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Supplementary Information

Supplementary Information and
Notices of Ways and Means Motions

Tabled in the House of Commons
by the Honourable Michael H. Wilson
Minister of Finance

November 8, 1984



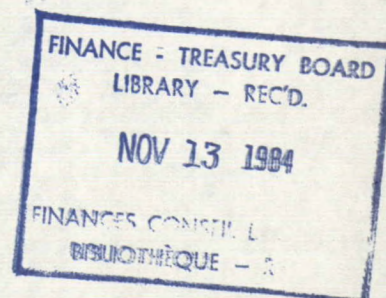
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Department of Finance
Canada

Ministère des Finances
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New Initiatives

Assistance to Individuals

Support for Employment Opportunities and Human Resource Development

The government attaches the highest priority to providing maximum opportunities for Canadians to develop and to use their skills in productive employment. In the longer term, this requires a growing economy with a vigorous private sector as well as a sustained co-operative effort by governments and their economic partners. In the interim, the government believes that continued high levels of unemployment necessitate an immediate response to alleviate some of the more severe difficulties associated with this situation.

The state of the government's finances will not support the costs of many new initiatives. *However, it is possible to begin to provide some support for the creation of new employment opportunities and for skill training. Specifically, the government is providing a special budgetary allocation of \$1 billion in 1985-86 primarily for this purpose.* Without this additional funding, government assistance for employment development would have fallen to \$1.2 billion next year from \$2.2 billion in 1984-85.

In addition, the Minister of Employment and Immigration announced on September 24, 1984, the allocation of a further \$430 million for Canada Works for the coming winter. This includes \$250 million from the Consolidated Revenue Fund (CRF) for constituency-based programs, and \$180 million (\$100 million from the Unemployment Insurance (UI) Account and \$80 million from the Consolidated Revenue Fund) for employment creation under Section 38 of the Unemployment Insurance Act. Of the amount of \$430 million, \$172 million, including \$132 million from the CRF and \$40 million from the UI Account, will be spent in 1984-85. Of the remaining \$258 million, which will be available in 1985-86, \$198 million will come from the CRF and \$60 million from the UI Account. *This will provide jobs for an additional 68,000 participants.*

An essential feature of the government's approach to human resource development is co-operation and consultation with the provinces and the private sector. The Minister of Employment and Immigration will start these consultations immediately with a view to achieving a consensus on the nature and scale of employment development and training required for Canadians to adjust effectively to changing circumstances.

Further information will be provided by the Minister of Employment and Immigration.

Assistance to Veterans

Canadian veterans, their survivors and their dependants have earned and deserve generous treatment from the society which owes them so much. In recognition of that service, three reforms of the Pension Act that have been long sought by veterans' organizations will be introduced at a cost of \$22 million per year.

The Pension Act will be amended to ensure that pension increases reflect parity with the average wage of five representative categories of public servants, or the increase in the Consumer Price Index, whichever is greater. At the moment, the Pension Act only provides for adjusting benefits in line with changes in the Consumer Price Index. Some 51,000 disability pensioners, widows, widowers and other survivors will benefit from this change. The annual cost will be \$14 million.

The Pension Act will also be amended so that a pension will continue to be paid at the married rate to the surviving spouse for one year following the death of the veteran. Disability pensions now cease at the end of the month in which the pensioner dies and any dependants receive only survivor benefits. This measure will remove the shock of an immediately reduced income at a time when a widow or widower is under the emotional stress of adjusting to the death of a spouse. Some 6,000 widows and widowers would have benefited from this type of measure over the last two years. The annual cost will be \$7 million.

The third change in the Pension Act will allow continued payment of Exceptional Incapacity Allowance and Attendance Allowance for 12 months following the death of the pensioner. These allowances now terminate at the end of the month in which the pensioner dies. The change will provide a more reasonable period of time for the widow or widower to adjust to a lower level of family income. The annual cost will be \$1 million.

Spouses Allowances

The current Spouses Allowances program is available to eligible low-income Canadians between the ages of 60 and 64. It is equivalent to Old Age Security (OAS) and the Guaranteed Income Supplement combined and is income-tested. Under the program, 60 to 64 year old spouses of OAS recipients receive a maximum of \$482.84 monthly. Some 85,000 people receive this benefit. The cost of the existing Spouses Allowances is estimated at \$274 million in 1985-86. In addition, widows and widowers aged 60 to 64 who had qualified for Spouses Allowances benefits prior to the death of their spouse are eligible for a maximum monthly benefit of \$508.06 (which will be increasing to \$533.06 in December 1984). Some 6,000 people receive this type of benefit.

The government is proposing to extend the eligibility of the Spouses Allowances program to all low-income widows and widowers between the ages of 60 and 64, starting in the fall of 1985. An additional 85,000 Canadians in this age group will qualify for the Spouses Allowances. The additional costs of this initiative will be \$200 million in 1985-86.

Further information will be provided by the Minister of National Health and Welfare.

Northern Allowances

Employees in the North and in isolated posts receive certain tax exemption from employer benefits under two remission orders. The structure of these remission orders was announced by the previous government but the orders were not formally put in place. *The orders are now confirmed and will be in effect through 1985.* During this period, the government intends to review the issue of northern taxation in consultation with all interested parties.

The "Isolated Posts Benefits and Allowances Remission Order" provides tax exemptions for housing allowances, low-cost rental housing and travel assistance received by employees if these benefits are covered by employer benefit plans arranged prior to November 13, 1981. The taxation of all other benefits is subject to special valuation rules and limits provided in the "Isolated Posts Housing and Travel Assistance Benefits Remission Order".

Assistance to Primary Producers

The Economic Statement announces several measures to provide specific and immediate support for growth. The new initiatives include:

- a temporary gasoline and diesel fuel sales tax rebate program for farmers, fishermen, loggers and mine operators;
- a doubling of the annual small producers' credit against the Petroleum and Gas Revenue Tax from \$250,000 to \$500,000;
- extension of the reduced Petroleum and Gas Revenue Tax rate on integrated tar sands plants.

Details of these new measures are contained in the material that follows.

Gasoline and Diesel Fuel Sales Tax Rebate

Beginning December 1, 1984, farmers, fishermen, loggers and mine operators will be offered a fuel tax rebate of 3 cents per litre on purchases of gasoline and diesel fuel for off-highway use in commercial activities. This measure, which is proposed

to be in effect until January 1, 1987, is being introduced in response to the current financial difficulties being experienced by certain primary producers.

Effective December 1, 1984, large volume users who acquire their motive fuels directly from refiners and wholesalers licensed under the Excise Tax Act will be entitled to an immediate reduction in the price equal to the fuel tax rebate and the supplier may, in turn, deduct the rebate from his taxes otherwise payable. In order to avail themselves of this mechanism, the users will be required to obtain a permit from Revenue Canada to be used as evidence of their eligibility for the tax rebate when acquiring fuels from licensed vendors. In the case of users who acquire their motive fuels from retail dealers/service stations, the tax rebate will be paid by the Department of National Revenue upon filing of a refund claim. The current refund system for the 1.5 cents per litre excise tax on gasoline will continue to operate as at present.

The amount of federal sales tax to be rebated will be prescribed annually by the Governor in Council with the rate of 3 cents per litre applying until December 31, 1985. The revenue cost of this measure is expected to be \$160 million for the first full year.

Petroleum Compensation Charge Increase

Revenue from the Petroleum Compensation Charge (PCC) is used to fund the payment of petroleum compensation to importers of crude oil and to Canadian producers of "new" oil, that is, oil discovered after 1973 and eligible to receive the world price. The current level of the PCC (\$23.64 per cubic metre) is insufficient to fund these payments. The deficit in PCC revenues relative to outflows now approaches \$1 billion. A \$17.50 per cubic metre increase in the PCC, which will take effect November 10, 1984, will substantially slow further increases in the deficit in PCC revenues.

In order to offset the impact of this change in the PCC, relief will be extended to producers of *oil-based petrochemical feedstocks. Farmers, fishermen, loggers and mine operators* who will be eligible for the 3 cents per litre relief from the federal sales tax on gasoline and diesel fuel will also be eligible for a rebate of 1.8 cents per litre as relief from the PCC increase in respect of these same purchases. The relief from the PCC increase for oil-based petrochemical feedstocks will be effective November 10, 1984 and will be administered by the Department of Energy, Mines and Resources. Revenue Canada will administer the relief for farmers, fishermen, loggers and mine operators under the same mechanism as the sales tax rebate. The effective date of the relief from the PCC increase for these persons will be December 1, 1984 to coincide with the federal sales tax relief. The annual revenue cost of this measure will be \$95 million.

Increased Credit Against Petroleum and Gas Revenue Tax

Since June 1, 1982 a corporation or a group of associated corporations has been allowed an annual tax credit of up to \$250,000 against its Petroleum and Gas Revenue Tax on production revenue, other than production royalties. This annual credit will be increased to \$500,000 in respect of production revenue earned after December 31, 1984. This measure will reduce federal revenues by \$35 million in the 1985-86 fiscal year.

Extension of Reduced Tax Rate for Integrated Tar Sands Plants

The effective rate of the Petroleum and Gas Revenue Tax (PGRT) on production revenue arising from synthetic oil production from integrated tar sands plants was reduced from 12 per cent to 8 per cent for the period starting January 1, 1983 and ending December 31, 1984. *This lower rate will be extended by one year to December 31, 1985.* This measure is implemented by regulations that provide for a special allowance under Division I of the PGRT Act.

Personal Income Tax Indexation

Personal exemptions, tax brackets and the refundable child tax credit will be increased by 4.6 per cent for the 1985 taxation year as a result of the indexation of the personal income tax system. This will benefit federal taxpayers in 1985 by \$1,075 million.

The indexing provisions allow for an increase in personal exemptions and tax brackets each year to offset the tax increases that would otherwise arise from inflation interacting with a system of graduated tax brackets. Indexation acts to ensure that taxpayers are not pushed into higher tax brackets by purely inflationary increases in income.

The indexing adjustment for each year is based on the average annual increase in the Consumer Price Index (CPI) for the 12 month period ending in the previous September.

Tax indexation in 1985 will raise personal exemptions as follows:

	1984 Levels	1985 Levels	Increase
	(dollars)		
Basic Personal Exemption	3,960	4,140	180
Married Exemption	3,470	3,630	160
Exemption for dependants age 18 and over	1,360	1,420	60
Age Exemption	2,480	2,590	110
Deduction for the blind and disabled	2,480	2,590	110

In order to maintain the real value of the child tax credit, it is also indexed to changes in the CPI. As a result of indexing, the credit for the 1985 taxation year will rise from \$367 to \$384 per child.

The new rate schedule resulting from indexing is set out in Table 1. Table 2 indicates the federal and provincial tax savings from indexing for typical taxpayers at various income levels.

Indexing of the exemptions and the tax brackets will reduce federal revenues by some \$1.0 billion for the 1985 taxation year. Provincial revenues under the tax collection agreements will be reduced by some \$375 million. The indexing of the child tax credit will reduce federal revenues by \$75 million for the 1985 taxation year. The total federal revenue cost of indexing the personal income tax is thus some \$1,075 million. Provincial revenues are not affected by the indexing of the child tax credit.

Revenue Canada, Taxation, will shortly distribute new withholding tables which reflect these changes for the 1985 taxation year so that taxpayers who have taxes deducted at source will begin to experience the tax saving from indexing early in the new year.

Table 1

1985 Federal Income Tax Rates Based on an Indexing Factor of 2.590

Taxable Income		Tax	
\$1,295 or less		6%	
In excess of:			
\$ 1,295	\$ 78 + 16% on next	\$ 1,295	
2,590	285 + 17% on next	2,590	
5,180	725 + 18% on next	2,590	
7,770	1,191 + 19% on next	5,180	
12,950	2,176 + 20% on next	5,180	
18,130	3,212 + 23% on next	5,180	
23,310	4,403 + 25% on next	12,950	
36,260	7,641 + 30% on next	25,900	
62,160	15,411 + 34% on remainder		

Table 2
**Tax Savings in 1985 as a Result of Indexing
 1985 Federal and Provincial Tax**

Earned Income	Without 1985 Indexing	With 1985 Indexing	Tax Savings	
			Amount	Per Cent of Tax
(dollars)				
Single Taxpayer - No Dependants				
7,500	373	319	54	14.5
10,000	976	919	57	5.8
15,000	2,283	2,214	69	3.0
20,000	3,657	3,576	81	2.2
25,000	5,198	5,074	124	2.4
35,000	8,800	8,635	165	1.9
50,000	15,141	14,853	288	1.9
75,000	26,767	26,307	460	1.7
100,000	39,262	38,802	460	1.2
Married Taxpayer - Two Dependants under Age 18				
7,500	-734	-768	34	-
10,000	-705	-748	43	-
15,000	318	182	136	42.8
20,000	1,634	1,487	147	9.0
25,000	3,047	2,885	162	5.3
35,000	6,844	6,593	251	3.7
50,000	13,320	12,961	359	2.7
75,000	24,703	24,162	541	2.2
100,000	37,198	36,657	541	1.5

- Notes:* 1. Tax savings include those arising from indexing of exemptions, tax brackets limits and the refundable child tax credit. Negative amounts of tax represent the receipt of the refundable child tax credit.
2. Taxpayers are assumed to be under age 65 and to receive earned income. Family allowance payments are added to earned income in calculating tax liability where applicable. In addition to personal exemptions, the employment expense deduction of 20 per cent of wage and salary income to a maximum of \$500 and CPP/QPP and UI contributions, calculated at 1985 rates, are deducted in computing taxable income. No account is taken of other potential deductions such as child care expenses or contributions to private pension plans. For purposes of computing child tax credit benefits, all income is assumed to accrue to one spouse.
3. The provincial tax is calculated at a standard rate of 47.0 per cent of federal basic tax. As rates of provincial tax vary from province to province, taxpayers in some provinces will experience tax savings that differ from those given above. No provision is made in the calculations for any provincial tax cuts or tax credits.

Unemployment Insurance Premium Contributions

As required by the Unemployment Insurance Act, the Canada Employment and Immigration Commission each year reviews the status of the Unemployment Insurance (UI) Account and recommends, subject to concurrence by the Minister of Finance, employer and employee premium rates for the next year to the Governor in Council.

Effective January 1, 1985, employees will pay \$2.35 in premiums for each \$100 of their insurable earnings, up from \$2.30 per \$100 in 1984. Employers will pay a basic premium of \$3.29 per \$100 in 1984. This increase, of approximately 2 per cent, has been held as close as practicable to the legal minimum required under the Act in order not to exacerbate the tax burden on individuals and employers.

At the same time maximum insurable earnings will rise in accordance with statutory requirements by about 8 per cent on January 1, 1985 to a maximum of \$460 per week from the present \$425.

The maximum amount paid out in premiums is a combination of the premium rate and the ceiling on insurable earnings. With an increase in premiums of about 2 per cent and in maximum insurable earnings of about 8 per cent, workers will pay a maximum of \$562.12 in premiums next year, up from \$508.56 this year and employers a maximum of \$786.97, up from \$711.98.

Some administrative changes to the UI program will be made immediately to improve the equity of the program and to reduce program costs. The changes involve the inclusion of pension income, separation allowances and vacation pay in establishing benefit levels.

In addition, the government has decided to undertake a thorough review of the UI program. This review will be carried out in consultation with a wide variety of interested groups. Its aim will be to identify changes in policies and procedures which will improve the operation of labour markets and achieve a reduction in the costs of the program and consider the ways in which the various elements of the program should be financed.

Additional details on these matters will be provided by the Minister of Employment and Immigration.

Air Transportation Tax

As part of the cost recovery program announced by the President of the Treasury Board on November 8, 1984, the Air Transportation Tax will be amended to increase the ad valorem rate on domestic air transportation from 8 per cent to 9 per cent and to increase the ceiling to \$30 from \$23. The tax on international travel by air will be increased to \$15 from \$12.50. These changes will be effective

on April 1, 1985 for tickets purchased in Canada and for emplanements on or after that date with respect to tickets purchased outside Canada. In addition, a new Air Cargo Tax will be introduced at a later date.

Outstanding Taxation Issues

Simplifying Taxes for Small Businesses

Changes will be made to the existing system of income taxation for small business corporations. The proposed changes to the system will have a number of important results. They will:

- simplify and shorten the corporate income tax form;
- reduce the costs of tax compliance for small businesses;
- increase access to tax savings for growing small businesses; and
- reduce, by over two-thirds, the amount of the legislation relating to the low tax rate for small business.

Currently, the low 25-per-cent small business tax rate is available on the first \$200,000 of annual income for eligible firms with less than \$1 million of accumulated income. The cumulative income limitation is a source of considerable complexity in the small business tax system. Defining it results in complex and lengthy tax law. Provisions of the law relating to the "cumulative deduction account", which are required for this purpose, are some of the most difficult provisions in the Income Tax Act. Keeping track of cumulative income also requires involved record keeping and calculation by some 290,000 small business corporations. The additional precision achieved by the cumulative limit is not justified in light of the complexity it creates. This restriction on access to the low tax rate will therefore be eliminated. This means that the low small business tax rate will be available on up to \$200,000 of active business income a year earned by any Canadian-controlled private corporation.

Certain categories of the business income of Canadian-controlled private corporations are currently taxed at an intermediate tax rate of 33 1/3 per cent. These businesses, referred to in the law as "non-qualifying businesses", are the professional practices of accountants, dentists, lawyers, medical doctors, veterinarians, chiropractors and certain types of service businesses which have been incorporated. The rules relating to non-qualified business income were introduced before the enactment of the 12 1/2 per cent dividend distribution tax which achieves many of the same results for these businesses. These relatively complex rules will therefore be repealed.

Changes will also be made to simplify the tax provisions affecting personal services businesses, specified investment businesses and corporate partnerships.

In the case of personal services businesses and specified investment businesses, the rule requiring five "arm's length" employees in order for income from such businesses to receive the small business tax rate will be modified to remove the "arm's length" requirement. This will simplify compliance. In the case of corporate partnerships, the lengthy and complicated rule dealing with corporations that are members of several partnerships will be replaced by a generally-worded anti-avoidance provision.

As a consequence of removing the \$1 million cumulative income limit, the draft legislation published in August proposed a test to determine whether a Canadian-controlled private corporation qualifies for the three measures directed at small business: the 35 per cent rate of investment tax credit; the 40 per cent rate of refundable investment tax credit; and, the extra month for making its final payment of tax for a taxation year. This test was based upon the aggregate incomes for the year of the corporation and of all other corporations with which it is associated in the year. In order to facilitate compliance with the test and the administration of the affected provisions, the test will be changed so that it will be based on the aggregate incomes for the immediately preceding taxation year of such corporations.

These changes to the taxation of small business will apply for the 1985 and subsequent taxation years.

However, a related measure dealing with option control will be made effective for the 1986 and subsequent taxation years. This measure is designed to ensure that a corporation will not qualify as a Canadian-controlled private corporation if a non-resident or a public corporation has an option or right to acquire control of the corporation. The one year delay in implementing this measure will provide affected corporations with an opportunity to rearrange their affairs in order to permit them to continue to qualify as Canadian-controlled private corporations.

The total federal revenue cost of the changes to the small business tax system will be approximately \$150 million in the first full year.

Sales Tax Measures

Legislation will be introduced to increase the rates of federal sales tax by one percentage point for the period October 1, 1984 to December 31, 1988. The new rates will be 6 per cent on construction materials and equipment for buildings, 13 per cent on alcoholic beverages and tobacco products and 10 per cent on other taxable goods.

Other sales tax and excise measures are described in greater detail below.

Air Transportation Tax

An amendment to the Air Transportation Tax will be introduced to eliminate duplication of the tax for single journeys requiring more than one ticket. A technical change will also be proposed with respect to the application of tax on charter flights to clarify that, in the case of multiple flights by the same chartered aircraft, the tax is calculated separately in respect of each flight.

Proceeds of the Air Transportation Tax are utilized by the Department of Transport to provide airport facilities and air navigation services.

Telecommunication Programming Services Tax

Legislation to be introduced will propose the application of a 6 per cent sales tax to amounts charged for radio and television programming services effective from July 1, 1983. The tax will apply to programming services provided by telecommunication, including a charge for television cable rental, pay T.V. and movies shown on television in hotels. It will also apply to any installation charge for the programming services, and to any sale or rental of equipment used in the reception of programming services (such as pay T.V. signal decoders) where that equipment is available only from the person providing the programming service. If the equipment is freely available in the market and subscribers are legally permitted to use it in conjunction with the reception of a programming service, then it will be exempt from the tax.

The tax will be imposed upon the cable companies and other persons providing the programming services, but they will be permitted to pass the tax on to subscribers in the form of higher sale price or rental charge. Such persons will be required to apply to the Minister of National Revenue for a licence under the Federal Excise Tax Act and remit the tax to the government each month.

Persons who are providing services to fewer than 200 subscribers for personal viewing during the course of a month will generally not be required to apply for a licence, and the tax will not apply to any amounts charged by them for programming services.

Wholesale Tax for Motor Vehicles

Legislation will be introduced to shift the application of tax on highway vehicles, including motorcycles, from the manufacturer's level to the wholesale level. This will cause all highway vehicles to be taxed on their sale price to retailers in Canada irrespective of their origin. It does not change the burden on Canadian vehicles as they are already taxed on their sale price to automotive dealers. The change will lead to a reduction in tax on vehicles made in the United States of America and an increase on Japanese and European vehicles reflecting the current differences in the duty-paid value and the sale price to retailers of such vehicles in Canada. The net impact of the change will be a decrease in federal revenues by

approximately \$10 million per annum. This measure is effective as of March 1, 1984.

Interest and Penalties

Interest will be paid on all sales tax refunds and overpayments which are outstanding more than 60 days after a valid application for refund has been filed with National Revenue. This proposal responds to the concern that, although charges are levied on late sales tax remittances, interest has not been payable on tax overpaid. The current penalty of 1 1/2 per cent per month imposed for late tax remittance will be separated into a penalty of 1/2 per cent per month and interest charged at a prescribed rate. A single rate of interest will be prescribed for both late tax remittances and tax refunds payable to taxpayers.

Bad Debts

Licensed manufacturers will have the opportunity to recover sales tax paid in respect of sales made on credit on and after February 16, 1984 to customers from whom they are unable to collect payment in whole or in part. The provision will allow licensed manufacturers who have incurred debt losses to apply for a refund of sales taxes paid on sales accounts written off as bad debts.

Other Commodity Tax Changes

Legislation to be introduced will propose a number of technical changes intended to clarify federal sales tax legislation.

The exemption available for certain types of transportation equipment will be clarified to ensure that the benefits of the exemption are restricted to motor vehicles designed primarily for the carriage of freight.

The exemptions for equipment for the production of goods will be changed to exclude portable generators and stand-by generators acquired by operators of commercial buildings.

In order to qualify for exemption from the federal sales tax, newspapers and magazines are required to devote at least 10 per cent of their space to news and editorial content. A change will be proposed to ensure that this test applies to printed space and that margins and other blank spaces are not counted as part of the news content in calculating the appropriate percentages.

The above changes will be effective from April 20, 1983.

The Federal Sales Tax Review Committee and others in the business community have expressed concern about the lack of precision of the provision regarding marginal manufacturing. It is proposed to delete the phrase "otherwise prepares goods

for sale” and add a specific category of persons who finish goods for sale by applying coatings or finishes to the goods. These changes will clarify the administration and interpretation of the provision.

Amendments are proposed to clarify federal sales tax legislation with respect to the status of returnable containers for tax exempt goods and the status of X-ray equipment used for non-medical purposes.

The Excise Act will be amended to allow breweries to carry on a retail business on the same premises as their manufacturing operations. This will permit the introduction of a new concept of micro-breweries called “brew-pubs”. These are breweries which have a tavern for the serving and selling of beer located in the same building as the brewery.

Improving the Fairness of Tax Administration

Income Tax Instalments

Two provisions will affect the rules relating to tax instalments. The first will exempt individuals with federal taxes payable of \$1,000 or less from the requirement to make quarterly tax instalments. The present rule requires payment of quarterly tax instalments by individuals with federal taxes of more than \$400. In addition, the \$1,000 instalment threshold will be extended to corporations. These changes will apply to the 1984 and subsequent taxation years.

Approximately 350,000 senior taxpayers will now be exempted from having to make income tax instalment payments. For example, a married taxpayer over 65 years of age who fully utilizes the interest income deduction will now be free from any requirement to pay instalments unless the couple’s combined income exceeds \$18,800. In addition, some 130,000 other Canadians and upwards of 50,000 corporations will be exempt from the obligation to pay tax instalments. Most of these corporations will be small businesses and family farm corporations.

An exemption is to be introduced for interest payable on late or deficient instalments. Where interest of \$25 or less is calculated in respect of late or deficient federal and provincial tax instalments for a year, payments of interest will not be required.

Automobile Operation Costs

Under current law, an employee who makes personal use of an automobile provided by his employer is required to include in his income the amount of any personal benefit related to operating costs such as gas, repairs, and insurance paid for by his employer. Such an employee is also required to include as income a benefit in respect of the availability of the car, referred to as the standby charge. To compute the benefit in respect of operating costs, the employer must maintain records

of the total operating costs incurred for each vehicle as well as the number of kilometres the automobile was driven for both personal and business purposes by each employee. The calculation of the operating cost benefit is both complex and time-consuming.

An optional but simplified method of calculating this benefit will be provided. Under this method the benefit related to operating costs is calculated as one-half of the taxable automobile standby charge. The amount of the standby charge is calculated monthly at a rate of 2 per cent of the capital cost of the automobile or two-thirds of the rental cost in the case of a leased automobile. Accordingly, the optional operating cost benefit will be 1 per cent per month of capital cost or one-third of the rental cost. As the standby charge is reduced pro rata for personal use of less than 1,000 kilometers per month, a similar reduction will apply for the proposed operating cost benefit.

By keying the amount of the operating cost benefit to the automobile standby charge, the costs of compliance will be significantly reduced for a large number of employers and employees.

Costs on Appeal

Under the existing law, there is a prohibition against the awarding of costs by the Tax Court of Canada to either party on a tax appeal. The Tax Court of Canada will be allowed, at its discretion, to order Revenue Canada to pay costs of a taxpayer's appeal. In no event will costs be awarded to the Minister of National Revenue. This measure recognizes the importance of increasing the access by taxpayers to a forum in which disagreements with tax assessments can be resolved in an expeditious manner.

The Federal Court of Canada is now required in certain circumstances to award a taxpayer the costs of an appeal against a decision of the Tax Court of Canada in his favour where the appeal is instituted by Revenue Canada. The award of costs is mandatory in these circumstances where the appeal relates to an amount of disputed tax not exceeding \$2,500 or the amount of a disputed loss not exceeding \$5,000. These limits will be increased to \$10,000 and \$20,000 respectively.

Payments of Taxes

Two further measures relate to payments of taxes. One will require Revenue Canada to refund any overpayment of income taxes to a person resident in Canada resulting from a successful appeal to the Tax Court of Canada or the Federal Court, even if the Minister decides to appeal that decision.

The second measure will give the Minister of National Revenue authority to refund taxes to a taxpayer who has filed a notice of objection where the tax issue in dispute is substantially the same as an issue decided by a court in favour of another taxpayer.

Waiver of Reassessment Period

There are circumstances in which a taxpayer may wish to keep open his tax return beyond the statutory period beyond which reassessments can no longer be made by the Minister of National Revenue. This may occur, for example, with respect to issues in dispute that cannot be resolved within the limitation period. To permit the issue to remain open, the law provides the taxpayer with the opportunity to waive the limitation period with respect to any issue. Under current law, a waiver leaves the matter in respect of which the waiver was filed open for reassessment indefinitely. The legislation that will be introduced will permit a taxpayer to revoke a waiver.

Tax Elections

To facilitate business reorganizations, the Income Tax Act permits a rollover of assets from a shareholder to a corporation or between partners and a partnership, provided that an election form is filed with Revenue Canada, Taxation, within a specified period. Amendments will permit the Minister of National Revenue to accept these and certain other elections where the taxpayer has missed the statutory deadlines. In addition, a mechanism will allow the Minister to accept modifications to elections already filed. The penalties for these late-filed and amended elections will be set at lower amounts than those contemplated in draft legislation published in August.

Treasury Board Directives

Section 246 of the Income Tax Act authorizes the Treasury Board to give such directions as it considers appropriate to counteract the improper avoidance or reduction of taxes under the Act. The wide authority so provided to the Treasury Board conflicts with the spirit of the Canadian Charter of Rights and Freedoms. Accordingly, section 246 of the Income Tax Act will be repealed.

Reduced Period for Reassessments

The usual four-year period beyond which reassessments cannot be made by the Minister of National Revenue unless the taxpayer has filed a waiver will be reduced to three years. This applies to reassessments in respect of the 1983 and subsequent taxation years.

* * *

The proposal to extend the time period for a taxpayer to file a notice of objection from 90 days to 180 days will not be proceeded with. This extension will be unnecessary in light of the introduction of more efficient procedures within Revenue Canada.

The Minister of Finance will introduce legislation as soon as possible which will permit taxpayers to postpone the payment of taxes in dispute where they are the subject matter of an objection or appeal by the taxpayer. In the meantime, the proposal in the February 1984 budget requiring the Minister of National Revenue to accept security for unpaid taxes, interest and penalties in respect of which an objection or appeal is outstanding, will not be introduced.

Personal Income Tax Measures

Moving Expenses

Currently, the Income Tax Act allows a deduction for moving expenses where a person ceases to be employed at one location in Canada and is required to move to a new residence to accept other employment. This deduction will be made available to those persons who were unemployed and move after 1983 to a new location in order to take up employment or to start up a business.

Alimony, Maintenance and Other Support Payments

Under existing provisions of the Income Tax Act, support payments made by a taxpayer to or for the benefit of a spouse after a marriage breakdown are generally deductible to the payor and taxable to the spouse. However, there are a number of situations where this reciprocal tax treatment does not apply. The legislation to be introduced will make several changes to these provisions.

Currently, support payments made before the date of a court order or written separation agreement are not deductible or included in calculating income. A number of taxpayers who had intended reciprocal tax treatment have been adversely affected by this restriction. This typically occurs when the taxpayer makes payments for spousal support and the maintenance of children following a marriage breakdown but before entering into a formal separation agreement.

The legislation to be introduced will alter the rules for payments made before a court order or written agreement where the deductible and taxable treatment would have applied if they were paid after that date. Such payments will be deductible to the payor and included in the income of the spouse if the order or agreement so provides and the amount was paid in the year the order or agreement was made or in the immediately preceding year. This measure is to be effective with respect to payments made after 1983.

A further requirement that must be satisfied before a support payment qualifies for the deduction and inclusion is that the payment must be in the nature of an "allowance payable on a periodic basis". This requirement raises problems for payments that vary in amount and for many payments made to a third party for the benefit of the spouse or children. These problems often arise in cases where the payor has responsibility for variable or third party obligations to meet regular

expenses – such as mortgage payments, tuition fees and medical expenses – but which technically do not qualify as an allowance.

Under the legislation to be introduced, where a court order or written agreement so provides, a support payment that represents the payment or reimbursement of an expense incurred by or on behalf of the spouse or children will qualify as an allowance paid on a periodic basis. As a result, the payment will be deductible to the payor and taxable in the hands of the recipient. This treatment will not apply to certain defined expenses including any expense that represents either the purchase price of a house or to mortgage payments except to the extent that mortgage principal and interest payments in a year do not exceed 20 per cent of the original principal. This measure is effective with respect to payments made after 1983.

Spousal Registered Retirement Savings Plans

The existing law allows a taxpayer to deduct contributions made, within prescribed limits, to a spouse's registered retirement savings plan (RRSP). The Income Tax Act provides a special rule to prevent the use of spousal RRSPs as an artificial method for transferring income between spouses. Under this rule, in any year when funds are withdrawn from an RRSP by one spouse, the other spouse is required to include in income any contribution made to the RRSP in that year and the two immediately preceding years.

The legislation to be introduced provides that this rule will not apply if as a result of marriage breakdown the two parties are living apart and separated at the time the funds are withdrawn. This measure applies for amounts withdrawn from an RRSP after February 15, 1984.

Joint Liability for Tax When Property is Transferred Between Spouses

When property has been transferred from one spouse to the other, the transferor may, pursuant to various attribution rules, be liable for the tax payable on any income that is subsequently derived from that property. Where the transferor is liable for tax on such income, the Income Tax Act provides rules which make the transferee spouse jointly and severally liable for the tax. These rules also make the transferee spouse jointly and severally liable, within certain limits, for tax arrears owing by the transferor at the end of the year in which the property was transferred, and are intended to prevent a taxpayer from becoming judgment-proof by transferring property to a spouse.

While these rules are generally appropriate, they should not apply if spouses have separated and the property is transferred pursuant to a court order or written separation agreement. Effective February 15, 1984 the rules relating to joint liability will not apply as long as, at the time of the transfer, the husband and wife are living apart and separated as a consequence of the breakdown of their marriage.

Qualifying Medical Expenses

The list of items qualifying as deductible medical expenses is regularly reviewed and revised. New items have now been identified as appropriate for this recognition. These are hearing-ear dogs for profoundly deaf persons, cloth diapers and disposable briefs for incontinent adults and hydraulic wheelchair lifts for vehicles. Amendments to the Income Tax Act will be introduced to ensure that the purchase of such items will qualify as deductible medical expenses.

Special Medical Deduction

Currently, to qualify for the special medical deduction for persons confined to a bed or wheelchair, an individual must be so confined for a substantial part of each day throughout a 12-month period ending in the taxation year. Thus, an individual who becomes confined to a bed or wheelchair at some time after January 1 cannot qualify for this special deduction for that year.

This deduction will be extended to those individuals who become confined to a bed or wheelchair in the taxation year and, in the opinion of a medical practitioner, will continue to be so confined for a period of at least 12 months. The amount of this special deduction for 1984 is \$2,480.

Dependent Nieces and Nephews

Under the present legislation, a taxpayer may claim a personal exemption in respect of a niece or nephew who is resident in Canada and wholly dependent upon the taxpayer provided that his or her parents meet certain conditions. The legislation that will be introduced will ensure that the personal exemption allowed to an individual for dependent nieces or nephews will no longer depend on conditions relating to the status of their parents.

Accrued Income on Life Insurance Policies and Annuities

The Income Tax Act requires that the income accumulating in certain annuities and life insurance policies held by individuals be reported on an accrual basis at least every three years. At his own option, the holder of such a policy or annuity may elect to report the income on an annual basis. This may be advantageous where the income would qualify for the annual \$1,000 investment income exemption. Amendments will be made to the annual election provision to:

- clarify that corporations and other entities, which are required under another provision to report such income on an annual basis, are not eligible for the election;
- allow the election to be made in respect of annuities under which payments have commenced; and

- ensure that it does not apply when the annuity contract becomes a prescribed annuity contract – generally a level payment annuity paid to an individual who is 60 years of age or over. Prescribed annuities are not intended to be subject to the income accrual rules.

Rollover of Benefits from Unregistered Pension Plans

At present, all pension benefits are excluded from taxable income if they are transferred to a registered pension plan or an RRSP. As such, benefits from an unregistered fund or plan may be transferred tax-free to an RRSP. Such a transfer is generally inappropriate since it enables a taxpayer to secure a tax-free transfer of contributions that have not been subject to the deduction limits that apply to registered pension plans or to the limitation on the amount of a retiring allowance that can be transferred tax-free to an RRSP.

Thus, after February 15, 1984 only those benefits received out of registered pension funds or plans, those received under the Old Age Security Act or the Canada and Quebec Pension Plans, or those attributable to services rendered in a period while the taxpayer was not resident in Canada, will qualify for this tax-free transfer.

Offshore Investment Funds

The legislation to be introduced will include a measure to deal with the avoidance or undue deferral of income tax through the use of non-resident investment funds. The rule is intended to apply primarily to portfolio investments held through investment funds subject to a relatively low rate of tax. Investments in non-resident entities whose principal business is a bona fide active business will not be affected by these rules.

The proposed measure will be in the form of a general anti-avoidance rule that will apply where a taxpayer invests in a non-resident investment fund and where one of the main reasons for the investment is to reduce or defer the tax liability that would have applied in respect of the income from the underlying assets of the fund if such assets had been held directly by the taxpayer. The rule will require the investor to include in his income an amount determined by multiplying the designated cost of his investment by the prescribed rate of interest. This measure will apply after January 1985 for offshore fund investments made before February 16, 1984 and will apply after 1984 for offshore fund investments made after February 15, 1984.

Employee Stock Option Plans

Currently when an employee of a corporation, other than a Canadian-controlled private corporation, acquires a share pursuant to a share purchase option offered

by his employer, he is treated as having received a benefit from employment, in the year he acquired the share, equal to the amount by which the fair market value of the share at the time the option is exercised exceeds the exercise price. Similar rules apply where the taxpayer sells the option rather than buying the shares offered under the option.

To encourage more widespread use of employee stock option plans which promote greater employee participation and increased productivity, only 50 per cent of the benefit included in income will be taxed where the option is a qualifying share purchase option granted after February 15, 1984. The existing special tax treatment of stock options granted to employees of Canadian-controlled private corporations will not be affected by this measure.

A share purchase option will qualify for this deduction if, at the time the option is granted, the exercise price for the share is not less than the fair market value of the share at that time, the employee deals at arm's length with the corporation, and the shares are equity shares falling within the definition of "qualifying shares" for the purposes of the share-purchase tax credit.

Charities

The legislation to be introduced will implement the changes in the tax rules affecting charities announced in a December 20, 1983 press release. These changes, resulting from extensive consultations, will mainly affect charitable foundations and will have little impact on charitable organizations.

Some of the more significant changes will:

- require a charity to register as a charitable organization, a private foundation or a public foundation and to apply to the Minister of National Revenue in order to change its registered status;
- require each charitable organization and public foundation to have an independent board of directors and trustees and to have a broadly-based source of capital;
- require charitable foundations to disburse 80 per cent of their previous year's receipted donations, 100 per cent of gifts from other charities, and 4.5 per cent of the value of their investment assets;
- require private foundations to receive a minimum rate of return on their non-qualified investments;
- introduce rules to prevent charities from avoiding the disbursement rules by making gifts within a group or by transferring a substantial portion of their property;
- ensure that gifts out of the capital of an estate and endowments for periods of 10 years or more are excluded from a charity's receipted donations for the purposes of its disbursement requirements; and

- extend from three to six months the time within which charities will be required to file information returns.

Tax Assistance to Farmers

Farm Capital Gain Rollover

The legislation to be introduced includes a special rule that will allow farmers to better provide for their retirement. Under this rule a special deduction is provided for taxable capital gains of up to \$120,000 on the sale of qualifying farm property that is invested in an RRSP. An amendment will ensure that the same benefit is available to those individuals who would otherwise qualify but have exceeded the age limit of 71 years for making contributions to an RRSP.

The maximum amount of the taxable half of any capital gain qualifying for the special deduction is determined by multiplying \$10,000 by the number of years between 1972 and 1983 inclusive that the taxpayer was a full-time farmer. Thus, for example, if an individual started up an active farming operation in 1976 and sold his farmland in 1985, the maximum amount of the taxable capital gain that could be contributed to an RRSP would be \$80,000 less any contributions made to an RRSP or a registered pension plan for 1984 and 1985. For this purpose, a full-time farmer in a year is one who was actively engaged in the business of farming and who did not (or would not if the farm operations were unsuccessful) have a restricted farm loss in that year. In addition, an individual will be regarded as a full-time farmer if he or she held shares of a family farm corporation in which he or she, a spouse or any children were actively engaged. A person will also be considered a full-time farmer in those circumstances where he or she leased farmland to a spouse or a child who qualified as a full-time farmer or to a family farm corporation of any such person.

For gains to be eligible for transfer to an RRSP, the qualifying farm property must have been owned by the taxpayer or spouse on December 31, 1983. Qualifying farm property means farm land and buildings used in the business of farming either by the individual or spouse, children or family farm corporation of any such person. Qualifying property also includes shares of the capital stock of a family farm corporation or an interest in a family farm partnership. Family farm corporations and partnerships of an individual are defined in the Act and mean a corporation or partnership that carries on the business of farming in Canada in which it used all or substantially all of its property and in which that individual, spouse or child was actively engaged.

Family Farm Rollovers

The legislation to be introduced will facilitate the transfer of family farms from one generation to another.

The meaning of a child of a taxpayer is extended to include a person who, before attaining the age of 21, was under the custody and control of the taxpayer and wholly dependent on him or her for support.

Another change provides that, for transfers on death after 1983 of qualifying farm property, including land, buildings and other depreciable property used in the business of farming, and shares and interests in family farm corporations and partnerships, the transfer be permitted to be made at any amount between the property's cost amount and its fair market value. This will put family farm bequests and inheritances on the same basis as inter vivos transfers.

A further change will permit a rollover of a family farm from a child to a parent where the child obtained the farm from a parent and subsequently dies while having a surviving parent. This will allow the family farm to be restored to the child's parents without immediate tax liability.

An additional change will expand the types of property eligible for inter-generational farm transfers to include farm property leased by a taxpayer to his or her family farm corporation or to a family farm corporation or partnership of his or her spouse or child. This change, applicable to transfers after December 31, 1983, will address these circumstances where the farming activity is carried on within a family farm corporation but the farm property is owned personally and is leased or rented to the corporation.

The legislation to be introduced also will extend the rollover of a family farm corporation from a spousal trust to a child of the settlor to include the transfer of a family farm holding corporation. This amendment will permit the rollover to a child of the shares of such a corporation where they were obtained by the spousal trust on a previous rollover.

Tax Measures to Assist Business

Rollover of Shares of a Small Business Corporation

The legislation to be introduced will include technical amendments that will facilitate the transfer of shares of a small business corporation from one generation to another.

One change involves the extension of the meaning of a child of a taxpayer to include a person who, before he attained 21 years of age, was under the custody and control of the taxpayer and wholly dependent upon him for support.

A further change will allow a full rollover on the transfer of shares of a small business corporation from a child to a parent where the child obtained the shares from a parent and subsequently dies while having a surviving parent. This will permit the shares to be restored tax-free to the parent on the death of the child.

Foreign Tax Credit

The legislation to be introduced will extend the foreign tax credit carryover period. Currently, unclaimed foreign business taxes may be carried forward for a period of five years. The new rules will provide a carryback period of three years of such taxes and extend the carry-forward period to seven years. They will take effect in calculating the credit for the 1984 and subsequent taxation years.

Replacement Property Rollover

Where a taxpayer has disposed of a qualifying business property consisting of land and building, for the purposes of a capital gains rollover on the acquisition of a replacement property, he may elect to add to the cost of one part the excess of the proceeds of disposition of the other part over its replacement cost. The rule is intended to apply where the total cost of the replacement land and building is equal to or greater than the proceeds received for the land and building disposed of, but where the taxpayer would not enjoy rollover treatment because of the allocation of proceeds between land and building. This would occur, for example, where the taxpayer moves from downtown premises for which he receives relatively high proceeds for the land and low proceeds for the building to a suburban location where the building costs are typically high in relation to land costs.

A technical amendment to subsection 44(6) of the Income Tax Act will ensure that, under the replacement property rules, only the portion of the proceeds of disposition of a property as described above that represents a capital gain in respect of one property may be allocated to another such property. As well, the amendment will clarify that subsection 13(4) of the Act, relating to rollovers of recaptured depreciation, is intended to operate independently of the provisions of section 44 concerning capital gain rollovers.

Energy and Resource Taxes

Petroleum and Gas Revenue Tax

Legislation will be introduced to provide the following changes to the Petroleum and Gas Revenue Tax (PGRT) Act:

- the PGRT basic rate will be reduced from 16 per cent to 14.67 per cent of Division I production revenue and Division II resource royalties, for the period June 1, 1982 to May 31, 1983;
- a relieving provision which became effective on January 1, 1983 will provide for the deduction of eligible capital costs incurred with respect to enhanced oil recovery projects from the production revenue that is derived from the reservoir in which the project is located;

- new withholding tax rules for recipients of production royalties will substantially simplify tax compliance. Production royalties are royalties determined with respect to the production of oil and gas where the recipient is responsible for the related Crown royalties. Production royalties received after December 31, 1983, will be taxed through a withholding tax mechanism at a 12 per cent rate in accordance with Division II of the PGRT Act rather than being subject to tax under Division I of the Act. The recipients of these royalties will no longer be required to file a PGRT return or make tax instalments. The 12 per cent rate, rather than the basic rate of 16 per cent is in recognition of the disallowed Crown royalties.

Recapture of Oil and Gas Depletion

The legislation to be introduced will provide tax relief for a taxpayer who after 1983 disposes of property, or supplies services, the cost of which when incurred was an oil or gas exploration expense that qualified for earned depletion. Currently, an additional 33 1/3 per cent of a taxpayer's proceeds from such a transaction is required to be included in income. Certain of these income inclusions are being eliminated as a result of the phase-out of earned depletion for oil and gas exploration expenditures.

This additional income inclusion is to be phased out by 1985 for proceeds that become receivable after 1983 in respect of a Canadian oil and gas exploration expense incurred on Canada lands. In such cases, the rate of additional income recapture will be reduced to 10 per cent for proceeds that become receivable in 1984 and will be eliminated thereafter. In addition, there will be no depletion recapture where proceeds become receivable after 1983 in respect of a Canadian oil and gas exploration expense incurred on other than Canada lands. The changes do not apply where the proceeds are in respect of Canadian oil and gas exploration expenses that relate to a qualified tertiary oil recovery project.

Oil and Gas Drilling Expenses

Under the existing tax law, the definition of Canadian exploration expenses was scheduled to be modified for drilling expenses incurred after 1983. This modification would treat all expenditures incurred after 1983 on wells (other than abandoned wells) that were drilled in a known accumulation of oil or gas or drilled to determine the extent or quality of a known accumulation, as development expenses. As such they would be eligible for a 30-per-cent deduction rather than the 100-per-cent deduction available for exploration expenses. The scheduled modification to the law will be postponed for two years until January 1, 1986. As a result, expenses incurred before January 1, 1986 in drilling production or delineation wells that are capped for 12 months will continue to qualify as exploration expenses.

Trust Resource Income

Where the income of a trust for a taxation year is paid out to its beneficiaries, they, rather than the trust, are subject to tax on such income. This ability of a trust to flow through its tax liability does not operate satisfactorily where the trust has income from certain natural resources. For example, where a trust makes non-deductible Crown royalty payments or payments under the Petroleum and Gas Revenue Tax Act, the result will very often be an amount of income for tax purposes in excess of the funds available for distribution. To allow trusts to flow through to their beneficiaries their tax liability in respect of such excess amounts, the legislation to be introduced will provide for the introduction of a rule effective for the 1982 and subsequent taxation years that will permit a trust to allocate such excess as income to its beneficiaries.

Tax-Free Transfer of a Resource Property to a Corporation

The Income Tax Act allows for a tax-free rollover in most circumstances where property is transferred to a taxable Canadian corporation in exchange for shares. However, this rollover is not available in respect of the disposition of a resource property to a corporation that had previously carried on business. This limitation is no longer necessary as a result of recent changes to the provisions relating to the deduction of resource expenses on a change of control. The limitation provided in subsection 85(1.1) of the Act will be repealed in order to remove this restriction in respect of dispositions of resource properties made after February 15, 1984.

Investment Tax Credit Regions

Currently, a higher investment tax credit of 10 per cent is available for certain regions identified in the Regional Development Incentives Act. This Act is scheduled to expire at the end of 1984 as it has been superseded by the new Industrial and Regional Development Program. A technical amendment to the Income Tax Act will be made to ensure that the current designated regions will continue to receive the higher credit amount.

Customs Tariff and Valuation Changes

Customs Valuation Code

The Customs Act is being amended to provide a new basis on which goods are valued for customs duty purposes. The new system will give effect to Canada's international commitment, made during the Tokyo Round of Multilateral Trade Negotiations, to implement the GATT Customs Valuation Code by January 1,

1985. These amendments, based on recommendations made by the Tariff Board, will establish the "transaction value" method as the primary basis for determining the value for duty. Accordingly, the value of imported goods will normally be based on the price paid or payable by the importer to the exporter. Canada's current method is based on the fair market value of like goods that are sold in the country of export. The new provision will provide a uniform and neutral system for valuing imported goods.

Tariff rate increases under some items are also being introduced to come into effect at the same time as the amendments to the Customs Act (i.e. January 1, 1985). These increases, which were recommended by the Tariff Board in line with Canada's GATT undertakings, are intended to maintain the same level of tariff protection that would apply if Canada were not moving to the new system. However, in order to complete negotiations with our trading partners in the GATT which were outstanding at the time of the February 1984 budget, a number of tariff rate increases originally proposed have been deleted.

Other Tariff Changes

Duty-free entry is being provided for five product categories, effective January 1, 1985. This will give effect to an international agreement to extend the product coverage of the GATT Agreement on Trade in Civil Aircraft. Canadian exports of products included in this agreement will receive similar duty-free entry to the markets of other signatories including the United States, the European Community, and Japan.

A number of tariff amendments are proposed to implement some of the recommendations contained in the Report of the Tariff Board entitled "Tariff Items Covering Goods Made/Not Made in Canada".

Other tariff amendments respond to representations received; most of these provide for lower rates of duty on various goods that are not made in Canada. For example, a proposal is included to allow duty-free entry for capital equipment used in the manufacture of semiconductors. The limit for the duty- and tax-free entry of unsolicited gifts that are sent or brought into the country by non-residents or sent by Canadian residents to friends from abroad is also being increased to \$40 from the current level of \$25.

Apart from the proposals involving the implementation of the Customs Valuation Code and the GATT Agreement on Trade in Civil Aircraft, all other proposed changes apply to goods imported on or after February 16, 1984.

**Notice of Ways and Means Motion to Amend
the Income Tax Act and Related Statutes**

Notice of Ways and Means Motion to Amend the Income Tax Act and Related Statutes

That it is expedient to amend the Income Tax Act and related statutes and to provide among other things:

Automobile Benefits

(1) That for the 1984 and subsequent taxation years, the amount of the benefit in respect of the operating costs of an automobile provided to an employee or shareholder be allowed to be computed at the rate of 50 per cent of the standby charge in respect of the automobile.

Employee Stock Options

(2) That, where an arm's length employee of a corporation exercises or disposes of an option granted to him after February 15, 1984 to acquire qualifying equity shares of his employer or a related corporation, one half of the resulting benefit included in his income from employment be allowed as a deduction in computing his taxable income provided that the exercise price for the shares is not less than their fair market value at the time the option was granted.

Scientific Research

(3) That for the 1984 and subsequent taxation years, paragraph 12(1)(v) of the Act include a reference to paragraph 37(1)(g) of the Act to ensure that any negative balance in a taxpayer's scientific research expenditure account be brought into income.

Life Insurance Policies and Annuities

(4) That for taxation years commencing after 1982, the provision of the Act allowing a taxpayer to elect to be taxed annually on income accrued on certain annuities and life insurance policies be amended

(a) to clarify that the election is not available to a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary,

(b) to allow the election to be made for annuities under which payments have commenced, and

(c) to provide that the election cease to apply for prescribed annuity contracts.

Small Business Development Bonds

(5) That for the 1985 and subsequent taxation years, the restriction pertaining to a corporation's cumulative deduction account be removed from the small business development bond provisions of the Act.

Bankers' Acceptances	(6) That for bankers' acceptances having terms of more than 366 days drawn after 1982 and for all bankers' acceptances drawn after June 1984, funds raised through the sale of such acceptances be treated as borrowed money, so as to permit the provisions of the Act relating to the deductibility of interest and of expenses incurred in the course of borrowing money to apply in respect of such acceptances.
Recovery of Refund Interest	(7) That the provisions of the Act that allow a taxpayer a deduction in respect of certain tax refund interest repaid to the Minister of National Revenue be extended to apply in respect of tax refund interest repaid after April 19, 1983 under a provincial income tax statute.
Injection Substances	(8) That for the 1984 and subsequent taxation years, rules be introduced to allow a deduction for the cost of substances injected to assist in the recovery of petroleum, natural gas or related hydrocarbons and to provide that such substances be treated as inventory having a cost of nil.
Judicial Appointments	(9) That a taxpayer who is federally or provincially appointed a judge in the 1984 or a subsequent taxation year be permitted to elect to defer such portion of the income from his professional practice for a fiscal period commencing before the year and ending in the year as will ensure that his income for the year generally represents 12 months' earnings and the amount so deferred be included in his income for the immediately following year.
Replacement Property Rules	(10) That the replacement property rules be amended to provide that, for a disposition after February 15, 1984 of a former business property that is in part a building and in part land, a taxpayer may elect to reallocate to one part the proceeds of disposition of the other in an amount not exceeding the capital gain on that other part.
Capital Gain Strips	(11) That for transfers of property after 1984 or, if elected, after 1981, the rules relating to divisive corporate reorganizations in paragraph 55(3)(b) of the Act be amended to clarify the existing restrictions on preliminary transactions carried out in contemplation of the reorganization, and that effective after 1981, consequential changes be made to subsection 55(4) of the Act.
Alimony and Maintenance Payments	(12) That the provisions of the Act relating to the deduction and taxation of alimony and maintenance payments be extended to provide that amounts paid after 1983 by a taxpayer in respect of eligible post-separation expenses incurred in the year or a preceding year for the maintenance of a qualifying person or a child of that person who is in the custody of that person be treated as allowances payable on a periodic basis where the court order or written separation agreement under which the amounts were paid so provides and, for this purpose, eligible expenses include medical and education expenses and certain accommodation expenses in respect of the qualifying person's residence.

(13) That for the purpose of the provisions of the Act relating to the deduction and taxation of alimony and maintenance payments, any such payments made after 1983 and before the making of a court order or written separation agreement be deemed to be made pursuant to the order or agreement where the order or agreement so provides and the payments are made in the year in which such order or agreement was made or in the immediately preceding year.

Depletion Recapture

(14) That paragraph 59(3.3)(a) of the Act

(a) not require any income inclusion in respect of an amount described therein that becomes receivable by a taxpayer after 1983 where the amount would, if incurred as an expense, qualify as a Canadian oil and gas exploration expense (other than such an expense in respect of non-conventional lands, where the amount is receivable by the taxpayer in 1984, or a drilling expense in respect of a qualified tertiary oil recovery project),

(b) require the inclusion in income of 10 per cent of an amount described therein that becomes receivable by a taxpayer in 1984 where the amount would, if incurred as an expense, qualify as a Canadian oil and gas exploration expense in respect of non-conventional lands (other than a drilling expense in respect of a qualified tertiary oil recovery project), and

(c) apply for the 1984 and subsequent taxation years, where an amount becomes receivable by a taxpayer for property or services the cost of which was added in computing the earned depletion base of a person with whom he was not dealing at arm's length and not where an amount becomes receivable by a taxpayer on the disposition of property to a person with whom he was not dealing at arm's length.

(15) That paragraph 59(3.3)(f) of the Act apply after April 19, 1983, where an amount becomes receivable by a taxpayer for property or services the cost of which was added in computing the mining exploration depletion base of a person with whom he was not dealing at arm's length and not where an amount becomes receivable by a taxpayer on the disposition of property to a person with whom he was not dealing at arm's length.

Rollover of Pension Benefits

(16) That the provisions of the Act allowing the tax-free transfer to a registered retirement savings plan or registered pension plan of amounts received from a pension fund or plan be restricted, for transfers after February 15, 1984 in respect of amounts received after that date, to transfers from registered or certain foreign service pension funds or plans.

Moving Expenses

(17) That with respect to relocations within Canada occurring after 1983, the moving expense deduction be extended to individuals who were unemployed immediately before moving to a new employment or business.

Canadian Exploration Expenses	(18) That the provisions of the Act relating to expenses incurred before 1984 in drilling an oil or gas well in Canada that are included in the definition "Canadian exploration expense" be extended to such expenses incurred before 1986.
Elected Value for Farm Transfers	(19) That rules be provided to permit, on the death of a taxpayer after 1983, a transfer of his qualifying farm property, including an interest in a family farm partnership or shares of a family farm corporation, to his child for any value between the cost amount of the property and its fair market value.
Family Farm Holding Corporations	(20) That the provisions of the Act relating to the transfer by a spousal trust of shares of a family farm corporation to a child of the settlor be extended to apply to transfers after May 25, 1978 of shares of a family farm holding corporation.
Transfers to Parents	(21) That where a taxpayer, who has under the special rules relating to inter-generational transfers acquired a farm property, an interest in a family farm partnership or shares of a family farm corporation or of a small business corporation, dies after 1983, the property be permitted to be transferred to a parent of the taxpayer for any value between its cost amount and its fair market value.
Definition of Child	(22) That for the purpose of the provisions of the Act providing for the deferral of tax on transfers of property by a taxpayer to his child, the definition of "child" be amended for transfers after 1983 to include a person who, at any time before he attained the age of 21 years, was in law or in fact in the custody and control of the taxpayer and wholly dependent on him for support.
Leased Farm Property	(23) That farm property transferred after December 31, 1983 that is property leased by an individual to his family farm corporation or to a family farm corporation or partnership of his spouse or child be treated as property used by him in the business of farming for the purposes of the provisions of the Act relating to inter-generational transfers of farm property.
Late-Filed and Amended Elections	(24) That the Minister of National Revenue be permitted after February 15, 1984 to accept an election under section 85, 93, 97 or 98 of the Act after expiry of the late-filing period, or an amended election under those sections, where in his opinion it would be just and equitable to do so and the taxpayer pays a penalty, not exceeding \$8,000, with such election.
Transfer of Resource Properties	(25) That subsection 85(1.1) of the Act not apply with respect to dispositions of resource properties after February 15, 1984.
Amalgamations	(26) That for the 1984 and subsequent taxation years, the provisions of the Act relating to amalgamations provide that a new corporation resulting from an amalgamation be allowed to utilize, for the purposes of section 37 and Part VIII of the Act, unused scientific research expenditures made by its predecessor corporations.

Acquisition of Control	(27) That where control of a parent or subsidiary has last been acquired before November 13, 1981 and the subsidiary is subsequently wound up, the deductibility to the parent of any non-capital losses of the subsidiary incurred in taxation years ending before the acquisition of control be limited only by those provisions of the Act governing the deductibility of losses subsequent to acquisitions of control that were in force on November 12, 1981.
Offshore Investment Funds	(28) That an anti-avoidance rule be introduced with effect from January 1, 1986 in the case of an investment made before February 16, 1984 and with effect from January 1, 1985 in any other case requiring a taxpayer who has an investment in a taxation year in a non-resident investment fund to include in his income for the year an amount calculated by reference to the designated cost of his investment multiplied by the prescribed rate of interest.
Deduction in Computing Income of a Trust	(29) That the amendment to paragraph 104(6)(b) of the Act that came into force with respect to dispositions occurring after November 12, 1981 not apply in respect of a disposition to a specified tax exempt entity or Her Majesty after that date by a trust created before November 13, 1981.
Trust Resource Income	(30) That for the 1982 and subsequent taxation years, the Act be amended to permit a trust to allocate to its beneficiaries as income an amount not exceeding its Crown royalties and payments under the Petroleum and Gas Revenue Tax Act.
Prohibition on Deduction of Personal Exemptions	(31) That for the 1984 and subsequent taxation years, the provisions of the Act relating to the claiming of personal exemptions by a taxpayer prohibit a taxpayer from claiming a personal exemption in respect of a dependent child for a taxation year where the taxpayer is entitled to a deduction under paragraph 60(c.1) of the Act for the year in respect of a payment made for the maintenance of that child.
Dependent Nieces and Nephews	(32) That for the 1984 and subsequent taxation years, the personal exemption for dependent nieces and nephews be amended to remove the conditions that relate to the status of their parents.
Qualifying Medical Expenses	(33) That for the 1984 and subsequent taxation years, the costs in respect of dogs trained to alert profoundly deaf persons, the cost of hydraulic wheelchair lifts for vehicles as prescribed by a medical practitioner and the cost of cloth diapers or disposable briefs for persons who are incontinent because of illness, injury or affliction qualify for the purposes of the medical expense deduction.
Special Medical Deduction	(34) That for the 1984 and subsequent taxation years, the special deduction allowed under the Act to individuals confined to a bed or wheelchair for a substantial portion of each day for a 12-month period ending in the year be extended to persons who are so confined for a period beginning in the year and continuing to the end of the year and who, in the opinion of a medical practitioner, will be so confined for a 12-month period.

- Donation of Real Property** (35) That the provision of the Act permitting a taxpayer to make a charitable gift of real property at less than its fair market value be extended to apply to gifts of Canadian real property made after February 15, 1984 by non-residents to prescribed non-resident charities where the use of that property will be in the Canadian public interest.
- Forward Averaging** (36) That for the 1983 and subsequent taxation years, the forward averaging provisions be amended to recognize that the provincial share of an individual's forward averaging tax adjustment will be determined in accordance with the income allocation rules applicable in computing an individual's tax for the year under Part I of the Act.
- (37) That for the 1982 and subsequent taxation years, the forward averaging provisions be clarified to ensure that the balance of any accumulated averaging amount that an individual's legal representative has not elected to include in the individual's taxable income for the year of his death be subject to tax under the Act as if 1/3 of such amount were added to his taxable income otherwise determined for each of the three taxation years immediately preceding the year of death.
- Overseas Employment Credit** (38) That for the 1984 and subsequent taxation years the amount of an individual's tax otherwise payable as determined under paragraph 122.3(3)(b) of the Act for the purposes of computing his overseas employment tax credit be increased by any amount claimed by him under the federal tax reduction and by any amount of tax deemed to be paid by him in respect of his income earned in the Province of Quebec and be reduced by any additional tax under subsection 120(1) of the Act on his income not earned in a province.
- (39) That an individual employed in a business carried on by a resident of Canada for the performance of services under an international development assistance program of the Government of Canada be eligible to claim an overseas employment tax credit on the same basis as other individuals where he commenced employment overseas after 1983 but before 1987 in connection with a contract entered into by his employer before August 16, 1983.
- Small Business Deduction** (40) That for the 1985 and subsequent taxation years, the provisions of section 125 of the Act relating to the small business deduction be revised
- (a) to repeal the provisions relating to the total business limit and the cumulative deduction account, thereby removing the \$1,000,000 income accumulation cap above which a corporation or a group of associated corporations ceases to qualify for the small business deduction,
- (b) to repeal the provisions relating to income from a non-qualifying business and to provide that such income is eligible for the 21% small business deduction,

(c) to allow any full-time employee of a personal services business or specified investment business to be included in applying the six full-time employee test which, if satisfied, makes the income from such business eligible for the 21% small business deduction,

(d) to repeal the connected partnership rules and amend the rule designed to prevent the use of multiple partnerships to increase a corporation's small business deduction, and

(e) to provide rules for calculating a corporation's business limit when its taxation year is less than 51 weeks in duration or when it has two or more taxation years ending in the same calendar year and is associated in each of those taxation years with a Canadian-controlled private corporation that has one or more taxation years ending in that calendar year.

Foreign Tax Credit

(41) That in calculating foreign tax credits for the 1984 and subsequent taxation years, taxpayers be allowed to deduct unclaimed foreign business-income taxes paid for the preceding seven and the subsequent three taxation years.

Investment Tax Credit

(42) That for the 1985 and subsequent taxation years, the provisions of the Act relating to the investment tax credit and the refundable investment tax credit be amended to provide that a Canadian-controlled private corporation qualify for

(a) a 35 per cent investment tax credit rate on its qualifying scientific research expenditures for the year, and

(b) the 40 per cent rate of refund in respect of its investment tax credits earned but not claimed in the year

only if the aggregate of the taxable incomes for the preceding year of the corporation and all associated corporations does not exceed the aggregate of their business limits for the preceding year and, in the case of subparagraph (a), only to the extent of the corporation's defined scientific research expenditure limit for the year.

Share-Purchase Tax Credit

(43) That

(a) effective after April 25, 1984, a trust that is exempt from tax under the Act and a trust governed by an employee benefit plan not be permitted to allocate its share-purchase tax credit,

(b) for the 1982 and subsequent taxation years, the provisions of the Act relating to the share-purchase tax credit be amended to clarify that the unused share-purchase tax credit available to be carried back consists only of that portion of the credits that could not be claimed in the year in which they were earned,

(c) effective after June 1983, the share-purchase tax credits in respect of an issue of shares by a public corporation under a public offering be granted to the first holders of the shares (other than brokers or dealers in securities) instead of to the first registered holders if such treatment is elected by the public corporation, and

(d) for the 1982 and subsequent taxation years, provisions be introduced to clarify that the amount paid for the share-purchase tax credit be treated as part of the cost of the share and not be treated as income to the issuer.

**Scientific Research Tax
Credit**

(44) That

(a) effective after April 25, 1984, a trust that is exempt from tax under the Act and a trust governed by an employee benefit plan not be permitted to attribute scientific research tax credit to its beneficiaries,

(b) for the 1982 and subsequent taxation years, the provisions of the Act relating to the scientific research tax credit be amended to clarify that the unused scientific research tax credit available to be carried back consists only of that portion of the credits that could not be claimed in the year in which they were earned,

(c) effective after September 1983, the scientific research tax credits in respect of an issue of shares or debt obligations by a public corporation under a public offering be granted to the first holders of the shares or debts (other than brokers or dealers in securities) instead of the first registered holders if such treatment is elected by the corporation, and

(d) for the 1982 and subsequent taxation years, provisions be introduced to clarify that the amount paid for the scientific research tax credit be treated as part of the cost of the share, debt obligation or right and not be treated as income of the issuer or grantor.

**Co-operative Corporations
and Credit Unions**

(45) That for the 1985 and subsequent taxation years, the provisions of the Act relating to co-operative corporations and credit unions be amended to provide that such corporations no longer be deemed not to be private corporations for the purpose of determining the amount of investment tax credit earned by such corporations in a taxation year and the rate of refund in respect of such amount.

Spousal RRSPs

(46) That the special three-year rule requiring a taxpayer to include in his income amounts withdrawn from his spouse's registered retirement savings plan cease to apply in respect of amounts withdrawn after February 15, 1984 where, at the time of the withdrawal and as a result of the breakdown of their marriage, the taxpayer and his spouse were living apart and separated pursuant to a Court order or written separation agreement.

Farm Capital Gain Rollover

(47) That where an individual has, after December 31, 1983, disposed of a qualified farm property owned by him or by his spouse on that date, he be entitled to deduct in a taxation year a special contribution to a registered retirement savings plan to the extent that the total of all such special contributions for the year and preceding taxation years made by him does not exceed the lesser of his taxable capital gains on such dispositions and the amount by which his farm contribution limit exceeds the total of his contributions (other than special contributions) to registered retirement savings plans and registered pension plans for the year and all preceding years after 1983 and for the purpose of this paragraph

(a) “qualified farm property” of an individual means any real property owned by him and used by him, his spouse, any of his children or a family farm corporation of any such person in the business of farming at any time after 1971 and before 1984 and includes shares of his family farm corporation and an interest in his family farm partnership,

(b) “farm contribution limit” of an individual means the amount by which the product obtained when \$10,000 is multiplied by the number of years after 1971 and before 1984 in which the individual or his spouse was a full-time farmer exceeds the total of all special contributions by the individual’s spouse, and

(c) “full-time farmer” in a year means an individual who was in the year a shareholder of his family farm corporation and an individual who in the year leased farmland to a full-time farmer who was his spouse or child or to a family farm corporation or partnership of his spouse or child and includes any other individual (other than an individual who in the year had or would have had, if he sustained sufficient farming losses, a restricted farm loss) who was in the year actively engaged in the business of farming in Canada.

**Registered Home
Ownership Savings Plans**

(48) That the special provisions applicable for the 1983 and 1984 taxation years relating to the deduction of unused contribution limits in respect of registered home ownership savings plans be amended to ensure their application in respect of condominiums or similar properties as though the property was registered by the taxpayer at the time he occupies it as his residence where the property is registered before 1986.

**Transfers of Life Insurance
Policies**

(49) That for taxation years commencing after 1982, the transfer of an interest in a life insurance policy (other than an annuity contract) to the policyholder’s spouse, former spouse or child for no consideration occur on a tax-free basis where the transferee or a child of the policyholder or transferee is the person whose life is insured under the policy.

(50) That for taxation years commencing after 1982, a taxpayer be deemed to have last acquired before December 2, 1982 an interest in a life insurance policy (other than an annuity contract) if subsection 12.2(9) of the Act does not apply to that interest and it was acquired from a person with whom the taxpayer was not dealing at arm's length who last acquired the interest before December 2, 1982.

Registration of Charities

(51) That

(a) in respect of charities registered after June 1984, the definition of "registered charity" be amended to clarify that the requirement that a registered charity be resident in Canada and either created or established in Canada is applicable to a branch, section, parish, congregation or other division of a Canadian charitable organization or foundation,

(b) for taxation years commencing after 1983, the provisions relating to charities be amended to provide that a charity be required to be registered as a charitable organization, a private foundation or a public foundation, and

(c) for taxation years commencing after 1984, a charity not qualify as a charitable organization or public foundation where a majority of its directors, officers or trustees do not deal with each other at arm's length or further, in the case of a charity registered after February 15, 1984, where more than 50 per cent of its capital was contributed by one person or a group of persons who do not deal with each other at arm's length.

Exclusion from Receipted Donations

(52) That for taxation years commencing after 1983, endowments for periods of 10 years or more and gifts out of the capital of an estate not be treated as receipted donations for the purposes of a charity's disbursement quota.

Disbursement Quota of a Charitable Foundation

(53) That for taxation years commencing after 1983, the disbursement quota of a charitable foundation be the total of

(a) 80 per cent of receipted donations received by it in its immediately preceding taxation year,

(b) 80 per cent, or 100 per cent in the case of a private foundation, of gifts from other charities received by it in its immediately preceding taxation year, and

(c) 4.5 per cent of the value of its investment assets at the beginning of the year.

Disbursement Quota

(54) That for the 1984 and subsequent taxation years, rules be provided to permit a carry-over of the disbursements of a charity in excess of its quota and to grant the Minister of National Revenue the discretion to reduce the disbursement quota of a charity.

Information Returns of Charities	(55) That for the 1984 and subsequent taxation years, the time within which a registered charity is required to file information and public information returns with the Minister of National Revenue be extended from three months to six months after the end of its taxation year.
Non-qualified Investments of Charities	(56) That for taxation years commencing after 1983, certain shares and indebtedness held by a private foundation be defined as "non-qualified investments" and that a special tax be payable by the issuer or borrower where such an investment fails to yield a minimum annual rate of return to the foundation.
Anti-avoidance Rules for Charities	<p>(57) That for taxation years commencing after 1983, anti-avoidance rules be introduced</p> <p>(a) to prevent a group of charities from reducing or postponing its disbursement requirements by transferring funds within the group, and</p> <p>(b) to impose a special tax of 25 per cent where a foundation transfers more than 50 per cent of its capital to a charitable organization for the purpose of reducing of postponing its disbursement requirements.</p>
Accumulations By Charities	(58) That where in a taxation year commencing after 1983 a charity chooses not to use or fails to use for its intended purpose any property or income accumulated with the consent of the Minister of National Revenue, the amount thereof be deemed to be a receipted donation received by it in the year.
Reassessments	(59) That with respect to notices of assessment for the 1983 and subsequent taxation years, the existing four-year period during which the Minister of National Revenue may reassess tax payable under the Act be reduced to three years and that consequential changes be made to related provisions of the Act.
Waiver of Reassessment Period	(60) That effective after February 15, 1984, a taxpayer be permitted to revoke a waiver of the reassessment period upon one year's notice in the case of certain waivers filed before February 16, 1984 and upon six months' notice in other cases.
Tax Instalments	<p>(61) That the provisions of the Act requiring taxpayers to pay tax instalments be amended to require the instalments to be determined on the basis of tax payable before deducting any share-purchase tax credit or scientific research tax credit where the credit is pursuant to an investment acquired after February 15, 1984 other than certain investments acquired before March 1984.</p> <p>(62) That for the 1984 and subsequent taxation years,</p>

(a) individuals and corporations not be required to pay tax instalments for a taxation year where the federal tax payable or the instalment base for the year is \$1,000 or less, and

(b) interest on deficient tax instalments for a taxation year not be exigible where the combined federal and provincial interest payable in respect of such instalments is \$25 or less.

(63) That for the 1985 and subsequent taxation years, the rule that provides an extension in the due date of a Canadian-controlled private corporation's balance of tax payable for a year be based on a requirement that the aggregate of the taxable incomes for the preceding year of the corporation and all associated corporations not exceed the aggregate of their business limits for the preceding year.

Joint and Several Liability

(64) That the provision of the Act relating to the joint and several tax liability arising as a consequence of spousal property transfers be amended to provide that a transferee will not be liable or required to make any payment after February 15, 1984 in respect of amounts owed under the Act by the transferor where property is transferred pursuant to a court order or written separation agreement if at the time the property was transferred the transferor and transferee were separated and living apart as a result of the breakdown of their marriage.

Refund of Taxes

(65) That the Minister of National Revenue be required after February 15, 1984 to refund to a taxpayer resident in Canada any overpayment of tax, interest or penalty resulting from a decision in which a court vacates or varies the taxpayer's assessment or refers his assessment back to the Minister for reassessment notwithstanding an appeal of the decision by the Minister and that the Minister be empowered to repay tax, interest and penalties to other taxpayers who are disputing similar cases.

Appeals

(66) That with respect to notices of objection served after Royal Assent to any measure giving effect to this paragraph, a taxpayer be permitted to appeal from an assessment to the Tax Court of Canada or the Federal Court without the consent of the Minister of National Revenue after 90 days from service of the notice of objection on the Minister.

Costs in Tax Court of Canada

(67) That after Royal Assent to any measure giving effect to this paragraph, the prohibition on the award of costs by the Tax Court of Canada to a taxpayer on the disposition of an appeal be repealed.

Costs in Federal Court of Canada

(68) That the Federal Court of Canada be required to award to a taxpayer all reasonable and proper costs of an appeal instituted by the Minister of National Revenue that is disposed of after Royal Assent to any measure giving effect to this paragraph where the disputed amount of tax assessed or loss determined does not exceed \$10,000 or \$20,000 respectively.

Part VI Tax and Preferred-Rate Amount	(69) That, for the 1985 and subsequent taxation years, the Act be amended to repeal Part VI thereof and to provide a simpler definition of the preferred-rate amount of a corporation at the end of a taxation year for the purpose of calculating a credit union's special deduction under subsection 137(3) of the Act.
Part VII or Part VIII Late Designations	(70) That effective after June 1983 in the case of a share-purchase tax credit designation and effective after September 1983 in the case of a scientific research tax credit designation, the penalty for late filing of the designation be required to accompany the related prescribed form.
Additional Part VII or Part VIII Tax	(71) That rules be introduced to provide that where a public corporation has made an election referred to in subparagraph 43(c) or 44(c) of this Motion and the share-purchase or scientific research tax credits reported by a person issuing information returns in respect of such credits exceed the amount of credit allocated to that person, he be required to pay additional Part VII or Part VIII tax in respect of that excess.
Foreign Property	<p>(72) That for the 1972 and subsequent taxation years, a trust governed by a registered pension fund or plan not be subject to taxation in respect of foreign property held by the trust where it was created solely for the benefit of non-residents working outside Canada or where its only beneficiaries were persons whose rights thereunder arise by virtue of employment outside Canada.</p> <p>(73) That for the purposes of the provision of the Act relating to property held by pension funds and other exempt persons, the definition of "foreign property" be amended to exclude a share of a Canadian corporation listed on a prescribed stock exchange and acquired after 1983 pursuant to the exchange or conversion in accordance with terms and conditions existing on December 31, 1983 of another such share issued before 1984.</p>
Part XII Tax	(74) That subsection 208(1) of the Act not apply until after December 31, 1989 with respect to income from properties acquired before December 12, 1979.
Non-Arm's Length Sale of Shares	(75) That section 212.1 of the Act not apply to a disposition of shares by a non-resident after April 10, 1978 to a Canadian corporation with which he does not, by virtue of a right referred to in paragraph 251(5)(b) of the Act, deal at arm's length.
Interest on Non-Resident Withholding Tax	<p>(76) That, where the withholding tax required under Part XIII of the Act to be deducted by a taxpayer from any amount paid or credited to a non-resident is not remitted on or before the 15th day of the month following that in which the amount was so paid or credited,</p> <p>(a) interest at the prescribed rate be payable by the taxpayer for the period commencing on the later of that day and February 15, 1984, where the taxpayer has failed to deduct or withhold such tax as required,</p>

(b) the non-resident by jointly and severally liable with the taxpayer to pay any interest arising under subparagraph (a), and

(c) interest at the prescribed rate be payable by the taxpayer for the period commencing on that day, where the taxpayer has failed to remit or pay the tax that had been deducted or withheld.

Tax Avoidance

(77) That effective after February 15, 1984, section 246 of the Act relating to directions of the Treasury Board to counteract the avoidance or reduction of taxes be repealed.

Fiscal Period of Partnership

(78) That for the 1985 and subsequent taxation years, the Act be amended to clarify that a reference to a fiscal period of a partnership ending in a taxation year includes a fiscal period of the partnership ending coincidentally with that year.

Option Control

(79) That for the 1986 and subsequent taxation years, the rules in subsection 251(5) of the Act be made applicable for the purpose of determining whether a corporation qualifies as a Canadian-controlled private corporation.

Injection Substances

(80) That the cost of substances injected into a natural reservoir to assist in the recovery of petroleum or gas be allowed as a deduction for the purposes of the Petroleum and Gas Revenue Tax Act

(a) in computing a taxpayer's production revenue for the 1984 taxation year, where the substance is injected after 1980 and before the end of the taxation year and its cost was not previously deducted, and

(b) in computing a taxpayer's production revenue for taxation years ending after 1984, where the substance is injected in the taxation year.

Prescribed Rules

(81) That the provision of the Canada Pension Plan requiring deductions by reference to tables prepared in accordance with prescribed rules be replaced with a requirement that deductions be made in accordance with prescribed rules, that such replacement be effective on January 1, 1985 and that the provision in force prior to January 19, 1984 continue to apply until January 1, 1985.

Costs in Tax Court of Canada

(82) That the Tax Court of Canada be empowered to award an appellant his costs of an appeal in matters under the jurisdiction of the Court disposed of after Royal Assent to any measure giving effect to this paragraph.

**Notice of Ways and Means Motion
To Amend the Petroleum and Gas Revenue Tax Act**

Notice of Ways and Means Motion To Amend the Petroleum and Gas Revenue Tax Act

That it is expedient to amend the Petroleum and Gas Revenue Tax Act to provide among other things:

- Incremental Crown Royalty** (1) That effective on and after January 1, 1982, the definition "incremental Crown royalty" be amended to clarify that the incremental Crown royalty of a taxpayer for a taxation year with respect to a production royalty for the year is the proportion of his Crown royalty with respect to the production royalty for the year that his incremental production royalty for the year is of his production royalty for the year.
- Old Oil** (2) That the definition "old oil" be amended
- (a) for the 1982 and subsequent taxation years, to exclude a portion of petroleum recovered from a prescribed tertiary oil recovery project, and
 - (b) to exclude prescribed petroleum produced after May 31, 1984.
- Resource Royalty** (3) That the definition "resource royalty" be amended effective on and after January 1, 1981
- (a) to clarify that a resource royalty includes a royalty in respect of production of petroleum or gas in 1981,
 - (b) to delete the reference to "(other than production revenue)",
 - (c) in respect of a royalty on production of petroleum or gas after 1981, to provide that a resource royalty does not include a royalty (in respect of such production) to which a Crown royalty applies either in respect of such production, or in respect of the ownership of property to which such production relates where the Crown royalty is computed by reference to an amount of production from the property, and
 - (d) to clarify that for the purpose of determining that a royalty is not a resource royalty, the requirement that a Crown royalty apply shall be satisfied if a Crown royalty would apply but for an exemption or allowance (other than a rate of nil) provided by statute.
- Production Royalties** (4) That production royalties received after December 31, 1983 be excluded from production revenue under Division I of the Act.

Rate Reduction	(5) That the rate of tax payable under Division I of the Act in respect of petroleum and gas production revenue after May 31, 1982 and before June 1, 1983 be reduced to 14.67 per cent.
Amalgamations and Winding-up	(6) That effective on and after January 1, 1981, rules be introduced to allow a transfer of any unused exploration and development expense tax credit on an amalgamation or winding-up within the meaning of subsections 87(1) and 88(1) of the Income Tax Act.
Corporate Tax Credit	<p>(7) That an annual tax credit of up to</p> <p>(a) \$250,000 for the period from June 1, 1982 to December 31, 1984, and</p> <p>(b) \$500,000 for the period commencing on January 1, 1985,</p> <p>be introduced for a corporation or an associated group of corporations in respect of taxes payable under Division I of the Act on production revenue other than production royalties.</p> <p>(8) That rules be introduced to allow the Minister of National Revenue to recover, with interest, any amount of tax refunded to a corporate beneficiary of a trust by virtue of the tax credit in excess of the amount of refund to which the corporate beneficiary was entitled.</p>
Rate Reduction	(9) That the rate of tax under Division II of the Act, on any amount received in respect of a resource royalty computed by reference to the amount or value of production of petroleum or gas after May 31, 1982 and before June 1, 1983, be reduced to 14.67 per cent.
Repayment of Deposits	(10) That for the 1982 and subsequent taxation years, a deduction be provided in respect of any repayment by a taxpayer in a year of an amount that has been included in computing his production revenue for the year or a preceding taxation year in respect of petroleum or gas not delivered before the end of the year.
Enhanced Oil Recovery Projects	<p>(11) That rules be introduced</p> <p>(a) to allow a deduction in respect of qualifying expenditures after December 31, 1982 in respect of a prescribed enhanced oil recovery project, on the drilling of wells and oil and gas well equipment, from the production revenue derived after that date from the reservoir to which the project relates, and</p> <p>(b) to provide for recapture of the deduction on the disposition of any property on which a qualifying expenditure was made.</p>

- Interest on Tax Refunds** (12) That interest at a prescribed rate be payable by a taxpayer for the period after April 19, 1983 where a refund or application of any overpayment of his tax paid for a taxation year is later determined to have been in excess of the amount to which he was entitled.
- Recovery of Refund Interest** (13) That the Minister of National Revenue be allowed to recover interest paid after April 19, 1983 to a taxpayer in respect of an overpayment of tax where it is subsequently determined that a refund or application of the tax is in excess of the amount to which he was entitled.
- Instalment Payments** (14) That for taxation years commencing after Royal Assent to any measure giving effect to this paragraph, the dates on or before which a trust is required to make instalment payments of its tax payable on production revenue for a taxation year be amended to be the last day of each of the third month, the sixth month, the ninth month and the twelfth month of the taxation year.
- Production Royalties** (15) That production royalties paid after December 31, 1983 be subject to a withholding tax rate of 12 per cent under Division II of the Act.

**Notice of Ways and Means Motion
to Amend the Excise Tax Act**

Notice of Ways and Means Motion to Amend the Excise Tax Act

That it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That, where two or more amounts are paid or payable at the same time for transportation of a person by air on a continuous journey and the licensed air carrier or his agent from whom the transportation is purchased records on each ticket issued at the same time the ticket numbers, including air carrier codes, and flight numbers for all flights comprising the continuous journey, the total air transportation tax on all such amounts for transportation of the person by air be limited to the tax that would have been payable had a single amount been paid or payable for the same transportation.
2. That the provisions relating to adjustment in or refund of any portion of the tax paid on the transportation of a person by air not apply where the amount of the air transportation tax has been reduced as a result of the application of any enactment founded on paragraph 1 of this motion unless all of the tickets purchased at the same time are cancelled at the same time.
3. That section 8 of the Act be amended by adding thereto immediately after the definition "certified air carrier" the following definition:

““emplanement” does not include an emplanement resulting from a landing of an aircraft made solely to obtain ground services for the aircraft;”
4. That the provisions of subsections 10(3) and 11(3) of the Act relating to the determination of the tax imposed on an amount paid or payable for transportation of a person by air by an aircraft that has been chartered for the purpose be repealed.
5. That the tax imposed by Part II of the Act, on each amount paid or payable in Canada to a certified air carrier for air transportation by an aircraft that has been chartered for the purpose by one or more charterers, where such transportation begins at a point in the taxation area and ends at a point in the taxation area, be the lesser of
 - (a) eight per cent on each amount paid or payable, and
 - (b) the aggregate of such amount, as may be prescribed by order of the Governor in Council on the recommendation of the Minister of Transport, in respect of each emplanement on the aircraft by any person pursuant to the charter agreement.

6. That where the tax imposed on an amount paid or payable outside Canada for transportation of a person by air that begins at a point in the taxation area and ends at a point in the taxation area is payable by the person at the time when he emplanes on an aircraft at an airport in Canada and evidence of the amount paid or payable for the transportation is not submitted in the manner and form prescribed by regulation of the Governor in Council by the person to the licensed air carrier required to collect the tax in Canada, the tax payable by the person be the amount prescribed by order of the Governor in Council pursuant to paragraph 10(2)(b) of the Act.

7. That authority be provided for the Governor in Council to prescribe the manner and form in which evidence of an amount paid or payable outside Canada for transportation of a person by air shall be submitted by the person to the licensed air carrier in Canada.

8. That the tax imposed by Part II of the Act, on each amount paid or payable in Canada to a certified air carrier for air transportation by an aircraft that has been chartered for the purpose by one or more charterers, where such transportation begins at a point in the taxation area and ends at a point outside the taxation area, be the aggregate of

(a) the lesser of

(i) twelve dollars and fifty cents, and

(ii) such amount as may be prescribed by order of the Governor in Council on the recommendation of the Minister of Transport,

in respect of each emplanement on the aircraft by any person other than a person described in any enactment founded on subparagraph 8(b) of this motion pursuant to the charter agreement of that charterer, and

(b) fifty per cent of the amount provided in any enactment founded on subparagraph 8(a) of this motion in respect of each emplanement pursuant to the charter agreement of that charterer of a child who is under twelve years of age and is being transported at a fare reduced fifty per cent or more below the applicable fare

where each such emplanement is at an airport in Canada on a specific flight having as a destination an airport outside Canada and subsequent deplanement by the person from the flight at an airport outside Canada.

9. That the definition "natural gas liquids" in subsection 25.1(1) of the Act be repealed and provisions along the following lines substituted therefor:

"natural gas liquids" means:

(a) ethane,

(b) propane,

(c) butanes, or

(d) any mixture of two or more of ethane, propane and butanes,

whether or not in combination with other substances, that are produced at a gas processing plant or a gas reprocessing plant.

10. That paragraph 25.14(4)(d) of the Act be repealed and a provision along the following lines substituted therefor:

(d) in the case of natural gas liquids that are a mixture of two or more of ethane, propane, and butanes, an amount computed on the basis of the rate of tax applicable to each component of that mixture under paragraph (a), (b) or (c) in the proportion that each such component is of that mixture.

11. That, during the period commencing on October 1, 1984 and ending on December 31, 1988, the ad valorem consumption or sales tax be imposed at the following rates:

(a) thirteen per cent on the sale price of wines and goods on which a duty of excise is imposed under the Excise Act or would be imposed under that Act were the goods produced or manufactured in Canada,

(b) six per cent on the sale price of goods enumerated in Schedule V to the Act, and

(c) ten per cent on the sale price of all other goods to which subsection 27(1) of the Act applies.

12. That the wording of the French version of paragraphs 27(2)(g) and (h) of the Act be amended to conform with the original intention of the legislation as reflected in the English version thereof.

13. That, with respect to the exemptions from the consumption or sales tax for magazines and newspapers in Part III of Schedule III to the Act,

(a) the criteria based on the percentage of space devoted to advertising that identify magazines and newspapers which are excluded from the exemption provisions be replaced with similar criteria based on the percentage of printed space devoted to advertising;

(b) for purposes of determining the percentage of printed space devoted to advertising, "printed space" be defined as all space available to the advertiser;

(c) except as provided in any enactment founded on subparagraph 13(b) of this motion, "printed space" be defined as that part of the page excluding the margins thereof; and

(d) "margin" be defined as that part of the surface of a page between the upper, lower, inner or outer edge of the page and the main body of printed matter, which space may contain all or any portion of the name, price, date, issue number or page number of the publication or all or any portion of the name or number of a section of the publication, or may contain marks, marginal notes or similar printed matter and may be coloured or patterned.

14. That the exemption from the consumption or sales tax for goods mentioned in paragraph 1(e) of Part XII of Schedule III to the Act sold to or imported by municipalities for their own use be limited to

- (a) goods for use directly in water distribution, sewerage or drainage systems,
- (b) goods used in the construction of a building, or that portion of a building, used exclusively to house machinery and apparatus for use directly in water distribution, sewerage or drainage systems, and
- (c) chemicals for use in the treatment of water or sewage in water distribution, sewerage or drainage systems, and

that the authority in subsection 44(3) of the Act to grant a refund, or deduction from any of the taxes imposed by the Act, of any tax paid in respect of goods sold for use as part of a water distribution, sewerage or drainage system to a person who, within three years of completion of that water distribution, sewerage or drainage system, transfers it to a municipality be limited to the goods mentioned in subparagraphs 14(a) and (b) of this motion.

15. That the exemption from the consumption or sales tax for production equipment, processing materials and plans in Part XIII of Schedule III to the Act be amended

(a) to exclude

(i) portable or mobile electric generators and alternators, including drive motors therefor, and

(ii) portable or mobile generator and alternator sets,

other than when purchased for use on a farm for farm purposes only, and

(b) to exclude

(i) standby electric generators and alternators, including drive motors therefor, and

(ii) standby generator and alternator sets

for production of electricity for use primarily in a building that normally utilizes electricity supplied by a public or private utility where that building is used primarily for activities other than the manufacture or production of goods.

16. That the exemption from the consumption or sales tax for trucks in section 1 of Part XVII of Schedule III to the Act be limited to those trucks, with a gross vehicle mass rating of 7250 kg or more, that are designed primarily for the carriage of freight.

17. That a telecommunication programming services tax be imposed, levied and collected at the rate of six per cent on the amount charged for a taxable service, payable by the person providing the service at the earlier of the time the amount charged is paid or payable.

18. That the tax imposed pursuant to any enactment founded on paragraph 17 of this motion be binding on Her Majesty in right of Canada or a province and every person acting for or on behalf of Her Majesty in right of Canada or a province.

19. That for purposes of any enactment founded on paragraphs 17 to 37 of this motion

- (a) the "amount charged" in respect of a taxable service be defined as any amount paid or payable by a person for the taxable service before any amount paid or payable in respect of any tax imposed pursuant to any enactment founded on paragraph 17 of this motion or imposed under an Act of the legislature of a province respecting retail sales tax is added thereto;
- (b) "broadcasting" be defined as any radiocommunication in which the transmissions are intended for direct reception by the general public;
- (c) "licensee" be defined as any person to whom a licence has been issued for purposes of any enactment founded on paragraphs 17 to 37 of this motion and include any person required to apply for a licence;
- (d) "programming service" be defined as any presentation of sound or visual matter designed to inform, enlighten or entertain, of a nature or kind that is broadcast by radio or television stations;
- (e) "small undertaking resident in Canada" include a person or a corporation, as the case may be, that is a small undertaking and is described in subsection 250(3) or (4) of the Income Tax Act;
- (f) "small undertaking" be defined as a person who provides a taxable service
 - (i) where, in any month, the aggregate of the number of persons to whom a taxable service is provided by him and by any person related to him for an amount charged and by any person to whom he or any person related to him provides, for an amount charged, a taxable service does not exceed two hundred in that month or in any month in the immediately preceding year, or
 - (ii) exclusively in a place to which admission is granted to a person for purposes of presentation of a programming service by means of telecommunication to that person, upon payment of a charge or fee through the sale of a ticket or any similar means of admission;
- (g) "taxable service" be defined as
 - (i) the provision of any programming service by means of telecommunication to the general public or any portion thereof,
 - (ii) any commencement or cessation of the provision to a person of a programming service described in any enactment founded on clause (i) of subparagraph 19(g) of this motion,
 - (iii) the provision of any instrument, device, equipment, apparatus or any part thereof, other than a television receiver, used in conjunction with the reception of a programming service described in any enactment founded on clause (i) of subparagraph 19(g) of this motion, and provided by the person providing the programming service or any person

authorized or designated by him, acting on his behalf or related to him, if the person providing the programming service requires that such goods be acquired exclusively from him or any person authorized or designated by him, acting on his behalf or related to him,

(iv) the installation, disconnection, replacement, repair or maintenance of any instrument, device, equipment, apparatus, or any part thereof, other than a television receiver, that is referred to in any enactment founded on clause (iii) of subparagraph 19(g) of this motion, by the person providing the programming service in conjunction with which it is being used, or by any person authorized or designated by him, acting on his behalf or related to him,

but not include

(v) any surveillance or monitoring service, telebanking or teleshopping service or opinion polling service,

(vi) any background music service of a nature or kind presented in an office building, a factory, a shopping centre or a common area of an apartment building or condominium as an accompaniment to working, shopping, dining, or other similar activities carried on in such place, or

(vii) such other service, other than a programming service referred to in any enactment founded on clause (i) of subparagraph 19(g) of this motion, as may be prescribed by regulation of the Governor in Council,

that a person not providing a programming service referred to in any enactment founded on clause (i) of subparagraph 19(g) of this motion may provide or that a person providing a programming service referred to in any enactment founded on clause (i) of subparagraph 19(g) of this motion may provide for an additional fee or charge on the election by the person to whom the programming service is provided;

(h) "telecommunication" be defined as any transmission, emission or reception of signs, signals, writing, images or sounds or intelligence of any nature by wire, radio, visual or other electromagnetic system; and

(i) "related persons" be given the same meaning as in subsections 251(2) to (6) of the Income Tax Act except that a reference therein to a corporation be read as a reference to a corporation or a partnership and references therein to shares and shareholders in respect of a corporation, in the case of a partnership, be read as references to rights and partners respectively.

20. That a small undertaking that provides a taxable service in the circumstances referred to in any enactment founded on clause (ii) of subparagraph 19(f) of this motion and that acquires that taxable service from a person, other than a licensee or another small undertaking resident in Canada, be deemed to have provided that taxable service for an amount charged equal to the amount charged by the person from whom he acquired the service and such amount be deemed to have been paid at the end of the month in which the service was acquired from that person.

21. That for purposes of any enactment founded on paragraphs 17 to 37 of this motion, the Minister of National Revenue be authorized to determine or specify a method for determining the amount charged for a taxable service where

- (a) the taxable service is, in the opinion of the Minister, provided under circumstances or conditions that render it difficult or impossible to otherwise determine the amount charged, or
- (b) the taxable service is provided for an amount charged that is, in the opinion of the Minister, less than a fair amount on which tax should be imposed.

22. That the tax imposed pursuant to any enactment founded on paragraph 17 of this motion not be payable on an amount charged for a taxable service provided

- (a) to a licensee who is acquiring the service
 - (i) for broadcasting without charge by him or for provision by him to another person for broadcasting without charge, or for provision to another person for an amount charged, or
 - (ii) in the case of a taxable service described in any enactment founded on clause (ii), (iii) or (iv) of subparagraph 19(g) of this motion, for use in conjunction with a taxable service acquired for a purpose described in any enactment founded on clause (i) of subparagraph 22(a) of this motion,

and who so certifies, and gives his licence number, to the person providing the taxable service at the time the tax is payable,

- (b) to a person, other than a licensee, who is acquiring the taxable service
 - (i) for broadcasting without charge or for provision to another person for broadcasting without charge, or
 - (ii) in the case of a taxable service described in any enactment founded on clause (ii), (iii) or (iv) of subparagraph 19(g) of this motion, for use in conjunction with a taxable service acquired for a purpose described in any enactment founded on clause (i) of subparagraph 22(b) of this motion,

and who so certifies to the person providing the taxable service at the time the tax is payable, or

- (c) by a small undertaking, other than a taxable service that is provided in the circumstances referred to in any enactment founded on clause (ii) of subparagraph 19(f) of this motion and that is acquired from a person other than a licensee or another small undertaking resident in Canada.

23. That where relief from tax on the amount charged for a taxable service is granted pursuant to any enactment founded on subparagraph 22(a) or (b) of this motion and that service is diverted by the person who acquired the service or, in the case of a service acquired by a person for provision to another person for broadcasting without charge, by that other person, to any other use or purpose for which no such relief is granted, the person who diverted the service and the person who provided the service to him be jointly and severally liable to pay tax at the

time the service is diverted computed on the amount charged for the service at the time the relief was granted.

24. That for purposes of administration of any enactment founded on paragraphs 17 to 37 of this motion and payment and collection of the taxes imposed thereby,

(a) every person providing a taxable service, other than a small undertaking, be required to apply for a licence,

(b) the Minister of National Revenue be authorized to issue and cancel licences,

(c) the Minister of National Revenue be authorized, in the case of a person who is or is about to become a small undertaking that provides a taxable service acquired from a person other than a licensee or another small undertaking resident in Canada in the circumstances referred to in any enactment founded on clause (ii) of subparagraph 19(f) of this motion, to require and accept security for payment of the tax imposed by any enactment founded on paragraph 17 of this motion,

(d) a person who is or is about to become a small undertaking be required to give security where he is required to do so by the Minister of National Revenue pursuant to any enactment founded on subparagraph 24(c) of this motion,

(e) rules and procedures concerning the form, amount, timing and type of security to be given be established, and

(f) the Governor in Council be authorized to make regulations

(i) prescribing services to be excluded from the definition "taxable service", and

(ii) for carrying out the purposes and provisions of any enactment founded on paragraphs 17 to 37 of this motion.

25. That,

(a) notwithstanding any provision of the Broadcasting Act or any other Act of Parliament or any regulation or statutory instrument made thereunder or any other law, and

(b) notwithstanding

(i) any decision or order made or licence or renewal of a licence issued by the Canadian Radio-television and Telecommunications Commission, or

(ii) any other act or thing given, done or issued pursuant to the Broadcasting Act, any other Act of Parliament or any other law,

before or after the coming into force of any enactment founded on paragraphs 17 to 37 of this motion,

for purposes of any enactment founded on paragraphs 17 to 37 of this motion a licensee be authorized to increase the amount charged for a taxable service by an amount not exceeding the tax payable by him in respect of that service.

26. That the provisions of subsection 44(1) of the Act relating to deductions from and refunds of taxes imposed by the Act be extended to provide for a refund or deduction in respect of the tax imposed upon an amount charged for a taxable service where a licensee, within the meaning of any enactment founded on subparagraph 19(c) of this motion, has made a refund of or adjustment to an amount charged by the licensee for a taxable service where the service for which the amount was charged has not been provided or has been only partially provided or where the amount charged has been paid in error to the licensee.

27. That the provisions of subsections 44(2) and (2.1) of the Act relating to refunds of taxes paid in respect of goods purchased or imported by Her Majesty in right of a province be extended to apply to tax paid on an amount charged for a taxable service provided to Her Majesty in right of a province.

28. That where a person has acquired taxable services from a licensee for an amount charged at a time when he was required to apply for a licence, and he provides those services to another person for an amount charged, at a time when he was required to apply for a licence and a licence is subsequently issued to him, or at a time when he held such a licence, a payment to that person, or a deduction from taxes payable by that person, be authorized in an amount equal to the proportion of the taxes paid on the amount charged for the services by the licensee from whom the services were acquired that the amount of the taxable sales of those services by that person is of the amount of the total sales of those services by that person.

29. That the provisions of section 50 of the Act relating to returns, payment of tax and penalties be extended to apply for the purposes of any enactment founded on paragraphs 17 to 37 of this motion.

30. That the requirement in subsection 50.1(1) of the Act to submit reports be extended to apply to a licensee as defined under any enactment founded on subparagraph 19(c) of this motion.

31. That the provisions of subsection 52(4) of the Act relating to certificates of default in respect of amounts payable in respect of taxes, interest and penalties remaining unpaid be extended to apply to unpaid taxes, interest and penalties imposed pursuant to any enactment founded on paragraphs 17 to 37 of this motion.

32. That the provisions of subsection 52(5) of the Act relating to the application of penalties to the non-payment of judgments be extended to apply to the non-payment of judgments in respect of any taxes payable pursuant to any enactment founded on paragraphs 17 to 37 of this motion.

33. That the provisions of subsection 52(11) of the Act relating to the application of penalties to defaults in payment by persons from whom payment has been demanded be extended to apply penalties imposed pursuant to any enactment founded on paragraphs 17 to 37 of this motion to such defaults.

34. That the provisions of subsection 52(16) of the Act relating to the application of demands for payment in respect of amounts payable pursuant to assessments be extended to apply for the purposes of any enactment founded on paragraphs 17 to 37 of this motion.

35. That the provisions of subsection 53(2) of the Act relating to evidence in respect of licences be extended to apply in respect of any enactment founded on paragraphs 17 to 37 of this motion.

36. That where any difference arises or where any doubt exists as to whether any or what rate of tax is payable on an amount charged for a taxable service, the Tariff Board be authorized to declare what rate of tax is payable or that no tax is payable on the amount charged for the taxable service.

37. That a taxpayer be entitled to recover from a purchaser the amount of taxes paid pursuant to any enactment founded on paragraphs 17 to 37 of this motion where the purchaser has incorrectly stated or certified that the taxable service was acquired for a use rendering the service exempt from tax.

38. That the definition "manufacturer or producer" in subsection 2(1) of the Act be amended to include

- (a) any person who imports into Canada new motor vehicles designed for highway use, or chassis therefor, and
- (b) any person who sells new motor vehicles designed for highway use, or chassis therefor, otherwise than predominantly to consumers.

39. That a manufacturer or producer described in any enactment founded on paragraph 38 of this motion, who imports into Canada new motor vehicles designed for highway use, or chassis therefor, be deemed to be the manufacturer or producer in Canada of the new motor vehicles or chassis so imported and not the importer thereof, and that the goods so imported be deemed to be goods produced or manufactured in Canada and not imported goods.

40. That new imported motor vehicles designed for highway use, or chassis therefor, sold by a manufacturer or producer thereof described in any enactment founded on paragraph 38 of this motion, be deemed to be goods produced or manufactured in Canada and not imported goods.

41. That the taxes imposed by Part III or V of the Act not be payable on new motor vehicles designed for highway use, or chassis therefor,

- (a) imported by a person defined in any enactment founded on subparagraph 38(a) of this motion to be a manufacturer or producer, or
- (b) sold to a person defined in any enactment founded on subparagraph 38(b) of this motion to be a manufacturer or producer

who is a licensed manufacturer under the Act.

42. That a person who coats or finishes goods for sale be included in paragraph (f) of the definition "manufacturer or producer" in subsection 2(1) of the Act and that the current inclusion in that definition of a person who prepares goods for sale by some process other than those specifically listed therein be deleted.

43. That goods imported by a person included in the definition "manufacturer or producer" pursuant to any enactment founded on paragraph 42 of this motion that are coated or finished in Canada for sale be deemed to be goods manufactured or produced in Canada and not imported goods and the current reference in the deeming provision in subsection 2(4) of the Act to the preparation of goods for sale by some process other than those specifically listed therein be deleted.

44. That goods to be coated or finished for sale be included in paragraph (b) of the definition "partly manufactured goods" in subsection 26(1) of the Act and that the reference to the preparation of goods for sale by some process other than those specifically listed therein be deleted.

45. That the penalty for default in payment or remittance of any tax payable or collectible under the Act, other than Part I, or under any enactment founded on this motion, within the time prescribed be replaced by a penalty of one-half of one per cent and interest at the prescribed rate, in respect of each month or part thereof during which the default continues, calculated on the total tax, penalty and interest outstanding and that the provisions in the Act or in any enactment founded on this motion regarding recovery or collection of such penalty be extended to apply to penalty and interest.

46. That "prescribed" in respect of a rate of interest be defined as the rate of interest prescribed by regulation of the Governor in Council or determined in accordance with rules prescribed by such regulations and that prior to the effective date of such determination, the rate be set at one per cent per month.

47. That authority to make regulations prescribing a rate of interest or rules for determining a rate of interest, be vested in the Governor in Council, on the recommendation of the Minister of Finance.

48. That where a licensed manufacturer has sold goods, in respect of which he is the manufacturer or producer, to a person with whom he is dealing at arm's length, as described in section 251 of the Income Tax Act, and subsequently establishes, in accordance with generally accepted accounting practices, that the debt owing to him in respect of the sale has become a bad debt, the Minister of National Revenue be authorized, on application by the manufacturer, to grant him a deduction or pay to him a refund of an amount equal to the proportion of the amount of the aggregate of the ad valorem taxes paid under Part III or V of the Act in respect of the sale that the amount of the bad debt is of the price for which the goods were sold.

49. That where a person licensed pursuant to any enactment founded on paragraph 24 of this motion has provided a taxable service for an amount charged to a person with whom he is dealing at arm's length, as described in section 251 of the

Income Tax Act, and subsequently establishes, in accordance with generally accepted accounting practices, that the debt owing to him in respect of the taxable service has become a bad debt, the Minister of National Revenue be authorized, on application by that licensee, to pay him an amount equal to the proportion of the amount of tax paid in respect of the taxable service pursuant to any enactment founded on paragraphs 17 to 37 of this motion that the amount of the bad debt is of the aggregate of the amount charged for the taxable service and the amount of the tax paid in respect thereof.

50. That no application by or payment to a licensed manufacturer or licensee may be made pursuant to any enactment founded on paragraph 48 or 49 of this motion if

- (a) the debt has not been written off as a bad debt on the books of account of the manufacturer or licensee at the time he applies for payment,
- (b) the fiscal period, as determined for purposes of the Income Tax Act, of the manufacturer or licensee in which the debt has been written off has not ended, or
- (c) the goods were sold or the taxable service was provided for an amount charged prior to February 16, 1984.

51. That a licensed manufacturer or licensee who recovers all or part of a bad debt in respect of which a payment pursuant to any enactment founded on paragraph 48 or 49 of this motion has been made be required to repay to Her Majesty an amount equal to the proportion of the amount paid to him in respect of the bad debt that the amount of the bad debt so recovered is of the amount of the bad debt in respect of which the amount was paid to him, and that the amount that he is required to repay be deemed to be a tax payable by him not later than the last day of the first month succeeding that in which the bad debt or part thereof was recovered.

52. That the Minister of National Revenue be required to pay interest at the prescribed rate on refunds, payments of the fuel tax rebate pursuant to any enactment founded on paragraph 71 of this motion, or payments of taxes or monies, other than those under Part I of the Act, outstanding more than sixty days after an application for payment has been received by him, compounded monthly and paid in respect of each day from the sixty-first day after receipt of the application, except where the amount of the interest so calculated is less than one dollar.

53. That the provisions of the Act regarding recovery of overpayments by the Minister of National Revenue be extended to apply to overpayments of interest.

54. That a person who manufactures or produces goods by contract for labour from any article or material supplied by another person, other than a licensed manufacturer, for delivery to that other person, be deemed, for the purposes of Parts III and V of the Act, to have sold the goods at the time they are delivered to that other person, at a sale price equal to the charge made under the contract.

55. That the wording of the French version of subsection 27(5) of the Act be amended to conform with the English version thereof.

56. That section 26.1 of the Act be extended to apply to any licensed manufacturer in respect of goods that he sells in conjunction with goods of his manufacture or production in Canada or that are of the same class as goods he manufactures or produces in Canada.

57. That the Governor in Council be authorized to determine that a local authority is a municipality for purposes of the definition "municipality" in subsection 2(1) of the Act and that any such determination come into force on a date no more than four years prior to the date on which the determination is made, if the determination so provides.

58. That the requirements in section 30 of the Act to provide a written invoice stating separately the amount of the consumption or sales tax on goods be repealed.

59. That the authority of the Minister of National Revenue to delegate to the Deputy Minister of National Revenue for Customs and Excise or such other officer as he may deem expedient the exercise of powers conferred on him by the Act be broadened to include an officer of such class as the Minister may deem expedient.

60. That a refund or deduction of the consumption or sales tax may be granted where goods on which the tax has been paid are sold to a licensed manufacturer as partly manufactured goods.

61. That the exemption from the consumption or sales tax for X-ray apparatus and X-ray film in section 21 of Part VIII of Schedule III to the Act be limited to X-ray apparatus and film for medical use.

62. That where the Minister of National Revenue has specified a later day for the filing of a return or the payment of any tax under the Act, the person liable to pay such tax be liable to pay, in addition thereto, interest at the prescribed rate from the date from which that person was initially liable to pay the tax.

63. That the exemption from the consumption or sales tax for machinery and apparatus described in paragraph 1(a) of Part XIII of Schedule III to the Act be limited to machinery and apparatus for use primarily in the activities described in that paragraph.

64. That containers designed for repeated use sold to or imported by manufacturers or producers that are not for use by them exclusively and directly in the manufacture or production of goods be added to the list of goods mentioned in Part XIII of Schedule III to the Act that are excluded from the exemption from the consumption or sales tax.

65. That any reference to "registered mail" or "registered letter" be extended to include certified letter.

66. That the rate of excise tax on matches be set at four cents for each thousand matches or portion thereof.

67. That the wording of subsections 2(3) and (4) of the Act be amended to clarify the references therein to manufacturer or producer.

68. That that portion of subsection 50(4) of the Act relating to when a default is deemed to have commenced be deleted.

69. That where gasoline or diesel fuel has been sold by a licensed manufacturer or licensed wholesaler to

- a) a farmer for farming purposes,
- b) a fisherman for commercial fishing,
- c) a person for use in logging operations, or
- d) a person for use in mining,

to whom a sales tax bulk permit has been issued under regulations made by the Governor in Council pursuant to any enactment founded on paragraph 77 of this motion, for the sole use of the purchaser and not for resale and the consumption or sales tax is payable in respect of that sale, the manufacturer or wholesaler be authorized in such circumstances and on such terms and conditions as the Minister of National Revenue may prescribe, to deduct, from his taxes otherwise payable under Part V of the Act, within four years from the time the gasoline or diesel fuel was sold, a fuel tax rebate in an amount calculated in accordance with any enactment founded on paragraph 73 of this motion.

70. That no deduction may be made by a licensed manufacturer or licensed wholesaler pursuant to any enactment founded on paragraph 69 of this motion unless he has reduced the amount charged for the gasoline or diesel fuel to the purchaser by an amount equal to the amount of the deduction and the amount of the reduction is shown separately on an invoice for the sale given to the purchaser by the manufacturer or wholesaler.

71. That where gasoline or diesel fuel has been sold to or imported by

- a) a farmer for farming purposes,
- b) a fisherman for commercial fishing,
- c) a person for use in logging operations, or
- d) a person for use in mining,

for the sole use of the purchaser or importer and not for resale and the consumption or sales tax has been paid or is payable in respect of that gasoline or diesel fuel and, in the case of a sale, the amount charged for the gasoline or diesel fuel has not been reduced in accordance with any enactment founded on paragraph 70 of this motion, the Minister of National Revenue be authorized, on application by the purchaser or importer made to the Minister in such form and manner as the

Minister may prescribe, within four years from the time the gasoline or diesel fuel was purchased or imported, to pay to the purchaser or importer a fuel tax rebate in an amount calculated in accordance with any enactment founded on paragraph 73 of this motion.

72. That no deduction of a fuel tax rebate pursuant to any enactment founded on paragraph 69 of this motion and no payment of a fuel tax rebate pursuant to any enactment founded on paragraph 71 of this motion may be made in respect of gasoline or diesel fuel that is to be used to propel a vehicle on a public highway, that is to be used other than for a commercial purpose or that is sold or imported on or after January 1, 1987.

73. That for the purposes of any enactment founded on paragraph 69 or 71 of this motion, the amount of the fuel tax rebate be calculated at such rate per litre of gasoline or diesel fuel, not exceeding 5 cents per litre, as the Governor in Council may by order prescribe on the recommendation of the Minister of Finance, and where no such rate is prescribed, at the rate of 3 cents per litre.

74. That for the purposes of any enactment founded on paragraph 69 or 71 of this motion, the term "logging operations" be defined to include the felling, limbing, bucking and marking of trees, construction of logging roads, off-highway transportation of logs to the mill pond or mill yard, log salvaging and reforestation, but not to include production activities from the mill pond or mill yard onward.

75. That for the purposes of any enactment founded on paragraph 69 or 71 of this motion, the terms "mining" and "mineral resource" be given the following meanings:

(a) "mining" means

- (i) extracting minerals from a mineral resource,
- (ii) processing, to the prime metal stage or its equivalent, ore (other than iron ore) from a mineral resource, or
- (iii) processing, to the pellet stage or its equivalent, iron ore from a mineral resource,

and the restoration of strip-mined land to useable form, but not including activities related to the exploration for or development of a mineral resource; and

b) "mineral resource" means

- (i) a base or precious metal deposit,
- (ii) a coal deposit, or
- (iii) a mineral deposit in respect of which

(A) the Minister of Energy, Mines and Resources has certified that the principal mineral extracted is an industrial mineral contained in a non-bedded deposit,

(B) the principal mineral extracted is sylvite, halite or gypsum, or

(C) the principal mineral extracted is silica that is extracted from sandstone or quartzite.

76. That where the amount charged to a purchaser for gasoline or diesel fuel is reduced in accordance with any enactment founded on paragraph 70 of this motion or a payment is made to a purchaser or importer of gasoline or diesel fuel pursuant to any enactment founded on paragraph 71 of this motion and that person sells the gasoline or diesel fuel or uses it for a purpose for which the reduction or payment could not have been made at the time of the purchase or importation, the amount of the reduction or payment in respect of the fuel tax rebate be deemed to be a tax under the Act payable by that person

a) where he sells the gasoline or diesel fuel, at the time of delivery to the purchaser from him, and

b) where he uses the fuel, at the time of the use.

77. That the Governor in Council be authorized to make regulations pertaining to the issuance, terms and conditions, and cancellation of sales tax bulk permits, and to the records to be maintained, returns to be filed and timing of the filing of such returns by persons to whom sales tax bulk permits are issued.

78. That the provisions of section 49.1 of the Act concerning rejection and approval of applications, section 49.2 of the Act deeming an overpayment to be a tax payable and imposing penalties on default of payment of the tax payable, section 50.1 of the Act concerning reports by licence holders, subsection 56(2) of the Act concerning false or deceptive statements in a return or application and section 57 of the Act concerning books and records be extended to apply to any payment or deduction in respect of the fuel tax rebate pursuant to any enactment founded on paragraph 69 or 71 of this motion and to any application for a payment or to any person making an application or taking a deduction in respect of a fuel tax rebate.

79. That the tax imposed on an amount paid or payable for transportation of a person by air that begins in the taxation area and ends in the taxation area be increased to 9 per cent of the amount paid or payable or such lesser amount as may be prescribed by order of the Governor in Council.

80. That the tax imposed on an amount paid or payable for transportation of a person by air that begins in the taxation area and ends outside the taxation area be increased to \$15 or such lesser amount as may be prescribed by order of the Governor in Council.

81. That the words "falsely represented" in subsections 70(1) and (2) of the Act be replaced by the words "incorrectly stated or certified" and that the words "faususement exposé" in the French version of subsection 70(3) of the Act be replaced by the words "incorrectement exposé".

82. That any enactment founded on

- (a) paragraphs 9 and 10 of this motion come into force on November 1, 1980;
- (b) paragraphs 17 to 37 and 68 of this motion, other than clause (vi) of subparagraph 19(g) of this motion, come into force on April 20, 1983, and the tax be imposed on amounts charged on or after that date for taxable services provided after June 30, 1983;
- (c) paragraphs 1, 2 and 12 to 16 of this motion come into force on April 20, 1983;
- (d) paragraphs 3 to 8 of this motion come into force on June 1, 1983 and apply in respect of amounts paid or payable on or after that date for transportation of a person by air on or after that date;
- (e) clause (vi) of subparagraph 19(g) of this motion come into force on December 8, 1983;
- (f) paragraphs 42 to 44, 54, 55, 61, 63, 64 and 67 of this motion come into force on February 16, 1984;
- (g) paragraphs 38 to 41 of this motion come into force on March 1, 1984;
- (h) paragraph 66 of this motion come into force on May 3, 1984;
- (i) paragraph 11 of this motion come into force on October 1, 1984;
- (j) paragraphs 69 to 78 of this motion come into force on December 1, 1984 in respect of gasoline or diesel fuel sold or imported on or after that date; and
- (k) paragraphs 79 and 80 of this motion come into force on April 1, 1985
 - (i) in respect of any amount paid or payable on or after that date, in the case of a tax imposed on an amount paid or payable in Canada, and
 - (ii) in respect of any amount paid or payable for transportation of a person by air which includes an emplanement on or after that date on a specific flight having as a destination an airport outside Canada and deplanement by the person from the flight at an airport outside Canada, in the case of a tax imposed on an amount paid or payable outside Canada.

83. That any Order in Council made under any enactment founded on paragraph 5 of this motion for purposes of implementing that enactment come into force on June 1, 1983 if the order so provides, or on such subsequent date as the order may provide.

84. That no interest be paid pursuant to any enactment founded on paragraph 52 of this motion in respect of any day before any enactment founded on this motion receives Royal Assent.

85. That where, prior to Royal Assent to any enactment founded on this motion, a person is liable to pay a penalty pursuant to the Act for default in payment or remittance of any tax payable or collectible under the Act, in respect of the month or fraction of the month in which any enactment founded on this motion receives Royal Assent, no additional penalty or interest be payable by him pursuant to any enactment founded on paragraph 45 of this motion, in respect of that month or any fraction thereof, for such default.

**Notice of Ways and Means Motion
to Amend the Excise Act**

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Notice of Ways and Means Motion to Amend the Excise Act

That it is expedient to introduce a measure to amend the Excise Act and to provide among other things:

1. That authority be provided for the Minister of National Revenue to make regulations for the purposes of any provision of the Act that provides for departmental regulations.
2. That the limitation in paragraph 117(1)(b) of the Act on the use of summary conviction to sue for and recover any penalty or forfeiture or to impose, adjudge and order any term of imprisonment for any indictable offence against the Act be set at ten thousand dollars with respect to any such penalty or forfeiture and twelve months imprisonment, and that the reference to hard labour in relation to such term of imprisonment be deleted.
3. That authority be provided to grant a refund or drawback of the duty imposed under the Customs Tariff, pursuant to section 21 thereof, in respect of spirits, wine or flavouring materials having a spirit content, on which the Customs duty has been paid and not refunded, that are brought into a distillery for the purposes of blending with spirits in bond, under such terms and conditions as the Governor in Council may, by regulation, prescribe.
4. That the restrictions in subsection 17(3) of the Act on the licensing of an excisable manufactory be repealed.
5. That the rules in the Act governing removal from any premises subject to excise of goods subject to a duty of excise apply to removal of such goods to a retail outlet on such premises.
6. That any enactment founded on
 - (a) paragraph 4 of this motion come into force on February 16, 1984; and
 - (b) paragraph 5 of this motion come into force on November 9, 1984.

**Notice of Ways and Means Motion
to Amend the Customs Act and the Customs Tariff**

Notice of Ways and Means Motion to Amend the Customs Act and the Customs Tariff

That it is expedient to amend the Customs Act and the Customs Tariff, as follows:

Part I: Customs Act

1. Section 26 of the *Customs Act* is repealed and the following substituted therefor:

When entry not perfect

“26. No entry shall, except in cases in which it is otherwise provided by *this Act* or by regulation of the Governor in Council, be deemed perfect unless a sufficient invoice of the goods to be entered has been produced to the collector as required by this Act.”

2. Sections 35 to 44 of the said Act are repealed and the following substituted therefor:

“Interpretation

Definitions

35. (1) In this section and sections 35.1 to 44.1,

“computed value”

“computed value” means, in respect of goods, the value of the goods determined in accordance with section 41;

“country of export”

“country of export” means, in respect of goods, the country from which the goods are shipped directly to Canada;

“deductive value”

“deductive value” means, in respect of goods, the value of the goods determined in accordance with subsection 40(2);

“goods of the same class or kind”

“goods of the same class or kind”, in relation to goods being appraised, means imported goods that

(a) are within a group or range of imported goods produced by a particular industry or industry sector that includes identical goods and similar goods in relation to the goods being appraised, and

(b) for the purposes of

(i) section 40, were produced in any country and exported from any country, and

(ii) section 41, were produced in and exported from the same country as the country in and from which the goods being appraised were produced and exported;

“identical goods”	<p>“identical goods”, in relation to goods being appraised, means imported goods that</p> <ul style="list-style-type: none"> (a) are the same in all respects, including physical characteristics, quality and reputation, as the goods being appraised, except for minor differences in appearance that do not affect the value of the goods, (b) were produced in the same country as the country in which the goods being appraised were produced, and (c) were produced by or on behalf of the person by or on behalf of whom the goods being appraised were produced, <p>but does not include imported goods where engineering, development work, art work, design work, plans or sketches undertaken in Canada were supplied, directly or indirectly, by the purchaser of those imported goods free of charge or at a reduced cost for use in connection with the production and sale for export of those imported goods;</p>
“import”	“import” means import into Canada;
“person”	“person” includes any corporation wherever and however incorporated, a partnership and an association;
“prescribed”	“prescribed” means prescribed by regulation of the Governor in Council;
“price paid or payable”	“price paid or payable” , in respect of the sale of goods for export to Canada, means the aggregate of all payments made or to be made, directly or indirectly, in respect of the goods by the purchaser to or for the benefit of the vendor;
“produce”	“produce” includes grow, manufacture and mine;
“similar goods”	<p>“similar goods”, in relation to goods being appraised, means imported goods that</p> <ul style="list-style-type: none"> (a) closely resemble the goods being appraised in respect of their component materials and characteristics, (b) are capable of performing the same functions as, and of being commercially interchangeable with, the goods being appraised, (c) were produced in the same country as the country in which the goods being appraised were produced, and (d) were produced by or on behalf of the person by or on behalf of whom the goods being appraised were produced, <p>but does not include imported goods where engineering, development work, art work, design work, plans or sketches undertaken in</p>

Canada were supplied, directly or indirectly, by the purchaser of those imported goods free of charge or at a reduced cost for use in connection with the production and sale for export of those imported goods;

“sufficient information”

“sufficient information”, in respect of the determination of any amount, difference or adjustment, means objective and quantifiable information that establishes the accuracy of the amount, difference or adjustment;

“transaction value”

“transaction value” in respect of goods, means the value of the goods determined in accordance with subsection 37(4).

Goods deemed to be identical goods or similar goods

(2) For the purposes of this section and sections 35.1 to 44.1, where there are no identical goods or similar goods, as the case may be, in relation to goods being appraised but there are goods that would be identical goods or similar goods, as the case may be, if they were produced by or on behalf of the person by or on behalf of whom the goods being appraised were produced, those goods shall be deemed to be identical goods or similar goods, as the case may be.

Related persons

(3) For the purposes of sections 35.1 to 44.1, persons are related to each other if

(a) they are individuals connected by blood relationship, marriage or adoption within the meaning of subsection 251(6) of the *Income Tax Act*;

(b) one is an officer or director of the other;

(c) each such person is an officer or director of the same two corporations, associations, partnerships or other organizations;

(d) they are partners;

(e) one is the employer of the other;

(f) they directly or indirectly control or are controlled by the same person;

(g) one directly or indirectly controls or is controlled by the other;

(h) any other person directly or indirectly owns, holds or controls five per cent or more of the outstanding voting stock or shares of each such person; or

(i) one directly or indirectly owns, holds or controls five per cent or more of the outstanding voting stock or shares of the other.

Determination of Value for Duty

Determination of value for duty

35.1 The value for duty of imported goods shall be determined in accordance with sections 36 to 44.1

Order of Consideration of Methods of Valuation

Primary basis of appraisal

36. (1) The value for duty of goods shall be appraised on the basis of the transaction value of the goods in accordance with the conditions set out in section 37.

Subsidiary bases of appraisal

(2) Where the value for duty of goods is not appraised in accordance with subsection (1), it shall be appraised on the basis of the first of the following values, considered in the order set out herein, that can be determined in respect of the goods and that can, under sections 38 to 41, be the basis on which the value for duty of the goods is appraised:

(a) the transaction value of identical goods that meets the requirements set out in section 38;

(b) the transaction value of similar goods that meets the requirements set out in section 39;

(c) the deductive value of the goods; and

(d) the computed value of the goods.

Request of Importer

(3) Notwithstanding subsection (2), on the written request of the importer of any goods being appraised made prior to the commencement of the appraisal of those goods, the order of consideration of the values referred to in paragraphs (2)(c) and (d) shall be reversed.

Residual basis of appraisal

(4) Where the value for duty of goods is not appraised on the basis of any of the values referred to in paragraphs (2)(a) to (d), the value for duty of those goods shall be appraised under section 42.

Transaction Value of the Goods

Transaction value as primary basis of appraisal

37. (1) Subject to subsection (6), the value for duty of goods is the transaction value of the goods if the goods are sold for export to Canada and the price paid or payable for the goods can be determined and if

(a) there are no restrictions respecting the disposition or use of the goods by the purchaser thereof, other than restrictions that

(i) are imposed by law,

(ii) limit the geographical area in which the goods may be resold, or

(iii) do not substantially affect the value of the goods;

(b) the sale of the goods by the vendor to the purchaser or the price paid or payable for the goods is not subject to some condition or consideration, with respect to the goods, in respect of which a value cannot be determined;

(c) where any part of the proceeds of any subsequent resale, disposal or use of the goods by the purchaser thereof is to accrue, directly or indirectly, to the vendor, the price paid or payable for the goods includes the value of that part of the proceeds or such price is adjusted in accordance with subparagraph (5)(a)(v); and

(d) the purchaser and the vendor of the goods are not related to each other at the time the goods are sold for export or, where the purchaser and the vendor are related to each other at that time,

(i) their relationship did not influence the price paid or payable for the goods, or

(ii) the importer of the goods demonstrates that the transaction value of the goods meets the requirement set out in subsection (3).

Procedure in application of paragraph (1)(d)

(2) In the application of paragraph (1)(d), where the purchaser and the vendor of goods being appraised are related to each other at the time the goods are sold for export and the officer who is appraising the value for duty of the goods has grounds to believe that the requirement set out in subparagraph (1)(d)(i) is not met, the officer shall notify the importer of the goods of such grounds and, on the written request of the importer, the notification shall be in writing.

Requirement for accepting transaction value where purchaser and vendor related

(3) For the purposes of subparagraph (1)(d)(ii), the transaction value of goods being appraised shall, taking into consideration any relevant factors including, without limiting the generality of the foregoing, such factors and differences as may be prescribed, closely approximate one of the following values that is in respect of identical goods or similar goods exported at the same or substantially the same time as the goods being appraised and is the value for duty of the goods to which it relates:

(a) the transaction value of identical goods or similar goods in a sale of those goods for export to Canada between a vendor and purchaser who are not related to each other at the time of the sale;

(b) the deductive value of identical goods or similar goods; or

(c) the computed value of identical goods or similar goods.

Determination of transaction value

(4) The transaction value of goods shall be determined by ascertaining the price paid or payable for the goods when the goods are sold for export to Canada and adjusting the price paid or payable in accordance with subsection (5).

Adjustment of price paid or payable

(5) The price paid or payable in the sale of goods for export to Canada shall be adjusted

(a) by adding thereto amounts, to the extent that each such amount is not already included in the price paid or payable for the goods, equal to

(i) commissions and brokerage in respect of the goods incurred by the purchaser thereof, other than fees paid or payable by the purchaser to his agent for the service of representing him abroad in respect of the sale,

(ii) the packing costs and charges incurred by the purchaser in respect of the goods, including the cost of cartons, cases and other containers and coverings that are treated for customs purposes as being part of the imported goods and all expenses of packing incident to placing the goods in the condition in which they are shipped to Canada,

(iii) the value of any of the following goods and services, determined in the manner prescribed, that are supplied, directly or indirectly, by the purchaser of the goods free of charge or at a reduced cost for use in connection with the production and sale for export of the imported goods, apportioned to the imported goods in a reasonable manner and in accordance with generally accepted accounting principles:

(A) materials, components, parts and other goods incorporated in the imported goods,

(B) tools, dies, moulds and other goods utilized in the production of the imported goods,

(C) any materials consumed in the production of the imported goods, and

(D) engineering, development work, art work, design work, plans and sketches undertaken elsewhere than in Canada and necessary for the production of the imported goods,

(iv) royalties and licence fees, including payments for patents, trademarks and copyrights, in respect of the goods that the purchaser of the goods must pay, directly or indirectly, as a condition of the sale of the goods for export to Canada, exclusive of charges for the right to reproduce the goods in Canada,

(v) the value of any part of the proceeds of any subsequent resale, disposal or use of the goods by the purchaser thereof that accrues or is to accrue, directly or indirectly, to the vendor, and

(vi) the cost of transportation of, the loading, unloading and handling charges and other charges and expenses associated with the transportation of, and the cost of insurance relating to the transportation of, the goods to the place within the country of export from which the goods are shipped directly to Canada;

(b) by deducting therefrom amounts, to the extent that each such amount is included in the price paid or payable for the goods, equal to

(i) the cost of transportation of, the loading, unloading and handling charges and other charges and expenses associated with the transportation of, and the cost of insurance relating to the transportation of, the goods from the place within the country of export from which the goods are shipped directly to Canada, and

(ii) any of the following costs, charges or expenses if the cost, charge or expense is identified separately from the price paid or payable for the goods:

(A) any reasonable cost, charge or expense that is incurred for the construction, erection, assembly or maintenance of, or technical assistance provided in respect of, the goods after the goods are imported, and

(B) any duties and taxes paid or payable by reason of the importation of the goods or sale of the goods in Canada, including, without limiting the generality of the foregoing, any duties or taxes levied on the goods under the *Customs Tariff*, the *Excise Tax Act*, the *Excise Act*, the *Special Import Measures Act* or any other law relating to customs; and

(c) by disregarding any rebate of, or other decrease in, the price paid or payable for the goods that is effected after the goods are imported.

Effect of absence of sufficient information

(6) Where there is not sufficient information to determine any of the amounts required to be added to the price paid or payable in respect of any goods being appraised, the value for duty of the goods shall not be appraised under this section.

Transaction Value of Identical Goods

Transaction value of identical goods as value for duty

38. (1) Subject to subsections (2) to (5), where the value for duty of goods is not appraised under section 37, the value for duty of the goods is, if it can be determined, the transaction value of identical goods, in a sale of those goods for export to Canada, if that transaction value is the value for duty of the identical goods and the identical goods were

exported at the same or substantially the same time as the goods being appraised and were sold under the following conditions:

(a) to a purchaser at the same or substantially the same trade level as the purchaser of the goods being appraised; and

(b) in the same or substantially the same quantities as the goods being appraised.

**Where identical goods sold
under different conditions**

(2) Where the value for duty of goods being appraised cannot be determined under subsection (1) because identical goods were not sold under the conditions described in paragraphs (1)(a) and (b), there shall be substituted therefor, in the application of subsection (1), identical goods sold under any of the following conditions:

(a) to a purchaser at the same or substantially the same trade level as the purchaser of the goods being appraised but in quantities different from the quantities in which those goods were sold;

(b) to a purchaser at a trade level different from that of the purchaser of the goods being appraised but in the same or substantially the same quantities as the quantities in which those goods were sold; or

(c) to a purchaser at a trade level different from that of the purchaser of the goods being appraised and in quantities different from the quantities in which those goods were sold.

**Adjustment of transaction
value of identical goods**

(3) For the purposes of determining the value for duty of goods being appraised under subsection (1), the transaction value of identical goods shall be adjusted by adding thereto or deducting therefrom, as the case may be, amounts to account for

(a) commercially significant differences between the costs, charges and expenses referred to in subparagraph 37(5)(a)(vi) in respect of the identical goods and those costs, charges and expenses in respect of the goods being appraised that are attributable to differences in distances and modes of transport; and

(b) where the transaction value is in respect of identical goods sold under the conditions described in any of paragraphs (2)(a) to (c), differences in the trade levels of the purchasers of the identical goods and the goods being appraised or the quantities in which the identical goods and the goods being appraised were sold or both, as the case may be.

**Effect of absence of
sufficient information**

(4) Where there is not sufficient information to determine any amount referred to in subsection (3) or the adjustment therefor in relation to the transaction value of identical goods, the value for duty of the goods being appraised shall not be appraised on the basis of that transaction value under this section.

Selection of lowest transaction value of identical goods

(5) Where, in relation to goods being appraised, there are two or more transaction values of identical goods that meet all the requirements set out in subsections (1) and (3) or, where there is no such transaction value but there are two or more transaction values of identical goods sold under the conditions described in any of paragraphs (2)(a) to (c) that meet all the requirements set out in this section that are applicable by virtue of subsection (2), the value for duty of the goods being appraised shall be determined on the basis of the lowest such transaction value.

Transaction Value of Similar Goods

Transaction value of similar goods as value for duty

39. (1) Subject to subsections (2) and 38(2) to (5), where the value for duty of goods is not appraised under section 37 or 38, the value for duty of the goods is, if it can be determined, the transaction value of similar goods, in a sale of those goods for export to Canada, if that transaction value is the value for duty of the similar goods and the similar goods were exported at the same or substantially the same time as the goods being appraised and were sold under the following conditions:

- (a) to a purchaser at the same or substantially the same trade level as the purchaser of the goods being appraised; and
- (b) in the same or substantially the same quantities as the goods being appraised.

Application of section 38

(2) Subsections 38(2) to (5) apply to this section in respect of similar goods and wherever in those subsections the expression "identical goods" is referred to, there shall be substituted therefor the expression "similar goods".

Deductive Value

Deductive value as value for duty

40. (1) Subject to subsections (5) and 36(3), where the value for duty of goods is not appraised under sections 37 to 39, the value for duty of the goods is the deductive value of the goods if it can be determined.

Determination of deductive value

(2) The deductive value of goods being appraised is

- (a) where the goods being appraised, identical goods or similar goods are sold in Canada in the condition in which they were imported at the same or substantially the same time as the time of importation of the goods being appraised, the price per unit, determined in accordance with subsection (3) and adjusted in accordance with subsection (4), at which the greatest number of units of the goods being appraised, identical goods or similar goods are so sold;

(b) where the goods being appraised, identical goods or similar goods are not sold in Canada in the circumstances described in paragraph (a) but are sold in Canada in the condition in which they were imported before the expiration of ninety days after the time of importation of the goods being appraised, the price per unit, determined in accordance with subsection (3) and adjusted in accordance with subsection (4) at which the greatest number of units of the goods being appraised, identical goods or similar goods are so sold at the earliest date after the time of importation of the goods being appraised; or

(c) where the goods being appraised, identical goods or similar goods are not sold in Canada in the circumstances described in paragraph (a) or (b) but the goods being appraised, after being assembled, packaged or further processed in Canada, are sold in Canada before the expiration of one hundred and eighty days after the time of importation thereof and the importer of the goods being appraised requests that this paragraph be applied in the determination of the value for duty of those goods, the price per unit, determined in accordance with subsection (3) and adjusted in accordance with subsection (4), at which the greatest number of units of the goods being appraised are so sold.

Price per unit

(3) For the purposes of subsection (2), the price per unit, in respect of goods being appraised, identical goods or similar goods, shall be determined by ascertaining the unit price, in respect of sales of the goods at the first trade level after importation thereof to persons who

(a) are not related to the persons from whom they buy the goods at the time the goods are sold to them, and

(b) have not supplied, directly or indirectly, free of charge or at a reduced cost for use in connection with the production and sale for export of the goods any of the goods or services referred to in subparagraph 37(5)(a)(iii),

at which the greatest number of units of the goods is sold where, in the opinion of the Minister or any person authorized by him, a sufficient number of such sales have been made to permit a determination of the price per unit of the goods.

Adjustment of price per unit

(4) For the purposes of subsection (2), the price per unit, in respect of goods being appraised, identical goods or similar goods, shall be adjusted by deducting therefrom an amount equal to the aggregate of

(a) an amount, determined in the manner prescribed, equal to

(i) the amount of commission generally earned on a unit basis,
or

(ii) the amount for profit and general expenses, including all costs of marketing the goods, considered together as a whole, that is generally reflected on a unit basis

in connection with sales in Canada of goods of the same class or kind as those goods;

(b) the costs, charges and expenses in respect of the transportation and insurance of the goods within Canada and the costs, charges and expenses associated therewith that are generally incurred in connection with sales in Canada of the goods being appraised, identical goods or similar goods, to the extent that an amount for such costs, charges and expenses is not deducted in respect of general expenses under paragraph (a);

(c) the costs, charges and expenses referred to in subparagraph 37(5)(b)(i), incurred in respect of the goods, to the extent that an amount for such costs, charges and expenses is not deducted in respect of general expenses under paragraph (a);

(d) any duties and taxes referred to in clause 37(5)(b)(ii)(B) in respect of the goods, to the extent that an amount for such duties and taxes is not deducted in respect of general expenses under paragraph (a); and

(e) where paragraph (2)(c) applies, the amount of the value added to the goods that is attributable to the assembly, packaging or further processing in Canada of the goods.

Rejection of deductive value

(5) Where there is not sufficient information to determine an amount referred to in paragraph (4)(e) in respect of any goods being appraised, the value for duty of the goods shall not be appraised under paragraph (2)(c).

Definition of “time of importation”

(6) In this section, “time of importation” means, in respect of goods, the date on which the collector or other proper officer authorizes, pursuant to this Act, the release of the goods for use in Canada.

Computed Value

Computed value as value for duty

41. (1) Subject to subsection 36(3), where the value for duty of goods is not appraised under sections 37 to 40, the value for duty of the goods is the computed value of the goods if it can be determined.

Determination of computed value

(2) The computed value of goods being appraised is the aggregate of amounts equal to

(a) the costs, charges and expenses incurred in respect of, or the value of,

(i) materials employed in producing the goods being appraised, and

(ii) the production or other processing of the goods being appraised,

determined in the manner prescribed, including, without limiting the generality of the foregoing,

(iii) the costs, charges and expenses referred to in subparagraph 37(5)(a)(ii),

(iv) the value of any of the goods and services referred to in subparagraph 37(5)(a)(iii), determined and apportioned to the goods being appraised as referred to in that subparagraph, whether or not such goods and services have been supplied free of charge or at a reduced cost, and

(v) the costs, charges and expenses incurred by the producer in respect of engineering, development work, art work, design work, plans or sketches undertaken in Canada that were supplied, directly or indirectly, by the purchaser of the goods being appraised for use in connection with the production and sale for export of those goods, apportioned to the goods being appraised as referred to in subparagraph 37(5)(a)(iii); and

(b) the amount, determined in the manner prescribed, for profit and general expenses considered together as a whole, that is generally reflected in sales for export to Canada of goods of the same class or kind as the goods being appraised made by producers in the country of export.

Definition of “general expenses”

(3) For the purposes of this section, “general expenses” means the direct and indirect costs, charges and expenses of producing and selling goods for export, other than the costs, charges and expenses referred to in paragraph (2)(a).

Residual Method

Residual basis of appraisal

42. Where the value for duty of goods is not appraised under sections 37 to 41, it shall be appraised on the basis of

(a) a value derived from the method, from among the methods of valuation set out in sections 37 to 41, that, when applied in a flexible manner to the extent necessary to arrive at a value for duty of the goods, conforms closer to the requirements with respect to that method than any other method so applied; and

(b) information available in Canada.

General

Goods exported to Canada through another country

43. For the purposes of sections 35 to 44.1, where goods are exported to Canada from any country but pass in transit through another country, the goods shall, subject to such terms and conditions as may be prescribed, be deemed to be shipped directly to Canada from the first mentioned country.

Value for duty in Canadian currency

44. The value for duty of imported goods shall be computed in Canadian currency in accordance with regulations made under the *Currency Act*.

Regulations

44.1 The Governor in Council may make regulations prescribing anything that is, by sections 36 to 44, to be prescribed.

Informing importer of determination of value

44.2 The importer of any goods, on his written request, shall be informed in writing of the manner in which the value for duty of the goods was determined.

Determination of Tariff Classification and Appraisal of Value"

3. Section 51 of the said Act is repealed and the following substituted therefor:

Invoice to show price

"51. Every invoice delivered pursuant to this Act or any regulation shall exhibit the transaction between the exporter and the importer and contain a true and *complete* statement of the price *paid or payable* for the goods *when the goods are sold for export to Canada*, including the *cost* of cartons, cases, and *other containers and coverings* and all expenses *of packing* incident to placing the goods *in the condition in which they are shipped* to Canada."

4. Subsection 62(1) of the said Act is repealed and the following substituted therefor:

Duty of collector or appraiser

"62. (1) The collector or appraiser or other proper officer whose duty it is to examine and assess the amount of damage sustained in the course of importation, shall, on *notification*, do so *as quickly as possible* and certify the exact cause and extent of such damage with reference to the value of the goods."

5. Subsection 100(1) of the said Act is repealed and the following substituted therefor:

Invoice to be delivered with bill of entry

"100. (1) The collector shall require that *a sufficient* invoice of the goods be delivered for duty purposes with the bill of entry at the custom-house, when such goods have been sold by the exporter thereof prior to their arrival in Canada, although the goods arrive in Canada consigned to a person other than their owner."

6. Section 283 of the said Act is repealed and the following substituted therefor:

Appraisal of goods

“283. The Governor in Council shall establish such regulations as are required to secure a just, faithful and impartial appraisal of all goods imported into Canada and just and proper entries of the weights, measures or other quantities thereof, as each case requires.”

Part II: Customs Tariff

7. Subsection 2(1) of the *Customs Tariff* is amended by adding thereto, immediately after the definition “p.c.”, the following definition:

“photographer”

““*photographer*” means anyone using a photographic process that involves the formation of images directly or indirectly by action of light or other forms of radiation on sensitive surfaces;”

8. (1) Paragraph 3(2.2)(a) of the said Act is repealed and the following substituted therefor:

“(a) in the case of goods enumerated in tariff items 16002-1, 16102-1, 17700-1, 17800-1, 23235-1, 53205-1, 53210-1 and 53215-1, the appropriate rate set opposite the relevant item in the schedule to this subsection;”

(2) The schedule to subsection 3(2.2) of the said Act is amended by striking out tariff item 17800-1 and the rate of duty set opposite that item and substituting therefor the following items and rates of duty:

“17700-1 on and after January 1, 1985		28.6 p.c.
17800-1	on and after June 3, 1980	5 cts. per pound but not less than 6.7 p.c.
	on and after January 1, 1981	5 cts. per pound but not less than 13.4 p.c.
	on and after January 1, 1982	20 p.c.
	on and after January 1, 1985”	24.3 p.c.

(3) Subsection 3(2.3) of the said Act is repealed and the following substituted therefor:

Excluded goods

“(2.3) Television apparatus and parts thereof for use in community antenna television transmission lines classified under tariff *item* 44533-1 or 44533-8, audio-frequency electric amplifiers and parts thereof for use in community antenna television transmission lines classified under tariff item 44540-1 and goods classified under tariff items 2300-1, 14100-1, *14101-1, 14102-1*, 42701-1, 42701-2, *42701-3*, 42815-1 and 56805-1 are excluded from the operation of subsection (2.2).”

1984, c. 22, s. 1(2)

9. Paragraph 3.1(3)(a) of the said Act is repealed and the following substituted therefor:

“(a) the goods enumerated in any of the tariff items in Groups I, II, III, IV and VI of Schedule A, except the goods enumerated in tariff items 805-1, 825-1, 915-1, 1002-1, 1210-1, 1300-1, 1305-1, 1400-1, 1510-1, 1515-1, 1520-1, 1805-1, 2200-1, 2300-1, 2505-1, 2600-1, 2605-1, 3105-1, 3200-1, 3300-1, 3400-1, 3910-1, 3915-1, 4505-1, 4600-1, 4715-1, 4725-1, 6300-1, 6500-1, 6600-1, 6610-1, 6700-1, 6928-1, 7910-1, 9905-1, 10520-1, 10522-1, 10523-2, 10535-2, 10657-1, 10658-1, 10663-2, 10664-2, 11400-2, 11901-1, 11902-1, 11903-1, 11904-1, 12001-1, 12002-1, 12003-1, 12004-1, 12100-1, 12303-1, 12405-1, 12505-1, 12505-2, 12600-1, 12805-1, 13300-1, 13300-2, 14100-1, *14101-1, 14102-1*, 14201-1, 14202-1, 14203-2, 14204-2, 14205-1, 14210-1, 14305-1, 14700-1, 15605-1, 15610-1, 15615-1, 15620-1, 15625-1, 15630-1, 15635-1, 15905-1, 15910-1, 16001-1, 16002-1, 16101-1, 16102-1, 16810-1, 20655-1, 20900-1, 21000-1, 21100-1, 21630-1, 22001-1, 22001-2, 22003-1, 22003-2, 22400-1, 22600-1, 22800-1, 22900-1, 23000-1, 23105-1, 23200-1, 23205-1, 23210-1, 23215-1, 23230-1, 23235-1, 23300-1, 23400-1, 23405-1, 23600-1, 23605-1, 23610-1, 24710-1, 24715-1, 25200-1, 25200-2, 25403-1, 25505-1, 26405-1, 26505-1, 27010-1, 27101-1, 27102-1, 27200-1, 27205-1, 27211-1, 27300-1, 27305-1, 27315-1, 27320-1, 27501-1, 27502-1, 27711-1, 27713-1, 27714-1, 27715-1, 27716-1, 27731-1, 27733-1, 27734-1, 27735-1, 27736-1, 27740-2 and 27825-1;”

10. Paragraph 5(3)(b) of the said Act is repealed and the following substituted therefor:

“(b) duties on goods that are classified under any of the following tariff items, namely:

Tariff items 17900-1, 18100-1, 20210-1, 28800-1, 32202-1, 32300-1, 36200-1, 41505-1, 41505-2, *41505-3*, 43900-1, 44500-1, 51800-1, 51805-1, *51806-1*, 52202-1, 52203-1, 53205-1, 53210-1, 53215-1, 53235-1, 53405-1, 53410-1, 54205-1, 54205-2, 54215-1, 55301-1, 55302-1, 55825-1, 55830-1, 55835-1, 56105-1, 56110-1, 56205-1, 56510-1, 56521-1, 56805-1, 56810-1, 56820-1, 56825-1,

56910-1, 56915-1, 57200-1, 57401-1, 57600-1, 59705-1, 59705-2, 61105-1, 61105-2, 61105-3, 61110-1, 61500-1, 61900-1, 63400-1, 64700-1, 65100-1, *65101-1, 65102-1*, 65105-1, 65610-1, 65615-1 and 65620-1.”

11. Section 12 of the said Act is repealed and the following substituted therefor:

Reduction of duties on chemicals and plastics items

“12. The Governor in Council, on the recommendation of the Minister of Finance, may from time to time reduce or remove any duty applicable under any tariff item in Chapters 915, 928, 929 and 939 of Group XII of Schedule A, with the exception of tariff items 93901-61, 93901-71, 93901-75, 93902-61, 93902-71, 93902-75, 93902-77, 93903-71 and 93903-75, *and any item under heading 93907*, on any goods classified, for purposes of this Act, under any one of the said items, and the reduction or removal shall apply under such conditions and for such period as may be specified by the Governor in Council.”

12. The said Act is further amended by adding thereto, immediately after section 22 thereof, the following section:

Rate of duty on used goods

“23. (1) The rate of duty applicable under this or any other Act of Parliament, or under any regulation or order in council made thereunder, to goods that are used goods or less than prime quality goods is the *ad valorem* rate of duty otherwise applicable to those goods increased by twenty-five per cent.

Regulations

(2) The Governor in Council, on the recommendation of the Minister of Finance, may make regulations

(a) defining, for the purposes of this section, the expressions “used goods” and “less than prime quality goods”;

(b) excluding used goods and less than prime quality goods and any class or category thereof, in whole or in part, from the application of this section; and

(c) suspending the application of this section in respect of any used goods or less than prime quality goods or any class or category thereof.

Application of Customs Act

(3) Sections 46 to 50 of the *Customs Act* apply, with such modifications as the circumstances require, to any importer affected by the application of this section.”

13. (1) Schedule A to the said Act is amended by striking out in the paragraph immediately following tariff item 8748-1 the reference to “weighing five pounds or less, each,” and substituting therefor a reference to “weighing five pounds *or 2.27 kilograms* or less, each, *or that are labelled, advertised, or sold as such*.”

(2) Schedule A to the said Act is further amended by striking out tariff items 14100-1, 17800-1, 17800-3, 18030-1, 18100-1, 18700-1, 22001-1, 23400-1, 28900-1, 28900-2, 32603-1, 35200-1, 35400-1, 41400-1, 41500-1, 41505-1, 41505-2, 41515-1, 42700-5, 42701-1, 43910-1, 43910-2, 44300-1, 44300-2, 44300-3, 44300-4, 44504-1, 44506-1, 44508-1, 44512-1, 44516-1, 44524-1, 44533-1, 44533-2, 44533-3, 44533-4, 44533-5, 44536-3, 44537-1, 44538-1, 44540-1, 44542-1, 44603-1, 44612-1, 51100-1, 51110-1, 51805-1, 51902-1, 54125-1, 61105-1, 61800-1, 61815-2, 62410-1, 62900-1, 64700-1, 71002-1, 71003-1, 71006-1, 91510-4, 93402-1, 93902-3, 93902-42, 93902-82 and 93907-1 and the enumerations of goods and the rates of duty set opposite each of those items and any paragraphs following tariff items 14100-1, 42700-9, 42701-2, 44533-5 and 44540-1 and by inserting in Schedule A to the said Act the items, enumerations of goods and rates of duty and the paragraphs specified in Schedule I to this Act.

(3) Schedule A to the said Act is further amended by striking out in tariff item 44548-1, the reference to “tariff items 44533-1, 44533-2, 44533-3, 44533-4, 44533-5, 44534-1, 44535-1, 44536-1, 44536-2, 44536-3, 44538-1 and 44540-1” and substituting therefor a reference to “tariff items 44533-1, 44533-2, 44533-3, 44533-4, 44533-5, 44533-6, 44533-7, 44533-8, 44534-1, 44535-1, 44536-1, 44536-2, 44536-3, 44536-5, 44538-3, 44538-4 and 44540-1”.

(4) Schedule A to the said Act is further amended by striking out in tariff item 44550-1 the reference to “tariff items 44533-1, 44533-2, 44533-3, 44533-4, 44533-5, 44534-1, 44535-1, 44538-1,” and substituting therefor a reference to “tariff items 44533-1, 44533-2, 44533-3, 44533-4, 44533-5, 44533-6, 44533-7, 44533-8, 44534-1, 44535-1, 44538-3, 44538-4,”.

(5) Schedule A to the said Act is further amended by striking out in tariff item 69605-1 the reference to “tariff items 41100-1, 42700-1, 42700-2, 42700-3, 42700-4, 42700-5, 42700-9, 42701-1, or 42701-2” and substituting therefor a reference to “tariff item 41100-1, 42700-1, 42700-2, 42700-3, 42700-4, 42700-5, 42700-9, 42700-10, 42700-11, 42700-12, 42700-13, 42700-14, 42700-15, 42700-16, 42701-1, 42701-2, or 42701-3”.

(6) Schedule A to the said Act is further amended by striking out in subparagraph (a)(iv) of tariff item 69605-1 and in paragraph (d) of tariff item 69605-2 the words “any school separately incorporated in Canada that offers” and substituting therefor a reference to “any school, *either separately incorporated in Canada or, if not incorporated, not related in any manner to non-qualifying organizations, solely established to offer*”.

(7) Schedule A to the said Act is further amended by striking out tariff item 44062-1 and the enumeration of goods and the rates of duty set opposite that tariff item and by inserting in Schedule A to the said Act the item, enumeration of goods and rates of duty specified in Schedule II to this Act.

(8) Schedule A to the said Act is further amended by striking out tariff items 6905-1, 6905-2, 17315-1, 17800-2, 19510-1, 19755-1, 41040-1, 41305-1,

42000-1, 42100-1, 42600-1, 43150-1, 43155-1, 43705-1, 43710-1, 44028-1, 44315-1, 44320-1, 44530-1, 44725-1, 46218-1, 46220-1, 46245-1, 46246-1, 49201-1, 49202-1, 51105-1, 51145-1, 59730-1, 65804-1, 65810-1, 65811-1, 65815-1, 69005-1, 69625-1, 69640-1 and 93811-3 and the enumerations of goods and the rates of duty set opposite each of those items and by inserting in Schedule A to the said Act the items, enumerations of goods and rates of duty specified in Schedule III to this Act.

(9) The French version of Schedule A to the said Act is amended by striking out in tariff item 19700-4 the reference to «ondulé, non coupé en fonction de dimensions ou de formes précises» and substituting therefor a reference to «*pour cannelure*, non coupé en fonction de dimensions ou de formes précises».

(10) The French version of Schedule A to the said Act is further amended by striking out in tariff item 50600-8 the reference to «moules en bois de plus d'un côté profilé» and substituting therefor a reference to «moules en bois de plus *d'un profil*».

(11) The English version of Schedule A to the said Act is amended by striking out in tariff item 50055-1 the reference to "not over six feet in length or over fifteen inches in width," and substituting therefor a reference to "*over fifteen inches in width or not over six feet in length*,".

(12) The English version of Schedule A to the said Act is further amended by striking out in Note 1. immediately following tariff item 50075-1 the reference to "siding and mouldings of wood having the same profile and cross-section throughout their length," and substituting therefor a reference to "siding and mouldings of wood having the same profile *in cross-section* throughout their length;".

Part III: Coming Into Force

Commencement

14. Sections 1 to 6 and 8 to 12 and subsections 13(2) to (5) and (7) shall come into force or be deemed to have come into force on January 1, 1985 and, notwithstanding section 78 of the *Customs Act*, shall apply to all goods imported or taken out of warehouse for consumption on or after that day, or previously imported for which no entry for consumption was made before that day.

Idem

15. Section 7 and subsections 13(1), (6) and (8) to (12) shall be deemed to have come into force on February 16, 1984, and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

Commencement of regulations

16. Any regulation made under

(a) the *Customs Act* for the purposes of the implementation of any provision of sections 36 to 44 of the *Customs Act*, as enacted by this Act, or

(b) section 23 of the *Customs Tariff*, as enacted by this Act, for the purposes of the implementation of that section,

shall, if the regulation so provides, have retroactive effect and be deemed to have come into force on January 1, 1985 or on any date thereafter as specified in the regulation.

Schedule I
(Subsection 13(2))

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
14100-1	Sugar candy and confectionery, n.o.p., including sweetened gums, candied popcorn, candied nuts, flavouring powders, custard powders, jelly powders, sweetmeats, sweetened breads, cakes, pies, pud- dings and all other confections containing sugar				
	on and after January 1, 1986	13 p.c.	16.8 p.c.	35 p.c.	7.5 p.c.
	on and after January 1, 1987	13 p.c.	16.1 p.c.	35 p.c.	7.5 p.c.
		13 p.c.	15.5 p.c.	35 p.c.	7.5 p.c.
14101-1	Liquorice candy	14.3 p.c.	18.1 p.c.	35 p.c.	7.5 p.c.
	on and after January 1, 1986	14.3 p.c.	17.4 p.c.	35 p.c.	7.5 p.c.
	on and after January 1, 1987	14.2 p.c.	16.7 p.c.	35 p.c.	7.5 p.c.
14102-1	Toffee.....	13.9 p.c.	17.7 p.c.	35 p.c.	7.5 p.c.
	on and after January 1, 1986	13.8 p.c.	16.9 p.c.	35 p.c.	7.5 p.c.
	on and after January 1, 1987	13.8 p.c.	16.3 p.c.	35 p.c.	7.5 p.c.
<p>Except in the case of goods classified under tariff items 14100-1, 14101-1 and 14102-1 that are the growth, produce or manufacture of the United King- dom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or the Republic of Ireland, the Most-Favoured-Nation Tariff applies.</p>					
17700-1	Advertising catalogues.....per pound	5 cts.	2.5 cts.	15 cts.	Free
	but not less than	—	30.5 p.c.	35 p.c.	
	on and after January 1, 1986				
	per pound	5 cts.	1.25 cts.	15 cts.	Free
	but not less than	—	29.5 p.c.	35 p.c.	
	on and after January 1, 1987				
	per pound	5 cts.	—	15 cts.	Free
	but not less than	—	28.6 p.c.	35 p.c.	

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
17800-1	Advertising and printed matter, viz.: Advertising pamphlets, advertising show cards, illustrated advertising periodicals; catalogues, <i>n.o.p.</i> , price lists and price books; advertising almanacs and calendars; patent medicine or other advertising circulars, fly sheets or pamphlets; advertising chromos, chromotypes, oleographs or like work produced by any process other than hand painting or drawing, and having any advertisement or advertising matter printed, lithographed or stamped thereon, or attached thereto, including advertising bills, folders and posters, or other similar artistic work, lithographed, printed or stamped on paper or cardboard for business or advertisement purposes, <i>n.o.p.</i>				
per pound	5 cts.	2.5 cts.	15 cts.	Free
	but not less than	—	25.9 p.c.	35 p.c.	
	on and after January 1, 1986				
	per pound	5 cts.	1.25 cts.	15 cts.	Free
	but not less than	—	25 p.c.	35 p.c.	
	on and after January 1, 1987				
	per pound	5 cts.	—	15 cts.	Free
	but not less than	—	24.3 p.c.	35 p.c.	
17800-3	Goods specified in items 17700-1 and 17800-1 shall be exempt from customs duty when produced in countries entitled to the British Preferential Tariff or Most-Favoured-Nation Tariff and relating exclusively to products or services of such countries, but not relating to Canadian products or services.				
18030-1	Plans and drawings, related specifications, any substitute therefor, reproductions of the foregoing, <i>n.o.p.</i> ; maps and charts, <i>n.o.p.</i>	12.6 p.c.	12.6 p.c.	27.5 p.c.	Free
	on and after January 1, 1986	11.7 p.c.	11.7 p.c.	27.5 p.c.	Free
	on and after January 1, 1987	10.7 p.c.	10.7 p.c.	27.5 p.c.	Free

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
18100-1	Bank notes, bonds, bills of exchange, cheques, promissory notes, drafts and all similar work, unsigned, and cards or other commercial blank forms printed or lithographed, or printed from steel or copper or other plates; printed matter, n.o.p.	14.6 p.c.	14.6 p.c.	35 p.c.	9.5 p.c.
	on and after January 1, 1986	13.4 p.c.	13.4 p.c.	35 p.c.	8.5 p.c.
	on and after January 1, 1987	12.2 p.c.	12.2 p.c.	35 p.c.	8 p.c.
18700-1	Albumenized and other papers, textile fabrics and films, n.o.p.; all the foregoing chemically prepared for photographers' use	Free	12.2 p.c.	30 p.c.	Free
	on and after January 1, 1986	Free	11.3 p.c.	30 p.c.	Free
	on and after January 1, 1987	Free	10.4 p.c.	30 p.c.	Free
18701-1	<i>Microfilm, unexposed</i>	Free	13.3 p.c.	30 p.c.	Free
	on and after January 1, 1986	Free	12.3 p.c.	30 p.c.	Free
	on and after January 1, 1987	Free	11.3 p.c.	30 p.c.	Free
	Tarred paper and prepared roofings (including shingles), tiles and lay-in panels for ceilings, fibre-board, strawboard, sheathing and insulation, manufactured wholly or in part of vegetable fibres, n.o.p.; blotting paper, not printed nor illustrated:				
19200-7	<i>Gypsum wallboard</i>	10.9 p.c.	10.9 p.c.	35 p.c.	Free
	on and after January 1, 1986	10.1 p.c.	10.1 p.c.	35 p.c.	Free
	on and after January 1, 1987	9.4 p.c.	9.4 p.c.	35 p.c.	Free
22001-1	All medicinal and pharmaceutical preparations, compounded of more than one substance, whether or not containing alcohol, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, filled capsules, tablets, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils	10.4 p.c.	10.4 p.c.	25 p.c.	6.5 p.c.
	on and after January 1, 1986	10.3 p.c.	10.3 p.c.	25 p.c.	6.5 p.c.
	on and after January 1, 1987	9.5 p.c.	9.5 p.c.	25 p.c.	6 p.c.

Schedule I—Continued

Tariff Item	British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
Any article in this item containing more than forty per cent of proof spirit shall be rated for duty at..				
.....per gallon and	\$1.50 11.1 p.c.	\$1.50 11.1 p.c.	\$2.00 25 p.c.	\$1.00 7 p.c.
on and after January 1, 1986 per gallon	\$1.50 10.3 p.c.	\$1.50 10.3 p.c.	\$2.00 25 p.c.	\$1.00 6.5 p.c.
and on and after January 1, 1987				
per gallon and	\$1.50 9.5 p.c.	\$1.50 9.5 p.c.	\$2.00 25 p.c.	\$1.00 6.5 p.c.
23400-1 Perfumery, including toilet preparations, non- alcoholic, namely: hair oils, tooth and other pow- ders and washes, pomatums, pastes and all other perfumed preparations, n.o.p., used for the hair, mouth or skin	14.5 p.c.	14.5 p.c.	40 p.c.	9.5 p.c.
on and after January 1, 1986	13.4 p.c.	13.4 p.c.	40 p.c.	8.5 p.c.
on and after January 1, 1987	12.2 p.c.	12.2 p.c.	40 p.c.	8 p.c.
28900-1 Baths, bathtubs, basins, closets, closet seats and cov- ers, closet tanks, lavatories, urinals, sinks and laun- dry tubs of earthenware, stone, cement, clay or other material, n.o.p.	12.6 p.c.	13.6 p.c.	35 p.c.	Free
on and after January 1, 1986	12.5 p.c.	12.5 p.c.	35 p.c.	Free
on and after January 1, 1987	11.4 p.c.	11.4 p.c.	35 p.c.	Free

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
28900-2	Toilet bowls and tanks and combinations thereof of china.....	12.6 p.c.	13.6 p.c.	35 p.c.	9 p.c.
	on and after January 1, 1986	12.5 p.c.	12.5 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1987	11.4 p.c.	11.4 p.c.	35 p.c.	7.5 p.c.
32603-1	Demijohns or carboys, bottles, flasks, phials, jars and balls, of glass, not cut, n.o.p.; lamp chimneys of glass, n.o.p.	13.6 p.c.	13.6 p.c.	32.5 p.c.	9 p.c.
	on and after January 1, 1986	12.5 p.c.	12.5 p.c.	32.5 p.c.	8 p.c.
	on and after January 1, 1987	11.4 p.c.	11.4 p.c.	32.5 p.c.	7.5 p.c.
35200-1	Brass and copper nails, tacks, rivets and burrs or washers; bells and gongs, n.o.p.; and manufactures of brass or copper, n.o.p.	12.1 p.c.	12.1 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1986	11.2 p.c.	11.2 p.c.	30 p.c.	7 p.c.
	on and after January 1, 1987	10.3 p.c.	10.3 p.c.	30 p.c.	6.5 p.c.
35400-1	Manufactures of aluminum, n.o.p.	12.1 p.c.	12.1 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1986	11.2 p.c.	11.2 p.c.	30 p.c.	7 p.c.
	on and after January 1, 1987	10.3 p.c.	10.3 p.c.	30 p.c.	6.5 p.c.
41400-1	Typewriters	Free	5.2 p.c.	25 p.c.	Free
	on and after January 1, 1986	Free	2.6 p.c.	25 p.c.	Free
	on and after January 1, 1987	Free	Free	25 p.c.	Free
	Electric vacuum cleaners and attachments therefor; hand vacuum cleaners; and complete parts of all the foregoing, including suction hose, n.o.p.:				
41500-1	<i>Other than the following</i>	5 p.c.	15 p.c.	25 p.c.	5 p.c.
	on and after January 1, 1986	5 p.c.	14 p.c.	25 p.c.	5 p.c.
	on and after January 1, 1987	5 p.c.	12.5 p.c.	25 p.c.	5 p.c.
41500-2	<i>Commercial or industrial vacuum cleaners</i>	5.1 p.c.	15.1 p.c.	25 p.c.	5.1 p.c.
	on and after January 1, 1986	5.1 p.c.	14.1 p.c.	25 p.c.	5.1 p.c.
	on and after January 1, 1987	5.1 p.c.	12.6 p.c.	25 p.c.	5.1 p.c.

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
Refrigerators and combination refrigerator-freezers, domestic or store, completely equipped or not:					
41505-1	<i>Domestic, electric, with refrigerator capacity of not less than 0.38 m³</i>	15.7 p.c.	15.7 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1986	14.2 p.c.	14.2 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1987	12.6 p.c.	12.6 p.c.	30 p.c.	8 p.c.
41505-2	<i>Domestic, n.o.p.</i>	15.5 p.c.	15.5 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1986	14 p.c.	14 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1987	12.5 p.c.	12.5 p.c.	30 p.c.	8 p.c.
41505-3	<i>Store.....</i>	13.5 p.c.	13.5 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1986	12.4 p.c.	12.4 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1987	11.3 p.c.	11.3 p.c.	30 p.c.	7.5 p.c.
Washing machines, domestic, with or without motive power incorporated therein; complete parts of washing machines:					
41515-1	<i>Other than the following.....</i>	15 p.c.	15.5 p.c.	35 p.c.	10 p.c.
	on and after January 1, 1986	14 p.c.	14 p.c.	35 p.c.	9 p.c.
	on and after January 1, 1987	12.5 p.c.	12.5 p.c.	35 p.c.	8 p.c.
41516-1	<i>Complete parts of electric washing machines.....</i>	15.1 p.c.	15.6 p.c.	35 p.c.	10 p.c.
	on and after January 1, 1986	14.1 p.c.	14.1 p.c.	35 p.c.	9 p.c.
	on and after January 1, 1987	12.6 p.c.	12.6 p.c.	35 p.c.	8 p.c.

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
	Machines, n.o.p., and accessories, attachments, control equipment and tools for use therewith; parts of the foregoing:				
42700-5	Household machines, electric motor driven, including knives, knife sharpeners, floor polishers, humidifiers, air conditioners, tooth brushes, can openers, hair dryers, food mixers, food blenders, food grinders, food choppers, garbage disposal units, <i>portable</i> dishwashers, shoe polishers, clothes brushes, massagers, and combinations thereof; accessories, attachments, control equipment and tools for use therewith; parts of the foregoing.....	2.5 p.c.	13.5 p.c.	35 p.c.	2.5 p.c.
	on and after January 1, 1986	2.5 p.c.	13 p.c.	35 p.c.	2.5 p.c.
	on and after January 1, 1987	2.5 p.c.	12.5 p.c.	35 p.c.	2.5 p.c.
42700-10	<i>Parts of portable air compressors</i>	4.8 p.c.	13 p.c.	35 p.c.	4.8 p.c.
	on and after January 1, 1986	4.6 p.c.	12 p.c.	35 p.c.	4.6 p.c.
	on and after January 1, 1987	4.4 p.c.	11.1 p.c.	35 p.c.	4.4 p.c.
42700-11	<i>Electric dishwashers, not including electric portable dishwashers, household, n.o.p.</i>	4.2 p.c.	15.2 p.c.	35 p.c.	4.2 p.c.
	on and after January 1, 1986	4.1 p.c.	14.6 p.c.	35 p.c.	4.1 p.c.
	on and after January 1, 1987	4.1 p.c.	14.1 p.c.	35 p.c.	4.1 p.c.
42700-12	<i>Parts of electric dishwashers enumerated in tariff item 42700-11, other than parts otherwise entitled to entry under tariff items 42700-5, 42700-6 or 42700-8</i>	2.5 p.c.	13.5 p.c.	35 p.c.	2.5 p.c.
	on and after January 1, 1986	2.5 p.c.	13 p.c.	35 p.c.	2.5 p.c.
	on and after January 1, 1987	2.5 p.c.	12.5 p.c.	35 p.c.	2.5 p.c.
42700-13	<i>Parts of food mixers enumerated in tariff item 42700-5</i>	3.2 p.c.	14.2 p.c.	35 p.c.	3.2 p.c.
	on and after January 1, 1986	3.1 p.c.	13.6 p.c.	35 p.c.	3.1 p.c.
	on and after January 1, 1987	3.1 p.c.	13.1 p.c.	35 p.c.	3.1 p.c.
42700-14	<i>Vending machines for hot or cold beverages, ice cream or cigarettes</i>	2.5 p.c.	10.7 p.c.	35 p.c.	2.5 p.c.
	on and after January 1, 1986	2.5 p.c.	9.9 p.c.	35 p.c.	2.5 p.c.
	on and after January 1, 1987	2.5 p.c.	9.2 p.c.	35 p.c.	2.5 p.c.

Schedule I—Continued

Tariff Item		British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	General Preferential Tariff
42700-15	<i>Vending machines for candy</i>	3 p.c.	11.2 p.c.	35 p.c.	3 p.c.
	on and after January 1, 1986	3 p.c.	10.4 p.c.	35 p.c.	3 p.c.
	on and after January 1, 1987	3 p.c.	9.7 p.c.	35 p.c.	3 p.c.
42700-16	<i>Vending machines, n.o.p.</i>	2.9 p.c.	11.1 p.c.	35 p.c.	2.9 p.c.
	on and after January 1, 1986	2.9 p.c.	10.3 p.c.	35 p.c.	2.9 p.c.
	on and after January 1, 1987	2.8 p.c.	9.5 p.c.	35 p.c.	2.8 p.c.
<p>Except that in the case of the importation into Canada of any goods enumerated in tariff items 42700-1, 42700-2, 42700-3, 42700-4, 42700-5, 42700-9, 42700-10, 42700-11, 42700-12, 42700-13, 42700-14, 42700-15 and 42700-16, the Governor in Council on the recommendation of the <i>Minister of Regional Industrial Expansion</i> may, whenever he considers that it is in the public interest and that the goods are not available from production in Canada, remit the duty specified in these items applicable to the goods, and subsections 17(2), (3), (4), (5) and (8) of the <i>Financial Administration Act</i> apply in the case of a remission granted under this provision.</p>					
<p>Articles which otherwise would be classified under tariff items 42700-1 to 42700-4, namely: compressor sets, electricity generating sets, fork lift trucks, front-end loaders or tractor shovels, gear reducers, pumps and pump sets, motor operated valves, positive displacement blowers and vacuum pumps, metal working lathes, metal working milling machines, cutting tools for use with metal working machines, articulated folding boom-type cranes designed for mounting on trucks; accessories, attachments and control equipment for use therewith; parts of the foregoing:</p>					
42701-1	Other than the following	2.7 p.c.	10.9 p.c.	35 p.c.	2.7 p.c.
	on and after January 1, 1986	2.6 p.c.	10 p.c.	35 p.c.	2.6 p.c.
	on and after January 1, 1987	2.6 p.c.	9.3 p.c.	35 p.c.	2.6 p.c.
42701-3	<i>Factory or warehouse fork lift trucks, powered by liquefied petroleum gas</i>	2.7 p.c.	10.9 p.c.	35 p.c.	2.7 p.c.
	on and after January 1, 1986	2.7 p.c.	10.1 p.c.	35 p.c.	2.7 p.c.
	on and after January 1, 1987	2.7 p.c.	9.4 p.c.	35 p.c.	2.7 p.c.

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
<p>Except that in the case of the importation into Canada of any goods enumerated in tariff items 42701-1, 42701-2 and 42701-3 that are the manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or the Republic of Ireland, the Most-Favoured-Nation Tariff applies.</p> <p>Except that in the case of the importation into Canada of any goods enumerated in tariff items 42701-1, 42701-2 and 42701-3, the Governor in Council on the recommendation of the <i>Minister of Regional Industrial Expansion</i> may, whenever he considers that it is in the public interest and that the goods are not available from production in Canada, remit the duty specified in these items applicable to the goods, and subsections 17(2), (3), (4), (5) and (8) of the <i>Financial Administration Act</i> apply in the case of a remission granted under this provision.</p> <p>Cars and trailers including house trailers, n.o.p., wheelbarrows, trucks, road or railway scrapers and hand carts:</p>					
43910-1	<i>Cars, travel trailers, tent trailers, non-commercial snowmobile, utility, boat and commercial horse trailers, trailers for use as permanent mountings for machinery or equipment; wheelbarrows, trucks and hand carts; road or railway scrapers .</i>	10 p.c.	12 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1986	10 p.c.	11.1 p.c.	30 p.c.	7 p.c.
	on and after January 1, 1987	10 p.c.	10.2 p.c.	30 p.c.	6.5 p.c.
43910-3	<i>Road maintenance graders, self propelled.....</i>	10.1 p.c.	12.1 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1986	10.1 p.c.	11.2 p.c.	30 p.c.	7 p.c.
	on and after January 1, 1987	10.1 p.c.	10.3 p.c.	30 p.c.	6.5 p.c.
43910-4	<i>Other</i>	10.2 p.c.	12.2 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1986	10.2 p.c.	11.3 p.c.	30 p.c.	7.5 p.c.
	on and after January 1, 1987	10.2 p.c.	10.4 p.c.	30 p.c.	6.5 p.c.

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
43910-5	<i>Mobile homes and truck trailers, n.o.p.</i>	10 p.c.	15.6 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1986	10 p.c.	15.3 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1987	10 p.c.	15 p.c.	30 p.c.	10 p.c.
44034-3	<i>Sportsmen's fishing lines in retail packages</i>	Free	12.7 p.c.	30 p.c.	Free
	on and after January 1, 1986	Free	11.7 p.c.	30 p.c.	Free
	on and after January 1, 1987	Free	10.8 p.c.	30 p.c.	Free
44126-1	<i>Pump or slide-action shotguns</i>	Free	6.1 p.c.	30 p.c.	Free
	on and after January 1, 1986	Free	5.9 p.c.	30 p.c.	Free
	on and after January 1, 1987	Free	5.6 p.c.	30 p.c.	Free
Apparatus, and parts thereof, for cooking or for heat- ing buildings, not to include commercial food proc- essing machines, namely, continuous pressure and atmospheric preheaters and cookers, and parts thereof, for sterilizing or for cooking or for both sterilizing and cooking food products in hermeti- cally sealed containers:					
44300-1	<i>Other than the following</i>	13.5 p.c.	13.5 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1986	12.4 p.c.	12.4 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1987	11.3 p.c.	11.3 p.c.	30 p.c.	7.5 p.c.
44300-2	<i>Commercial microwave ovens</i>	13.9 p.c.	13.9 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1986	12.7 p.c.	12.7 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1987	11.5 p.c.	11.5 p.c.	30 p.c.	7.5 p.c.
44300-3	<i>Parts, other than heating elements, of electric stoves or ranges</i>	13.6 p.c.	13.6 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1986	12.5 p.c.	12.5 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1987	11.4 p.c.	11.4 p.c.	30 p.c.	7.5 p.c.
44300-4	<i>Parts of gas stoves or ranges</i>	14.4 p.c.	14.4 p.c.	30 p.c.	9.5 p.c.
	on and after January 1, 1986	13.3 p.c.	13.3 p.c.	30 p.c.	8.5 p.c.
	on and after January 1, 1987	12.1 p.c.	12.1 p.c.	30 p.c.	8 p.c.

Schedule I—Continued

Tariff Item		British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	General Preferential Tariff
	Apparatus for cooking, designed for household use; parts thereof:				
44300-10	<i>Other than the following</i>	15.1 p.c.	15.6 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1986	14.1 p.c.	14.1 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1987	12.6 p.c.	12.6 p.c.	30 p.c.	8 p.c.
44300-11	<i>Electric coffee makers</i>	17.3 p.c.	17.8 p.c.	30 p.c.	11.5 p.c.
	on and after January 1, 1986	16 p.c.	16 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1987	14.3 p.c.	14.3 p.c.	30 p.c.	9.5 p.c.
44300-12	<i>Parts of gas stoves or ranges</i>	16.1 p.c.	16.6 p.c.	30 p.c.	10.5 p.c.
	on and after January 1, 1986	15 p.c.	15 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1987	13.4 p.c.	13.4 p.c.	30 p.c.	8 p.c.
44300-20	Apparatus for heating buildings, designed for household use; parts thereof	14.4 p.c.	14.4 p.c.	30 p.c.	9.5 p.c.
	on and after January 1, 1986	13.4 p.c.	13.4 p.c.	30 p.c.	8.5 p.c.
	on and after January 1, 1987	12.5 p.c.	12.5 p.c.	30 p.c.	8 p.c.
44300-30	Mechanical popcorn cookers and parts thereof	Free	Free	30 p.c.	Free
44504-1	Electric arc lamps and incandescent electric light lamps, n.o.p.	13.7 p.c.	13.7 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1986	12.5 p.c.	12.5 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1987	11.4 p.c.	11.4 p.c.	30 p.c.	7.5 p.c.
44504-2	<i>Fluorescent lamps</i>	15.2 p.c.	15.2 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1986	13.9 p.c.	13.9 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1987	12.7 p.c.	12.7 p.c.	30 p.c.	8 p.c.
	<i>Incandescent lamps over 31 volts:</i>				
44504-3	<i>Other than the following</i>	15 p.c.	15 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1986	13.8 p.c.	13.8 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1987	12.6 p.c.	12.6 p.c.	30 p.c.	8 p.c.
44504-4	<i>Infra-red</i>	13.5 p.c.	13.5 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1986	12.4 p.c.	12.4 p.c.	30 p.c.	8 p.c.
	on and after January 1, 1987	11.3 p.c.	11.3 p.c.	30 p.c.	7.5 p.c.

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
44504-5	<i>Quartz-halogen</i>	16.1 p.c.	16.1 p.c.	30 p.c.	10.5 p.c.
	on and after January 1, 1986	14.8 p.c.	14.8 p.c.	30 p.c.	9.5 p.c.
	on and after January 1, 1987	13.5 p.c.	13.5 p.c.	30 p.c.	9 p.c.
	Electric telegraph apparatus and complete parts thereof, other than goods enumerated in tariff item 44546-1:				
44506-1	<i>Other than the following</i>	Free	12.2 p.c.	30 p.c.	Free
	on and after January 1, 1986	Free	11.3 p.c.	30 p.c.	Free
	on and after January 1, 1987	Free	10.3 p.c.	30 p.c.	Free
44506-2	<i>Telegraph stock ticker terminals, telegraph keyboard perforators, teletype terminal equipment and telegraph facsimile apparatus</i>	Free	12 p.c.	30 p.c.	Free
	on and after January 1, 1986	Free	11.1 p.c.	30 p.c.	Free
	on and after January 1, 1987	Free	10.2 p.c.	30 p.c.	Free
44506-3	<i>Complete parts of all the foregoing</i>	Free	12 p.c.	30 p.c.	Free
	on and after January 1, 1986	Free	11.1 p.c.	30 p.c.	Free
	on and after January 1, 1987	Free	10.2 p.c.	30 p.c.	Free
	Electric telephone apparatus and complete parts thereof:				
44508-1	<i>Other than the following</i>	10.3 p.c.	17.8 p.c.	30 p.c.	10.3 p.c.
44508-2	<i>Telephone hand sets, video telephones and tele- phone intercommunication systems</i>	10 p.c.	17.5 p.c.	30 p.c.	10 p.c.
44508-3	<i>Complete parts of all the foregoing</i>	10.1 p.c.	17.6 p.c.	30 p.c.	10.1 p.c.
44512-1	<i>Electric and galvanic batteries, n.o.p., and com- plete parts thereof, including separator walls of wood, cut to size or not</i>	12.7 p.c.	12.7 p.c.	27.5 p.c.	8 p.c.
	on and after January 1, 1986	11.7 p.c.	11.7 p.c.	27.5 p.c.	7.5 p.c.
	on and after January 1, 1987	10.8 p.c.	10.8 p.c.	27.5 p.c.	7 p.c.

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
44516-1	Electric motors, and complete parts thereof, n.o.p... on and after January 1, 1986 on and after January 1, 1987	10.8 p.c. 10 p.c. 9.3 p.c.	10.8 p.c. 10 p.c. 9.3 p.c.	37.5 p.c. 37.5 p.c. 37.5 p.c.	7 p.c. 6.5 p.c. 6 p.c.
	Electric apparatus and complete parts thereof, n.o.p.:				
44524-1	Other than the following..... on and after January 1, 1986 on and after January 1, 1987	12.2 p.c. 11.3 p.c. 10.3 p.c.	12.2 p.c. 11.3 p.c. 10.3 p.c.	30 p.c. 30 p.c. 30 p.c.	8 p.c. 7.5 p.c. 6.5 p.c.
44524-7	Electric receptacle boxes and covers, of metal..... on and after January 1, 1986 on and after January 1, 1987	12.8 p.c. 11.8 p.c. 10.9 p.c.	12.8 p.c. 11.8 p.c. 10.9 p.c.	30 p.c. 30 p.c. 30 p.c.	8.5 p.c. 7.5 p.c. 7 p.c.
44524-8	Electric junction boxes..... on and after January 1, 1986 on and after January 1, 1987	13.6 p.c. 12.5 p.c. 11.5 p.c.	13.6 p.c. 12.5 p.c. 11.5 p.c.	30 p.c. 30 p.c. 30 p.c.	9 p.c. 8 p.c. 7.5 p.c.
44524-9	Industrial control-type switches..... on and after January 1, 1986 on and after January 1, 1987	12.9 p.c. 11.9 p.c. 10.9 p.c.	12.9 p.c. 11.9 p.c. 10.9 p.c.	30 p.c. 30 p.c. 30 p.c.	8.5 p.c. 7.5 p.c. 7 p.c.
44524-10	Commercial battery chargers..... on and after January 1, 1986 on and after January 1, 1987	12.3 p.c. 11.4 p.c. 10.5 p.c.	12.3 p.c. 11.4 p.c. 10.5 p.c.	30 p.c. 30 p.c. 30 p.c.	8 p.c. 7.5 p.c. 7 p.c.
44524-11	Burglar alarms..... on and after January 1, 1986 on and after January 1, 1987	12.5 p.c. 11.5 p.c. 10.6 p.c.	12.5 p.c. 11.5 p.c. 10.6 p.c.	30 p.c. 30 p.c. 30 p.c.	8 p.c. 7.5 p.c. 7 p.c.
	Radio and television apparatus and parts thereof, n.o.p.:				
44533-1	Other than the following..... on and after January 1, 1986 on and after January 1, 1987	Free Free Free	11 p.c. 10.2 p.c. 9.5 p.c.	25 p.c. 25 p.c. 25 p.c.	Free Free Free

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
44533-2	Domestic radio receiving sets, including radio receiving sets for motor vehicles, <i>other than receiver-tuner-amplifier combinations</i> ; parts of domestic radio receiving sets	Free	3.8 p.c.	25 p.c.	Free
	on and after January 1, 1986	Free	1.9 p.c.	25 p.c.	Free
	on and after January 1, 1987	Free	Free	25 p.c.	Free
44533-3	<i>Receiver-tuner-amplifier combinations of domestic radio receiving sets, including radio receiving sets for motor vehicles</i>	Free	4.7 p.c.	25 p.c.	Free
	on and after January 1, 1986	Free	2.4 p.c.	25 p.c.	Free
	on and after January 1, 1987	Free	Free	25 p.c.	Free
44533-4	Domestic colour television receiving sets, <i>other than 19 inch screen</i> ; parts of domestic colour television receiving sets	Free	10 p.c.	25 p.c.	Free
	on and after January 1, 1986	Free	8.8 p.c.	25 p.c.	Free
	on and after January 1, 1987	Free	7.5 p.c.	25 p.c.	Free
44533-5	<i>Domestic colour television receiving sets, 19 inch screen</i>	Free	11 p.c.	25 p.c.	Free
	on and after January 1, 1986	Free	9.7 p.c.	25 p.c.	Free
	on and after January 1, 1987	Free	8.2 p.c.	25 p.c.	Free
44533-6	<i>Monochrome television receiving sets and parts thereof</i>	Free	3 p.c.	25 p.c.	Free
	on and after January 1, 1986	Free	1.5 p.c.	25 p.c.	Free
	on and after January 1, 1987	Free	Free	25 p.c.	Free
44533-7	Colour television cameras and parts thereof	Free	Free	25 p.c.	Free
44533-8	<i>Domestic receiving antennae, and mountings therefor, for radio or television, not including citizens band radio</i>	Free	11.4 p.c.	25 p.c.	Free
	on and after January 1, 1986	Free	10.5 p.c.	25 p.c.	Free
	on and after January 1, 1987	Free	9.8 p.c.	25 p.c.	Free

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
<p>Except that in the case of television apparatus and parts thereof, for use in community antenna television transmission lines, classified under tariff items 44533-1 or 44533-8, that are the manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or the Republic of Ireland, the Most-Favoured-Nation Tariff applies.</p>					
44536-3	<p>Turntables</p> <p>on and after January 1, 1986</p> <p>on and after January 1, 1987</p>	<p>2 p.c.</p> <p>1 p.c.</p> <p>Free</p>	<p>2 p.c.</p> <p>1 p.c.</p> <p>Free</p>	<p>25 p.c.</p> <p>25 p.c.</p> <p>25 p.c.</p>	<p>1 p.c.</p> <p>0.5 p.c.</p> <p>Free</p>
44536-5	<p>Tone arms.....</p> <p>on and after January 1, 1986</p> <p>on and after January 1, 1987</p>	<p>1.9 p.c.</p> <p>0.9 p.c.</p> <p>Free</p>	<p>1.9 p.c.</p> <p>0.9 p.c.</p> <p>Free</p>	<p>25 p.c.</p> <p>25 p.c.</p> <p>25 p.c.</p>	<p>1 p.c.</p> <p>0.5 p.c.</p> <p>Free</p>
44537-1	<p>Parts and materials for use in the manufacture or repair of the goods enumerated in tariff items 44536-1, 44536-2, 44536-3 and 44536-5</p>	Free	Free	25 p.c.	Free
<p>Recorders, reproducers and dictation recording and transcribing equipment using magnetizable tape as a recording medium; parts thereof, n.o.p.:</p>					
44538-3	<p><i>Other than the following</i>.....</p> <p>on and after January 1, 1986</p> <p>on and after January 1, 1987</p>	<p>9.1 p.c.</p> <p>8.6 p.c.</p> <p>8 p.c.</p>	<p>9.1 p.c.</p> <p>8.6 p.c.</p> <p>8 p.c.</p>	<p>25 p.c.</p> <p>25 p.c.</p> <p>25 p.c.</p>	<p>6 p.c.</p> <p>5.5 p.c.</p> <p>5 p.c.</p>
44538-4	<p><i>Video tape recorders and reproducers other than those used in television broadcasting</i></p> <p>on and after January 1, 1986</p> <p>on and after January 1, 1987</p>	<p>9.5 p.c.</p> <p>8.9 p.c.</p> <p>8.3 p.c.</p>	<p>9.5 p.c.</p> <p>8.9 p.c.</p> <p>8.3 p.c.</p>	<p>25 p.c.</p> <p>25 p.c.</p> <p>25 p.c.</p>	<p>6 p.c.</p> <p>5.5 p.c.</p> <p>5.5 p.c.</p>
44540-1	<p>Loudspeakers; audio-frequency electric amplifiers; parts thereof, n.o.p.....</p> <p>on and after January 1, 1986</p> <p>on and after January 1, 1987</p>	<p>Free</p> <p>Free</p> <p>Free</p>	<p>11.4 p.c.</p> <p>10.5 p.c.</p> <p>9.8 p.c.</p>	<p>25 p.c.</p> <p>25 p.c.</p> <p>25 p.c.</p>	<p>Free</p> <p>Free</p> <p>Free</p>

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
<p>Except that in the case of audio-frequency electric amplifiers and parts thereof, for use in community antenna television transmission lines, that are the manufacture of the United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man, or the Republic of Ireland, the Most-Favoured-Nation Tariff applies.</p> <p>Electron tubes, except X-ray tubes; Bases, beaded assemblies, cages, guns, mounts, stems and wire-wound grids, all for use in the manufacture of electron tubes, except X-ray tubes:</p>					
44542-1	<i>Other than the following</i>	Free	10.7 p.c.	25 p.c.	—
	on and after January 1, 1986	Free	9.9 p.c.	25 p.c.	—
	on and after January 1, 1987	Free	9.2 p.c.	25 p.c.	—
44542-2	<i>Television picture tubes, colour</i>	Free	10.8 p.c.	25 p.c.	—
	on and after January 1, 1986	Free	10 p.c.	25 p.c.	—
	on and after January 1, 1987	Free	9.3 p.c.	25 p.c.	—
<p>Manufactures, articles or wares, of iron or steel or of which iron or steel or both are the component materials of chief value, n.o.p.:</p>					
44603-1	<i>Other than the following</i>	10.1 p.c.	12.1 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1986	10 p.c.	11.1 p.c.	35 p.c.	7 p.c.
	on and after January 1, 1987	10 p.c.	10.2 p.c.	35 p.c.	6.5 p.c.
44612-1	<i>Bottles or cylinders of steel for use as high-pressure containers for gas</i>	Free	12.4 p.c.	25 p.c.	Free
	on and after January 1, 1986	Free	11.5 p.c.	25 p.c.	Free
	on and after January 1, 1987	Free	10.6 p.c.	25 p.c.	Free

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
51100-1	Racquets and racquet frames; baseball bats; <i>hollow practice golf balls</i> ; balls of all kinds for use in sports, games or athletics, n.o.p.; <i>finished parts of golf clubs</i>	13.5 p.c.	13.5 p.c.	35 p.c.	9 p.c.
	on and after January 1, 1986	12.4 p.c.	12.4 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1987	11.3 p.c.	11.3 p.c.	35 p.c.	7.5 p.c.
51101-1	<i>Golf balls, n.o.p.</i>	14.7 p.c.	14.7 p.c.	35 p.c.	9.5 p.c.
	on and after January 1, 1986	13.5 p.c.	13.5 p.c.	35 p.c.	9 p.c.
	on and after January 1, 1987	12.3 p.c.	12.3 p.c.	35 p.c.	8 p.c.
51101-2	<i>Golf clubs</i>	14.5 p.c.	14.5 p.c.	35 p.c.	9.5 p.c.
	on and after January 1, 1986	13.3 p.c.	13.3 p.c.	35 p.c.	8.5 p.c.
	on and after January 1, 1987	12.1 p.c.	12.1 p.c.	35 p.c.	8 p.c.
51110-1	Skis.....	13.6 p.c.	13.6 p.c.	35 p.c.	9 p.c.
	on and after January 1, 1986	12.5 p.c.	12.5 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1987	11.4 p.c.	11.4 p.c.	35 p.c.	7.5 p.c.
51805-1	Billiard tables, with or without pockets	17.9 p.c.	18.5 p.c.	35 p.c.	12 p.c.
	on and after January 1, 1986	17.7 p.c.	17.7 p.c.	35 p.c.	11.5 p.c.
	on and after January 1, 1987	17 p.c.	17 p.c.	35 p.c.	11 p.c.
51806-1	Billiard cues, balls, cue-racks and cue-tips	15.7 p.c.	16.3 p.c.	35 p.c.	10.5 p.c.
	on and after January 1, 1986	15.6 p.c.	15.6 p.c.	35 p.c.	10 p.c.
	on and after January 1, 1987	15 p.c.	15 p.c.	35 p.c.	10 p.c.
	House, office, cabinet or store furniture of wood, iron or other material, and parts thereof, not to include forgings, castings, and stampings of metal, in the rough:				
51901-2	<i>Wooden bedroom furniture, not upholstered, not including cribs and bunk beds</i>	15.3 p.c.	16.6 p.c.	45 p.c.	11 p.c.
	on and after January 1, 1986	15.3 p.c.	15.9 p.c.	45 p.c.	10.5 p.c.
	on and after January 1, 1987	15.3 p.c.	15.3 p.c.	45 p.c.	10 p.c.

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
51901-3	<i>Wooden office furniture, not including desks, visible record equipment, typewriter stands and tables</i>	16.2 p.c.	17.5 p.c.	45 p.c.	11.5 p.c.
	on and after January 1, 1986	16.1 p.c.	16.7 p.c.	45 p.c.	11 p.c.
	on and after January 1, 1987	16.1 p.c.	16.1 p.c.	45 p.c.	10.5 p.c.
51901-4	<i>Metal filing cabinets</i>	14.1 p.c.	14.1 p.c.	45 p.c.	9 p.c.
	on and after January 1, 1986	13.3 p.c.	13.3 p.c.	45 p.c.	8.5 p.c.
	on and after January 1, 1987	12.7 p.c.	12.7 p.c.	45 p.c.	8 p.c.
51901-5	In chief part by value of metal, <i>n.o.p.</i>	13.9 p.c.	13.9 p.c.	45 p.c.	9 p.c.
	on and after January 1, 1986	13.2 p.c.	13.2 p.c.	45 p.c.	8.5 p.c.
	on and after January 1, 1987	12.6 p.c.	12.6 p.c.	45 p.c.	8 p.c.
52307-1	<i>Men's ski jackets made from woven fabrics wholly of cotton</i>	30 p.c.	30 p.c.	35 p.c.	—
54125-1	Cordage, exceeding 2.5 cm in circumference, <i>n.o.p.</i>	17.6 p.c.	20.1 p.c.	25 p.c.	—
56831-1	<i>Disposable gloves made of materials described in headings 93901 to 93906 inclusive</i>	20.5 p.c.	25.5 p.c.	45 p.c.	17 p.c.
61105-1	Boots, shoes, slippers and insoles of any material, <i>n.o.p.</i>	18.3 p.c.	23.4 p.c.	40 p.c.	—
	on and after January 1, 1986	18.3 p.c.	23.1 p.c.	40 p.c.	—
	on and after January 1, 1987	18.3 p.c.	22.8 p.c.	40 p.c.	—
61800-1	Rubber cement and all manufactures of rubber and gutta percha, <i>n.o.p.</i>	12.1 p.c.	12.1 p.c.	27.5 p.c.	8 p.c.
	on and after January 1, 1986	11.2 p.c.	11.2 p.c.	27.5 p.c.	7 p.c.
	on and after January 1, 1987	10.3 p.c.	10.3 p.c.	27.5 p.c.	6.5 p.c.
61815-2	Solid, press-on, industrial rubber tires, <i>n.o.p.</i> ; off- highway tires, the section width of the tire mea- suring at least 16 inches including normal side- walls but not including protective side ribs, bars or decorations, and the diameter of the tire rim measuring at least 24 inches	13.1 p.c.	13.1 p.c.	35 p.c.	8.5 p.c.
	on and after January 1, 1986	11.7 p.c.	11.7 p.c.	35 p.c.	7.5 p.c.
	on and after January 1, 1987	10.2 p.c.	10.2 p.c.	35 p.c.	6.5 p.c.

Schedule I—Continued

Tariff Item		British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	General Preferential Tariff
61815-3	<i>Solid, press-on, industrial rubber tires, not including used or retread tires</i>	14.4 p.c.	14.4 p.c.	35 p.c.	9.5 p.c.
	on and after January 1, 1986	12.9 p.c.	12.9 p.c.	35 p.c.	8.5 p.c.
	on and after January 1, 1987	11.2 p.c.	11.2 p.c.	35 p.c.	7 p.c.
61815-4	<i>Solid or cushion industrial tires, n.o.p., not including used or retread tires</i>	13.2 p.c.	13.2 p.c.	35 p.c.	8.5 p.c.
	on and after January 1, 1986	12.2 p.c.	12.2 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1987	11.2 p.c.	11.2 p.c.	35 p.c.	7 p.c.
	<i>Pneumatic tires, wholly or in part of rubber, other than tires entitled to entry under tariff items 61810-1 and 61815-2, and not including used or retread tires:</i>				
61815-5	<i>Industrial, passenger car, bicycle, motorcycle, bus, truck, aircraft, racing car, farm implement, tractor or off-highway tires</i>	12.6 p.c.	12.6 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1986	11.6 p.c.	11.6 p.c.	35 p.c.	7.5 p.c.
	on and after January 1, 1987	10.7 p.c.	10.7 p.c.	35 p.c.	7 p.c.
61815-6	<i>N.o.p.</i>	13.7 p.c.	13.7 p.c.	35 p.c.	9 p.c.
	on and after January 1, 1986	12.6 p.c.	12.6 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1987	11.7 p.c.	11.7 p.c.	35 p.c.	7.5 p.c.
62410-1	<i>Toys of all kinds, n.o.p.</i>	10.2 p.c.	14.6 p.c.	40 p.c.	9.5 p.c.
	on and after January 1, 1986	10.2 p.c.	13.6 p.c.	40 p.c.	9 p.c.
	on and after January 1, 1987	10.2 p.c.	12.7 p.c.	40 p.c.	8 p.c.
	<i>Umbrellas, parasols and sunshades of all kinds and materials:</i>				
62900-1	<i>Garden, beach, patio or lawn type</i>	13.5 p.c.	13.5 p.c.	35 p.c.	9 p.c.
	on and after January 1, 1986	12.4 p.c.	12.4 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1987	11.3 p.c.	11.3 p.c.	35 p.c.	7.5 p.c.

Schedule I—Continued

Tariff Item		British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	General Preferential Tariff
62900-2	<i>N.o.p.</i>	13.6 p.c.	13.6 p.c.	35 p.c.	9 p.c.
	on and after January 1, 1986	12.5 p.c.	12.5 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1987	11.4 p.c.	11.4 p.c.	35 p.c.	7.5 p.c.
64700-1	Jewellery of any material, for the adornment of the person, n.o.p.	16.4 p.c.	16.4 p.c.	45 p.c.	10.5 p.c.
	on and after January 1, 1986	14.8 p.c.	14.8 p.c.	45 p.c.	9.5 p.c.
	on and after January 1, 1987	13.3 p.c.	13.3 p.c.	45 p.c.	8.5 p.c.
<i>Buttons made of materials described in headings 93901 to 93906 inclusive:</i>					
65101-1	<i>Of polyester, acrylic or casein resins</i>	12.6 p.c.	14.5 p.c.	35 p.c.	9.5 p.c.
	and, per gross	5 cts.	5 cts.	5 cts.	3.3 cts.
	on and after January 1, 1986	12.6 p.c.	13.5 p.c.	35 p.c.	9 p.c.
	and, per gross	5 cts.	5 cts.	5 cts.	3.3 cts.
	on and after January 1, 1987	12.6 p.c.	12.6 p.c.	35 p.c.	8 p.c.
	and, per gross	5 cts.	5 cts.	5 cts.	3.3 cts.
65102-1	<i>N.o.p.</i>	12.7 p.c.	14.6 p.c.	35 p.c.	9.5 p.c.
	and, per gross	5 cts.	5 cts.	5 cts.	3.3 cts.
	on and after January 1, 1986	12.7 p.c.	13.6 p.c.	35 p.c.	9 p.c.
	and, per gross	5 cts.	5 cts.	5 cts.	3.3 cts.
	on and after January 1, 1987	12.7 p.c.	12.7 p.c.	35 p.c.	8 p.c.
	and, per gross	5 cts.	5 cts.	5 cts.	3.3 cts.
Coverings, inside and outside, used in covering or holding goods imported therewith, shall be subject to the following provisions:					
71002-1	Usual coverings containing goods subject to any <i>ad valorem</i> rate of duty	Free	6 p.c.	20 p.c.	Free
	on and after January 1, 1986	Free	5.8 p.c.	20 p.c.	Free
	on and after January 1, 1987	Free	5.5 p.c.	20 p.c.	Free

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
	If, in the case of sales of like <i>or similar goods</i> in the ordinary course of trade in the country of export, <i>the value of the usual coverings is included in the selling price of the goods they contain</i> , then for the purposes of items 71001-1 and 71002-1 <i>the coverings shall be considered as part of the goods</i> .				
71006-1	The term coverings in items 71001-1 to 71005-1 inclusive shall include <i>any articles</i> used in covering or holding goods imported therewith, subject to regulations prescribed by the Minister.				
	91510—Industrial mixtures, including reaction blends, of fatty acids not containing 90 per cent or more by weight of any one acid; acid oils from refining, n.o.p.; industrial mixtures, including reaction blends, of fatty alcohols not containing 90 per cent or more by weight of any one alcohol:				
91510-4	Higher fatty alcohols, unsulphated, for use in the manufacture of goods enumerated in heading 93402	Free	Free	25 p.c.	—
	93402—Organic surface-active agents; surface-active preparations and washing preparations, whether or not containing soap:				
93402-1	<i>Other than the following</i>	10.3 p.c.	13.4 p.c.	25 p.c.	8.5 p.c.
	on and after January 1, 1986	10.3 p.c.	13.1 p.c.	25 p.c.	8.5 p.c.
	on and after January 1, 1987	10.3 p.c.	12.8 p.c.	25 p.c.	8.5 p.c.
93402-5	<i>Automatic dishwasher detergents</i>	17.2 p.c.	20.3 p.c.	25 p.c.	13.5 p.c.
	on and after January 1, 1986	17.1 p.c.	19.9 p.c.	25 p.c.	13 p.c.
	on and after January 1, 1987	16.9 p.c.	19.4 p.c.	25 p.c.	12.5 p.c.

Schedule I—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
	93902—Polymerisation and copolymerisation prod- ucts (for example, polyethylene, polytetrahalo- ethylenes, polyisobutylene, polystyrene, polyvinyl chloride, polyvinyl acetate, polyvinyl chloroace- tate and other polyvinyl derivatives, polyacrylic and polymethacrylic derivatives, coumarone- indene resins):				
	(a) Without admixture other than an agent necessary to prevent caking, including scrap and waste; aqueous emulsions, aqueous dispersions or aqueous solutions, without other admixture:				
93902-3	Polyethylene type.....	10.2 p.c.	10.2 p.c.	20 p.c.	6.5 p.c.
	on and after January 1, 1986	10.1 p.c.	10.1 p.c.	20 p.c.	6.5 p.c.
	on and after January 1, 1987	10 p.c.	10 p.c.	20 p.c.	6.5 p.c.
	(c) Moulding compositions, n.o.p., including scrap or waste, whether or not completely formu- lated; such compositions in the form of not fully cured preforms for compression moulding:				
93902-42	Polyethylene type.....	11.5 p.c.	11.5 p.c.	25 p.c.	7.5 p.c.
	on and after January 1, 1986	11.3 p.c.	11.3 p.c.	25 p.c.	7.5 p.c.
	on and after January 1, 1987	11.1 p.c.	11.1 p.c.	25 p.c.	7 p.c.
	(f) Foamed and expanded, in logs, sheets, blocks, boards, flakes, granules, powder, shreds, scrap or waste:				
93902-77	Polyethylene type	14.3 p.c.	14.3 p.c.	25 p.c.	9.5 p.c.
	on and after January 1, 1986	14.1 p.c.	14.1 p.c.	25 p.c.	9 p.c.
	on and after January 1, 1987	13.9 p.c.	13.9 p.c.	25 p.c.	9 p.c.

Schedule I—Concluded

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
	(g) Plates, sheets, film, sheeting, strip; lay-flat or other tubing, blocks, bars, rods, sticks, non-textile monofilament and other profile shapes imported in lengths, all produced in uniform cross-section:				
93902-82	Polyethylene type.....	14.6 p.c.	14.6 p.c.	25 p.c.	9.5 p.c.
	on and after January 1, 1986	14.1 p.c.	14.1 p.c.	25 p.c.	9 p.c.
	on and after January 1, 1987	13.6 p.c.	13.6 p.c.	25 p.c.	9 p.c.
	93907—Articles of materials of the kinds described in headings 93901 to 93906 inclusive, n.o.p.:				
93907-1	Other than the following.....	14.6 p.c.	14.6 p.c.	30 p.c.	9.5 p.c.
	on and after January 1, 1986	14.1 p.c.	14.1 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1987	13.6 p.c.	13.6 p.c.	30 p.c.	9 p.c.
93907-11	Bottles, with or without caps.....	14.7 p.c.	14.7 p.c.	30 p.c.	9.5 p.c.
	on and after January 1, 1986	14.2 p.c.	14.2 p.c.	30 p.c.	9 p.c.
	on and after January 1, 1987	13.7 p.c.	13.7 p.c.	30 p.c.	9 p.c.
93907-12	Bottle caps.....	14.8 p.c.	14.8 p.c.	30 p.c.	9.5 p.c.
	on and after January 1, 1986	14.3 p.c.	14.3 p.c.	30 p.c.	9.5 p.c.
	on and after January 1, 1987	13.8 p.c.	13.8 p.c.	30 p.c.	9 p.c.
93907-13	Tableware, not including tumblers or disposable goods.....	15.3 p.c.	15.3 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1986	14.7 p.c.	14.7 p.c.	30 p.c.	9.5 p.c.
	on and after January 1, 1987	14.2 p.c.	14.2 p.c.	30 p.c.	9 p.c.

Schedule II
(Subsection 13(7))

Tariff Item	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	General Preferential Tariff
44062-1	<p>Hinges entitled to entry under tariff items 35200-1, 35400-1 and 36215-1; Furniture entitled to entry under tariff items 35400-1, 44603-1, 61800-1 and 93907-1; Castings entitled to entry under tariff items 35400-1 and 39000-1; Forgings entitled to entry under tariff item 39200-1; Sealed-beam lamps entitled to entry under tariff items 44504-1, 44504-2, 44504-3, 44504-4, and 44504-5; Microphones entitled to entry under tariff item 44536-1; Magnesium castings entitled to entry under tariff item 71100-1; <i>Mirrors, optically worked, entitled to entry under tariff item 32305-1;</i> <i>Glassware, optically worked, entitled to entry under tariff item 32648-1;</i> Goods except parts, entitled to entry under tariff items 44028-1, 44300-1, 44300-2, 44514-1, 44538-3, 44538-4 and 44540-1; Goods entitled to entry under tariff items 31200-1, 36800-1, 41417-1, 41417-2, 41505-1, 41505-2, 41505-3, 42400-1, 42405-1, 42700-1, 42701-1, 43005-1, 43300-1, 44053-1, 44057-1, 44059-1, 44500-1, 44502-1, 44512-1, 44516-1, 44524-1, 44524-7, 44524-8, 44524-9, 44524-10, 44524-11, 44526-1, 44532-1, 44533-1, 44533-8, 46200-1, 47100-1, 61815-1 and 61815-5; <i>Non-electric parts of water closets.</i></p>			
All the foregoing when for use in the manufacture, repair, maintenance, rebuilding, modification or conversion of the goods enumerated in tariff item 44060-1	Free	Free	27.5 p.c.	Free

Schedule III
(Subsection 13(8))

Tariff Item		British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	General Preferential Tariff
	Feeds, n.o.p., for animals and poultry, and ingredients for use therein, n.o.p.:				
6931-1	Cattle food containing molasses	5 p.c.	10 p.c.	20 p.c.	—
6931-2	Cattle food containing molasses, not containing dairy products	4 p.c.	4 p.c.	20 p.c.	—
7855-1	<i>Foliage of Asparagus setaceus, fresh, cut</i>	Free	Free	40 p.c.	—
9911-1	<i>Tropical fruit, including mango, papaya and pineapple, dehydrated, whether or not containing added sugar or other sweetening matter, n.o.p.</i>	15 p.c.	15 p.c.	35 p.c.	Free
16901-1	<i>Micro-forms of goods enumerated in tariff items 16900-1, 17000-1, 17100-1, 17200-1, 17205-1, 17210-1, 17305-1, 17310-1, 17315-1, 17320-1, 17325-1, 17330-1, 18200-2, 18205-1, 18305-1, 18310-1, 18400-1 and 18405-1</i>	Free	Free	25 p.c.	Free
17315-1	All books for bona fide libraries, and being the property of the organized authorities of such libraries and not in any case the property of individuals or business concerns, under such regulations as the Minister may prescribe	Free	Free	Free	Free
18102-1	<i>Computer generated mailing lists excluding gummed or other ready-to-use labels</i>	Free	Free	35 p.c.	Free
19510-1	Wallpaper and other wallcovering sample books	Free	Free	35 p.c.	Free
	Paper and paperboards of all kinds, n.o.p.:				
19700-7	<i>Linerboard</i>	10.3 p.c.	10.3 p.c.	25 p.c.	6.5 p.c.
	on and after January 1, 1985	9 p.c.	9 p.c.	25 p.c.	6 p.c.
	on and after January 1, 1986	7.7 p.c.	7.7 p.c.	25 p.c.	5 p.c.
	on and after January 1, 1987	6.5 p.c.	6.5 p.c.	25 p.c.	4 p.c.

Schedule III—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
19700-8	<i>Solid bleached boxboard, coated or uncoated, not cut to size or shape, having a thickness of not less than 0.009 inch</i>	10.3 p.c.	10.3 p.c.	25 p.c.	6.5 p.c.
	on and after January 1, 1985	9 p.c.	9 p.c.	25 p.c.	6 p.c.
	on and after January 1, 1986	7.7 p.c.	7.7 p.c.	25 p.c.	5 p.c.
	on and after January 1, 1987	6.5 p.c.	6.5 p.c.	25 p.c.	4 p.c.
19755-1	Paper or fibreboard, decorated or not, <i>not including glassine</i> , for use only in the manufacture of goods described in headings 93901 to 93905	Free	Free	25 p.c.	Free
41040-1	Safety goggles and safety spectacles designed for eye protection of workers employed in hazardous work; parts thereof, <i>including lenses and frames; plastic or glass shapes for lenses thereof</i>	Free	Free	Free	Free
41305-1	Machinery and apparatus (<i>not including hand looms, parts thereof, and goods enumerated in tariff item 42700-6</i>) for preparing, manufacturing, testing or finishing yarns, cordage, and fabrics made from textile fibres or from paper, imported for use exclusively by manufacturers and scholastic or charitable institutions in such processes only; <i>parts of the foregoing</i>	Free	Free	10 p.c.	Free
	<i>Machinery for use exclusively in the tanning or embossing of leather; parts of the foregoing:</i>				
42000-1	<i>Other than the following</i>	Free	Free	10 p.c.	Free
42000-2	<i>Hide mixing machinery; soak drums and tanks; tanning and re-tanning drums and vessels; dry milling machinery; spraying machinery; spray control and exhaust equipment; parts of the foregoing</i>	2.5 p.c.	11.4 p.c.	35 p.c.	2.5 p.c.
	on and after January 1, 1985	2.5 p.c.	10.7 p.c.	35 p.c.	2.5 p.c.
	on and after January 1, 1986	2.5 p.c.	9.9 p.c.	35 p.c.	2.5 p.c.
	on and after January 1, 1987	2.5 p.c.	9.2 p.c.	35 p.c.	2.5 p.c.

Schedule III—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
42100-1	Blungers, pugging machines, wet or dry pans, clay distintegrators, ball mills, pull-downs, batting-out machines; complete parts of the foregoing; the foregoing when imported by manufacturers of clay products for use exclusively in the manufacture of clay products, in their own factories, under regulations prescribed by the Minister	Free	6.3 p.c.	10 p.c.	Free
	on and after January 1, 1985	Free	6 p.c.	10 p.c.	Free
	on and after January 1, 1986	Free	5.8 p.c.	10 p.c.	Free
	on and after January 1, 1987	Free	5.5 p.c.	10 p.c.	Free
42600-1	Ozone generators or ozone airifiers <i>having a capacity of 11.34 kilograms or less per day</i> ; parts thereof	Free	5 p.c.	10 p.c.	Free
43150-1	Geophysical precision instruments and equipment; parts, attachments, tripods, base plates and fitted cases for the foregoing	Free	Free	20 p.c.	Free
43155-1	Photogrammetric <i>and remote-sensing</i> instruments and equipment, <i>including plotting equipment; accessories for use with the foregoing</i> ; parts and fitted cases for the foregoing	Free	Free	20 p.c.	Free
	<i>Parts for signal systems by which railroads govern or control the movement and route of rail vehicles, warn of the approach of rail vehicles, detect dangerous conditions on or near the track or on rail vehicles, or determine the identity of passing rail vehicles:</i>				
43705-1	<i>Other than the following</i>	Free	Free	30 p.c.	Free

Schedule III—Continued

Tariff Item		British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	General Preferential Tariff
43705-2	<i>Apparatus housings;</i> <i>Batteries;</i> <i>Bolts, nuts and screws;</i> <i>Bootleg pedestals;</i> <i>Electronic carrier systems;</i> <i>Flashing light crossarms;</i> <i>Foundations;</i> <i>Fuses;</i> <i>Insulated switch rods;</i> <i>Number plates;</i> <i>Pole line type lightning arresters;</i> <i>Power service entrance equipment;</i> <i>Power transformers;</i> <i>Semaphore train order signals;</i> <i>Signal bridges, cantilevers and appurtenances;</i> <i>Signal lamp bulbs;</i> <i>Signal masts, ladders, mast bases, pinnacles and clamps;</i> <i>Signs;</i> <i>Wire connectors;</i> <i>Wooden gate arms;</i> <i>Parts of the foregoing</i>	12.9 p.c. 12 p.c. 11.1 p.c. 10.2 p.c.	12.9 p.c. 12 p.c. 11.1 p.c. 10.2 p.c.	30 p.c. 30 p.c. 30 p.c. 30 p.c.	8.5 p.c. 8 p.c. 7 p.c. 6.5 p.c.
44028-1	Chronometers and compasses, and parts thereof, including cards therefor, for aircraft or for the goods enumerated in tariff items 44000-1 to 44009-1 inclusive	Free	Free	Free	Free
44315-1	Hydrostatically-operated controls, and parts thereof, for use in the manufacture of gas water heaters.....	Free	1.9 p.c.	30 p.c.	Free
	on and after January 1, 1985	Free	1.3 p.c.	30 p.c.	Free
	on and after January 1, 1986	Free	0.6 p.c.	30 p.c.	Free
	on and after January 1, 1987	Free	Free	30 p.c.	Free

Schedule III—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
44320-1	Gas control devices, n.o.p., <i>not including automatic pilots, thermostatic controls, thermostatically-operated controls, gas control valves up to and including 19 mm internal pipe size, and pilot safety devices whether separate or in combination with the aforementioned gas control valves; the foregoing</i> for use on, or for the manufacture or repair of, or for conversion to, gas-fired apparatus for cooking, or for heating buildings, or for heating water or for refrigeration; including such devices when for use in the gas line between such apparatus and the meter, or in the gas line between such apparatus and the consumer's gas storage device; parts of the foregoing	Free	1.9 p.c.	30 p.c.	Free
	on and after January 1, 1985	Free	1.3 p.c.	30 p.c.	Free
	on and after January 1, 1986	Free	0.6 p.c.	30 p.c.	Free
	on and after January 1, 1987	Free	Free	30 p.c.	Free
44530-1	Electric transformers, rectifiers, cableconnecting devices, trailing cable extensions with couplers moulded on, junction boxes, and complete parts of the foregoing; <i>the foregoing when flameproof and for use in mines in which inflammable gases exist</i>	Free	6.6 p.c.	37.5 p.c.	Free
	on and after January 1, 1985	Free	4.4 p.c.	37.5 p.c.	Free
	on and after January 1, 1986	Free	2.2 p.c.	37.5 p.c.	Free
	on and after January 1, 1987	Free	Free	37.5 p.c.	Free
44599-1	<i>Machinery and apparatus; accessories, attachments, control equipment and tools for use therewith; parts of all the foregoing; the foregoing not to include laser equipment, water or waste treatment equipment, reverse osmosis equipment for the demineralization or deionization of water, laminar flow clean air work stations, fume hoods, clean rooms, wet processing benches or stations for use in clean rooms, high efficiency particulate air filter modules, laminar flow modules, electronic work tables, pass-through chambers for clean rooms, room pressurization or air flow monitors, acrylic storage boxes, and parts thereof; all the foregoing for use directly in the design, development, testing or manufacture of semiconductor devices</i>	Free	Free	30 p.c.	Free

Schedule III—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
44600-1	<i>Electroshockers for fish population sampling</i>	Free	Free	30 p.c.	Free
44725-1	Well points, well screens and well strainers; parts of the foregoing.....	10 p.c.	12.9 p.c.	35 p.c.	8.5 p.c.
	on and after January 1, 1985	10 p.c.	12 p.c.	35 p.c.	8 p.c.
	on and after January 1, 1986	10 p.c.	11.1 p.c.	35 p.c.	7 p.c.
	on and after January 1, 1987	10 p.c.	10.2 p.c.	35 p.c.	6.5 p.c.
44726-1	Pitless well heads and parts thereof.....	Free	6.3 p.c.	12.5 p.c.	Free
	on and after January 1, 1985	Free	6 p.c.	12.5 p.c.	Free
	on and after January 1, 1986	Free	5.8 p.c.	12.5 p.c.	Free
	on and after January 1, 1987	Free	5.5 p.c.	12.5 p.c.	Free
46245-1	Motion picture cameras, video cameras, cameras specifically designed for use on animation stands; View-finders for use with the foregoing cameras; Camera blimps; Dollies or other mobile mounting units for the foregoing cameras; Booms, without wiring, for use with microphones; Slide, film or video tape editing equipment, namely: editing machines, splicers, synchronizers, viewers, rewinds or combinations thereof; Optical sound equipment; Digital or analog mixing consoles incorporating micro-processor or micro-computer control sys- tems; tape recorders including video tape record- ers; Parts of the foregoing; All the foregoing for use in the commercial pro- duction of motion pictures, animated films or multi- image slide or movie shows, with or without sound	Free	Free	30 p.c.	Free

Schedule III—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
	The <i>following</i> for use in connection with oil or natu- ral gas wells for installation between the wellhead assembly or surface oil pumping unit and the field marketing valve:				
49201-1	<i>Chokes, beans and flow controllers; separators and treaters, oil, gas or water; parts of the foregoing.</i>	5 p.c.	8 p.c.	20 p.c.	5 p.c.
	on and after January 1, 1985	5 p.c.	7.6 p.c.	20 p.c.	5 p.c.
	on and after January 1, 1986	5 p.c.	7.2 p.c.	20 p.c.	5 p.c.
	on and after January 1, 1987	5 p.c.	6.8 p.c.	20 p.c.	4.5 p.c.
49202-1	<i>Bolted steel tanks; chemical injection pumps; parts of the foregoing.....</i>	Free	Free	Free	Free
51105-1	Cricket bats, balls, gloves and leg guards.....	Free	14.6 p.c.	35 p.c.	Free
	on and after January 1, 1985	Free	13.5 p.c.	35 p.c.	Free
	on and after January 1, 1986	Free	12.4 p.c.	35 p.c.	Free
	on and after January 1, 1987	Free	11.3 p.c.	35 p.c.	Free
51145-1	<i>Scuba diving equipment, namely: regulators for use with diving tanks, parts thereof; hoses, fittings and valves for use with regulators; mechanical pres- sure, temperature and depth guages and combina- tions thereof; fittings and valves for scuba diving tanks and parts thereof; underwater compasses</i>	Free	Free	35 p.c.	Free
65804-1	<i>Filmed or video taped television commercials and radio commercials recorded on magnetic tape manufactured from synthetic resins or cellulose plastics imported for reference purposes only under such conditions as the Minister may prescribe by regulations.....</i>	Free	Free	30 p.c.	Free
65810-1	<i>Magnetic recording tape, unrecorded, n.o.p., manu- factured from synthetic resins or cellulose plastics...</i>	5 p.c.	8 p.c.	25 p.c.	5 p.c.
	on and after January 1, 1985	5.1 p.c.	7.7 p.c.	25 p.c.	5 p.c.
	on and after January 1, 1986	5.1 p.c.	7.3 p.c.	25 p.c.	4.5 p.c.
	on and after January 1, 1987	5.1 p.c.	6.9 p.c.	25 p.c.	4.5 p.c.

Schedule III—Continued

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
	<i>Sound recordings, n.o.p., on any medium, not including audio-visual recordings:</i>				
65812-1	<i>Other than the following.....</i>	Free	Free	25 p.c.	Free
65812-2	<i>Of a musical nature, including recordings of operas, operettas, musical comedies and other recordings having a significant musical content; recordings of music hall and cabaret numbers, whether musical or not, including monologues and soliloquies and other recordings of a similar entertainment character.....</i>	14.6 p.c.	14.6 p.c.	25 p.c.	9.5 p.c.
	on and after January 1, 1985	13.5 p.c.	13.5 p.c.	25 p.c.	9 p.c.
	on and after January 1, 1986	12.4 p.c.	12.4 p.c.	25 p.c.	8 p.c.
	on and after January 1, 1987	11.3 p.c.	11.3 p.c.	25 p.c.	7.5 p.c.
65812-3	<i>Phonograph records which otherwise would be classified under tariff item 65812-2.....</i>	14.6 p.c.	14.6 p.c.	30 p.c.	9.5 p.c.
	on and after January 1, 1985	16.3 p.c.	16.3 p.c.	30 p.c.	10.5 p.c.
	on and after January 1, 1986	15 p.c.	15 p.c.	30 p.c.	10 p.c.
	on and after January 1, 1987	13.7 p.c.	13.7 p.c.	30 p.c.	9 p.c.
65812-4	<i>Of an advertising character.....</i>	14.6 p.c.	14.6 p.c.	25 p.c.	9.5 p.c.
	on and after January 1, 1985	13.5 p.c.	13.5 p.c.	25 p.c.	9 p.c.
	on and after January 1, 1986	12.4 p.c.	12.4 p.c.	25 p.c.	8 p.c.
	on and after January 1, 1987	11.3 p.c.	11.3 p.c.	25 p.c.	7.5 p.c.
65813-1	<i>Audio-visual recordings on magnetic tape, n.o.p., manufactured from synthetic resins or cellulose plastics.....</i>	14.6 p.c.	14.6 p.c.	25 p.c.	9.5 p.c.
	on and after January 1, 1985	13.5 p.c.	13.5 p.c.	25 p.c.	9 p.c.
	on and after January 1, 1986	12.4 p.c.	12.4 p.c.	25 p.c.	8 p.c.
	on and after January 1, 1987	11.3 p.c.	11.3 p.c.	25 p.c.	7.5 p.c.
65815-1	<i>Motion picture films, negative or positive, with or without sound; still picture films, negative or positive; video tape recordings; all the foregoing being news features or recordings of current events.....</i>	Free	Free	Free	Free

Schedule III—Concluded

Tariff Item		British Prefer- ential Tariff	Most- Favoured- Nation Tariff	General Tariff	General Prefer- ential Tariff
69005-1	Casual donations sent by persons abroad to friends in Canada, or brought into Canada personally by non-residents as gifts to friends, and not being advertising matter, tobacco or alcoholic beverages, when the value thereof does not exceed <i>forty</i> dollars in any one case, under such regulations as may be prescribed by the Minister	Free	Free	Free	Free
	Notwithstanding the provisions of this Act, or any other Act, the value for duty as otherwise determined under the <i>Customs Act</i> in the case of any casual donation described in this item which, but for the fact that the value thereof in any one case exceeds <i>forty</i> dollars, would have been entitled to entry under this item, shall be reduced by <i>forty</i> dollars.				
69625-1	Sound recordings, tape recorders and phonographs for bona fide libraries, and being the property of the organized authorities of such libraries and not the property of individuals or business concerns; under such regulations as the Minister may pre- scribe.....	Free	Free	Free	Free
70300-1	<i>Vehicles and equipment imported by international bridge authorities for use exclusively in the main- tenance and operation of international bridges and their approaches</i>	Free	Free	Free	Free

**Notice of Ways and Means Motion with Respect to the
Interpretation of Canada's International Conventions
Relating to Income Tax and the Acts Implementing
Such Conventions**

Notice of Ways and Means Motion with Respect to the Interpretation of Canada's International Conventions Relating to Income Tax and the Acts Implementing Such Conventions

That it is expedient to introduce a measure with respect to the interpretation of Canada's international tax conventions reading as follows:

Short title

Short title

1. This Act may be cited as the *Income Tax Conventions Interpretation Act*.

Definition

Definition of "convention"

2. In this Act, "convention" means any convention or agreement between Canada and another state relating to tax on income, and includes any protocol or supplementary convention or agreement relating thereto.

Interpretation

Meaning of undefined terms

3. Notwithstanding the provisions of a convention or the Act giving it the force of law in Canada, it is hereby declared that the law of Canada is that to the extent that a term in the convention is

(a) not defined in the convention,

(b) not fully defined in the convention, or

(c) to be defined by reference to the laws of Canada,

that term has, except to the extent that the context otherwise requires, the meaning it has for the purposes of the *Income Tax Act*, as amended from time to time, and not the meaning it had for the purposes of the *Income Tax Act* on the date the convention was entered into or given the force of law in Canada if, after that date, its meaning for the purposes of the *Income Tax Act* has changed.

Permanent establishments in Canada

4. Notwithstanding the provisions of a convention or the Act giving it the force of law in Canada, it is hereby declared that the law of Canada is that where, for the purposes of the application of the convention, the profits

from a business activity, including an industrial or commercial activity, attributable or allocable to a permanent establishment in Canada are to be determined for any period,

(a) there shall, except where the convention expressly otherwise provides, be included in the determination of those profits all amounts

with respect to that activity that are attributable or allocable to the permanent establishment and that would be required to be included under the *Income Tax Act*, as amended from time to time, by a person resident in Canada carrying on the activity in Canada in the computation of his income from a business for that period; and

(b) there shall, except to the extent that an agreement between the competent authorities of the parties to the convention expressly otherwise provides, not be deducted in the determination of those profits any amount with respect to that activity that is attributable or allocable to the permanent establishment and that would not be deductible under the *Income Tax Act*, as amended from time to time, by a person resident in Canada carrying on the activity in Canada in the computation of his income from a business for that period.

Meaning of certain terms

5. Notwithstanding the provisions of a convention or the Act giving the convention the force of law in Canada, in this section and in the convention,

(a) the term "Canada" means the territory of Canada, and includes

(i) every area beyond the territorial seas of Canada that, in accordance with international law and the laws of Canada, is an area in respect of which Canada may exercise rights with respect to the seabed and subsoil and their natural resources, and

(ii) the seas and airspace above every area described in subparagraph (i); and

(b) the terms "immovable property" and "real property" with respect to such property in Canada are hereby declared to include

(i) any right to explore for or exploit mineral deposits and sources in Canada and other natural resources in Canada, and

(ii) any right to an amount computed by reference to the production (including profit) from, or to the value of production from, mineral deposits and sources in Canada and other natural resources in Canada.

Meaning of "interest"

6. Notwithstanding section 3, the meaning of the term "interest" in any convention given the force of law in Canada before November 19, 1974 does not include any amount paid or credited, pursuant to an agreement in writing entered into before June 23, 1983, as consideration for a guarantee referred to in paragraph 214(15)(a) of the *Income Tax Act*.

Application

Application

7. This Act applies

(a) in the case of tax under Part XIII of the *Income Tax Act*, to amounts paid or credited after June 23, 1983; and

(b) in all other cases, to taxation years ending after June 23, 1983.