

SUMMARY

These amendments implement certain measures announced in the Budgets of February 27, 1995 and March 6, 1996 as well as the *Income Tax Act* and *Excise Tax Act* amendments released on August 9, 1995 concerning the government's business number program. These measures are summarized below.

(1) **Retirement Savings:** reduces the limits on contributions to registered retirement savings plans (RRSPs), registered pension plans and deferred profit sharing plans and reduces the allowance for RRSP overcontributions.

(2) **Fiscal Periods:** eliminates the opportunity to defer the taxation of business income by selecting an off-calendar fiscal period.

(3) **Family Trusts:** eliminates the election to defer the 21-year deemed realization rule and the rules allowing the allocation of income to preferred beneficiaries.

(4) **Film Tax Credit:** replaces the capital cost allowance tax shelter incentive for certified Canadian productions with a new tax credit for Canadian film production companies.

(5) **Charitable Donations:** eliminates the 20 per cent of income deduction limit for gifts of ecologically sensitive land.

(6) **Scientific Research and Experimental Development (SR&ED):** eliminates inflation of SR&ED tax credits through non-arm's length contracts; introduces other measures improving the administration of the SR&ED tax incentives.

(7) **Corporate Tax Rates:** increases the refundable tax on investment income of Canadian-controlled private corporations; increases the rate of Part IV tax on dividends received by private corporations; increases the capital taxes on large corporations and financial institutions.

(8) **Joint and Several Liability:** provides joint and several liability for unremitted source deductions and similar amounts where a person has influential control and causes taxable payments to be made without remittance.

(9) **Old Age Security (OAS) Benefits:** modifies the structure of the recovery of OAS benefits to provide for tax to be withheld from benefits as they are paid.

(10) **Business Number:** allows Revenue Canada to exchange business name and address information with other federal government departments and the provinces when they adopt the Business Number.

(11) **Interest Rates:** provides for different rates of interest on amounts payable by the Crown to taxpayers and amounts payable by taxpayers to the Crown.

EXPLANATORY NOTES

The Explanatory Notes issued by the Minister of Finance provide a detailed explanation of these amendments.