owed by Her Majesty to a person and computed for the period beginning on the first day after the day on which the amount is required to be paid by Her Majesty and ending on the day on which the amount is paid or is applied against an amount owed by the person to Her Majesty.

*Excise Tax Act*

*Clause 94:* (1) Subsection 7(1) reads as follows:

**7.** (1) Every person who refuses or neglects to make a return as required by subsection 5(1) or neglects to pay some or all of the tax imposed by section 4 is liable to a penalty of five per cent of the amount of tax unpaid at the expiration of the time for filing the return together with interest on the amount unpaid calculated at the prescribed rate from April 30 in the year in which that amount is payable to the day of payment.

*Clause 95:* (1) New.

*Clause 96:* New.

*Clause 97:* (1) The relevant portion of subsection 68.5(7) reads as follows:

(7) If the Minister has, under subsection (6), extended the time required by subsection (5) for filing a reconciliation report

...

(c) any interest or penalty payable under this section shall be calculated on the basis that the person has until the expiry of the period so extended to file the reconciliation report.

(2) The relevant portion of subsection 68.5(9) reads as follows:

(9) If the rebate paid to a person for a rebate period is determined on the basis of an estimate referred to in paragraph (3)(a) and the amount paid exceeds the amount referred to in paragraph (5)(b) in respect of the period, the person shall pay to the Receiver General

...

(b) interest at the prescribed rate, in respect of each month or fraction of a month in the period that begins on the first day following the day on which the rebate is paid to the person and that ends on the earlier of the day the total of the excess rebate and all interest under this paragraph is paid and the day on or before which the reconciliation report is required to be filed, calculated on the total of the amount of the excess rebate that has not been paid to the Receiver General, and of the amount of interest that is outstanding, in the month or fraction of a month.

(3) Subsections 68.5(11) to (13) read as follows:

(11) A person who is in default in paying an amount of tax referred to in subsection (10) shall pay to the Receiver General interest at the prescribed rate, and penalty of one-half of one percent, in respect of each month or fraction of a month in the period that begins on the first day following the day on or before which the reconciliation report is required to be filed and that ends on the day the total of that tax is paid, calculated on the total of the tax, penalty and interest outstanding in that month or fraction of a month.

(12) Any interest under paragraph (9)(b) or subsection (11) and any penalty under that subsection shall be paid not later than the last day of the month in respect of which the interest or penalty was calculated.

(13) No interest under paragraph (9)(b) or subsection (11) and no penalty under that subsection is required to be paid if the person who would otherwise be liable to pay the interest or the penalty pays all taxes under this section payable by the person and, on the payment, the total interest and penalty otherwise

payable by the person under those provisions is less than ten dollars.

(4) The relevant portion of subsection 68.5(14) reads as follows:

(14) The Minister shall not, at a particular time, pay an amount to a person under this section unless the person has

...

(b) paid all excess rebates in respect of rebate periods ending before that time and all interest and penalty under this section that have accrued to that time.

*Clause 98:* (1) Subsections 72(7) and (8) read as follows:

(7) If an amount is paid to an applicant under subsection (6), interest at the prescribed rate shall be paid in respect of each day between the day that is sixty days after the day on which the application was received by the Minister and the day on which the payment is sent, and compounded monthly on the total amount of the payment and interest outstanding.

(8) No interest of less than one dollar is payable pursuant to subsection (7).

*Clause 99:* (1) Subsections 74(3) and (4) read as follows:

(3) Where a deduction is authorized under subsection (1), interest at the prescribed rate shall be authorized as a deduction in accordance with that subsection, calculated in respect of each day between the day that is sixty days after the day on which the application for the payment in respect of which the deduction was authorized was received by the Minister and the day on which the notice of determination was sent, and compounded monthly on the total amount of the deduction and interest outstanding.

(4) No interest of less than one dollar shall be authorized as a deduction under subsection (3).

*Clause 100:* (1) Sections 78 and 79 read as follows:

**78.** (1) Every person who is required to pay tax under Part III or IV shall make each month a return in the prescribed form containing prescribed information of all amounts that became payable by the person on account of that tax in the preceding month.

(2) Every person who holds a licence granted under or in respect of Part III or IV and whose tax payable under Parts III and

IV in the preceding month is nil shall make a return as required by subsection (1) reporting that fact.

(3) Notwithstanding subsections (1) and (2), the Minister may, by regulation,

(a) authorize any person to make a return in respect of any accounting period of not less than twenty-one days and not more than thirty-five days;

(b) authorize any person to make a return in respect of any period longer than one month but not longer than six months, if the tax payable by that person under Part II.1 or Parts III, IV and VI, as the case may be, for the last preceding calendar year did not exceed four thousand eight hundred dollars; or

(c) authorize any person whose activities that give rise to tax payable by the person under Part III or IV are predominantly limited to a seasonal period of operation to make a return in respect of any period longer than one month but not longer than six months, if the total tax payable by the person under Parts III and IV for the equivalent period in the preceding calendar year did not exceed an average of four hundred dollars per month throughout that equivalent period.

(4) Subject to subsection 79(2) and sections 79.1 and 79.2, the return required by this section shall be filed and the tax payable shall be paid

(a) in a case where the return is required to be made in a month in accordance with subsection (1) or (2), not later than the last day of that month;

(b) in a case where the return is authorized to be made in accordance with a regulation made under paragraph (3)(a), not later than the last day of the first authorized accounting period following the end of the accounting period to which the return relates; and

(c) in a case where the return is authorized to be made in accordance with a regulation made under paragraph (3)(b) or (c), not later than the last day of the first month following the end of the period to which the return relates.

**79.** (1) Subject to subsections (1.1) to (3), a person who defaults in paying tax within the time prescribed by subsection 78(4), in addition to the amount in default, shall pay

(a) in the case of tax required to be paid not later than the last day of a month, a penalty of one-half of one per cent and interest at the prescribed rate, in respect of each month or

fraction of a month between that day and the day on which the total tax, penalty and interest outstanding is paid, calculated on the total tax, penalty and interest outstanding in that month or fraction of a month; and

(b) in the case of tax required to be paid not later than the last day of an accounting period, a penalty of one-half of one per cent and interest at the prescribed rate, in respect of each accounting period or fraction of an accounting period between that day and the day on which the total tax, penalty and interest outstanding is paid, calculated on the total tax, penalty and interest outstanding in that accounting period or fraction of an accounting period.

(1.1) No penalty or interest is payable under subsection (1) if the person liable to pay the tax pays all taxes payable by him under Parts II.1, III, IV or VI and, at the time of the payment, the total penalty and interest payable in respect of all such taxes is less than ten dollars.

(1.2) A person who is liable to pay penalty or interest under subsection (1) shall pay the penalty or interest not later than the last day of the month or accounting period in respect of which the penalty or interest was calculated.

(2) The Minister may, before or after the expiration of the time prescribed by subsection 78(4), extend in writing the time for filing a return or paying any tax, and where the Minister so extends the time,

(a) the return shall be filed or the tax shall be paid within the time as so extended;

(b) interest accrues under subsection (1) in respect of the tax as if the time had not been so extended;

(c) no penalty accrues or shall be deemed to have accrued under subsection (1) in respect of the tax before the expiration of the time as so extended; and

(d) penalty accrues under subsection (1) in respect of a default in paying the tax or any portion thereof within the time as so extended as if the default were a default referred to in that subsection.

(3) Where the Minister holds security under section 80.1 for the payment of any tax that is not paid within the time prescribed by subsection 78(4),

(a) interest accrues under subsection (1) in respect of the tax from the expiration of that time; and

(b) penalty accrues under subsection (1) only if the total tax, penalty and interest outstanding, as calculated in respect of each month or accounting period or fraction of a month or accounting period during which the default continues, exceeds the value of the security at the time it is accepted by the Minister and, if accruing, the penalty shall be calculated only on the amount of the excess.

Clause 101: (1) and(2) The relevant portion of subsection 79.1(1) reads as follows:

**79.1** (1) For the purposes of this section,

(a) a person's "instalment base"

(i) for a month is the lesser of

(A) the tax payable under Part II.1, or Parts III, IV and VI, as the case may be, other than tax payable in accordance with the *Customs Act*, by that person in that month, and

(B) the tax so payable in the last preceding month,

(ii) for an accounting period is the lesser of

(A) the tax payable under Part II.1, or Parts III, IV and VI, as the case may be, other than tax payable in accordance with the *Customs Act*, by that person in that accounting period, and

(B) the tax so payable in the last preceding accounting period, and

(iii) for any other period to which a return relates is the lesser of

(A) the tax payable under Part II.1, or Parts III, IV and VI, as the case may be, other than tax payable in accordance with the *Customs Act*, by that person in that period, and

(B) the tax so payable in the last preceding period multiplied by the ratio that the number of days in the period to which the return relates is to the number of days in the last preceding period; and

(b) a person is a "large taxpayer" at any particular time if

...

(ii) the person



(A) was, at any time in the last preceding calendar year ending at least ninety days, or ninety-one days where that time falls in a leap year, before that time, a member of a group of associated corporations (within the meaning of section 256 of the *Income Tax Act*) and the aggregate amount of taxes payable under Parts II.1, III, IV and VI, other than taxes payable in accordance with the *Customs Act*, and collected or collectible under Parts II and II.2 by the group in that year exceeded twelve million dollars, and

(B) is not, at that time, authorized to make a return in accordance with a regulation made under paragraph 78(3)(b) or (c).

(3) Subsections 79.1(2) to (8) read as follows:

(2) A large taxpayer who is required to file a return and pay tax within the time prescribed by subsection 78(4) shall pay instalments on account of the tax in accordance with the following rules:

(a) in the case where the return is required to be made in accordance with subsection 78(1), the large taxpayer shall pay two instalments, each equal to one-half of the taxpayer's instalment base for the month in which the tax became payable or the sales were made, as the case may be, the first to be paid not later than the last day of that month and the second not later than the fifteenth day of the next following month; and

(b) in the case where the return is authorized to be made in accordance with a regulation made under paragraph 78(3)(a), the large taxpayer shall pay two instalments, each equal to one-half of the taxpayer's instalment base for the accounting period to which the return relates, the first to be paid not later than the last day of that accounting period and the second not later than the fifteenth day of the next following accounting period.

(3) A person, other than a large taxpayer, who is required to file a return and pay tax within the time prescribed by subsection 78(4) shall pay an instalment on account of the tax in accordance with the following rules:

(a) in the case where the return is required to be made in accordance with subsection 78(1), the person shall pay an instalment, equal to the person's instalment base for the month in which the tax became payable or the sales were made, as the case may be, not later than the twenty-first day of the next following month;

(b) in the case where the return is authorized to be made in accordance with a regulation made under paragraph 78(3)(a), the person shall pay an instalment, equal to the person's instalment base for the accounting period to which the return relates, not later than the twenty-first day of the next following accounting period; and

(c) in the case where the return is authorized to be made in accordance with a regulation made under paragraph 78(3)(b) or (c), the person shall pay an instalment, equal to the person's instalment base for the period to which the return relates, not later than the twenty-first day of the month next following the end of that period.

(4) Subject to subsections (6) to (8), a large taxpayer who defaults in paying an instalment within the time prescribed by subsection (2) shall, in addition to the amount in default, pay in respect of the period between the end of that time and the end of the time prescribed for payment of the tax on account of which the instalment was payable

(a) in the case of an instalment required to be paid not later than the last day of a month or an accounting period, a penalty of one-half of one per cent and interest at the prescribed rate, calculated on the amount by which

(i) one-half of the taxpayer's instalment base for that month or accounting period

exceeds

(ii) the aggregate of all taxes on account of which the instalment was payable that were paid not later than that day; and

(b) in the case of an instalment required to be paid not later than the fifteenth day of a month or an accounting period, a penalty of one-quarter of one per cent and interest at one-half of the prescribed rate, calculated on the amount by which

(i) one-half of the taxpayer's instalment base for the last preceding month or accounting period

exceeds

(ii) the amount by which the aggregate of all taxes on account of which the instalment was payable that were paid not later than that day exceeds the lesser of

(A) the aggregate of all taxes on account of which the instalment was payable that were paid not later

than the last day of the last preceding month or accounting period, and

(B) one-half of the taxpayer's instalment base for the last preceding month or accounting period.

(5) Subject to subsections (6) to (8), a person who defaults in paying an instalment within the time prescribed by subsection (3) shall, in addition to the amount in default, pay in respect of the period between the end of that time and the end of the time prescribed for payment of the tax on account of which the instalment was payable

(a) in the case of an instalment required by paragraph (3)(a) or (b) to be paid not later than the twenty-first day of a month or an accounting period, a penalty of one-sixth of one per cent and interest at one-third of the prescribed rate, calculated on the amount by which

(i) the person's instalment base for the last preceding month or accounting period

exceeds

(ii) the aggregate of all taxes on account of which the instalment was payable that were paid not later than that day; and

(b) in the case of an instalment required by paragraph (3)(c) to be paid not later than the twenty-first day of a month next following the end of a period, a penalty of one-sixth of one per cent and interest at one-third of the prescribed rate, calculated on the amount by which

(i) the person's instalment base for that period

exceeds

(ii) the aggregate of all taxes on account of which the instalment was payable that were paid not later than that day.

(6) No penalty or interest is payable under subsection (4) or (5) if the large taxpayer or other person liable to pay the instalment pays all taxes payable by the taxpayer or other person under Parts II.1, III, IV or VI and, at the time of the payment, the total penalty and interest payable in respect of the instalment is less than five dollars and in respect of all those taxes is less than ten dollars.

(7) A large taxpayer or other person who is liable to pay penalty or interest under subsection (4) or (5) in respect of a

default in paying an instalment shall pay the penalty or interest within the time prescribed by subsection 78(4) for the payment of the tax on account of which the instalment is payable.

(8) The Minister may, before or after the expiration of the time prescribed by subsection (2) or (3), extend in writing the time for paying an instalment, for any period within the time prescribed by subsection 78(4) for the payment of the tax on account of which the instalment is payable, and where the Minister so extends the time

(a) the instalment shall be paid within the time as so extended;

(b) interest accrues under subsection (4) or (5), as the case may be, in respect of the instalment as if the time had not been so extended;

(c) no penalty accrues or shall be deemed to have accrued under subsection (4) or (5), as the case may be, in respect of the instalment before the expiration of the time as so extended; and

(d) penalty accrues under subsection (4) or (5), as the case may be, in respect of a default in paying an instalment within the time as so extended as if the default were a default referred to in that subsection.

*Clause 102:* (1) Section 79.2 reads as follows:

**79.2** (1) A person who is required by this Act, other than Part I, to file a return or to pay or remit an amount shall file the return with the Minister or pay or remit the amount to the Receiver General at such office of the Agency as the Governor in Council may, by regulation, prescribe.

(2) If a person is required by this Act, other than Part I, to file a return or to pay or remit an amount not later than a day and that day falls on a day when the office of the Agency at which the person is required by the regulations to file the return or pay or remit the amount is normally closed for business, that person shall file the return or pay or remit the amount at that office not later than the day last preceding that day when that office is open for business.

(3) Where a person who is required by this section to file a return with the Minister does so by mailing the return, the return shall be deemed to have been filed with the Minister on the day on which the return was mailed and the date of the postmark is evidence of that day.

(4) A person who is required by this section to pay or remit an amount to the Receiver General shall not be considered as having paid or remitted the amount until it is received by the Receiver General.

*Clause 103:* (1) Subsection 80(2) reads as follows:

(2) Any person making a return under paragraph 78(3)(b) or (c) may, in lieu of submitting a report under subsection (1), include in the return a report in the prescribed form containing details of the person's sales, taxes paid under this Act and deductions under subsection 69(2) in the period to which the return relates and any other prescribed information.

*Clause 104:* (1) Subsections 81.16(4) to (6) read as follows:

(4) Subject to subsection (5), where an amount is paid pursuant to subsection (1), interest at the prescribed rate shall be paid, in respect of each day between the date of the notice of the assessment that is the subject of the objection and the day on which the payment was sent, and compounded monthly on the total amount of the payment and interest outstanding.

(5) Where a person has paid an amount on account of the amount owing as set out in a notice of assessment and a payment is made to that person pursuant to subsection (1) on an objection to the assessment, interest at the prescribed rate shall be paid, in respect of each day between the day on which the amount was paid by that person and the day on which the payment was sent to that person, and compounded monthly on the total amount of the payment to that person and interest outstanding.

(6) No interest of less than one dollar is payable pursuant to this section.

*Clause 105:* (1) Subsections 81.18(3) to (5) read as follows:

(3) Where an amount is paid pursuant to subsection (1), interest at the prescribed rate shall be paid, in respect of each day between the day that is sixty days after the day on which the application that is the subject of the reconsideration was received by the Minister and the day on which the payment is sent, and compounded monthly on the total amount of the payment and interest outstanding.

(4) Where a deduction is authorized pursuant to subsection (2), interest at the prescribed rate shall be authorized as a deduction in accordance with subsection 74(1), calculated in respect of each day between the day that is sixty days after the day on which the application was received by the Minister and the day on which the notice of decision was sent, and compounded

monthly on the total amount of the deduction and interest outstanding.

(5) No interest of less than one dollar is payable pursuant to subsection (3) or shall be authorized as a deduction under subsection (4).

*Clause 106:* (1) Subsections 81.38(6) to (9) read as follows:

(6) Subject to subsection (7), where a payment is made pursuant to subsection (1) or (4) in respect of an assessment, interest at the prescribed rate shall be paid, in respect of each day between the date of the notice of assessment and the day on which the payment was sent, and compounded monthly on the total amount of the payment and interest outstanding.

(7) Where a person has paid an amount on account of the amount owing as set out in a notice of assessment or a notice of decision and a payment is made to that person pursuant to subsection (1) or (4) in respect of the assessment, interest at the prescribed rate shall be paid, in respect of each day between the day on which the amount was paid by that person and the day on which the payment was sent to that person, and compounded monthly on the total amount of the payment to that person and interest outstanding.

(8) If a payment is made under subsection (1) or (4) in respect of an application under any of sections 68 to 69, interest at the prescribed rate shall be paid, in respect of each day between the day that is sixty days after the day on which the application was received by the Minister and the day on which the payment was sent, and compounded monthly on the total amount of the payment and interest outstanding.

(9) No interest of less than one dollar is payable pursuant to this section.

*Clause 107:* (1) Section 81.39 reads as follows:

**81.39** (1) Subject to subsection (4), where a person has

(a) received a drawback under section 70,

(b) received a payment under subsection 72(6) or (7), 81.14(1), 81.16(1), (4) or (5), 81.18(1) or (3) or 120(7), or

(c) made a deduction under subsection 69(2), 73(1), (2) or (3), 74(1) or (3) or 81.18(2) or (4)

to which that person was not entitled or in excess of the drawback, payment or deduction to which he was entitled, the amount of the drawback, payment or deduction or the excess is deemed to be a tax under this Act payable by that person not later than the last day

of the first month succeeding that in which the drawback, payment or deduction was made.

(2) Where a person has received a payment under subsection 81.38(1), (6), (7) or (8) and, on the final disposition of the appeal by further appeal or otherwise, it is determined that the person was not entitled to the payment or that the payment was in excess of the payment to which he was entitled, the amount of the payment or the excess is deemed to be a tax under this Act payable by that person not later than the last day of the first month succeeding that in which the appeal was finally disposed of.

(3) Where a person has received a payment under subsection 81.38(4), (6), (7) or (8) and, on the final disposition by further appeal or otherwise of the appeal referred to in subsection 81.38(1) on the basis of which the payment was made, it is determined that the person was not entitled to the payment or that the payment was in excess of the payment to which he was entitled, the amount of the payment or the excess is deemed to be a tax under this Act payable by that person not later than the last day of the first month succeeding that in which the appeal was finally disposed of.

(4) Where a person is liable to pay an amount under subsection 68.15(3), 68.16(4) or 68.21(3), that amount is deemed to be a tax under this Act payable by that person not later than the last day of the first month succeeding that in which the liability arose.

(5) On default of payment of any tax payable under subsection (1) or (4) within the time prescribed therefor, the person liable to pay the tax shall pay, in addition to the amount of the default, a penalty of one-half of one per cent and interest at the prescribed rate, in respect of each month or fraction of a month between the expiration of that time and the day on which the total tax, penalty and interest is paid, calculated on the total tax, penalty and interest outstanding in that month.

(6) A person liable to pay tax under subsection (2) or (3), in addition to the amount of the tax, shall pay, not later than the last day on which the tax is payable, interest at the prescribed rate, in respect of each month or fraction of a month beginning with the first month succeeding that in which the amount constituting the tax was sent to that person and ending with the month in which the appeal was finally disposed of, calculated on the total tax and interest outstanding in that month.

(7) On default of payment of any tax payable under subsection (2) or (3) or interest payable under subsection (6) within the time prescribed therefor, the person liable to pay the tax or interest shall pay, in addition to the amount of the default, a penalty of one-half of one per cent and interest at the prescribed rate, in respect of each month or fraction of a month between the expiration

of that time and the day on which the total tax, penalty and interest is paid, calculated on the total tax, penalty and interest outstanding in that month.

(8) Any penalty or interest that accrues under subsection (5) or (7) shall be paid not later than the last day of the month in respect of which the penalty or interest was calculated.

(9) Where the Minister holds security under section 80.1 for the payment of any tax under this section or interest under subsection (6) that is not paid within the time prescribed by this section,

(a) interest accrues under subsection (5) or (7), as the case may be, in respect of the tax or interest from the expiration of that time; and

(b) penalty accrues under subsection (5) or (7), as the case may be, only if the total tax, penalty and interest outstanding, as calculated in respect of each month or fraction of a month during which the default continues, exceeds the value of the security at the time it is accepted by the Minister and, if accruing, the penalty shall be calculated only on the amount of the excess.

(10) No penalty or interest is payable under subsection (5), (6) or (7) if the person otherwise liable to pay the penalty or interest pays all taxes payable by him under this section and, at the time of the payment, the total penalty and interest otherwise payable by that person under this section is less than ten dollars.

*Clause 108:* (1) Subsections 84(5) to (9) read as follows:

(5) Any person liable to pay an amount under subsection (4) shall pay, in addition to that amount, a penalty of one-half of one per cent and interest at the prescribed rate, in respect of each month or fraction of a month between the first day of the month following the month in which the default occurs and the day on which the total amount, penalty and interest is paid, calculated on the total amount, penalty and interest outstanding in that month or fraction of a month.

(6) A person who is liable to pay penalty or interest under subsection (5) shall pay the penalty or interest not later than the last day of the month in respect of which the penalty or interest was calculated.

(7) Any moneys paid by a person pursuant to subsection (4) or (5) shall, in addition to being applied to that person's liability under this section, be applied on account of the tax debtor's liability under this Act.



(8) The receipt of the Minister for moneys paid as required by subsection (1) or, in default thereof, by subsection (4) or (5) is a good and sufficient discharge of the liability to the tax debtor to the extent of the amount set out in the receipt.

(9) In this section, "tax debtor" means a person by whom any tax, penalty, interest or other sum is payable under this Act.

*Clause 109:* (1) Section 88 reads as follows:

**88.** The Minister may waive or cancel any amount otherwise payable to the Receiver General under this Act that is interest or a penalty calculated in the same manner as interest.

*Clause 110:* (1) and (2) The relevant portion of subsection 116(4) reads as follows:

(4) Where a manufacturer or wholesaler holding a licence granted under or in respect of Part III or VI has purchased goods from another such licensed manufacturer or licensed wholesaler and has incorrectly stated or certified that the goods were being purchased for a use or under conditions rendering the sale of the goods exempt from any tax imposed by Part III or VI,

(a) the purchaser and not the manufacturer or wholesaler from whom the goods were purchased is liable to pay the tax and any penalty or interest under subsection 79(1), if

...

(b) in any other case, the purchaser and the manufacturer or wholesaler from whom the goods were purchased are jointly and severally liable to pay the tax and any penalty or interest under subsection 79(1).

*Income Tax Act*

*Clause 111:* (1) The relevant portion of subsection 129(2.1) reads as follows:

(2.1) Where a dividend refund for a taxation year is paid to, or applied to a liability of, a corporation, the Minister shall pay or apply interest on the refund at the prescribed rate for the period beginning on the day that is the later of

...

(b) the day on which the corporation's return of income under this Part for the year was filed under section 150, unless the return was filed on or before the day on or before which it was required to be filed,

and ending on the day on which the refund is paid or applied.

*Clause 112:* (1) The relevant portion of subsection 131(3.1) reads as follows:

(3.1) Where a capital gains refund for a taxation year is paid to, or applied to a liability of, a corporation, the Minister shall pay or apply interest on the refund at the prescribed rate for the period beginning on the day that is the later of

...

(b) the day on which the corporation's return of income under this Part for the year was filed under section 150, unless the return was filed on or before the day on or before which it was required to be filed,

and ending on the day the refund is paid or applied.

*Clause 113:* (1) The relevant portion of subsection 132(2.1) reads as follows:

(2.1) Where a capital gains refund for a taxation year is paid to, or applied to a liability of, a mutual fund trust, the Minister shall pay or apply interest on the refund at the prescribed rate for the period beginning on the day that is 45 days after the later of

*Clause 114:* (1) The relevant portion of subsection 133(7.01) reads as follows:

(7.01) Where an allowable refund for a taxation year is paid to, or applied to a liability of, a non-resident-owned investment corporation, the Minister shall pay or apply interest on the refund at the prescribed rate for the period beginning on the day that is the later of

...

(b) the day on which the corporation's return of income under this Part for the year was filed under section 150, unless the return was filed on or before the day on or before which it was required to be filed,

and ending on the day the refund is paid or applied.

*Clause 115:* (1) Subsection 157(2) reads as follows:

(2) Where in a taxation year a corporation

(a) has held out the prospect that it will make allocations in proportion to patronage as described in section 135, or

(b) is a credit union,

and for the year or the preceding taxation year

(c) its taxable income (determined before taking into consideration the specified future tax consequences for the year or that preceding year, as the case may be) was not more than \$10,000, and

(d) no tax was payable by it under any of Parts I.3, VI and VI.1 (determined before taking into consideration the specified future tax consequences for the year or that preceding year, as the case may be),

it may, instead of paying the instalments required by subsection (1), pay to the Receiver General at the end of the third month following the end of the year the total of the taxes payable by it under this Part and Parts I.3, VI and VI.1 for the year.

*Clause 116:* (1) Subsection 161(2.1) reads as follows:

(2.1) Where the total of all amounts each of which is an amount of interest payable under subsection (2) by a taxpayer, including any interest payable under subsection (2) because of its application under section 36 of the *Canada Pension Plan* to any amount paid or payable under that Act, or under any provision of an Act of a province with which the Minister of Finance has entered into an agreement for the collection of the taxes payable to the province under that Act that is similar to subsection (2) does not exceed \$25 for a taxation year, the Minister shall not assess the interest.

(2) The relevant portion of subsection 161(7) reads as follows:

(7) For the purpose of computing interest under subsection (1) or (2) on tax or a part of an instalment of tax for a taxation year, and for the purpose of section 163.1,

...

(b) the amount by which the tax payable under this Part and Parts I.3, VI and VI.1 by the taxpayer for the year is reduced as a consequence of the deduction or exclusion of amounts described in paragraph (a) is deemed to have been paid on account of the taxpayer's tax payable under this Part for the year on the day that is the latest of

*Clause 117:* (1) New.

*Clause 118:* (1) Subsection 164(3) reads as follows:

(3) Where under this section an amount in respect of a taxation year (other than an amount or portion thereof that can reasonably be considered to arise from the operation of section 122.5, 122.61 or 126.1) is refunded or repaid to a taxpayer or applied to another liability of the taxpayer, the Minister shall pay or apply interest on it at the prescribed rate for the period beginning on the day that is the latest of

(a) where the taxpayer is an individual, the day that is 45 days after the individual's balance-due day for the year,

(b) where the taxpayer is a corporation, the day that is 120 days after the end of the year,

(c) where the taxpayer is

(i) a corporation, the day on which its return of income for the year was filed under section 150, unless the return was filed on or before the corporation's filing-due date for the year, and

(ii) an individual, the day that is 45 days after the day on which the individual's return of income for the year was filed under section 150,

(d) in the case of a refund of an overpayment, the day the overpayment arose, and

(e) in the case of a repayment of an amount in controversy, the day an overpayment equal to the amount of the repayment would have arisen if the total of all amounts payable on account of the taxpayer's liability under this Part for the year were the amount by which

(i) the lesser of the total of all amounts paid on account of the taxpayer's liability under this Part for the year and the total of all amounts assessed by the Minister as payable under this Part by the taxpayer for the year

exceeds

(ii) the amount repaid,

and ending on the day the amount is refunded, repaid or applied, unless the amount of the interest so calculated is less than \$1, in which event no interest shall be paid or applied under this subsection.

(2) Subsection 164(3.2) reads as follows:

(3.2) Notwithstanding subsection (3), where the amount of an overpayment of a taxpayer for a taxation year is determined because of an assessment made under subsection 152(4.2) or 220(3.1) or (3.4) and an amount in respect thereof is refunded to, or applied to another liability of, the taxpayer under subsection (1.5) or (2), the Minister shall pay or apply interest thereon at the prescribed rate for the period beginning on the day the Minister received the application therefor, in a form satisfactory to the Minister, and ending on the day the amount is refunded or applied, unless the amount of the interest so calculated is less than \$1, in which case no interest shall be paid or applied under this subsection.

(3) The relevant portion of subsection 164(5) reads as follows:

(5) For the purpose of subsection (3), the portion of any overpayment of the tax payable by a taxpayer for a taxation year that arose as a consequence of

...

shall be deemed to have arisen on the day that is the latest of

*Clause 119:* (1) The relevant portion of subsection 183.1(2) reads as follows:

(2) Where, as a part of a transaction or series of transactions or events,

...

the corporation shall, on or before the day on or before which it is required to file its return of income under Part I for its taxation year that includes that time, pay a tax of 45% of that amount or portion thereof, as the case may be.

*Clause 120:* (1) The relevant portion of subsection 186(1) reads as follows:

**186.** (1) Every corporation (in this section referred to as the "particular corporation") that is at any time in a taxation year a private corporation or a subject corporation shall, on or before the last day of the third month after the end of the year, pay a tax under this Part for the year equal to the amount, if any, by which the total of

*Clause 121:* (1) Section 187.2 reads as follows:

**187.2** Every corporation shall, on or before the last day of the second month after the end of each taxation year, pay a tax under this Part for the year equal to 10% of the total of all

amounts each of which is a dividend, other than an excepted dividend, received by the corporation in the year on a taxable preferred share (other than a share of a class in respect of which an election under subsection 191.2(1) has been made) to the extent that an amount in respect of the dividend was deductible under section subsection 112 or 113 or 138(6) in computing its taxable income for the year or under subsection 115(1) in computing its taxable income earned in Canada for the year.

*Clause 122:* (1) Subsection 187.3(1) reads as follows:

**187.3** (1) Every restricted financial institution shall, on or before the last day of the second month after the end of each taxation year, pay a tax under this Part for the year equal to 10% of the total of all amounts each of which is a dividend, other than an excepted dividend, received by the institution at any time in the year on a share acquired by any person before that time and after 8:00 p.m. Eastern Daylight Saving Time, June 18, 1987 that was, at the time the dividend was paid, a taxable RFI share to the extent that an amount in respect of the dividend was deductible under section subsection 112 or 113 or 138(6) in computing its taxable income for the year or under subsection 115(1) in computing its taxable income earned in Canada for the year.

*Clause 123:* (1) The relevant portion of subsection 196(3) reads as follows:

(3) Where a corporation is liable to pay tax for a taxation year under this Part, the corporation shall pay in respect of the year, to the Receiver General

...

(b) the remainder, if any, of the tax payable by it under this Part for the year, on or before the end of the second month following the end of the year.

*Clause 124:* (1) The relevant portion of subsection 204.86(1) reads as follows:

**204.86** (1) Every registered labour-sponsored venture capital corporation and every revoked corporation shall

...

(c) within 90 days after the end of the year, pay to the Receiver General the amount of tax and penalties, if any, payable under this Part by it for the year.

(2) The relevant portion of subsection 204.86(2) reads as follows:

(2) Where tax is payable under this Part for a taxation year by a corporation because of subsection 204.82(5) or 204.85(2), the corporation shall

...

(c) within 90 days after the end of the year, pay to the Receiver General the amount of tax payable under this Part by it for the year.

*Clause 125:* (1) The relevant portion of subsection 208(2) reads as follows:

(2) A person liable to pay a tax under this Part in respect of a year shall, within 3 months from the end of the year,

*Clause 126:* (1) The relevant portion of subsection 209(4) reads as follows:

(4) Where a person is liable to pay tax for a taxation year under this Part, the person shall pay in respect of the year, to the Receiver General

...

(b) the remainder, if any, of the tax payable by the person under this Part for the year, on or before the end of the second month following the end of the year.

*Clause 127:* (1) Section 211.4 reads as follows:

**211.4** Every life insurer shall pay, on or before the last day of the second month ending after the end of a taxation year, the remainder, if any, of the tax payable under this Part by the insurer for the year.

*Clause 128:* (1) The relevant portion of subsection 219(1) reads as follows:

**219.** (1) Every corporation that is non-resident in a taxation year shall, on or before its filing-due date for the year, pay a tax under this Part for the year equal to 25% of the amount, if any, by which the total of

*Clause 129:* (1) Subsection 220(3) reads as follows:

(3) The Minister may at any time extend the time for making a return under this Act.

**SCHEDULE**  
(*Subection 67(2)*)

**SCHEDULE**  
(*Subsections 2(1), 3(2), 4(1) and 12(1) and section 15*)

LIST OF NAMES OF FIRST NATIONS AND GOVERNING BODIES AND DESCRIPTION OF LANDS

Column 1	Column 2	Column 3
First Nation	Governing Body	Lands
Adams Lake	Council of Adams Lake	Reserve of Adams Lake
Bonaparte	Council of Bonaparte	Reserve of Bonaparte
Buffalo Point First Nation	Council of Buffalo Point First Nation	Reserve of Buffalo Point First Nation
Champagne and Aishihik First Nations	First Nations Council of the Champagne and Aishihik First Nations	Settlement Land of the Champagne and Aishihik First Nations under the Champagne and Aishihik First Nations Final Agreement and the <i>Yukon First Nations Land Claims Settlement Act</i> , S.C. 1994, c. 34
Cowichan	Council of Cowichan	Reserve of Cowichan
First Nation of Nacho Nyak Dun	Assembly of the First Nation of Nacho Nyak Dun	Settlement Land of the First Nation of Nacho Nyak Dun under the First Nation of Nacho Nyak Dun Final Agreement and the <i>Yukon First Nations Land Claims Settlement Act</i> , S.C. 1994, c. 34
Kamloops	Council of Kamloops	Reserve of Kamloops
Little Salmon/Carmacks First Nation	Assembly of the Little Salmon/Carmacks First Nation	Settlement Land of the Little Salmon/Carmacks First Nation under the Little Salmon/Carmacks First Nation Final Agreement and the <i>Yukon First Nations Land Claims Settlement Act</i> , S.C. 1994, c. 34
Montagnais Essipit	Conseil des Montagnais Essipit	Reserve of Montagnais Essipit
Muskeg Lake	Council of Muskeg Lake	Reserve of Muskeg Lake
Selkirk First Nation	Assembly of the Selkirk First Nation	Settlement Land of the Selkirk First Nation under the Selkirk First Nation Final Agreement and the <i>Yukon First Nations Land Claims Settlement Act</i> , S.C. 1994, c. 34



Column 1	Column 2	Column 3
First Nation	Governing Body	Lands
Shuswap	Council of Shuswap	Reserve of Shuswap
Skeetchestn	Council of Skeetchestn	Reserve of Skeetchestn
Skidegate	Council of Skidegate	Reserve of Skidegate
Sliammon	Council of Sliammon	Reserve of Sliammon
Ta'an Kwach'an Council	Board of Directors and Elders Council of the Ta'an Kwach'an Council	Settlement Land of the Ta'an Kwach'an Council under the Ta'an Kwach'an Council Final Agreement and the <i>Yukon First Nations Land Claims Settlement Act</i> , S.C. 1994, c. 34
Teslin Tlingit Council	General Council of the Teslin Tlingit Council	Settlement Land of the Teslin Tlingit Council under the Teslin Tlingit Council Final Agreement and the <i>Yukon First Nations Land Claims Settlement Act</i> , S.C. 1994, c. 34
Tr'ondëk Hwëch'in	General Assembly of the Tr'ondëk Hwëch'in	Settlement Land of the Tr'ondëk Hwëch'in under the Tr'ondëk Hwëch'in Final Agreement and the <i>Yukon First Nations Land Claims Settlement Act</i> , S.C. 1994, c. 34
Tzeachten	Council of Tzeachten	Reserve of Tzeachten
Vuntut Gwitchin First Nation	Tribal Council of the Vuntut Gwitchin First Nation	Settlement Land of the Vuntut Gwitchin First Nation under the Vuntut Gwitchin First Nation Final Agreement and the <i>Yukon First Nations Land Claims Settlement Act</i> , S.C. 1994, c. 34