

Notice of Ways and Means Motion to implement certain provisions of the budget tabled in Parliament on April 19, 2021 and other measures

Deputy Prime Minister and Minister of Finance

Notice of Ways and Means Motion to implement certain provisions of the budget tabled in Parliament on April 19, 2021 and other measures

That it is expedient to implement certain provisions of the budget tabled in Parliament on April 19, 2021 and other measures as follows:

Short Title

Short title

1 This Act may be cited as the *Budget Implementation Act, 2021, No. 1*.

PART 1

Amendments to the Income Tax Act and Other Legislation

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

Income Tax Act

2 Section 6 of the *Income Tax Act* is amended by adding the following after subsection (2.1):

COVID-19 — automobile operating expense benefit

(2.2) If a taxpayer met the condition in subparagraph (iv) of the description of A in paragraph (1)(k) for the 2019 taxation year in respect of the use of an automobile made available to the taxpayer, or to a person related to the taxpayer, by an employer (within the meaning assigned by subsection (2)), then for the purpose of applying paragraph (1)(k) in respect of an automobile provided by that employer in 2020 or 2021 (referred to in this subsection as the “relevant year”), the amount determined for A in paragraph (1)(k) in respect of the automobile for the relevant year is deemed to be the lesser of

- (a)** $\frac{1}{2}$ of the amount determined under subparagraph (1)(e)(i) in respect of the automobile for the relevant year, and
- (b)** the amount determined under subparagraph (v) of the description of A in paragraph (1)(k) in respect of the automobile for the relevant year.

COVID-19 — reasonable standby charge

(2.3) A taxpayer is deemed to meet the condition in subparagraph (a)(ii) of the description of A in subsection (2) in respect of an employer (within the meaning assigned by subsection (2)) for the 2020 or 2021 taxation year if the taxpayer met the conditions in subparagraphs (a)(i) and (ii) of the description of A in subsection (2) for the 2019 taxation year in respect of an automobile made available to the taxpayer, or to a person related to the taxpayer, by that employer.

3 (1) The portion of subsection 7(7) of the Act before the first definition is replaced by the following:

Definitions

(7) The following definitions apply in this section and in subsection 47(3), paragraph 53(1)(j), subsection 110(0.1), paragraphs 110(1)(d), (d.01) and (e) and subsections 110(1.1) to (1.9) and (2.1).

(2) Subsection (1) comes into force or is deemed to have come into force on July 1, 2021.

4 (1) Clause (B) of the description of B in subparagraph 13(7)(i)(ii) of the Act is replaced by the following:

(B) in any other case, the amount determined for C, and

(2) The description of C in subparagraph 13(7)(i)(ii) of the Act is replaced by the following:

C is the amount determined by the formula

$$D + (E + F) - (G + H)$$

where

D is the cost to the taxpayer of the vehicle,

E is the amount determined under paragraph (7.1)(d) in respect of the vehicle at the time of disposition,

F is the maximum amount determined for C in the definition *undepreciated capital cost* in subsection (21) in respect of the vehicle,

G is the amount determined under paragraph (7.1)(f) in respect of the vehicle at the time of disposition, and

H is the maximum amount determined for J in the definition *undepreciated capital cost* in subsection (21) in respect of the vehicle.

(3) Subsections (1) and (2) apply in respect of dispositions made after July 29, 2019.

5 (1) Subsection 17.1(2) of the Act is replaced by the following:

Acquisition of control

(2) If at any time a parent or group of parents referred to in section 212.3 acquires control of a CRIC and the CRIC was not controlled by a non-resident person, or a group of non-resident persons not dealing with each other at arm's length, immediately before that time, no amount is to be included under subsection (1) in computing the income of the CRIC in respect of a *pertinent loan or indebtedness* (as defined in subsection 212.3(11)) for the period that begins at that time and ends on the day that is 180 days after that time.

(2) Subsection (1) applies in respect of transactions or events that occur after March 18, 2019.

6 (1) Subsection 45(2) of the Act is replaced by the following:

Election where change of use

(2) For the purposes of this Subdivision and section 13, if a taxpayer elects in respect of any property of the taxpayer in the taxpayer's return of income for a taxation year under this Part,

(a) if subparagraph (1)(a)(i) or paragraph 13(7)(b) would otherwise apply to the property for the taxation year, the taxpayer is deemed not to have begun to use the property for the purpose of gaining or producing income;

(b) if subparagraph (1)(c)(ii) or 13(7)(d)(i) would otherwise apply to the property for the taxation year, the taxpayer is deemed not to have increased the use regularly made of the property for the purpose of gaining or producing income relative to the use regularly made of the property for other purposes; and

(c) if the taxpayer rescinds the election in respect of the property in the taxpayer's return of income under this Part for a subsequent taxation year,

(i) if paragraph (a) applied to the taxpayer in the taxation year, the taxpayer is deemed to have begun to use the property for the purpose of gaining or producing income on the first day of the subsequent taxation year, and

(ii) if paragraph (b) applied to the taxpayer in the taxation year, the taxpayer is deemed to have increased the use regularly made of the property for the purpose of gaining or producing income on the first day of the subsequent taxation year by the amount that would have been the increase in the taxation year if the election had not been made.

(2) The portion of subsection 45(3) of the Act before paragraph (a) is replaced by the following:

Election concerning principal residence

(3) If at any time a property that was acquired by a taxpayer for the purpose of gaining or producing income, or that was acquired in part for that purpose, ceases in whole or in part to be used for that purpose and becomes, or becomes part of, the principal residence of the taxpayer, paragraphs (1)(a) and (c) shall not apply to deem the taxpayer to have disposed of the property at that time and to have reacquired it immediately thereafter if the taxpayer so elects by notifying the Minister in writing on or before the earlier of

(3) Subsections (1) and (2) apply in respect of changes in the use of property that occur after March 18, 2019.

7 (1) Paragraph 56(1)(d) of the Act is amended by striking out “or” at the end of subparagraph (ii), by adding “or” at the end of subparagraph (iii) and by adding the following after subparagraph (iii):

(iv) described in subsection 146.5(3) that is not required by that subsection to be included in the taxpayer’s income;

(2) Subparagraph 56(1)(r)(iv) of the Act is replaced by the following:

(iv) financial assistance provided under a program established by a government, or government agency, in Canada that provides income replacement benefits similar to income replacement benefits provided under a program established under the *Employment Insurance Act*, other than amounts referred to in subparagraph (iv.1),

(iv.1) financial assistance provided under

(A) the *Canada Emergency Response Benefit Act*,

(B) Part VIII.4 of the *Employment Insurance Act*,

(C) the *Canada Emergency Student Benefit Act*,

(D) the *Canada Recovery Benefits Act*, or

(E) a program established by a government, or government agency, of a province, that provides income replacement benefits similar to income replacement benefits provided under a program established under an Act referred to in any of clauses (A) to (D), or

(3) Subsection 56(1) of the Act is amended by striking out “and” at the end of paragraph (z.3), by adding “and” at the end of paragraph (z.4) and by adding the following after paragraph (z.4):

Advanced life deferred annuity

(z.5) any amount required by section 146.5 to be included in computing the taxpayer’s income for the year.

(4) Subsections (1) to (3) are deemed to have come into force on January 1, 2020.

8 (1) Subparagraph 60(1)(v) of the Act is amended by adding the following after clause (A.1):

(A.2) the amount included by subsection 146.5(3) in computing the taxpayer’s income for the year as a payment received by the taxpayer as a consequence of the death of an individual who was

(I) immediately before the death, the spouse or common-law partner of the taxpayer, or

(II) a parent or grandparent of the taxpayer, if, immediately before the death, the taxpayer was financially dependent on the individual for support because of mental or physical infirmity,

(2) Section 60 of the Act is amended by adding the following after paragraph (v.2):

COVID-19 – other benefit repayments

(v.3) any benefit repaid by the taxpayer before 2023 to the extent that the amount of the benefit was included in computing the taxpayer's income for the year under any of clauses 56(1)(r)(iv.1)(A) to (D), except to the extent that the amount is

(i) deducted in computing the taxpayer's income for any year under paragraph (n), or

(ii) deductible in computing the taxpayer's income for any year under paragraph (v.2);

(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2020.

9 (1) The definition *specified RDSP payment* in subsection 60.02(1) of the Act is amended by striking out “and” at the end of paragraph (c), by adding “and” at the end of paragraph (d) and by adding the following after paragraph (d):

(e) if the eligible individual is not a *DTC-eligible individual* (as defined in subsection 146.4(1)), is made not later than the end of the fourth taxation year following the first taxation year throughout which the beneficiary is not a DTC-eligible individual. (*paiement de REEI déterminé*)

(2) Subsection (1) is deemed to have come into force on March 19, 2019.

10 (1) Paragraph (b) of the definition *eligible child* in subsection 63(3) of the Act is replaced by the following:

(b) a child dependent on the taxpayer or the taxpayer's spouse or common-law partner for support and whose income for the year does not exceed the amount determined for F in subsection 118(1.1) for the year

(2) Section 63 of the Act is amended by adding the following after subsection (3):

COVID-19 – child care expenses

(3.1) For the purpose of applying this section in respect of a taxpayer for the 2020 or 2021 taxation year,

(a) the definition *child care expense* in subsection (3) is to be read without reference to its paragraph (a) if at any time in the year the taxpayer was entitled to an amount referred to in subparagraph 56(1)(a)(iv) or (vii) or paragraph 56(1)(r), in respect of the year; and

(b) paragraph (b) of the definition *earned income* in subsection (3) is to be read as follows:

(b) all amounts that are included, or that would, but for paragraph 81(1)(a) or subsection 81(4), be included, because of section 6 or 7, subparagraph 56(1)(a)(iv) or (vii) or paragraph 56(1)(n), (n.1), (o) or (r), in computing the taxpayer's income,

(3) Subsection (1) applies to the 2020 and subsequent taxation years.

(4) Subsection (2) is deemed to have come into force on January 1, 2020.

11 (1) The Act is amended by adding the following after section 64:

COVID-19 – disability supports deduction

64.01 For the purpose of applying section 64 in respect of a taxpayer for the 2020 or 2021 taxation year,

(a) the description of A in paragraph 64(a) is to be read without reference to its subparagraph (i) if at any time in the year the taxpayer was entitled to an amount referred to in subparagraph 56(1)(a)(iv) or (vii) or paragraph 56(1)(r), in respect of the year; and

(b) clause 64(b)(i)(A) is to be read as follows:

(A) an amount included under section 5, 6 or 7, subparagraph 56(1)(a)(iv) or (vii) or paragraph 56(1)(n), (o) or (r) in computing the taxpayer's income for the year, or

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

12 (1) Section 66 of the Act is amended by adding the following after subsection (12.6):

COVID-19 – time extension to 36 months

(12.6001) The references to “24 months” in subsections (12.6) and (12.62) are to be read as references to “36 months” in respect of agreements entered into after February 2018 and before 2021.

(2) Section 66 of the Act is amended by adding the following after subsection (12.73):

COVID-19 – agreements in 2019 or 2020

(12.731) If an agreement is entered into in 2019 or 2020 by a corporation to issue flow-through shares of the corporation,

(a) the reference in subparagraph (12.73)(a)(ii) to “at the end of the year” is to be read as a reference to “at the end of the subsequent year”; and

(b) the reference in paragraph (12.73)(c) to “before March of the calendar year” is to be read as a reference to “before March of the second calendar year”.

(3) Subsection 66(13.1) of the Act is replaced by the following:

Short taxation year

(13.1) If a taxpayer has a taxation year that is less than 51 weeks, the amount determined in respect of the year under each of subparagraph (4)(b)(i), paragraphs 66.2(2)(c) and (d), subparagraph (b)(i) of the definition *global foreign resource limit* in subsection 66.21(1), subparagraph 66.21(4)(a)(i), clause 66.21(4)(a)(ii)(B) and paragraphs 66.4(2)(b) and (c) and 66.7(2.3)(a), (4)(a) and (5)(a) shall not exceed that proportion of the amount otherwise determined that the number of days in the year is of 365.

(4) Subsection (3) applies to taxation years that end after July 30, 2019.

13 (1) Paragraph 87(2)(g.6) of the Act is replaced by the following:

COVID-19 – emergency subsidies

(g.6) for the purposes of section 125.7, the new corporation is deemed to be the same corporation as, and a continuation of, each predecessor corporation unless it is reasonable to consider that one of the main purposes of the amalgamation is to cause the new corporation to qualify for the deemed overpayment under any of subsections 125.7(2) to (2.2) or to increase the amount of that deemed overpayment;

(2) Subsection 87(2) of the Act is amended by adding the following after paragraph (g.6):

COVID-19 – automobile benefits

(g.7) for the purposes of subsections 6(2.2) and (2.3), the new corporation is deemed to be the same corporation as, and a continuation of, each predecessor corporation;

(3) Subsection 87(2) of the Act is amended by adding the following after paragraph (j.96):

Continuing corporation

(j.97) for the purposes of subsection 110(0.1), paragraph 110(1)(e) and subsection 110(1.31), the new corporation is deemed to be the same corporation as, and a continuation of, each predecessor corporation;

(4) Subsection (2) is deemed to have come into force on January 1, 2020.

(5) Subsection (3) comes into force or is deemed to have come into force on July 1, 2021.

14 (1) Clause (a)(ii)(B) of the definition *preferred beneficiary* in subsection 108(1) of the Act is replaced by the following:

(B) whose income (computed without reference to subsection 104(14)) for the beneficiary's year does not exceed the amount determined for F in subsection 118(1.1) for the year, and

(2) Subsection (1) applies to the 2020 and subsequent taxation years.

15 (1) Section 110 of the Act is amended by adding the following before subsection (1):

Definitions

110 (0.1) The following definitions apply in this section.

consolidated financial statements has the same meaning as in subsection 233.8(1). (*états financiers consolidés*)

specified person, at any time, means a qualifying person that meets the following conditions:

(a) it is not a Canadian-controlled private corporation;

(b) if the qualifying person is a member of a group that annually prepares consolidated financial statements, the total consolidated group revenue reflected in the last consolidated financial statements of the group presented to shareholders or unitholders — of the member of the group that would be the *ultimate parent entity*, as defined in subsection 233.8(1), of the group if the group were a *multinational enterprise group*, as defined in subsection 233.8(1) — before that time exceeds \$500 million; and

(c) if paragraph (b) does not apply, it has gross revenue in excess of \$500 million based on

(i) the amounts reflected in the financial statements of the qualifying person presented to the shareholders or unitholders of the qualifying person for the last fiscal period of the qualifying person that ended before that time,

(ii) if subparagraph (i) does not apply, the amounts reflected in the financial statements of the qualifying person presented to the shareholders or unitholders of the qualifying person for the last fiscal period of the qualifying person that ended before the end of the last fiscal period referred to in subparagraph (i), and

(iii) if subparagraph (i) does not apply and financial statements were not presented as described in subparagraph (ii), the amounts that would have been reflected in the annual financial statements of the qualifying person for the last fiscal period of the qualifying person that ended before that time, if such statements had been prepared in accordance with generally accepted accounting principles. (*personne déterminée*)

vesting year, of a security to be acquired under an agreement, means

(a) if the agreement specifies the calendar year in which the taxpayer's right to acquire the security first becomes exercisable (otherwise than as a consequence of an event that is not reasonably foreseeable at the time the agreement is entered into), that calendar year; and

(b) in any other case, the calendar year in which the right to acquire the security would become exercisable if the agreement had specified that all identical rights to acquire securities become exercisable on a pro rata basis over the period that

(i) begins on the day that the agreement was entered into, and

(ii) ends on the day that is the earlier of

(A) the day that is 60 months after the day the agreement is entered into, and

(B) the last day that the right to acquire the security could become exercisable under the agreement. (*année de dévolution*)

(2) The portion of paragraph 110(1)(d) of the Act before subparagraph (i) is replaced by the following:

Employee options

(d) an amount equal to 1/2 of the amount of the benefit deemed by subsection 7(1) to have been received by the taxpayer in the year in respect of a security (other than a security that is a non-qualified security) that a particular qualifying person has agreed after February 15, 1984 to sell or issue under an agreement, in respect of the transfer or other disposition of rights under the agreement or as a result of the death of the taxpayer because the taxpayer immediately before death owned a right to acquire the security under the agreement, if

(3) Subsection 110(1) of the Act is amended by adding the following after paragraph (d.3):

Employer deduction — non-qualified securities

(e) an amount equal to the amount of the benefit in respect of employment with the taxpayer deemed by subsection 7(1) to have been received by an individual in the year in respect of a non-qualified security that the taxpayer (or a qualifying person that does not deal at arm's length with the taxpayer) has agreed to sell or issue under an agreement with the individual, if

(i) the taxpayer is a qualifying person,

(ii) at the time the agreement was entered into, the individual was an employee of the taxpayer,

(iii) the amount is not claimed as a deduction in computing the taxable income of another qualifying person,

(iv) an amount would have been deductible in computing the taxable income of the individual under paragraph (d) if the security were not a non-qualified security,

(v) in the case of an individual who is not resident in Canada throughout the year, the benefit deemed by subsection 7(1) to have been received by the individual was included in computing the taxable income earned in Canada of the individual for the year, and

(vi) the notification requirements in subsection (1.9) are met in respect of the security;

(4) The portion of subsection 110(1.1) of the Act before paragraph (b) is replaced by the following:

Election by particular qualifying person

(1.1) For the purpose of computing the taxable income of a taxpayer for a taxation year, paragraph (1)(d) shall be read without reference to its subparagraph (i) in respect of a right granted to the taxpayer under an agreement to sell or issue securities referred to in subsection 7(1) if

(a) the particular qualifying person elects in prescribed form that neither the particular qualifying person nor any person not dealing at arm's length with the particular qualifying person will deduct in computing its income for a taxation year any amount (other than a designated amount described in subsection (1.2)) in respect of a payment to or for the benefit of a taxpayer for the taxpayer's transfer or disposition of that right;

(5) Subsection 110(1.2) of the Act is replaced by the following:

Designated amount

(1.2) For the purposes of subsections (1.1) and (1.44), an amount is a designated amount if the following conditions are met:

(a) the amount would otherwise be deductible in computing the income of the particular qualifying person in the absence of subsections (1.1) and (1.44);

- (b)** the amount is payable to a person
 - (i)** with whom the particular qualifying person deals at arm's length, and
 - (ii)** who is neither an employee of the particular qualifying person nor of any person not dealing at arm's length with the particular qualifying person; and
- (c)** the amount is payable in respect of an arrangement entered into for the purpose of managing the particular qualifying person's financial risk associated with a potential increase in value of the securities under the agreement described in subsection (1.1) or (1.44).

Determination of non-qualified securities

(1.3) Subsection (1.31) applies to a taxpayer in respect of an agreement if

- (a)** a particular qualifying person agrees to sell or issue securities of the particular qualifying person (or another qualifying person that does not deal at arm's length with the particular qualifying person) to the taxpayer under the agreement;
- (b)** at the time the agreement is entered into (in this subsection and subsection (1.31) referred to as the "relevant time"), the taxpayer is an employee of the particular qualifying person or of a qualifying person that does not deal at arm's length with the particular qualifying person; and
- (c)** at the relevant time, any of the following persons is a specified person:
 - (i)** the particular qualifying person,
 - (ii)** the other qualifying person, if any, referred to in paragraph (a), or
 - (iii)** the other qualifying person, if any, referred to in paragraph (b).

Annual vesting limit

(1.31) If this subsection applies to a taxpayer in respect of an agreement, the securities to be sold or issued under the agreement, for each vesting year of those securities, are deemed to be non-qualified securities for the purposes of this section in the proportion determined by the formula

$$A/B$$

where

A is the amount determined by the formula

$$C + D - \$200,000$$

where

C is the total of all amounts each of which is the fair market value at the relevant time of each security under the agreement that has that same vesting year, and

D is the lesser of

- (a)** \$200,000, and
- (b)** the total of all amounts each of which is an amount determined for C in respect of securities that have that same vesting year under agreements (other than the agreement) entered into at or before the relevant time with the particular qualifying person referred to in subsection (1.3) (or another qualifying person that does not deal at arm's length with the particular qualifying person), other than
 - (i)** securities designated under subsection (1.4),
 - (ii)** old securities (within the meaning of subsection 7(1.4)),

(iii) securities where the right to acquire those securities is an old right (within the meaning of subsection (1.7)), and

(iv) securities in respect of which

(A) the right to acquire those securities has expired, or has been cancelled, before the relevant time, and

(B) no amount is deductible under paragraph (1)(d) in computing the taxable income of the taxpayer for any year; and

B is the amount determined for C.

Non-qualified security designation

(1.4) If subsection (1.31) applies to a taxpayer in respect of an agreement and the particular qualifying person referred to in paragraph (1.3)(a) designates one or more securities to be sold or issued under the agreement as non-qualified securities, the following rules apply:

(a) those securities are deemed to be non-qualified securities for the purposes of this section; and

(b) the particular qualifying person may not elect under subsection (1.1) in respect of a right to acquire those securities.

Ordering of acquisition of securities

(1.41) If a taxpayer acquires a security under an agreement and the acquired security could be a security that is not a non-qualified security, the security is to be considered a security that is not a non-qualified security for the purposes of this section.

Ordering of simultaneous agreements — subsection (1.31)

(1.42) If two or more agreements to sell or issue options are entered into at the same time and the particular qualifying person referred to in subsection (1.3) designates the order of the agreements, then the agreements are deemed to have been entered into in that order for the purposes of paragraph (b) of the description of D in subsection (1.31).

Application of subsection (1.44)

(1.43) Subsection (1.44) applies in respect of a taxpayer's right to acquire a security under an agreement if

(a) subsection (1.31) applies to the taxpayer in respect of the agreement;

(b) the security is not a non-qualified security; and

(c) a payment is made to or for the benefit of the taxpayer for the taxpayer's transfer or disposition of the right.

Cash-out — securities not designated as non-qualified

(1.44) If this subsection applies in respect of a taxpayer's right to acquire a security under an agreement

(a) no qualifying person may deduct, in computing its income for a taxation year, an amount (other than a designated amount described in subsection (1.2)) in respect of the payment referred to in paragraph (1.43)(c); and

(b) paragraph (1)(d) shall, in respect of the right, be read without reference to its subparagraph (i).

(6) Section 110 of the Act is amended by adding the following after subsection (1.8):

Notification — non-qualified security

(1.9) If a security to be issued or sold under an agreement between an employee and a qualifying person is a non-qualified security, the employer of the employee shall

(a) notify the employee in writing that the security is a non-qualified security no later than 30 days after the day that the agreement is entered into; and

(b) notify the Minister in prescribed form that the security is a non-qualified security on or before the filing-due date for the taxation year of the qualifying person that includes the time that the agreement is entered into.

(7) Subsections (1) and (2) come into force or are deemed to have come into force on July 1, 2021.

(8) Subsections (3) to (6) apply in respect of agreements to sell or issue securities entered into after June 2021. However, subsections (3) to (6) do not apply in respect of rights under an agreement to which subsection 7(1.4) of the Act applies that are new options (within the meaning of that subsection) in respect of which an exchanged option (within the meaning of that subsection and on the assumption that paragraph 7(1.4)(e) of the Act applies for those purposes) was issued before July 2021.

16 (1) Subsection 111(7.4) of the Act is replaced by the following:

Non-capital losses of employee life and health trusts

(7.4) For the purposes of computing the taxable income of an employee life and health trust for a taxation year, there may be deducted such portion as the trust may claim of the trust's non-capital losses for the seven taxation years immediately preceding and the three taxation years immediately following the year.

(2) Paragraph (b) of the description of E in the definition *non-capital loss* in subsection 111(8) of the Act is replaced by the following:

(b) an amount deducted under paragraph (1)(b) or section 110.6, or deductible under any of paragraphs 110(1)(d) to (g) and (k), section 112 and subsections 113(1) and 138(6), in computing the taxpayer's taxable income for the year, or

(3) Subsection (1) is deemed to have come into force on February 27, 2018.

(4) Subsection (2) comes into force or is deemed to have come into force on July 1, 2021.

17 (1) Paragraph 115(1)(a) of the Act is amended by adding the following after subparagraph (iii.21):

(iii.22) the total of all amounts, each of which is an amount included under subparagraph 56(1)(r)(iv.1) in computing the non-resident person's income for the year,

(2) Paragraph 115(1)(d) of the Act is replaced by the following:

(d) the deductions permitted by subsection 111(1) and, to the extent that they relate to amounts included in computing the amount determined under any of paragraphs (a) to (c), the deductions permitted by any of paragraphs 110(1)(d) to (d.2), (e) and (f) and subsection 110.1(1),

(3) Subsection (1) is deemed to have come into force on January 1, 2020.

(4) Subsection (2) comes into force or is deemed to have come into force on July 1, 2021.

18 (1) The portion of subsection 117.1(1) of the Act before paragraph (b) is replaced by the following:

Annual adjustment

117.1 (1) Each specified amount in relation to tax payable under this Part or Part I.2 for a taxation year shall be adjusted so that the amount to be used for the year under the provision for which the amount is relevant is the total of

(a) the amount that would, but for subsection (3), be the amount to be used under the relevant provision for the preceding taxation year, and

(2) Section 117.1 of the Act is amended by adding the following after subsection (1):

Annual adjustment — amounts

(2) For the purposes of subsection (1), each of the following amounts is a specified amount in relation to tax payable under this Part or Part I.2 for a taxation year:

- | **(a)** the amount of \$300 referred to in subparagraph 6(1)(b)(v.1);
- | **(b)** the amount of \$1,000 referred to in the formula in paragraph 8(1)(s);
- | **(c)** the amount of \$400,000 referred to in the formula in paragraph 110.6(2)(a);
- | **(d)** each of the amounts expressed in dollars in subsection 117(2);
- | **(e)** each of the amounts expressed in dollars in the description of B in subsection 118(1);
- | **(f)** the amount of \$12,298 in the description of A in subsection 118(1.1);
- | **(g)** the amount of \$15,000 in paragraph (d) of the description of F in subsection 118(1.1);
- | **(h)** each of the amounts expressed in dollars in subsection 118(2);
- | **(i)** the amount of \$1,000 referred to in subsection 118(10);
- | **(j)** the amount of \$15,000 referred to in subsection 118.01(2);
- | **(k)** each of the amounts expressed in dollars in subsection 118.2(1);
- | **(l)** each of the amounts expressed in dollars in subsection 118.3(1);
- | **(m)** each of the amounts expressed in dollars in subsection 122.5(3);
- | **(n)** the amount of \$2,500 referred to in subsection 122.51(1);
- | **(o)** each of the amounts expressed in dollars in subsection 122.51(2);
- | **(p)** the amount of \$14,000 referred to in subsection 122.7(1.3);
- | **(q)** the amounts of \$1,395 and \$2,403 in the description of A, and each of the amounts expressed in dollars in the description of B, in subsection 122.7(2);
- | **(r)** the amount of \$720 in the description of C, and each of the amounts expressed in dollars in the description of D, in subsection 122.7(3);
- | **(s)** the amount of \$10,000 in the description of B in subsection 122.91(2); and
- | **(t)** each of the amounts expressed in dollars in Part I.2.

(3) Subsections (1) and (2) apply to the 2021 and subsequent taxation years. However, the adjustment provided for in subsection 117.1(1) of the Act, as enacted by subsection (1), does not apply

(a) to the 2021 to 2023 taxation years, in respect of paragraph 117.1(2)(g) of the Act, as enacted by subsection (2); and

(b) to the 2021 taxation year, in respect of paragraphs 117.1(2)(p) to (r) of the Act, as enacted by subsection (2).

19 (1) Subparagraph (a)(i) of the description of B in subsection 118(1) of the Act is replaced by the following:

(i) the basic personal amount of the individual for the year, and

(2) The formula in subparagraph (a)(ii) of the description of B in subsection 118(1) of the Act is replaced by the following:

$$C + C.01 - C.1$$

(3) Subparagraph (a)(ii) of the description of B in subsection 118(1) of the Act is amended by striking out “and” at the end of clause (B) of the description of C and by adding the following after the description of C:

C.01 is the basic personal amount of the individual for the year, and

(4) Subparagraph (b)(iii) of the description of B in subsection 118(1) of the Act is replaced by the following:

(iii) the basic personal amount of the individual for the year, and

(5) The formula in subparagraph (b)(iv) of the description of B in subsection 118(1) of the Act is replaced by the following:

$$D + D.01 - D.1$$

(6) Subparagraph (b)(iv) of the description of B in subsection 118(1) of the Act is amended by striking out “and” at the end of clause (B) of the description of D and by adding the following after the description of D:

D.01 is the basic personal amount of the individual for the year, and

(7) Paragraph (c) of the description of B in subsection 118(1) of the Act is replaced by the following:

Single status

(c) except in the case of an individual entitled to a deduction because of paragraph (a) or (b), the basic personal amount of the individual for the year,

(8) Section 118 of the Act is amended by adding the following after subsection (1):

Definition of *basic personal amount*

(1.1) For the purposes of subsection (1), ***basic personal amount***, of an individual for a taxation year, means the amount determined by the formula

$$A + B$$

where

A is \$12,298; and

B is the amount determined by the formula

$$C - D \times E$$

where

C is the amount determined by the formula

$$F - G$$

where

F is

(a) for the 2020 taxation year, \$13,229,

(b) for the 2021 taxation year, \$13,808,

(c) for the 2022 taxation year, \$14,398, and

(d) for the 2023 and subsequent taxation years, \$15,000, and

G is the amount determined for A,

D is the amount determined for C, and

E is

(a) if the individual's income for the year is less than or equal to the first dollar amount for the year referred to in paragraph 117(2)(d), nil, and

(b) in any other case, the lesser of 1 and the amount determined by the formula

$$(H - I)/J$$

where

H is the individual's income for the year,

I is the first dollar amount for the year referred to in paragraph 117(2)(d), and

J is the amount determined by the formula

$$K - L$$

where

K is the first dollar amount for the year referred to in paragraph 117(2)(e), and

L is the amount determined for I.

(9) Paragraph (a) of the definition *pension income* in subsection 118(7) of the Act is amended by adding the following after subparagraph (iii.2):

(iii.3) an amount included under subsection 146.5(2),

(10) Subsections (1) to (8) apply to the 2020 and subsequent taxation years.

(11) Subsection (9) is deemed to have come into force on January 1, 2020.

20 (1) Paragraphs (a) and (b) of the definition *digital news subscription* in subsection 118.02(1) of the Act are replaced by the following:

(a) the agreement entitles an individual to access content of the qualified Canadian journalism organization in digital form and that content is primarily written news; and

(b) the qualified Canadian journalism organization does not hold a licence as defined in subsection 2(1) of the *Broadcasting Act*. (*abonnement aux nouvelles numériques*)

(2) Section 118.02 of the Act is amended by adding the following after subsection (3):

Ceasing to qualify

(4) For the purposes of subsection (1), if amounts paid under an agreement cease to be qualifying subscription expenses at any particular time in a calendar year and, at the particular time, the Minister has communicated or otherwise made available pursuant to paragraph 241(3.4)(b) that these amounts qualify as qualifying subscription expenses, amounts paid under that agreement are deemed to be qualifying subscription expenses — to the same extent that the amounts paid were considered to be qualifying subscription expenses immediately before the particular time — until the end of the calendar year in which the Minister communicates or otherwise makes available pursuant to paragraph 241(3.4)(b) that amounts paid under the agreement no longer qualify as qualifying subscription expenses.

Notice to individuals

(5) If an organization enters into a digital news subscription agreement with an individual and amounts paid under the agreement cease to be qualifying subscription expenses, the organization shall inform the individual that amounts paid under the agreement are no longer qualifying subscription expenses.

(3) Subsection (1) is deemed to have come into force on January 1, 2020.

21 (1) Paragraph (b) of the definition *shared-custody parent* in section 122.6 of the Act is replaced by the following:

(b) reside with the qualified dependant either

(i) at least 40% of the time in the month in which the particular time occurs, or

(ii) on an approximately equal basis, and

(2) Subsection (1) is deemed to have come into force on July 1, 2011.

22 (1) Section 122.7 of the Act is amended by adding the following after subsection (1.2):

Secondary earner exemption

(1.3) For the purposes of subsections (2) and (3),

(a) if an eligible individual had an eligible spouse for a taxation year and the working income for the year of the eligible individual was less than the working income for the year of the eligible spouse, the eligible individual's adjusted net income for the year is deemed to be the amount, if any, by which the eligible individual's adjusted net income for the year (determined without reference to this subsection) exceeds the lesser of

(i) the eligible individual's working income for the year, and

(ii) \$14,000; and

(b) if an eligible individual had an eligible spouse for a taxation year and the working income for the year of the eligible individual was greater than or equal to the working income for the year of the eligible spouse, the eligible spouse's adjusted net income for the year is deemed to be the amount, if any, by which the eligible spouse's adjusted net income for the year (determined without reference to this subsection) exceeds the lesser of

(i) the eligible spouse's working income for the year, and

(ii) \$14,000.

(2) The descriptions of A and B in subsection 122.7(2) of the Act are replaced by the following:

A is

(a) if the individual had neither an eligible spouse nor an eligible dependant, for the taxation year, the lesser of \$1,395 and 27% of the amount, if any, by which the individual's working income for the taxation year exceeds \$3,000, and

(b) if the individual had an eligible spouse or an eligible dependant, for the taxation year, the lesser of \$2,403 and 27% of the amount, if any, by which the total of the working incomes of the individual and, if applicable, of the eligible spouse, for the taxation year, exceeds \$3,000; and

B is

(a) if the individual had neither an eligible spouse nor an eligible dependant, for the taxation year, 15% of the amount, if any, by which the adjusted net income of the individual for the taxation year exceeds \$22,944, and

(b) if the individual had an eligible spouse or an eligible dependant, for the taxation year, 15% of the amount, if any, by which the total of the adjusted net incomes of the individual and, if applicable, of the eligible spouse, for the taxation year, exceeds \$26,177.

(3) The descriptions of C and D in subsection 122.7(3) of the Act are replaced by the following:

C is the lesser of \$720 and 27% of the amount, if any, by which the individual's working income for the taxation year exceeds \$1,150; and

D is

(a) if the individual had neither an eligible spouse nor an eligible dependant, for the taxation year, 15% of the amount, if any, by which the individual's adjusted net income for the taxation year exceeds \$32,244,

(b) if the individual had an eligible spouse for the taxation year who was not entitled to deduct an amount under subsection 118.3(1) for the taxation year, or had an eligible dependant for the taxation year, 15% of the amount, if any, by which the total of the adjusted net incomes of the individual and, if applicable, of the eligible spouse, for the taxation year, exceeds \$42,197, and

(c) if the individual had an eligible spouse for the taxation year who was entitled to deduct an amount under subsection 118.3(1) for the taxation year, 7.5% of the amount, if any, by which the total of the adjusted net incomes of the individual and of the eligible spouse, for the taxation year, exceeds \$42,197.

(4) Subsections (1) to (3) are deemed to have come into force on January 1, 2021.

23 (1) The portion of the definition *assistance* in subsection 125.6(1) of the Act before paragraph (a) is replaced by the following:

assistance means an amount, other than an amount received from the Aid to Publishers component of the Canada Periodical Fund or an amount deemed under subsection (2) to have been paid, that would be included under paragraph 12(1)(x) in computing the income of a taxpayer for any taxation year if that paragraph were read without reference to

(2) Paragraph (d) of the definition *eligible newsroom employee* in subsection 125.6(1) of the Act is replaced by the following:

(d) spends at least 75% of their time engaged in the production of original written news content, including by researching, collecting information, verifying facts, photographing, writing, editing, designing and otherwise preparing content; and

(3) Paragraphs (a) to (d) of the definition *qualifying journalism organization* in subsection 125.6(1) of the Act are replaced by the following:

(a) it does not hold a *licence*, as defined in subsection 2(1) of the *Broadcasting Act*; and

(b) if it is a corporation having share capital, it meets the conditions in subparagraph (e)(iii) of the definition *Canadian newspaper* in subsection 19(5). (*organisation journalistique admissible*)

(4) The description of A in paragraph (a) of the definition *qualifying labour expenditure* in subsection 125.6(1) of the Act is replaced by the following:

A is the lesser of 365 and the number of days in the taxation year in which the taxpayer is a qualifying journalism organization, and

(5) Subsections 125.6(2) and (3) of the Act are replaced by the following:

Tax credit

(2) A taxpayer (other than a partnership) that is a qualifying journalism organization at any time in a taxation year and that files a prescribed form containing prescribed information with its return of income for the year is deemed to have,

on its balance-due day for the year, paid on account of its tax payable under this Part for the year an amount determined by the formula

$$0.25(A) - B$$

where

- A** is the total of all amounts each of which is a qualifying labour expenditure of the qualifying journalism organization for the year in respect of an eligible newsroom employee; and
- B** is the amount received by the taxpayer from the Aid to Publishers component of the Canada Periodical Fund in the year.

Partnership — tax credit

(2.1) If a taxpayer (other than a partnership) is a member of a partnership (other than a specified member of the partnership) at the end of a fiscal period of the partnership that ends in a taxation year of the taxpayer, the partnership is a qualifying journalism organization at any time in that fiscal period and the partnership files an information return in prescribed form containing prescribed information for that fiscal period, then the taxpayer is deemed to have, on the taxpayer's balance-due day for the taxation year, paid on account of the taxpayer's tax payable under this Part for the taxation year an amount determined by the formula

$$(0.25A - B)C/D$$

where

- A** is the total of all amounts each of which is a qualifying labour expenditure of the qualifying journalism organization for the fiscal period in respect of an eligible newsroom employee;
- B** is the amount received by the qualifying journalism organization from the Aid to Publishers component of the Canada Periodical Fund in the fiscal period;
- C** is the specified proportion of the taxpayer for the fiscal period; and
- D** is the total of all specified proportions of members of the partnership for the fiscal period, other than members that are partnerships or specified members of the partnership.

Partnership — application rule

(2.2) In this section, a taxpayer includes a partnership.

When assistance received

(3) For the purposes of this Act other than this section, and for greater certainty, the amount that a taxpayer is deemed under subsection (2) or (2.1) to have paid for a taxation year is assistance received by the taxpayer from a government immediately before the end of the year.

(6) Subsections (1) to (5) are deemed to have come into force on January 1, 2019.

24 (1) The definitions *eligible employee* and *top-up percentage* in subsection 125.7(1) of the Act are replaced by the following:

eligible employee, of an eligible entity in respect of a week in a qualifying period, means an individual employed by the eligible entity primarily in Canada throughout the qualifying period (or the portion of the qualifying period throughout which the individual was employed by the eligible entity), other than, if the qualifying period is any of the first qualifying period to the fourth qualifying period, an individual who is without remuneration by the eligible entity in respect of 14 or more consecutive days in the qualifying period. (*employé admissible*)

top-up percentage, of an eligible entity for a qualifying period, means the percentage determined by regulation for the qualifying period or, if there is no percentage determined by regulation for the qualifying period,

(a) for any of the fifth qualifying period to the tenth qualifying period, the lesser of 25% and the percentage determined by the formula

$$1.25 \times (A - 50\%)$$

where

A is the entity's top-up revenue reduction percentage for the qualifying period;

(b) for any of the eleventh qualifying period to the seventeenth qualifying period, the lesser of 35% and the percentage determined by the formula

$$1.75 \times (A - 50\%)$$

where

A is the entity's top-up revenue reduction percentage for the qualifying period;

(c) for the eighteenth qualifying period, the lesser of 25% and the percentage determined by the formula

$$1.25 \times (A - 50\%)$$

where

A is the entity's top-up revenue reduction percentage for the qualifying period;

(d) for the nineteenth qualifying period, the lesser of 15% and the percentage determined by the formula

$$0.75 \times (A - 50\%)$$

where

A is the entity's top-up revenue reduction percentage for the qualifying period;

(e) for the twentieth qualifying period, the lesser of 10% and the percentage determined by the formula

$$0.5 \times (A - 50\%)$$

where

A is the entity's top-up revenue reduction percentage for the qualifying period; and

(f) for each qualifying period after the twentieth qualifying period, nil. (*pourcentage compensatoire*)

(2) Subparagraphs (b)(i) to (iv) of the definition *baseline remuneration* in subsection 125.7(1) of the Act are replaced by the following:

(i) begins on March 1, 2019 and ends on May 31, 2019, in respect of any of the first qualifying period to the third qualifying period,

(ii) begins on March 1, 2019 and ends on June 30, 2019, in respect of the fourth qualifying period, unless the eligible entity elects to use the period that begins on March 1, 2019 and ends on May 31, 2019 for that qualifying period,

(iii) begins on July 1, 2019 and ends on December 31, 2019, in respect of any of the fifth qualifying period to the thirteenth qualifying period,

(iii.1) begins on March 1, 2019 and ends on June 30, 2019, in respect of any of the fourteenth qualifying period to the seventeenth qualifying period, unless the eligible entity elects to use the period that begins on July 1, 2019 and ends on December 31, 2019 for that qualifying period,

(iii.2) begins on July 1, 2019 and ends on December 31, 2019, in respect of the eighteenth qualifying period and any subsequent qualifying period, or

(iv) if the eligible employee was on leave for any reason mentioned in subsection 12(3) of the *Employment Insurance Act* or section 2 of the *Act respecting parental insurance*, CQLR, c. A-29.011 throughout the period that

begins on July 1, 2019 and ends on March 15, 2020, begins 90 days prior to the date on which the employee commenced that leave and ends on the day prior to the date on which they commenced their leave, in respect of the fifth qualifying period and any subsequent qualifying period. (*rémunération de base*)

(3) The portion of paragraph (a) of the definition *base percentage* in subsection 125.7(1) of the Act before subparagraph (i) is replaced by the following:

(a) for the fifth qualifying period,

(4) The portion of paragraph (b) of the definition *base percentage* in subsection 125.7(1) of the Act before subparagraph (i) is replaced by the following:

(b) for the sixth qualifying period,

(5) The portion of paragraph (c) of the definition *base percentage* in subsection 125.7(1) of the Act before subparagraph (i) is replaced by the following:

(c) for the seventh qualifying period,

(6) The portion of paragraph (d) of the definition *base percentage* in subsection 125.7(1) of the Act before subparagraph (i) is replaced by the following:

(d) for the eighth qualifying period,

(7) The portion of paragraph (e) of the definition *base percentage* in subsection 125.7(1) of the Act before subparagraph (i) is replaced by the following:

(e) for the ninth qualifying period,

(8) Paragraph (f) of the definition *base percentage* in subsection 125.7(1) of the Act is amended by striking out “and” at the end of subparagraph (ii) and by replacing the portion of that paragraph before subparagraph (i) with the following:

(f) for the tenth qualifying period,

(9) Paragraph (g) of the definition *base percentage* in subsection 125.7(1) of the Act is replaced by the following:

(g) for the eleventh qualifying period to the seventeenth qualifying period,

(i) if the entity’s revenue reduction percentage is greater than or equal to 50%, 40%, and

(ii) in any other case, the percentage determined by the formula

$$0.8 \times A$$

where

A is the revenue reduction percentage;

(h) for the eighteenth qualifying period,

(i) if the entity’s revenue reduction percentage is greater than or equal to 50%, 35%, and

(ii) in any other case, the percentage determined by the formula

$$0.875 \times (A - 10\%)$$

where

A is the revenue reduction percentage;

(i) for the nineteenth qualifying period,

(i) if the entity's revenue reduction percentage is greater than or equal to 50%, 25%, and

(ii) in any other case, the percentage determined by the formula

$$0.625 \times (A - 10\%)$$

where

A is the revenue reduction percentage;

(j) for the twentieth qualifying period,

(i) if the entity's revenue reduction percentage is greater than or equal to 50%, 10%, and

(ii) in any other case, the percentage determined by the formula

$$0.25 \times (A - 10\%)$$

where

A is the revenue reduction percentage; and

(k) for a qualifying period after the twentieth qualifying period, a percentage determined by regulation in respect of the eligible entity or, if there is no percentage determined by regulation for the qualifying period, nil. (*pourcentage de base*)

(10) Paragraphs (a) to (c.7) of the definition *current reference period* in subsection 125.7(1) of the Act are replaced by the following:

(a) for the first qualifying period, March 2020;

(b) for the second qualifying period, April 2020;

(c) for the third qualifying period, May 2020;

(c.1) for the fourth qualifying period, June 2020;

(c.2) for the fifth qualifying period, July 2020;

(c.3) for the sixth qualifying period, August 2020;

(c.4) for the seventh qualifying period, September 2020;

(c.5) for the eighth qualifying period, October 2020;

(c.6) for the ninth qualifying period, November 2020;

(c.7) for the tenth qualifying period, December 2020;

(c.8) for the eleventh qualifying period, December 2020;

(c.9) for the twelfth qualifying period, January 2021;

(c.91) for the thirteenth qualifying period, February 2021;

(c.92) for the fourteenth qualifying period, March 2021;

(c.93) for the fifteenth qualifying period, April 2021;

- | **(c.94)** for the sixteenth qualifying period, May 2021;
- | **(c.95)** for the seventeenth qualifying period, June 2021;
- | **(c.96)** for the eighteenth qualifying period, July 2021;
- | **(c.97)** for the nineteenth qualifying period, August 2021;
- | **(c.98)** for the twentieth qualifying period, September 2021;
- | **(c.99)** for the twenty-first qualifying period, October 2021;
- | **(c.991)** for the twenty-second qualifying period, November 2021; and

(11) Subparagraphs (a)(i) to (x) of the definition *prior reference period* in subsection 125.7(1) of the Act are replaced by the following:

- (i) for the first qualifying period, March 2019,
- (ii) for the second qualifying period, April 2019,
- (iii) for the third qualifying period, May 2019,
- (iv) for the fourth qualifying period, June 2019,
- (v) for the fifth qualifying period, July 2019,
- (vi) for the sixth qualifying period, August 2019,
- (vii) for the seventh qualifying period, September 2019,
- (viii) for the eighth qualifying period, October 2019,
- (ix) for the ninth qualifying period, November 2019,
- (x) for the tenth qualifying period, December 2019,
- | (xi) for the eleventh qualifying period, December 2019,
- | (xii) for the twelfth qualifying period, January 2020,
- | (xiii) for the thirteenth qualifying period, February 2020,
- | (xiv) for the fourteenth qualifying period, March 2019,
- | (xv) for the fifteenth qualifying period, April 2019,
- | (xvi) for the sixteenth qualifying period, May 2019,
- | (xvii) for the seventeenth qualifying period, June 2019,
- | (xviii) for the eighteenth qualifying period, July 2019,
- | (xix) for the nineteenth qualifying period, August 2019,
- | (xx) for the twentieth qualifying period, September 2019,
- | (xxi) for the twenty-first qualifying period, October 2019, and

(xxii) for the twenty-second qualifying period, November 2019;

(12) Paragraphs (e) to (g) of the definition *public health restriction* in subsection 125.7(1) of the Act are replaced by the following:

(e) it does not result from a violation by the eligible entity – or a party with which the eligible entity does not deal at arm's length that rents, directly or indirectly, the qualifying property from the eligible entity (referred to in this definition as the "specified tenant") – of an order or decision that meets the conditions in paragraphs (a) to (d);

(f) as a result of the order or decision, some or all of the activities of the eligible entity – or the specified tenant – at, or in connection with, the qualifying property (that it is reasonable to expect the eligible entity – or the specified tenant – would, absent the order or decision, otherwise have engaged in) are required to cease (referred to in this definition as the "restricted activities") based, for greater certainty, on the type of activity rather than the extent to which an activity may be performed or limits placed on the time during which an activity may be performed;

(g) it is reasonable to conclude that at least approximately 25% of the qualifying revenues of the eligible entity – or the specified tenant – for the prior reference period that were earned from, or in connection with, the qualifying property were derived from the restricted activities; and

(13) The portion of paragraph (c) of the definition *qualifying entity* in subsection 125.7(1) of the Act before subparagraph (i) is replaced by the following:

(c) if the qualifying period is any of the first qualifying period to the fourth qualifying period, its qualifying revenues for the current reference period are equal to or less than the specified percentage, for the qualifying period, of

(14) Paragraphs (a) to (d) of the definition *qualifying period* in subsection 125.7(1) of the Act are replaced by the following:

(a) the period that begins on March 15, 2020 and ends on April 11, 2020 (referred to in this section as the "first qualifying period");

(b) the period that begins on April 12, 2020 and ends on May 9, 2020 (referred to in this section as the "second qualifying period");

(c) the period that begins on May 10, 2020 and ends on June 6, 2020 (referred to in this section as the "third qualifying period");

(c.1) the period that begins on June 7, 2020 and ends on July 4, 2020 (referred to in this section as the "fourth qualifying period");

(c.2) the period that begins on July 5, 2020 and ends on August 1, 2020 (referred to in this section as the "fifth qualifying period");

(c.3) the period that begins on August 2, 2020 and ends on August 29, 2020 (referred to in this section as the "sixth qualifying period");

(c.4) the period that begins on August 30, 2020 and ends on September 26, 2020 (referred to in this section as the "seventh qualifying period");

(c.5) the period that begins on September 27, 2020 and ends on October 24, 2020 (referred to in this section as the "eighth qualifying period");

(c.6) the period that begins on October 25, 2020 and ends on November 21, 2020 (referred to in this section as the "ninth qualifying period");

(c.7) the period that begins on November 22, 2020 and ends on December 19, 2020 (referred to in this section as the "tenth qualifying period");

(c.8) the period that begins on December 20, 2020 and ends on January 16, 2021 (referred to in this section as the “eleventh qualifying period”);

(c.9) the period that begins on January 17, 2021 and ends on February 13, 2021 (referred to in this section as the “twelfth qualifying period”);

(c.91) the period that begins on February 14, 2021 and ends on March 13, 2021 (referred to in this section as the “thirteenth qualifying period”);

(c.92) the period that begins on March 14, 2021 and ends on April 10, 2021 (referred to in this section as the “fourteenth qualifying period”);

(c.93) the period that begins on April 11, 2021 and ends on May 8, 2021 (referred to in this section as the “fifteenth qualifying period”);

(c.94) the period that begins on May 9, 2021 and ends on June 5, 2021 (referred to in this section as the “sixteenth qualifying period”);

(c.95) the period that begins on June 6, 2021 and ends on July 3, 2021 (referred to in this section as the “seventeenth qualifying period”);

(c.96) the period that begins on July 4, 2021 and ends on July 31, 2021 (referred to in this section as the “eighteenth qualifying period”);

(c.97) the period that begins on August 1, 2021 and ends on August 28, 2021 (referred to in this section as the “nineteenth qualifying period”);

(c.98) the period that begins on August 29, 2021 and ends on September 25, 2021 (referred to in this section as the “twentieth qualifying period”);

(c.99) the period that begins on September 26, 2021 and ends on October 23, 2021 (referred to in this section as the “twenty-first qualifying period”);

(c.991) the period that begins on October 24, 2021 and ends on November 20, 2021 (referred to in this section as the “twenty-second qualifying period”); and

(d) a prescribed period that ends no later than November 30, 2021. (*période d’admissibilité*)

(15) The portion of paragraph (a) of the definition *rent subsidy percentage* in subsection 125.7(1) of the Act before subparagraph (i) is replaced by the following:

(a) if the qualifying period is any of the eighth qualifying period to the seventeenth qualifying period,

(16) The definition *rent subsidy percentage* in subsection 125.7(1) of the Act is amended by striking out “and” at the end of paragraph (a) and by replacing paragraph (b) with the following:

(a.1) if the qualifying period is any of the eighteenth qualifying period to the twentieth qualifying period, the percentage determined by the formula

$$A + B$$

where

A is the eligible entity’s base percentage for the qualifying period, and

B is the eligible entity’s top-up percentage for the qualifying period; and

(b) for a qualifying period after the twentieth qualifying period, a percentage determined by regulation in respect of the eligible entity or, if there is no percentage determined by regulation for the qualifying period, nil. (*pourcentage de subvention pour le loyer*)

(17) The description of A in the definition *rent top-up percentage* in subsection 125.7(1) of the Act is replaced by the following:

A is 25%, or a prescribed percentage, for any of the eighth qualifying period to the twentieth qualifying period and nil, or a prescribed percentage, for any subsequent qualifying period,

(18) Paragraphs (a) to (c) of the definition *specified percentage* in subsection 125.7(1) of the Act are replaced by the following:

(a) for the first qualifying period, 85%; and

(b) for any of the second qualifying period to the fourth qualifying period, 70%. (*pourcentage déterminé*)

(19) The portion of paragraph (a) of the definition *top-up revenue reduction percentage* in subsection 125.7(1) of the Act before the formula is replaced by the following:

(a) for any of the fifth qualifying period to the seventh qualifying period, the result (expressed as a percentage) of the formula

(20) The portion of paragraph (b) of the definition *top-up revenue reduction percentage* in subsection 125.7(1) of the Act before subparagraph (i) is replaced by the following:

(b) for any of the eighth qualifying period to the tenth qualifying period, the greater of

(21) Paragraph (c) of the definition *top-up revenue reduction percentage* in subsection 125.7(1) of the Act is replaced by the following:

(c) for the eleventh qualifying period and each subsequent qualifying period, the eligible entity's revenue reduction percentage for the qualifying period. (*pourcentage compensatoire de baisse de revenu*)

(22) Subsection 125.7(1) of the Act is amended by adding the following in alphabetical order:

executive compensation repayment amount, of an eligible entity, means

(a) nil, unless

(i) shares of the capital stock of the eligible entity are listed or traded on a stock exchange or other public market, or

(ii) the eligible entity is controlled by a corporation described in subparagraph (i); and

(b) if the conditions in subparagraph (a)(i) or (ii) are met, the amount determined by the formula

$$A \times B$$

where

A is

(i) a percentage assigned to the eligible entity under an agreement if

(A) the agreement is entered into by

(I) the eligible entity,

(II) an eligible entity, shares of the capital stock of which are listed or traded on a stock exchange or other public market, that controls the eligible entity (referred to in this definition as the "public parent"

corporation”), if the public parent corporation received a deemed overpayment under subsection (2) in respect of the seventeenth qualifying period or any subsequent qualifying period, and

(III) each other eligible entity that received a deemed overpayment under subsection (2) in respect of the seventeenth qualifying period or any subsequent qualifying period and was controlled in that period by the eligible entity or the public parent corporation, if any,

(B) the agreement is filed in prescribed form and manner with the Minister,

(C) the agreement assigns, for the purposes of this definition, a percentage in respect of each eligible entity referred to in clause (A) of this description,

(D) the total of all the percentages assigned under the agreement equals 100%, and

(E) the percentage allocated to any eligible entity under the agreement would not result in an amount allocated to the eligible entity in excess of the total of all amounts of deemed overpayments of the eligible entity under subsection (2) for the seventeenth qualifying period and any subsequent qualifying period, and

(ii) in any other case, 100%, and

B is the lesser of

(i) the total of all amounts each of which is an amount of a deemed overpayment under subsection (2) for each of the eligible entities described in clause (i)(A) of the description of A for the seventeenth qualifying period and each subsequent qualifying period, other than amounts in respect of employees on leave with pay, and

(ii) the amount determined by the formula

$$C - D$$

where

C is the executive remuneration of the eligible entity, or of the public parent corporation that controls the eligible entity, if any, for the 2021 calendar year (prorated based upon the number of days of the eligible entity's, or the public parent corporation's, fiscal periods in the calendar year, if those fiscal periods are not the calendar year), and

D is the executive remuneration of the eligible entity, or of the public parent corporation that controls the eligible entity, if any, for the 2019 calendar year (prorated based upon the number of days of the eligible entity's, or the public parent corporation's, fiscal periods in the calendar year, if those fiscal periods are not the calendar year). (*montant du remboursement de la rémunération de la haute direction*)

executive remuneration, of an eligible entity, means

(a) the total amount of compensation that is reported in the eligible entity's Statement of Executive Compensation for Named Executive Officers pursuant to National Instrument 51-102 Continuous Disclosure Obligations, as amended from time to time, of the Canadian Securities Administrators in respect of Named Executive Officers of the eligible entity;

(b) if paragraph (a) does not apply and the eligible entity is required to make a similar disclosure to shareholders under the laws of another jurisdiction, the amount of total compensation reported in that disclosure (if the compensation of more than five individuals is required to be reported under that disclosure, using the five most highly compensated of those individuals); and

(c) if paragraphs (a) and (b) do not apply, the amount that would be required to be reported by the eligible entity using the methodology for preparing the Statement of Executive Compensation referred to in paragraph (a). (*rémunération de la haute direction*)

qualifying recovery entity, for a qualifying period, means an eligible entity that meets the following conditions:

(a) it files an application with the Minister in respect of the qualifying period in prescribed form and manner no later than 180 days after the end of the qualifying period;

- (b) it is a qualifying entity for the qualifying period;
- (c) if it is a corporation (other than a corporation that is exempt from tax under this Part), it
 - (i) is a Canadian-controlled private corporation, or
 - (ii) would be a Canadian-controlled private corporation absent the application of subsection 136(1);
- (d) if it is a partnership, throughout the qualifying period it is the case that

$$A \leq 0.5B$$

where

- A** is the total of all amounts, each of which is the fair market value of an interest in the partnership held — directly or indirectly, through one or more partnerships — by
 - (i) a person or partnership other than an eligible entity, or
 - (ii) a corporation, other than a corporation that
 - (A) is exempt from tax under this Part, or
 - (B) is described in subparagraph (c)(i) or (ii), and
- B** is the total fair market value of all interests in the partnership; and
- (e) it has a revenue reduction percentage
 - (i) greater than 0%, if it is the seventeenth qualifying period, or
 - (ii) greater than 10%, if it is any of the eighteenth qualifying period to the twenty-second qualifying period. (*entité de relance admissible*)

recovery wage subsidy rate, for a qualifying period, means

- (a) for any of the seventeenth qualifying period to the nineteenth qualifying period, 50%;
- (b) for the twentieth qualifying period, 40%;
- (c) for the twenty-first qualifying period, 30%; and
- (d) for the twenty-second qualifying period, 20%. (*taux de subvention salariale de relance*)

total base period remuneration, of an eligible entity, means the total of all amounts, each of which is for an eligible employee in respect of a week in the fourteenth qualifying period, equal to the least of

- (a) \$1,129,
- (b) the eligible remuneration paid to the eligible employee in respect of the week,
- (c) if the eligible employee does not deal at arm's length with the eligible entity in the qualifying period, the baseline remuneration in respect of the eligible employee determined for that week, and
- (d) if the eligible employee is on leave with pay in the week, nil. (*rémunération totale de la période de base*)

total current period remuneration, of an eligible entity for a qualifying period, means the total of all amounts, each of which is for an eligible employee in respect of a week in the qualifying period, equal to the least of

- (a) \$1,129,
- (b) the eligible remuneration paid to the eligible employee in respect of the week,

(c) if the eligible employee does not deal at arm's length with the eligible entity in the qualifying period, the baseline remuneration in respect of the eligible employee determined for that week, and

(d) if the eligible employee is on leave with pay in the week, nil. (*rémunération totale de la période actuelle*)

(23) Subsection 125.7(3) of the Act is replaced by the following:

Canada recovery hiring program

(2.2) For a qualifying recovery entity for a qualifying period, an overpayment on account of the qualifying entity's liability under this Part for the taxation year in which the qualifying period ends is deemed to have arisen during the qualifying period in an amount determined by the formula

$$A \times (B - C)$$

where

A is the recovery wage subsidy rate for the qualifying period;

B is the qualifying recovery entity's total current period remuneration for the qualifying period; and

C is the qualifying recovery entity's total base period remuneration.

When assistance received

(3) For the purposes of this Act other than this section, and for greater certainty, an amount that an eligible entity is deemed under any of subsections (2) to (2.2) to have overpaid is assistance received by it from a government immediately before the end of the qualifying period to which it relates.

(24) Paragraph 125.7(4.2)(d) of the Act is replaced by the following:

(d) if the seller meets any of the following conditions, the eligible entity is deemed to meet that condition:

(i) either of the conditions in paragraph (d) of the definition *qualifying entity* in subsection (1), and

(ii) both of the conditions in subparagraph (c)(ii), or the condition in subparagraph (c)(iii), of the definition *qualifying renter* in subsection (1); and

(25) Paragraphs 125.7(5)(a) and (b) of the Act are replaced by the following:

(a) the amount of any deemed overpayment by an eligible entity under any of subsections (2) to (2.2) in respect of a qualifying period cannot exceed the amount claimed by the eligible entity in the application referred to in paragraph (a) of the definition *qualifying entity* in subsection (1) — or paragraph (a) of the definition *qualifying renter* in subsection (1) or paragraph (a) of the definition *qualifying recovery entity* in subsection (1) — in respect of that qualifying period; and

(b) if an eligible employee is employed in a week by two or more qualifying entities that do not deal with each other at arm's length, the total amount of the deemed overpayment under subsection (2) or (2.2) in respect of the eligible employee for that week shall not exceed the amount that would arise if the eligible employee's eligible remuneration for that week were paid by one qualifying entity.

(26) Subparagraph 125.7(6)(b)(ii) of the Act is replaced by the following:

(ii) in respect of the fifth qualifying period and subsequent qualifying periods, increase the amount of a deemed overpayment under subsection (2), or

(27) Section 125.7 of the Act is amended by adding the following after subsection (6):

Anti-avoidance — recovery wage subsidy

(6.1) Notwithstanding any other provision in this section, the total current period remuneration of an eligible entity for a qualifying period is deemed to be equal to the total base period remuneration of the eligible entity, if

- (a)** the eligible entity, or a person or partnership not dealing at arm's length with the eligible entity, enters into a transaction or participates in an event (or a series of transactions or events) or takes an action (or fails to take an action) that has the effect of increasing the difference between the total current period remuneration and the total base period remuneration of the eligible entity for the qualifying period; and
- (b)** it is reasonable to conclude that one of the main purposes of the transaction, event, series or action in paragraph (a) is to increase the amount of a deemed overpayment under subsection (2.2).

(28) Paragraphs 125.7(7)(a) and (b) of the Act are replaced by the following:

- (a)** for the purposes of subsections (2) to (2.2) and subsections 152(3.4) and 160.1(1), to be a taxpayer; and
- (b)** for the purposes of subsections (2) to (2.2), to have a liability under this Part for a taxation year in which a qualifying period ends.

(29) Subparagraphs 125.7(8)(a)(i) and (ii) of the Act are replaced by the following:

- (i)** the percentages in subparagraphs (a)(i), (b)(i), (c)(i), (d)(i), (e)(i), (f)(i), (g)(i), (h)(i), (i)(i) and (j)(i), and
- (ii)** the factors in subparagraphs (a)(ii), (b)(ii), (c)(ii), (d)(ii), (e)(ii), (f)(ii), (g)(ii), (h)(ii), (i)(ii) and (j)(ii); and

(30) Paragraph 125.7(8)(b) of the Act is replaced by the following:

- (b)** the definition *rent subsidy percentage* in subsection (1), the factors and percentages in paragraphs (a) and (a.1) of that definition;
- (b.1)** the definition *recovery wage subsidy rate* in subsection (1), the percentages in that definition; and

(31) Section 125.7 of the Act is amended by adding the following after subsection (9):

Special case

(9.1) For the purposes of paragraph (9)(b), if the particular qualifying period is the eleventh qualifying period, then the immediately preceding qualifying period is deemed to be the ninth qualifying period.

Greater of wage and recovery subsidies

(9.2) For a qualifying period,

- (a)** if the amount of any deemed overpayment under subsection (2) is equal to or greater than the amount of any deemed overpayment under subsection (2.2), the amount of any deemed overpayment under subsection (2.2) is deemed to be nil; and
- (b)** if the amount of any deemed overpayment under subsection (2.2) is greater than the amount of any deemed overpayment under subsection (2), the amount of any deemed overpayment under subsection (2) is deemed to be nil.

(32) Section 125.7 of the Act is amended by adding the following in numerical order:

Executive compensation

(14) The amount of a refund made by the Minister to an eligible entity in respect of a deemed overpayment under subsection (2) on a particular date under subsection 164(1.6), in respect of any of the seventeenth qualifying period to the twenty-second qualifying period, is deemed to be an amount that has been refunded to the eligible entity on that particular date (for the taxation year in which the refund was made) in excess of the amount to which the eligible entity was

entitled as a refund under this Act to the extent of the lesser of the amount of the refund and the amount determined by the formula

$$A - B$$

where

A is the executive compensation repayment amount of the eligible entity; and

B is the total of all amounts deemed to be an excess refund to the eligible entity under this subsection in respect of refunds made after the particular date.

Foreign currency — executive remuneration

(15) For the purposes of paragraphs 261(2)(b) and (5)(c), amounts referred to in the definition *executive remuneration* in subsection (1) are deemed to arise on the last day of the eligible entity's fiscal period to which the amount relates and not at any other time.

(33) Subsections (12) and (24) are deemed to have come into force on September 27, 2020.

25 (1) Subclause 126(1)(b)(ii)(A)(III) of the Act is replaced by the following:

(III) the total of all amounts each of which is an amount deducted under section 110.6 or paragraph 111(1)(b), or deductible under any of paragraphs 110(1)(d) to (g) and sections 112 and 113, in computing the taxpayer's taxable income for the year, and

(2) Subclause 126(2.1)(a)(ii)(A)(III) of the Act is replaced by the following:

(III) the total of all amounts each of which is an amount deducted under section 110.6 or paragraph 111(1)(b), or deductible under any of paragraphs 110(1)(d) to (g) and sections 112 and 113, in computing the taxpayer's taxable income for the year, and

(3) Subsections (1) and (2) come into force or are deemed to have come into force on July 1, 2021.

26 (1) The portion of paragraph 128.1(1)(c.3) of the Act before subparagraph (i) is replaced by the following:

Foreign affiliate dumping — immigrating corporation

(c.3) if the taxpayer is a corporation that was, immediately before the particular time, controlled by one non-resident person or, if no single non-resident person controlled the CRIC, a group of non-resident persons not dealing with each other at arm's length (in this section, that one non-resident person, or each member of the group of non-resident persons, as the case may be, is referred to as a "parent", and the group of non-resident persons, if any, is referred to as the "group of parents") and the taxpayer owned, immediately before the particular time, one or more shares of one or more non-resident corporations (each of which is in this paragraph referred to as a "subject affiliate") that, immediately after the particular time, were — or that became, as part of a transaction or event or series of transactions or events that includes the taxpayer having become resident in Canada — foreign affiliates of the taxpayer, then

(2) Subparagraph 128.1(1)(c.3)(ii) of the Act is replaced by the following:

(ii) for the purposes of Part XIII, the taxpayer is deemed, immediately after the particular time, to have paid to each parent, and each parent is deemed, immediately after the particular time, to have received from the taxpayer, a dividend in an amount determined by the formula

$$(A - B) \times C/D$$

where

A is the amount determined under clause (B) of the description of A in subparagraph (i),

B is the amount determined under clause (A) of the description of A in subparagraph (i),

- C** is the fair market value, immediately after the particular time, of the shares of the capital stock of the taxpayer that are held, directly or indirectly, by the parent, and
- D** is the total of all amounts each of which is the fair market value, immediately after the particular time, of the shares of the capital stock of the taxpayer that are held, directly or indirectly, by a parent.

(3) Subsections (1) and (2) apply in respect of transactions or events that occur after March 18, 2019.

27 (1) Section 132 of the Act is amended by adding the following after subsection (5.2):

Allocation to redeemers

(5.3) If a trust that is a mutual fund trust throughout a taxation year paid or made payable, at any time in the taxation year, to a beneficiary an amount on a redemption by that beneficiary of a unit of the trust (in this subsection referred to as the “allocated amount”), and the beneficiary’s proceeds from the disposition of that unit do not include the allocated amount, in computing its income for the taxation year no deduction may be made by the trust in respect of

- (a)** the portion of the allocated amount that would be, without reference to subsection 104(6), an amount paid out of the income (other than taxable capital gains) of the trust; and
- (b)** the portion of the allocated amount determined by the formula

$$A - \frac{1}{2}(B + C - D)$$

where

- A** is the portion of the allocated amount that would be, without reference to subsection 104(6), an amount paid out of the taxable capital gains of the trust,
- B** is the beneficiary’s proceeds from the disposition of the unit on the redemption,
- C** is the allocated amount, and
- D** is the amount determined by the trustee to be the beneficiary’s cost amount of that unit, using reasonable efforts to obtain the information required to determine the cost amount.

(2) Subsection (1) applies to taxation years that begin after March 18, 2019. However, paragraph 132(5.3)(b) of the Act, as enacted by subsection (1), does not apply to a taxation year of a mutual fund trust that begins before December 16, 2021, if, in that taxation year, units of the trust are

- (a) listed on a designated stock exchange in Canada; and**
- (b) in continuous distribution.**

28 Paragraph (a) of the definition *tax deferred cooperative share* in subsection 135.1(1) of the Act is replaced by the following:

- (a)** issued, after 2005 and before 2026, by an agricultural cooperative corporation to a person or partnership that is at the time the share is issued an eligible member of the agricultural cooperative corporation, pursuant to an allocation in proportion to patronage;

29 (1) Subsection 143.3(5) of the Act is amended by striking out “and” at the end of paragraph (c), by adding “and” at the end of paragraph (d) and by adding the following after paragraph (d):

- (e)** this section does not apply to prohibit the deduction of an amount under paragraph 110(1)(e).

(2) Subsection (1) comes into force or is deemed to have come into force on July 1, 2021.

30 (1) The definition *designated employee benefit* in subsection 144.1(1) of the Act is replaced by the following:

designated employee benefit means a benefit that is

- (a) from a group sickness or accident insurance plan;
- (b) from a group term life insurance policy;
- (c) from a private health services plan;
- (d) in respect of a counselling service described in subparagraph 6(1)(a)(iv); or
- (e) not a death benefit, but that would be a death benefit if the amounts determined for paragraphs (a) and (b) of the definition *death benefit* in subsection 248(1) were nil. (*prestation désignée*)

(2) Paragraph 144.1(2)(a) of the Act is replaced by the following:

- (a) the only purpose of the trust is to provide benefits to, or for the benefit of, persons described in subparagraph (d)(i) or (ii) and all or substantially all of the total cost of the benefits is applicable to designated employee benefits;

(3) Paragraph 144.1(2)(c) of the Act is replaced by the following:

- (c) the trust meets one of the following conditions:
 - (i) the trust is required to be resident in Canada, determined without reference to section 94, or
 - (ii) if the condition in subparagraph (i) is not met, it is the case that
 - (A) employee benefits are provided to employees who are resident in Canada and to employees who are not resident in Canada,
 - (B) one or more participating employers are employers that are resident in a country other than Canada, and
 - (C) the trust is required to be resident in a country in which a participating employer resides;

(4) Subparagraph 144.1(2)(d)(i) of the Act is replaced by the following:

- (i) an employee of a participating employer or former participating employer,

(5) The portion of subparagraph 144.1(2)(d)(ii) of the Act before clause (A) is replaced by the following:

- (ii) an individual who, in respect of an employee of a participating employer or former participating employer, is (or, if the employee is deceased, was, at the time of the employee's death)

(6) Paragraph 144.1(2)(e) of the Act is replaced by the following:

- (e) the trust meets one of the following conditions:
 - (i) it contains at least one class of beneficiaries where
 - (A) the members of the class represent at least 25% of all of the beneficiaries of the trust who are employees of the participating employers under the trust, and
 - (B) either of the following conditions is met:
 - (I) at least 75% of the members of the class are not key employees of any of the participating employers under the trust, or
 - (II) the contributions to the trust in respect of key employees who deal at arm's length with their employer are determined in connection with a collective bargaining agreement, or

(ii) in respect of the private health services plan under the trust, the total cost of benefits provided to each key employee (and to persons described in subparagraph (2)(d)(ii) in respect of the key employee) in relation to the year does not exceed the amount determined by the formula

$$\$2,500 \times A(B/C)$$

where

A is the total number of persons each of whom

(A) is a person to whom designated employees benefits are provided under the plan, and

(B) is the key employee or a person described in subparagraph (2)(d)(ii) in respect of the key employee,

B is the number of days in the year that the key employee was employed on a full-time basis by an employer that participates in the plan, and

C is the number of days in the year;

(7) Subsection 144.1(2) of the Act is amended by adding “and” at the end of paragraph (g) and by replacing paragraphs (h) and (i) with the following:

(i) trustees who do not deal at arm’s length with one or more participating employers must not constitute the majority of the trustees of the trust.

(8) Paragraphs 144.1(3)(a) and (b) of the Act are replaced by the following:

(a) is not operated in accordance with the terms required by subsection (2) to govern the trust, unless it is reasonable to conclude that its trustees neither knew nor ought to have known that designated employee benefits have been provided to, or contributions have been made in respect of, beneficiaries other than those described in subparagraph (2)(d)(i) or (ii); or

(b) provides any benefit for which, if the benefit had been paid directly to the employee and not out of the trust, the contributions or premiums would not be deductible in computing the income of an employer in respect of any taxation year.

(9) Subsection 144.1(6) of the Act is replaced by the following:

Deductibility — collectively bargained or similar agreement

(6) Despite subsection (4) and paragraph 18(9)(a), an employer may deduct in computing its income for a taxation year the amount that it is required to contribute for the year to an employee life and health trust if the following conditions are met at the time that the contribution is made:

(a) the employer contributes to the trust in accordance with a contribution formula that does not provide for any variation in contributions determined by reference to the financial experience of the trust and either of the following conditions is met:

(i) if there is a collective bargaining agreement, the trust provides benefits

(A) negotiated under the collective bargaining agreement, or

(B) under a participation agreement that are substantially the same as under the collective bargaining agreement, or

(ii) in any other case, the trust provides benefits in accordance with an arrangement that meets the following conditions:

(A) there is a legal requirement for each employer to participate in accordance with the terms and conditions that govern the trust,

(B) there are a minimum of 50 beneficiaries under the trust who are employees of the participating employers in respect of the trust, and

(C) each employee who is a beneficiary under the trust deals at arm's length with each participating employer in respect of the trust; and

(b) contributions that are to be made by each employer are determined, in whole or in part, by reference to the number of hours worked by individual employees of the employer or some other measure that is specific to each employee with respect to whom contributions are made to the trust.

(10) Section 144.1 of the Act is amended by adding the following after subsection (13):

Conditions — deemed employee life and health trust

(14) Subsection (15) applies in respect of a trust if

(a) the trust was established before February 28, 2018;

(b) the contributions to the trust are determined in connection with a collective bargaining agreement;

(c) all or substantially all of the employee benefits provided by the trust are designated employee benefits; and

(d) the trust elects in prescribed form and manner that subsection (15) applies as of a particular date after 2018.

Deemed employee life and health trust

(15) If this subsection applies in respect of a trust,

(a) the trust is deemed for the purposes of the Act to be an employee life and health trust from the particular date referred to in paragraph (14)(d) until the earliest of

(i) the end of 2022,

(ii) the day that the trust satisfies the conditions in subsection (2), and

(iii) any day on which the condition in paragraph (14)(c) is not satisfied; and

(b) at any time that the trust is an employee life and health trust because of paragraph (a),

(i) subsection 111(7.5) applies to the trust as if the reference in paragraph (b) of that subsection to “subsection 144.1(3)” were read as a reference to “paragraph 144.1(3)(b)”, and

(ii) subsection (3) applies to the trust without reference to its paragraph (a).

Trust-to-trust transfer

(16) If a property is transferred from a trust that provides employee benefits substantially all of which are designated employee benefits (referred to in this subsection as the “transferor trust”) to an employee life and health trust (referred to in this subsection as the “receiving trust”), and if the Minister has been so notified in prescribed form, then

(a) the transferred property is deemed to have been disposed of by the transferor trust, and to have been acquired by the receiving trust, for an amount equal to the cost amount of the property to the transferor trust immediately before the disposition; and

(b) section 107.1 does not apply to the transfer.

Deductibility of transferred property

(17) If subsection (16) applies to a transfer of property to an employee life and health trust, the transfer shall not be considered to be a contribution to the employee life and health trust for the purposes of subsections (4) and (6).

Requirement to file

(18) A trust shall, on or before its first filing-due date after 2021, notify the Minister in prescribed form that it is an employee life and health trust if

- (a)** prior to February 27, 2018, it provided employee benefits substantially all of which are designated employee benefits;
- (b)** after February 26, 2018, it becomes an employee life and health trust because it satisfies the conditions in subsection (2); and
- (c)** subsections (15) and (16) do not apply to the trust.

(11) Subsections (1) to (10) are deemed to have come into force on February 27, 2018. As of that date, section 144.1 of the Act, as amended by subsections (1) to (10), applies in respect of trusts regardless of the date that the trust was established.

31 (1) The description of A in subsection 146(1.1) of the Act is replaced by the following:

A is the amount determined for F in subsection 118(1.1) for that preceding taxation year; and

(2) Subsection 146(16) of the Act is amended by striking out “or” at the end of paragraph (a) and by adding the following after that paragraph:

- (a.1)** to a licensed annuities provider to acquire an advanced life deferred annuity for the benefit of the transferor, or

(3) Subsection (1) applies to the 2021 and subsequent taxation years.

(4) Subsection (2) is deemed to have come into force on January 1, 2020.

32 (1) Paragraph 146.3(2)(f) of the Act is amended by striking out “or” at the end of subparagraph (vii), by adding “or” at the end of subparagraph (viii) and by adding the following after subparagraph (viii):

- (ix)** an advanced life deferred annuity under which the individual is the annuitant, if the transfer is a refund described under paragraph (g) of the definition *advanced life deferred annuity* in subsection 146.5(1);

(2) Subsection 146.3(14.1) of the Act is amended by striking out “or” at the end of paragraph (a), by adding “or” at the end of paragraph (b) and by adding the following after paragraph (b):

- (c)** is transferred at the direction of the annuitant directly to a licensed annuities provider to acquire an advanced life deferred annuity for the benefit of the annuitant.

(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2020.

33 (1) Paragraph (c) of the definition *disability savings plan* in subsection 146.4(1) of the Act is replaced by the following:

- (c)** that is entered into in a taxation year in respect of which

- (i)** the beneficiary is a DTC-eligible individual, or

- (ii)** the beneficiary is not a DTC-eligible individual and an amount is to be transferred from a registered disability savings plan of the beneficiary to the arrangement in accordance with subsection (8). (*régime d'épargne-invalidité*)

(2) Subparagraph 146.4(4)(f)(i) of the Act is replaced by the following:

- (i)** the beneficiary is not a DTC-eligible individual in respect of the taxation year that includes that time, unless the contribution is a specified RDSP payment in respect of the beneficiary, or

(3) The portion of subparagraph 146.4(4)(n)(i) of the Act before clause (A) is replaced by the following:

(i) if the calendar year is not a specified year for the plan and the conditions in clauses (p)(ii)(A) and (B) are not met in the calendar year, the total amount of disability assistance payments made from the plan to the beneficiary in the calendar year shall not exceed the specified maximum amount for the calendar year, except that, in calculating that total amount, any payment made following a transfer in the calendar year from another plan in accordance with subsection (8) is to be disregarded if it is made

(4) Subparagraph 146.4(4)(p)(ii) of the Act is replaced by the following:

(ii) the first calendar year in which the following conditions are met:

(A) the holder of the plan has requested that the issuer terminate the plan, and

(B) throughout the year, the beneficiary has no severe and prolonged impairments with the effects described in paragraph 118.3(1)(a.1).

(5) Section 146.4 of the Act is amended by adding the following after subsection (4):

Transitional rule

(4.01) If, after March 18, 2019 and before 2021, a registered disability savings plan would otherwise be required to be terminated because of subparagraph (4)(p)(ii) or any terms of the plan provided because of that subparagraph, then notwithstanding that subparagraph or those terms, the plan is not required to be terminated before 2021 in either of the following circumstances:

(a) the beneficiary of the plan has no severe and prolonged impairments with the effects described in paragraph 118.3(1)(a.1), or

(b) an election was made under subsection (4.1), as it read immediately before 2021, and the election ceases to be valid after March 18, 2019 and before 2021 because of paragraph (4.2)(b), as it read immediately before 2021.

(6) Subsections 146.4(4.1) to (4.3) of the Act are repealed.

(7) Subsections (1) to (4) and (6) are deemed to have come into force on January 1, 2021.

34 (1) The Act is amended by adding the following after section 146.4:

Advanced Life Deferred Annuity

Definitions

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

advanced life deferred annuity means a contract for an annuity that meets the following conditions:

(a) it is issued by a licensed annuities provider;

(b) it specifies that it is intended to qualify as an advanced life deferred annuity under this Act;

(c) periodic annuity payments under the contract

(i) commence to be paid no later than the end of the calendar year in which the annuitant attains 85 years of age, and

(ii) are payable for the life of the annuitant or for the lives, jointly, of the annuitant and the annuitant's spouse or common-law partner;

(d) periodic annuity payments under the contract are payable

- (i) in equal amounts, or
- (ii) in amounts that are not equal only because the payments
 - (A) are adjusted in whole or in part to reflect
 - (I) increases in the Consumer Price Index, as published by Statistics Canada under the authority of the *Statistics Act*, or
 - (II) increases at a rate specified in the contract, not exceeding 2% per annum, or
 - (B) are reduced on the death of the annuitant or the annuitant's spouse or common-law partner;
- (e) if an annuity is payable for the lives, jointly, of the annuitant and the annuitant's spouse or common-law partner and the annuitant dies before payments commence to be paid, then the payments to the annuitant's spouse or common-law partner shall
 - (i) commence no later than the date that they would have commenced if the annuitant were alive, and
 - (ii) be adjusted in accordance with generally accepted actuarial principles if the payments commence before the date they would have commenced if the annuitant were alive;
- (f) the amount to be paid, if any, to one or more beneficiaries under the contract after the death of the annuitant — or, in the case of a joint-lives annuity, after the last death of the annuitant and the annuitant's spouse or common-law partner — shall
 - (i) be paid as soon as practicable after the death of the annuitant or the last death of the annuitant and the annuitant's spouse or common-law partner, as the case may be, and
 - (ii) not exceed the amount, if any, by which the total amount transferred to acquire the annuity exceeds the total amount of annuity payments made under the contract;
- (g) it provides that all or part of the amount transferred to acquire the annuity may be refunded, if
 - (i) the refund is paid to reduce the amount of tax that would otherwise be payable by the annuitant under Part XI, and
 - (ii) the refund is
 - (A) paid to the annuitant, or
 - (B) transferred directly to
 - (I) the issuer of a registered retirement savings plan of the annuitant,
 - (II) the carrier of a registered retirement income fund of the annuitant,
 - (III) the administrator of a pooled registered pension plan under which the annuitant is a member, or
 - (IV) the administrator of a money purchase provision of a registered pension plan under which the annuitant is a member;
- (h) if it provides that the spouse or common-law partner may request a payment in a single amount in full or partial satisfaction of the spouse's or common-law partner's entitlement to payments described in subparagraph (c)(ii) as a consequence of the death of the annuitant, then the single amount cannot exceed the present value (at the time the single amount is paid) of the other payments that, as a consequence of the payment of the single amount, cease to be provided;

(i) no right under the contract is capable of being assigned, charged, anticipated, given as security or surrendered; and

(j) it does not provide for any payment under the contract except as specified in this definition. (*rente viagère différée à un âge avancé*)

annuitant means an individual who has acquired a contract for an annuity from a licensed annuities provider. (*rentier*)

beneficiary, under a contract for an annuity, means an individual who has a right under the contract to receive a payment after the death of the annuitant or the annuitant's spouse or common-law partner. (*bénéficiaire*)

Taxable amount — annuity payments

(2) Amounts (excluding amounts described in paragraph (f) or (g) of the definition *advanced life deferred annuity* in subsection (1) and including amounts deemed to have been received under paragraph (7)(a)) received by a taxpayer in a taxation year under an advanced life deferred annuity shall be included in computing the income of the taxpayer for the taxation year.

Taxable amount — death benefits

(3) Amounts described in paragraph (f) of the definition *advanced life deferred annuity* in subsection (1) received by a taxpayer in a taxation year under an advanced life deferred annuity as a result of the death of an individual shall be included in computing the income of

(a) the taxpayer for the taxation year, if the taxpayer is

(i) the spouse or common-law partner of the individual, or

(ii) a child or grandchild of the individual who was, immediately before the death of the individual, financially dependent on the individual for support; and

(b) the individual for the taxation year in which the individual died, in any other case.

Taxation of refunds

(4) The amount of a refund described in clause (g)(ii)(A) of the definition *advanced life deferred annuity* in subsection (1) that is paid to an annuitant shall be included in the income of the annuitant.

Treatment of amount transferred

(5) If an amount is paid in circumstances described in clause (g)(ii)(B) of the definition *advanced life deferred annuity* in subsection (1),

(a) the amount shall not, by reason only of that payment, be included by reason of paragraph 56(1)(z.5) in computing the income of any taxpayer;

(b) no deduction may be made under any provision of this Act in respect of the amount in computing the income of any taxpayer;

(c) in the case of an amount paid to a registered pension plan, the amount is deemed not to be a contribution for the purpose of applying Parts LXXXIII and LXXXV of the *Income Tax Regulations*; and

(d) in the case of an amount paid to a registered retirement savings plan or a pooled registered pension plan, the amount shall not be included in determining the amount of the individual's undeducted RRSP premiums under subsection 204.2(1.2).

Deemed payment to beneficiary

(6) An amount is deemed to have been received at a particular time by a *beneficiary* (as defined in subsection 108(1)) of a deceased annuitant's estate, and not by the legal representative of the deceased annuitant, if

- (a) the amount is described in paragraph (f) of the definition *advanced life deferred annuity* in subsection (1);
- (b) the amount was paid to the legal representative;
- (c) the beneficiary is described in paragraph (3)(a);
- (d) the beneficiary is entitled to the amount in full or partial satisfaction of their rights as a beneficiary under the deceased annuitant's estate; and
- (e) the amount is designated jointly by the legal representative and the beneficiary in prescribed form filed with the Minister.

Amended contract

(7) If an amendment made at any time to a contract results in it no longer meeting the conditions in the definition *advanced life deferred annuity* in subsection (1), the following rules apply:

- (a) the annuitant under the contract immediately before that time is deemed to have received under the contract at that time an amount equal to the fair market value of their interest in the contract at that time; and
- (b) the annuitant is deemed to have acquired their interest in the contract at that time at a cost equal to the fair market value of the interest at that time.

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

35 (1) The portion of subparagraph 147(2)(k)(vi) of the Act before clause (A) is replaced by the following:

(vi) by a trustee under the plan to a licensed annuities provider to purchase for the beneficiary an annuity (other than an advanced life deferred annuity), if

(2) Subparagraph 147(2)(k.1)(ii.1) of the Act is replaced by the following:

(ii.1) an amount paid pursuant to or under the plan by a trustee under the plan to a licensed annuities provider to purchase for a beneficiary under the plan an annuity to which subparagraph (k)(vi) or (19)(d)(v) applies,

(3) The portion of paragraph 147(19)(d) of the French version of the Act before subparagraph (i) is replaced by the following:

d) le montant est transféré directement à l'un des régimes, fonds ou fournisseurs ci-après au profit du particulier :

(4) Paragraph 147(19)(d) of the Act is amended by striking out “or” at the end of subparagraph (iii), by adding “or” at the end of subparagraph (iv) and by adding the following after subparagraph (iv):

(v) a licensed annuities provider to acquire an advanced life deferred annuity, if the individual is an employee or former employee of an employer who participated in the plan on the employee's behalf.

(5) Subsections (1) to (4) are deemed to have come into force on January 1, 2020.

36 (1) The portion of paragraph 147.3(1)(c) of the French version of the Act before subparagraph (i) is replaced by the following:

c) le montant est transféré directement à l'un des régimes, fonds ou fournisseurs suivants :

(2) Paragraph 147.3(1)(c) of the Act is amended by striking out “or” at the end of subparagraph (ii), by adding “or” at the end of subparagraph (iii) and by adding the following after subparagraph (iii):

(iv) a licensed annuities provider to acquire an advanced life deferred annuity for the benefit of the member.

(3) Paragraph 147.3(3)(c) of the Act is replaced by the following:

(c) is transferred directly to another registered pension plan to be held in connection with a defined benefit provision of the other plan, unless the transfer is to an *individual pension plan* (as defined in subsection 8300(1) of the *Income Tax Regulations*) and is in respect of benefits that are attributable to employment with a former employer that is not a participating employer (or its predecessor employer); and

(4) Subsections (1) and (2) are deemed to have come into force on January 1, 2020.

(5) Subsection (3) is deemed to have come into force on March 19, 2019.

37 (1) Paragraph 147.4(1)(a) of the Act is replaced by the following:

(a) at any time an individual acquires, in full or partial satisfaction of the individual's entitlement to benefits under a registered pension plan, an interest in an annuity contract (other than an advanced life deferred annuity) purchased from a licensed annuities provider,

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

38 (1) The portion of the definition *qualifying annuity* in subsection 147.5(1) of the Act before paragraph (a) is replaced by the following:

qualifying annuity, for an individual, means an annuity (other than an advanced life deferred annuity) that

(2) Paragraph 147.5(5)(a) of the Act is replaced by the following:

(a) the payment of benefits to a member that would be in accordance with paragraph 8506(1)(e.1) or (e.2) of the *Income Tax Regulations* if the benefits were provided under a money purchase provision of a registered pension plan; and

(3) Paragraph 147.5(21)(c) of the Act is amended by striking out “or” at the end of subparagraph (iv), by adding “or” at the end of subparagraph (v) and by adding the following after subparagraph (v):

(vi) a licensed annuities provider to acquire an advanced life deferred annuity for the benefit of the member.

(4) Subsections (1) to (3) are deemed to have come into force on January 1, 2020.

39 (1) The definition *ineligible individual* in subsection 149.1(1) of the Act is amended by striking out “or” at the end of paragraph (d) and by adding the following after paragraph (e):

(f) a listed terrorist entity, or a member of a listed terrorist entity,

(g) a director, trustee, officer or like official of a listed terrorist entity during a period in which that entity supported or engaged in terrorist activities, including a period prior to the date on which the entity became a listed terrorist entity, or

(h) an individual who controlled or managed, directly or indirectly, in any manner whatever, a listed terrorist entity during a period in which that entity supported or engaged in terrorist activities, including a period prior to the date on which the entity became a listed terrorist entity; (*particulier non admissible*)

(2) The definition *qualifying journalism organization* in subsection 149.1(1) of the Act is amended by striking out “and” at the end of paragraph (f), by adding “and” at the end of paragraph (g) and by adding the following after paragraph (g):

(h) it is primarily engaged in the production of original news content; (*organisation journalistique admissible*)

(3) Subsection 149.1(1) of the Act is amended by adding the following in alphabetical order:

listed terrorist entity, at any time, means a person, partnership, group, fund, unincorporated association or organization that is at that time a *listed entity*, as defined in subsection 83.01(1) of the *Criminal Code*; (*entité terroriste inscrite*)

(4) Section 149.1 of the Act is amended by adding the following after subsection (1.01):

Deeming rule — listed terrorist entity

(1.02) If, but for this subsection, a person, partnership, group, fund, unincorporated association or organization becomes a listed terrorist entity at a particular time and ceases to be a listed terrorist entity at a later time further to an application made under subsection 83.05(2) of the *Criminal Code* or as a result of paragraph 83.05(6)(d) of that Act, then the entity is deemed not to have become a listed terrorist entity and to not have been a listed terrorist entity throughout that period.

(5) Paragraph 149.1(4.1)(c) of the Act is replaced by the following:

(c) of a registered charity, if a *false statement* (as defined in subsection 163.2(1)) was made in circumstances amounting to *culpable conduct* (as defined in subsection 163.2(1)) in the furnishing of information for the purpose of obtaining or maintaining its registration;

(6) Subsection (2) is deemed to have come into force on January 1, 2019.

40 (1) Paragraph 152(1)(b) of the Act is replaced by the following:

(b) the amount of tax, if any, deemed by subsection 120(2) or (2.2), 122.5(3), 122.51(2), 122.7(2) or (3), 122.8(4), 122.9(2), 122.91(1), 125.4(3), 125.5(3), 125.6(2) or (2.1), 127.1(1), 127.41(3) or 210.2(3) or (4) to be paid on account of the taxpayer's tax payable under this Part for the year.

(2) Paragraph 152(1)(b) of the Act is replaced by the following:

(b) the amount of tax, if any, deemed by subsection 120(2) or (2.2), 122.5(3) or (3.001), 122.51(2), 122.7(2) or (3), 122.8(4), 122.9(2), 122.91(1), 125.4(3), 125.5(3), 125.6(2) or (2.1), 127.1(1), 127.41(3) or 210.2(3) or (4) to be paid on account of the taxpayer's tax payable under this Part for the year.

(3) Subsection 152(3.4) of the Act is replaced by the following:

COVID-19 — notice of determination

(3.4) The Minister may at any time determine the amount deemed by any of subsections 125.7(2) to (2.2) to be an overpayment on account of a taxpayer's liability under this Part that arose during a *qualifying period* (as defined in subsection 125.7(1)), or determine that there is no such amount, and send a notice of the determination to the taxpayer.

(4) Clause 152(4)(b)(iii)(A) of the Act is replaced by the following:

(A) as a consequence of a *transaction* (as defined in subsection 247(1)) involving the taxpayer and a non-resident person with whom the taxpayer was not dealing at arm's length, or

(5) Subsection (1) is deemed to have come into force on January 1, 2019.

(6) Subsection (2) is deemed to have come into force on March 25, 2020.

(7) Subsection (4) applies to taxation years of a taxpayer in respect of which the normal reassessment period (within the meaning of subsection 152(3.1) of the Act) for the taxpayer ends after March 18, 2019.

41 (1) Subsection 153(1) of the Act is amended by striking out “or” at the end of paragraph (s), by adding “or” at the end of paragraph (t) and by adding the following after paragraph (t):

(u) a payment out of or under an advanced life deferred annuity

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

42 (1) Paragraph 157(3)(e) of the Act is replaced by the following:

(e) 1/12 of the total of the amounts each of which is deemed by subsection 125.4(3), 125.5(3), 125.6(2) or (2.1), 127.1(1) or 127.41(3) to have been paid on account of the corporation's tax payable under this Part for the year.

(2) Paragraph 157(3.1)(c) of the Act is replaced by the following:

(c) 1/4 of the total of the amounts each of which is deemed by subsection 125.4(3), 125.5(3), 125.6(2) or (2.1), 127.1(1) or 127.41(3) to have been paid on account of the corporation's tax payable under this Part for the taxation year.

(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2019.

43 (1) Subparagraph 163(2)(h)(i) of the Act is replaced by the following:

(i) the amount that would be deemed by subsection 125.6(2) or (2.1) to have been paid for the year by the person if that amount were calculated by reference to the information provided in the return filed for the year pursuant to that subsection

(2) Subparagraph 163(2)(i)(i) of the Act is replaced by the following:

(i) the amount that would be deemed by any of subsections 125.7(2) to (2.2) to have been an overpayment by the person or partnership if that amount were calculated by reference to the information provided in the application filed pursuant to paragraph (a) of the definition *qualifying entity* in subsection 125.7(1), paragraph (a) of the definition *qualifying renter* in subsection 125.7(1) or paragraph (a) of the definition *qualifying recovery entity* in subsection 125.7(1), as the case may be

(3) Section 163 of the Act is amended by adding the following after subsection (2.901):

Penalty — COVID-19

(2.902) Every eligible entity that is deemed by subsection 125.7(6.1) to have an amount of total current period remuneration for a qualifying period is liable to a penalty equal to 25% of the amount that would be deemed by subsection 125.7(2.2) to have been an overpayment by the eligible entity during that qualifying period if that amount were calculated by reference to the information provided in the application filed pursuant to paragraph (a) of the definition *qualifying recovery entity* in subsection 125.7(1).

(4) Subsection (1) is deemed to have come into force on January 1, 2019.

44 (1) Subparagraph 164(1)(a)(ii) of the Act is replaced by the following:

(ii) before sending the notice of assessment for the year, where the taxpayer is a *qualified corporation* (as defined in subsection 125.4(1)), an *eligible production corporation* (as defined in subsection 125.5(1)) or a *qualifying journalism organization* (as defined in subsection 125.6(1)) and an amount is deemed under subsection 125.4(3), 125.5(3) or 125.6(2) or (2.1) to have been paid on account of its tax payable under this Part for the year, refund all or part of any amount claimed in the return as an overpayment for the year, not exceeding the total of those amounts so deemed to have been paid, and

(2) Subsection 164(1.6) of the Act is replaced by the following:

COVID-19 refunds

(1.6) Notwithstanding subsection (2.01), at any time after the beginning of a taxation year of a taxpayer in which an overpayment is deemed to have arisen under any of subsections 125.7(2) to (2.2), the Minister may refund to the taxpayer all or any part of the overpayment.

(3) Subsection (1) is deemed to have come into force on January 1, 2019.

45 Section 168 of the Act is amended by adding the following after subsection (3):

Listed terrorist entities

(3.1) Notwithstanding subsections (1), (2) and (4), if a qualified donee is a listed terrorist entity for the purposes of section 149.1, the registration of the qualified donee is revoked as of the date on which it became a listed terrorist entity.

46 (1) The Act is amended by adding the following after section 168:

Designation of Qualified Canadian Journalism Organizations

Date of designation

168.1 (1) If an organization is designated for the purpose of the definition *qualified Canadian journalism organization* in subsection 248(1), the organization is deemed to have become designated on the date that the application for designation of the organization was made, unless otherwise specified by the Minister.

Revocation of designation

(2) The Minister may, at any time, revoke the designation of an organization made for the purpose of the definition *qualified Canadian journalism organization* in subsection 248(1) and, for that purpose, the Minister shall take into account any recommendations of a body established for the purpose of that definition and referred to in paragraph (b) of that definition.

Notice and date of revocation

(3) If the designation of an organization is revoked under subsection (2),

(a) the Minister shall provide notice of the revocation to the organization in writing; and

(b) the revocation is deemed to be effective as of the date on which the notice in paragraph (a) is sent, unless the Minister specifies an earlier date.

(2) Subsection (1) is deemed to have come into force on January 1, 2019.

47 The portion of subsection 188(1) of the Act before paragraph (a) is replaced by the following:

Deemed year-end on notice of revocation

188 (1) If on a particular day the Minister issues a notice of intention to revoke the registration of a taxpayer as a registered charity under any of subsections 149.1(2) to (4.1) and 168(1), it becomes a listed terrorist entity or it is determined, under subsection 7(1) of the *Charities Registration (Security Information) Act*, that a certificate served in respect of the charity under subsection 5(1) of that Act is reasonable on the basis of information and evidence available,

48 Subsection 188.2(2) of the Act is amended by striking out “or” at the end of paragraph (d), by adding “or” at the end of paragraph (e) and by adding the following after paragraph (e):

(f) in the case of a person that is a registered charity, if a *false statement* (as defined in subsection 163.2(1)) was made in circumstances amounting to *culpable conduct* (as defined in subsection 163.2(1)) in the furnishing of information for the purpose of maintaining its registration.

49 (1) The Act is amended by adding the following after Part X.5:

PART XI

Tax in Respect of Advanced Life Deferred Annuity

Definitions

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

ALDA dollar limit, for a calendar year, means

(a) for 2020, \$150,000; and

(b) for each year after 2020, the amount (rounded to the nearest multiple of \$10,000, or if that amount is equidistant from two such consecutive multiples, to the higher multiple) that is equal to \$150,000 adjusted for each year after 2020 in the manner set out in section 117.1. (*plafond de la RVDAA*)

cumulative excess amount, of an individual at any particular time in a calendar year, means the amount determined by the formula

$$A - B$$

where

A is the greater of

(a) the total of all amounts each of which is an excess ALDA transfer of the individual at or before the particular time, and

(b) the amount determined by the formula

$$C - D$$

where

C is the total of all amounts each of which is the amount of a transfer at or before the particular time to acquire an advanced life deferred annuity on behalf of the individual, and

D is the ALDA dollar limit for the calendar year; and

B is the total of all amounts each of which is the amount of a refund described in paragraph (g) of the definition *advanced life deferred annuity* in subsection 146.5(1) made at or before the particular time on behalf of the individual. (*excédent cumulatif*)

excess ALDA transfer, of an individual, means the portion of the amount of a transfer, made from a transferor plan under any of subsections 146(16) and 146.3(14.1) and paragraphs 147(19)(d), 147.3(1)(c) and 147.5(21)(c) to acquire an advanced life deferred annuity on behalf of the individual, determined by the formula

$$A - B$$

where

A is the amount of the transfer; and

B is the amount determined by the formula

$$0.25(C + D) - E$$

where

C is the total value of the property held for the benefit of the individual under the transferor plan at the end of the calendar year preceding the calendar year in which the transfer is made, other than

(a) if the transferor plan is a registered pension plan, property held in connection with

(i) a *defined benefit provision* (as defined in subsection 147.1(1)) of the transferor plan, or

(ii) a VPLA fund, as described in subsection 8506(13) of the *Income Tax Regulations*,

(b) if the transferor plan is a pooled registered pension plan, property held in connection with benefits that would be described in paragraph 147.5(5)(a) if the reference in that paragraph to “8506(1)(e.1) or (e.2)” were read as a reference to “8506(1)(e.2)”,

(c) if the transferor plan is a registered retirement income fund, contracts for annuities held in connection with the fund other than annuities described in paragraph (b.1) of the definition *qualified investment* in subsection 146.3(1), and

(d) if the transferor plan is a registered retirement savings plan, contracts for annuities held in connection with the plan other than annuities described in paragraph (c.1) of the definition *qualified investment* in subsection 146(1),

D is the total of all amounts each of which is the amount transferred from the transferor plan, in a calendar year preceding the calendar year in which the transfer is made, to acquire an advanced life deferred annuity on behalf of the individual, and

E is the total of all amounts each of which is the amount of a previous transfer from the transferor plan to acquire an advanced life deferred annuity on behalf of the individual. (*excédent de transfert au titre de la RVDAA*)

Tax payable by individuals

(2) If at the end of any month an individual has a cumulative excess amount, the individual shall, in respect of that month, pay a tax under this Part equal to 1% of that cumulative excess amount.

Waiver of tax

(3) If an individual would, but for this subsection, be required to pay a tax under subsection (2) in respect of a month, the Minister may waive or cancel all or part of the tax if the individual establishes to the satisfaction of the Minister that

(a) the cumulative excess amount on which the tax is based arose as a consequence of reasonable error; and

(b) reasonable steps are being taken to eliminate the cumulative excess amount.

Return and payment of tax

206 (1) Every person who is liable to pay tax under this Part for all or part of a calendar year shall,

(a) on or before the person’s filing-due date for the year, file with the Minister a return for the year under this Part in prescribed form and containing prescribed information, without notice or demand; and

(b) on or before the person’s balance-due day for the year, pay to the Receiver General the amount of tax payable under this Part by the person for the year.

Provisions applicable to Part

(2) Subsections 150(2) and (3), sections 152 and 158 to 167 and Division J of Part I apply with any modifications that the circumstances require.

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

50 (1) The Act is amended by adding the following after Part XI.4:

PART XI.5

Tax in Respect of Employee Life and Health Trust

Definitions

207.9 (1) The following definitions apply in this Part.

participating employer of an employee life and health trust means an employer that provides designated employee benefits for its employees through a trust that meets the conditions described in subsection 144.1(2). (*employeur participant*)

prohibited investment, at any time for an employee life and health trust, means property that is at that time

- (a) a share of the capital stock of, an interest in or a debt of
- (i) a participating employer of the employee life and health trust, or
- (ii) a person or partnership that does not deal at arm's length with a participating employer of the employee life and health trust; or
- (b) an interest (or, for civil law, a right) in, or a right to acquire, a share, interest or debt described in paragraph (a). (*placement interdit*)

Tax payable on prohibited investment

(2) A trust shall pay a tax under this Part for a calendar year if, at any time in the year while the trust is an employee life and health trust,

- (a) the trust acquires property that is a prohibited investment for the trust; or
- (b) income is received or becomes receivable by the trust from, or the trust has a taxable capital gain from the disposition of, a prohibited investment for the trust.

Amount of tax payable

(3) The amount of tax payable under subsection (2) is

- (a) if paragraph (2)(a) applies, 50% of the fair market value of the property at the time it is acquired; and
- (b) if paragraph (2)(b) applies, 50% of the income or the taxable capital gain.

Refund

(4) If in a calendar year a trust disposes of a property in respect of which a tax is imposed on the trust under subsection (2), the trust is entitled to a refund for the year of an amount equal to

- (a) the amount of the tax so imposed, unless paragraph (b) applies; or
- (b) nil, if
 - (i) it is reasonable to consider that the trustees knew, or ought to have known, at the time the property was acquired that it was, or would become, a property described in subsection (2), or
 - (ii) the property is not disposed of by the trust before the end of the calendar year following the calendar year in which the tax arose, or any later time that the Minister considers reasonable in the circumstances.

Deemed disposition and reacquisition

(5) If, at any time, a property held by an employee life and health trust ceases to be, or becomes, a prohibited investment for the employee life and health trust, the employee life and health trust is deemed to have disposed of the property immediately before that time for proceeds of disposition equal to the fair market value of the property at that time and to have reacquired the property at that time at a cost equal to that fair market value.

(2) Subsection (1) applies to the 2014 and subsequent taxation years.

51 Section 211.91 of the Act is amended by adding the following after subsection (2):

COVID-19 – expenses deemed incurred earlier

(2.1) If an agreement referred to in subsection 66(12.66) was made in 2019 or 2020,

(a) the reference in subsection (2) to “the following calendar year” is to be read as a reference to “the second following calendar year”; and

(b) for the purposes of this section and, where subparagraph (iii) applies, paragraph 66(12.66)(a), Canadian exploration expenses incurred by a corporation in respect of the agreement in a particular month in a calendar year are deemed to have been incurred

(i) in January 2020, if the expenses were incurred in 2020 and the agreement was entered into in 2019,

(ii) in January 2021, if the expenses were incurred in 2021 and the agreement was entered into in 2020, and

(iii) 12 months earlier, in any other case.

52 (1) Subsection 212(1) of the Act is amended by adding the following after paragraph (l):

Advanced life deferred annuity payment

(l.1) a payment of an amount described in paragraph 56(1)(z.5);

(2) The portion of subsection 212(2.1) of the Act before paragraph (c) is replaced by the following:

Exempt dividends

(2.1) Subsection (2) does not apply to an amount paid or credited, by a borrower, under a securities lending arrangement or a specified securities lending arrangement if

(a) the amount is deemed by subparagraph 260(8)(a)(ii) to be a dividend;

(b) either

(i) the arrangement is a fully collateralized arrangement, or

(ii) the borrower and the lender are dealing at arm's length; and

(3) Paragraph (d) of the definition *fully exempt interest* in subsection 212(3) of the Act is replaced by the following:

(d) an amount paid or payable or credited under a securities lending arrangement, or a specified securities lending arrangement, that is deemed by subparagraph 260(8)(a)(i) to be a payment made by a borrower to a lender of interest, if the arrangement is a fully collateralized arrangement, and

(i) the following conditions are met:

(A) the arrangement was entered into by the borrower in the course of carrying on a business outside Canada, and

(B) the security that is transferred or lent to the borrower under the arrangement is described in paragraph (b) of the definition *qualified security* in subsection 260(1) and issued by a non-resident issuer,

(ii) the security that is transferred or lent to the borrower under the arrangement is described in paragraph (c) of the definition *qualified security* in subsection 260(1), or

(iii) the security that is transferred or lent to the borrower under the arrangement is described in paragraph (a) or (b). (*intérêts entièrement exonérés*)

(4) Subsection (1) is deemed to have come into force on January 1, 2020.

(5) Subsections (2) and (3) apply in respect of amounts paid or payable or credited after March 18, 2019.

53 (1) The portion of paragraph 212.3(1)(b) of the Act before clause (i)(A) is replaced by the following:

(b) the CRIC or an other Canadian corporation is immediately after the investment time, or becomes after the investment time and as part of a transaction or event or series of transactions or events that includes the making of the investment, controlled by one non-resident person or, if no single non-resident person controls the CRIC, by a group of non-resident persons not dealing with each other at arm's length (in this section, that one non-resident person, or each member of the group of non-resident persons, as the case may be, is referred to as a "parent", and the group of non-resident persons, if any, is referred to as the "group of parents"), and any of the following conditions is satisfied:

(i) if, at the investment time, a parent owned all shares of the capital stock of the CRIC and the other Canadian corporation, if applicable, that are owned — determined without reference to paragraph (25)(b) in the case of partnerships referred to in this subparagraph and as if all rights referred to in paragraph 251(5)(b), of the parent, each person that does not deal at arm's length with the parent and all of those partnerships, were immediate and absolute and the parent and each of the other persons and partnerships had exercised those rights at the investment time — by the parent, persons that are not dealing at arm's length with the parent and partnerships of which the parent or a person that is not dealing at arm's length with the parent is a member (other than a limited partner within the meaning assigned by subsection 96(2.4)), the parent would own shares of the capital stock of the CRIC or the other Canadian corporation that

(2) Paragraph 212.3(2)(a) of the Act is replaced by the following:

(a) for the purposes of this Part and subject to subsections (3) and (7), the CRIC is deemed to have paid to each parent, and each parent is deemed to have received from the CRIC, at the dividend time, a dividend in an amount determined by the formula

$$A \times B/C$$

where

A is the total of all amounts each of which is the portion of the fair market value at the investment time of any property (not including shares of the capital stock of the CRIC) transferred, any obligation assumed or incurred, or any benefit otherwise conferred, by the CRIC, or of any property transferred to the CRIC which transfer results in the reduction of an amount owing to the CRIC, that can reasonably be considered to relate to the investment,

B is

(i) if there is one parent, one, and

(ii) if there is a group of parents, the fair market value at the dividend time of the shares of the capital stock of the CRIC that are held, directly or indirectly, by the parent, and

C is

(i) if there is one parent, one, and

(ii) if there is a group of parents, the total of all amounts each of which is the fair market value at the dividend time of the shares of the capital stock of the CRIC that are held, directly or indirectly, by a parent; and

(3) The portion of subsection 212.3(3) of the Act before paragraph (a) is replaced by the following:

Dividend substitution election

(3) If a CRIC (or a CRIC and a corporation that is a qualifying substitute corporation in respect of the CRIC at the dividend time) and a parent (or a parent and another non-resident person that at the dividend time is related to the parent) jointly elect in writing under this subsection in respect of an investment, and the election is filed with the Minister on or before the filing-due date of the CRIC for its taxation year that includes the dividend time, then the dividend that would, in the absence of this subsection, be deemed under paragraph (2)(a) to have been paid by the CRIC to the parent and received by the parent from the CRIC is deemed to have instead been

(4) Paragraph 212.3(3)(b) of the Act is replaced by the following:

(b) paid to, and received by, the parent or the other non-resident person, as agreed on in the election.

(5) Paragraphs (a) and (b) of the definition *cross-border class* in subsection 212.3(4) of the Act are replaced by the following:

(a) a parent, or a non-resident person that does not deal at arm's length with a parent, owns at least one share of the class; and

(b) no more than 30% of the issued and outstanding shares of the class are owned by one or more persons resident in Canada that do not deal at arm's length with a parent. (*catégorie transfrontalière*)

(6) The portion of the definition *dividend time* before subparagraph (b)(ii) in subsection 212.3(4) of the Act is replaced by the following:

dividend time, in respect of an investment, means

(a) if the CRIC is controlled by a parent or group of parents at the investment time, the investment time; and

(b) in any other case, the earlier of

(i) the first time, after the investment time, at which the CRIC is controlled by a parent or group of parents, as the case may be, and

(7) Paragraphs (a) to (c) of the definition *qualifying substitute corporation* in subsection 212.3(4) of the Act are replaced by the following:

(a) that is, at that time, controlled by

(i) a parent,

(ii) a group of parents, or

(iii) a non-resident person that does not deal at arm's length with a parent;

(b) that has, at that time, an *equity percentage* (as defined in subsection 95(4)) in the CRIC; and

(c) shares of the capital stock of which are, at that time, owned by a parent or another non-resident person with which the parent does not, at that time, deal at arm's length. (*société de substitution admissible*)

(8) The portion of subsection 212.3(5.1) of the Act before paragraph (a) is replaced by the following:

Sequential investments — paragraph (10)(f)

(5.1) In the case of an investment (in this subsection referred to as the “second investment”) in a subject corporation by a CRIC described in paragraph (10)(f), the amount determined for A in paragraph (2)(a) in respect of the second investment is to be reduced by the amount determined for A in paragraph (2)(a) in respect of a prior investment (in this subsection referred to as the “first investment”) in the subject corporation by another corporation resident in Canada if

(9) Paragraphs 212.3(5.1)(b) and (c) of the Act are replaced by the following:

(b) immediately after the investment time in respect of the first investment, the other corporation is not controlled by

(i) if there is one parent in respect of the CRIC, the parent, and

(ii) if there is a group of parents in respect of the CRIC, the group of parents; and

(c) the other corporation becomes, after the time that is immediately after the investment time in respect of the first investment and as part of a transaction or event or series of transactions or events that includes the making of the first investment, controlled by the parent or group of parents, as the case may be, because of the second investment.

(10) The portion of paragraph 212.3(6)(a) of the Act before subparagraph (i) is replaced by the following:

- (a)** a particular corporation resident in Canada that does not deal at arm's length with a parent

(11) The portion of clause 212.3(6)(a)(ii)(B) of the Act before subclause (I) is replaced by the following:

- (B)** the increase in paid-up capital in respect of the particular class can reasonably be considered to be connected to funding provided to the particular corporation or another corporation resident in Canada (other than the corporation that issued the particular class) by a parent or a non-resident person that does not deal at arm's length with a parent, unless

(12) The portion of subparagraph 212.3(7)(a)(i) of the Act before clause (A) is replaced by the following:

- (i)** the amount determined, without reference to this subsection, for A in paragraph (2)(a), is reduced by the lesser of

(13) The portion of paragraph 212.3(7)(b) of the Act before subparagraph (ii) is replaced by the following:

- (b)** where the amount determined, without reference to this paragraph, for A in paragraph (2)(a) is equal to or greater than the total of all amounts each of which is an amount of paid-up capital immediately after the dividend time, determined without reference to this paragraph, of a cross-border class in respect of the investment, then

- (i)** the amount determined, without reference to this paragraph, for A in paragraph (2)(a) is reduced by the total referred to in this paragraph, and

(14) Paragraphs 212.3(7)(c) and (d) of the Act are replaced by the following:

- (c)** where paragraph (b) does not apply and there is at least one cross-border class in respect of the investment,

- (i)** the amount determined, without reference to this paragraph, for A in paragraph (2)(a) is reduced to nil,

- (ii)** in computing, at any time after the dividend time, the paid-up capital in respect of a particular cross-border class in respect of the investment, there is to be deducted the amount, if any, that when added to the total of all amounts that are deducted under this paragraph in computing the paid-up capital of other cross-border classes, results in the greatest total reduction because of this paragraph, immediately after the dividend time, of the paid-up capital in respect of shares of cross-border classes that are owned by a parent or another non-resident person with which a parent does not, at the dividend time, deal at arm's length,

- (iii)** if the proportion of the shares of a particular class owned, in aggregate, by parents and non-resident persons that do not deal at arm's length with parents is equal to the proportion so owned of one or more other cross-border classes (in this subparagraph all those classes, together with the particular class, referred to as the "relevant classes"), then the proportion that the reduction under subparagraph (ii) to the paid-up capital in respect of the particular class is of the paid-up capital, determined immediately after the dividend time and without reference to this paragraph, in respect of that class is to be equal to the proportion that the total reduction under subparagraph (ii) to the paid-up capital in respect of all the relevant classes is of the total paid-up capital, determined immediately after the dividend time and without reference to this paragraph, of all the relevant classes, and

- (iv)** the total of all amounts each of which is an amount to be deducted under subparagraph (ii) in computing the paid-up capital of a cross-border class is to be equal to the amount by which the amount determined for A in paragraph (2)(a) is reduced under subparagraph (i); and

- (d)** if the amount determined for A in paragraph (2)(a) is reduced because of any of subparagraphs (a)(i), (b)(i) and (c)(i),

- (i)** the CRIC shall file with the Minister in prescribed manner a form containing prescribed information and the amounts of the paid-up capital, determined immediately after the dividend time and without reference to this subsection, of each class of shares that is described in paragraph (a) or that is a cross-border class in respect of the

investment, the paid-up capital of the shares of each of those classes that are owned by a parent or another non-resident person that does not, at the dividend time, deal at arm's length with a parent, and the reduction under any of subparagraphs (a)(ii), (b)(ii) and (c)(ii) in respect of each of those classes, and

(ii) if the form is not filed on or before the CRIC's filing-due date for its taxation year that includes the dividend time, the CRIC is deemed to have paid to each parent, and each parent is deemed to have received from the CRIC, on the filing-due date, a dividend equal to the total of all amounts each of which is the amount of a reduction because of any of subparagraphs (a)(i), (b)(i) and (c)(i) in the amount the CRIC is deemed under paragraph (2)(a) to have paid to the parent.

(15) The portion of paragraph 212.3(11)(c) of the Act before subparagraph (i) is replaced by the following:

(c) the CRIC and each parent jointly elect in writing under this paragraph in respect of the amount owing and file the election with the Minister on or before the filing-due date of the CRIC

(16) Paragraphs 212.3(15)(a) and (b) of the Act are replaced by the following:

(a) a CRIC or a taxpayer to which paragraph 128.1(1)(c.3) applies (in this subsection referred to as the "specific corporation"), that would, in the absence of this subsection, be controlled at any time

(i) by more than one non-resident person, is deemed not to be controlled at that time by any such person that controls at that time another non-resident person that controls at that time the specific corporation, unless the application of this paragraph would otherwise result in no non-resident person controlling the specific corporation, and

(ii) by a particular non-resident corporation is deemed not to be controlled at that time by the particular non-resident corporation if the particular non-resident corporation is controlled at that time by another corporation that is at that time

(A) resident in Canada, and

(B) not controlled by any non-resident person or group of non-resident persons not dealing with each other at arm's length; and

(b) a non-resident person is deemed not to be a member of a particular group of non-resident persons not dealing with each other at arm's length that controls the specific corporation if

(i) the non-resident person would, absent the application of this paragraph, be a member of the particular group, and

(ii) the non-resident person is a member of the particular group solely because it controls, or is a member of a group that controls, another member of the particular group.

(17) The portion of paragraph 212.3(16)(a) of the Act before subparagraph (i) is replaced by the following:

(a) the business activities carried on by the subject corporation and all other corporations (those other corporations in this subsection and subsection (17) referred to as the "subject subsidiary corporations") in which the subject corporation has, at the investment time, an *equity percentage* (as defined in subsection 95(4)) are at the investment time, and are expected to remain, on a collective basis, more closely connected to the business activities carried on in Canada by the CRIC, or by any corporation resident in Canada with which the CRIC does not, at the investment time, deal at arm's length, than to the business activities carried on by any non-resident person with which the CRIC, at the investment time, does not deal at arm's length, other than

(18) Clauses 212.3(18)(a)(i)(A) and (B) of the Act are replaced by the following:

(A) each shareholder of the disposing corporation immediately before the investment time is

(I) if there is only one parent in respect of the CRIC,

1 either the CRIC or a corporation resident in Canada that is, immediately before the investment time, related to the parent, and

2 at no time that is in the period during which the series of transactions or events that includes the making of the investment occurs and that is before the investment time, dealing at arm's length (determined without reference to paragraph 251(5)(b)) with the parent or a non-resident person that participates in the series and is, at any time that is in the period and that is before the investment time, related to the parent, and

(II) if there is a group of parents in respect of the CRIC,

1 either the CRIC or a corporation resident in Canada that is, immediately before the investment time, controlled by the group of parents, and

2 at all times that are in the period during which the series of transactions or events that includes the making of the investment occurs and that are before the investment time, controlled by the group of parents, or

(B) the disposing corporation is

(I) if there is only one parent in respect of the CRIC, at no time that is in the period and that is before the investment time, dealing at arm's length (determined without reference to paragraph 251(5)(b)) with the parent or a non-resident person that participates in the series and is, at any time that is in the period and that is before the investment time, related to the parent, and

(II) if there is a group of parents in respect of the CRIC, at all times that are in the period during which the series of transactions or events that includes the making of the investment occurs and that are before the investment time, controlled by the group of parents, or

(19) Subparagraph 212.3(18)(a)(ii) of the Act is replaced by the following:

(ii) on an amalgamation described in subsection 87(1) of two or more corporations (each of which is in this subparagraph referred to as a "predecessor corporation") to form the CRIC if all of the predecessor corporations are, immediately before the amalgamation, related to each other (determined without reference to paragraph 251(5)(b)) and

(A) either

(I) if there is only one parent in respect of the CRIC, none of the predecessor corporations are, at any time that is in the period during which the series of transactions or events that includes the making of the investment occurs and that is before the investment time, dealing at arm's length (determined without reference to paragraph 251(5)(b)) with the parent or a non-resident person that participates in the series and is, at any time that is in the period and that is before the investment time, related to the parent, or

(II) if there is a group of parents in respect of the CRIC, all of the predecessor corporations are, at all times that are in the period during which the series of transactions or events that includes the making of the investment occurs and that are before the investment time, controlled by the group of parents, or

(B) if the condition in clause (A) is not satisfied in respect of a predecessor corporation, each shareholder of that predecessor immediately before the investment time is

(I) if there is only one parent in respect of the CRIC,

1 either the CRIC or a corporation resident in Canada that is, immediately before the investment time, related to the parent, and

2 at no time that is in the period and that is before the investment time, dealing at arm's length (determined without reference to paragraph 251(5)(b)) with the parent or a non-resident person that participates in the series and is, at any time that is in the period and that is before the investment time, related to the parent, and

(II) if there is a group of parents in respect of the CRIC,

1 either the CRIC or a corporation resident in Canada that is, immediately before the investment time, controlled by the group of parents, and

2 at all times that are in the period during which the series of transactions or events that includes the making of the investment occurs and that are before the investment time, controlled by the group of parents;

(20) Subparagraphs 212.3(18)(c)(i) and (ii) of the Act are replaced by the following:

(i) from a corporation (in this paragraph referred to as the “disposing corporation”) to which the CRIC is, immediately before the investment time, related (determined without reference to paragraph 251(5)(b)) and

(A) each shareholder of the disposing corporation immediately before the investment time is

(I) if there is only one parent in respect of the CRIC,

1 either the CRIC or a corporation resident in Canada that, immediately before the investment time, is related to the parent, and

2 at no time that is in the period during which the series of transactions or events that includes the making of the investment occurs and that is before the investment time, dealing at arm's length (determined without reference to paragraph 251(5)(b)) with the parent or a non-resident person that participates in the series and is, at any time that is in the period and that is before the investment time, related to the parent, and

(II) if there is a group of parents in respect of the CRIC,

1 either the CRIC or a corporation resident in Canada that is, immediately before the investment time, controlled by the group of parents, and

2 at all times that are in the period during which the series of transactions or events that includes the making of the investment occurs and that are before the investment time, controlled by the group of parents, or

(B) the disposing corporation is

(I) if there is only one parent in respect of the CRIC, at no time that is in the period and that is before the investment time, dealing at arm's length (determined without reference to paragraph 251(5)(b)) with the parent or a non-resident person that participates in the series and is, at any time that is in the period and that is before the investment time, related to the parent, and

(II) if there is a group of parents in respect of the CRIC, at all times that are in the period during which the series of transactions or events that includes the making of the investment occurs and that are before the investment time, controlled by the group of parents, or

(ii) on an amalgamation described in subsection 87(1) of two or more corporations (each of which is in this subparagraph referred to as a “predecessor corporation”) to form the CRIC, or a corporation of which the CRIC is a shareholder, if all of the predecessor corporations are, immediately before the amalgamation, related to each other (determined without reference to paragraph 251(5)(b)) and

(A) either

(I) if there is only one parent in respect of the CRIC, none of the predecessor corporations are, at any time that is in the period during which the series of transactions or events that includes the making of the investment occurs and that is before the investment time, dealing at arm's length (determined without reference to paragraph 251(5)(b)) with the parent or a non-resident person that participates in the series and is, at any time that is in the period and that is before the investment time, related to the parent, or

(II) if there is a group of parents in respect of the CRIC, all of the predecessor corporations are, at all times that are in the period during which the series of transactions or events that includes the making of the investment occurs and that are before the investment time, controlled by the group of parents, or

(B) if the condition in clause (A) is not satisfied in respect of a predecessor corporation, each shareholder of that predecessor immediately before the investment time is

(I) if there is only one parent in respect of the CRIC,

1 either the CRIC or a corporation resident in Canada that is, immediately before the investment time, related to the parent, and

2 at no time that is in the period and that is before the investment time, dealing at arm's length (determined without reference to paragraph 251(5)(b)) with the parent or a non-resident person that participates in the series and is, at any time that is in the period and that is before the investment time, related to the parent, and

(II) if there is a group of parents in respect of the CRIC,

1 either the CRIC or a corporation resident in Canada that is, immediately before the investment time, controlled by the group of parents, and

2 at all times that are in the period during which the series of transactions or events that includes the making of the investment occurs and that are before the investment time, controlled by the group of parents;

(21) Subsection 212.3(21) of the Act is replaced by the following:

Persons deemed not to be related

(21) If it can reasonably be considered that one of the main purposes of one or more transactions or events is to cause two or more persons to be related to each other, or a person or group of persons to control another person, so that, in the absence of this subsection, subsection (2) would not apply because of subsection (18) to an investment in a subject corporation made by a CRIC, those persons are deemed not to be related to each other, or that person or group of persons is deemed not to control that other person, as the case may be, for the purposes of subsection (18).

(22) Section 212.3 of the Act is amended by adding the following after subsection (25):

Trusts

(26) For the purposes of this section, subsection 17.1(1) (as it applies in respect of a *pertinent loan or indebtedness* as defined in subsection (11)), paragraph 128.1(1)(c.3) and subsection 219.1(2), and for the purpose of paragraph 251(1)(a) as it applies for the purposes of those provisions,

(a) in determining, at any time, whether two persons are related to each other or whether any person is controlled by any other person or group of persons, it shall be assumed that

(i) each trust is a corporation having a capital stock of a single class of voting shares divided into 100 issued shares, and

(ii) each beneficiary under a trust owned at that time the number of issued shares of that class determined by the formula

$$A/B \times 100$$

where

A is the fair market value at that time of the beneficiary's interest in the trust, and

B is the total fair market value at that time of all beneficiaries' interests in the trust;

(b) in determining, at any time, the extent to which any person owns shares of the capital stock of a corporation, if at that time a trust resident in Canada owns (determined without reference to this paragraph) shares of the capital stock of the corporation, each beneficiary of the trust is deemed to own, and the trust is deemed not to own, at that time, the shares of each class of the capital stock of the corporation that are owned (determined without reference to this paragraph) by the trust, the number of which is determined by the formula

$$A \times B/C$$

where

A is the total number of shares of the class of the capital stock of the corporation that are owned (determined without reference to this paragraph) by the trust at that time,

B is the fair market value, at that time, of the beneficiary's interest in the trust, and

C is the total fair market value, at that time, of all beneficiaries' interests in the trust; and

(c) if a beneficiary's share of the income or capital of a trust depends on the exercise by any person of, or the failure by any person to exercise, any discretionary power, then the amounts determined for A and B in paragraph (a), and for B and C in paragraph (b), in respect of the beneficiary are deemed to be equal to one, unless

(i) the trust is resident in Canada, and

(ii) it cannot reasonably be considered that one of the main reasons for the discretionary power is to avoid or limit the application of paragraph 128.1(1)(c.3) or subsection 212.3(2) or 219.1(2).

(23) Subsections (1) to (22) apply in respect of transactions or events that occur after March 18, 2019.

54 (1) Paragraph 219.1(2)(b) of the Act is replaced by the following:

(b) the other corporation is controlled, at that time, by a non-resident person or a group of non-resident persons not dealing with each other at arm's length; and

(2) Subsection (1) applies in respect of transactions or events that occur after March 18, 2019.

55 (1) The portion of subsection 231.2(1) of the Act before paragraph (a) is replaced by the following:

Requirement to provide documents or information

231.2 (1) Notwithstanding any other provision of this Act, the Minister may, subject to subsection (2), for any purpose related to the administration or enforcement of this Act (including the collection of any amount payable under this Act by any person), of a listed international agreement or, for greater certainty, of a tax treaty with another country, by notice sent or served in accordance with subsection (1.1), require that any person provide, within such reasonable time as is stipulated in the notice,

(2) Section 231.2 of the Act is amended by adding the following after subsection (1):

Notice

(1.1) A notice referred to in subsection (1) may be

(a) served personally;

(b) sent by registered or certified mail; or

(c) sent electronically to a bank or credit union that has provided written consent to receive notices under subsection (1) electronically.

56 (1) Subsection 231.6(2) of the Act is replaced by the following:

Requirement to provide foreign-based information

(2) Notwithstanding any other provision of this Act, the Minister may, by notice sent or served in accordance with subsection (3.1), require that a person resident in Canada or a non-resident person carrying on business in Canada provide any foreign-based information or document.

(2) Section 231.6 of the Act is amended by adding the following after subsection (3):

Notice

(3.1) A notice referred to in subsection (2) may be

(a) served personally;

(b) sent by registered or certified mail; or

(c) sent electronically to a bank or credit union that has provided written consent to receive notices under subsection (2) electronically.

(3) Subsection 231.6(4) of the English version of the Act is replaced by the following:

Review of foreign information requirement

(4) The person who is sent or served with a notice of a requirement under subsection (2) may, within 90 days after the notice is sent or served, apply to a judge for a review of the requirement.

(4) Subsection 231.6(6) of the English version of the Act is replaced by the following:

Unreasonableness

(6) For the purposes of paragraph (5)(c), the requirement to provide the information or document shall not be considered to be unreasonable because the information or document is under the control of or available to a non-resident person that is not controlled by the person who is sent or served with the notice of the requirement under subsection (2) if that person is related to the non-resident person.

(5) Subsection 231.6(8) of the Act is replaced by the following:

Consequence of failure

(8) If a person fails to comply substantially with a notice sent or served under subsection (2) and if the notice is not set aside by a judge pursuant to subsection (5), any court having jurisdiction in a civil proceeding relating to the administration or enforcement of this Act shall, on motion of the Minister, prohibit the introduction by that person of any foreign-based information or document covered by that notice.

57 Paragraph 231.8(a) of the Act is replaced by the following:

(a) where the taxpayer is sent or served with a notice of a requirement under subsection 231.2(1), the period of time between the day on which an application for judicial review in respect of the requirement is made and the day on which the application is finally disposed of; and

58 (1) Paragraphs 241(3.4)(a) and (b) of the Act are replaced by the following:

(a) the names of each organization in respect of which an individual can be entitled to a deduction under subsection 118.02(2);

(b) information relating to the eligibility, for the deduction under subsection 118.02(2), of subscriptions offered by organizations referred to in paragraph (a); and

(c) the start and, if applicable, end of the period in which paragraph (a) or (b) applies in respect of any particular organization or subscription.

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

59 Section 244 of the Act is amended by adding the following after subsection (6):

Proof of electronic delivery

(6.1) If, by this Act or a regulation, provision is made for sending a notice to a person electronically, an affidavit of an officer of the Canada Revenue Agency sworn before a commissioner or other person authorized to take affidavits, shall, in the absence of proof to the contrary, be received as evidence of the sending and of the notice if the affidavit sets out that

(a) the officer has knowledge of the facts in the particular case;

(b) the notice was sent electronically to the person on a named day; and

(c) the officer identifies as exhibits attached to the affidavit copies of

(i) an electronic message confirming the notice has been sent to the person, and

(ii) the notice.

60 (1) The portion of subsection 247(2) of the Act after paragraph (b) and before paragraph (c) is replaced by the following:

any amounts (in subsection (2.1) referred to as the “initial amounts”) that would be determined for the purposes of applying the provisions of this Act (if this Act were read without reference to this section and section 245) in respect of the taxpayer or the partnership for a taxation year or fiscal period shall be adjusted (in this section referred to as an “adjustment”) to the quantum or nature of the amounts (in subsection (2.1) referred to as the “adjusted amounts”) that would have been determined if,

(2) Section 247 of the Act is amended by adding the following after subsection (2):

Ordering

(2.1) For the purpose of applying subsection (2) in the context of the other provisions of this Act, the following order is to be applied:

(a) first determine each of the initial amounts;

(b) then make the adjustments, if any, to each of the initial amounts; and

(c) then apply each of the provisions of this Act (other than subsection (2) and, for greater certainty, including section 245) using the adjusted amounts.

(3) Subsection 247(8) of the Act is repealed.

(4) Subsections (1) to (3) apply to taxation years that begin after March 18, 2019.

61 (1) Subparagraph (b)(i) of the definition *derivative forward agreement* in subsection 248(1) of the Act is replaced by the following:

(i) revenue, income or cashflow in respect of the property over the term of the agreement, changes in the fair market value of the property over the term of the agreement, or any similar criteria in respect of the property unless

(A) the property is

(I) a *Canadian security* (as defined in subsection 39(6)), or

(II) an interest in a partnership the fair market value of which is derived, in whole or in part, from a Canadian security,

(B) the agreement is an agreement to acquire property from

(I) a tax-indifferent investor, or

(II) a *financial institution* (as defined in subsection 142.2(1)), and

(C) it can reasonably be considered that one of the main purposes of the series of transactions or events, or any transaction or event in the series, of which the agreement is part is for all or any portion of the capital gain on a disposition (other than a disposition by the seller to the taxpayer under the agreement) of a Canadian security referred to in clause (A) — as part of the same series of transactions or events — to be attributable to amounts paid or payable on the Canadian security by the issuer of the Canadian security during the term of the agreement as

(I) interest,

(II) dividends, or

(III) income of a trust other than income paid out of the taxable capital gains of the trust,

(2) The portion of subparagraph (a)(v) of the definition *qualified Canadian journalism organization* in subsection 248(1) of the Act before clause (A) is replaced by the following:

(v) it is engaged in the production of original news content, which

(3) Subparagraph (a)(vii) of the definition *qualified Canadian journalism organization* in subsection 248(1) of the Act is amended by adding “or” at the end of clause (A), by replacing “or” at the end of clause (B) with “and” and by repealing clause (C).

(4) Paragraph (b) of the definition *tax-indifferent investor* in subsection 248(1) of the Act is replaced by the following:

(b) a non-resident person, other than a person to which all amounts paid or credited under a derivative forward agreement, a synthetic equity arrangement or a specified synthetic equity arrangement, as the case may be, may reasonably be attributed to the business carried on by the person in Canada through a *permanent establishment* (as defined in section 8201 of the *Income Tax Regulations*) in Canada,

(5) The definition *zero-emission vehicle* in subsection 248(1) of the Act is amended by striking out “and” at the end of paragraph (b) and by replacing paragraph (c) with the following:

(c) does not meet any of the following conditions:

(i) it is a vehicle in respect of which the taxpayer has, at any time, made an election under subsection 1103(2j) of the *Income Tax Regulations*,

(ii) it is a vehicle in respect of which assistance has been paid by the Government of Canada under a prescribed program, and

(iii) if the vehicle was acquired before March 2, 2020, either

(A) it has been used, or acquired for use, for any purpose before it was acquired by the taxpayer, or

(B) it is a vehicle in respect of which an amount has been deducted under paragraph 20(1)(a) or subsection 20(16) by another person or partnership, and

(d) would be an accelerated investment incentive property of the taxpayer if subsection 1104(4) of the *Income Tax Regulations* were read without its exclusions for property included in Class 54 or Class 55 of Schedule II to those Regulations. (*véhicule zéro émission*)

(6) Subsection 248(1) of the Act is amended by adding the following in alphabetical order:

advanced life deferred annuity has the meaning assigned by subsection 146.5(1); (*rente viagère différée à un âge avancé*)

(7) Subsection 248(1) of the Act is amended by adding the following in alphabetical order:

fully collateralized arrangement means a securities lending arrangement or a specified securities lending arrangement if, throughout the term of the arrangement, the borrower

(a) has provided the lender under the arrangement with money in an amount of, or securities described in paragraph (c) of the definition *qualified security* in subsection 260(1) that have a fair market value of, not less than 95% of the fair market value of the security that is transferred or lent under the arrangement, and

(b) is entitled to enjoy, directly or indirectly, the benefits of all or substantially all income derived from, and opportunity for gain in respect of, the money or securities provided; (*mécanisme entièrement garanti*)

specified securities lending arrangement has the same meaning as in subsection 260(1); (*mécanisme de prêt de valeurs mobilières déterminé*)

(8) Subsection (1) is deemed to have come into force on March 19, 2019. However, it does not apply before 2020 in respect of

(a) an agreement that is entered into after the final settlement of another derivative forward agreement (in this paragraph referred to as the “prior agreement”) if

(i) having regard to the source of the funds used to purchase the property to be sold under the agreement, it is reasonable to conclude that the agreement is a continuation of the prior agreement,

(ii) the terms of the agreement and the prior agreement are substantially similar,

(iii) the final settlement date under the agreement is before 2020,

(iv) subsection (1) does not apply to the prior agreement, and

(v) the notional amount of the agreement is at all times less than or equal to the amount determined by the formula

$$(A + B + C + D + E) - (F + G)$$

where

A is the notional amount of the agreement when it is entered into,

B is the total of all amounts each of which is an increase in the notional amount of the agreement, at or before that time, that is attributable to the underlying interest,

C is the amount of the taxpayer’s cash on hand immediately before March 19, 2019 that was committed, before March 19, 2019, to be invested under the agreement,

D is the total of all amounts each of which is an increase, at or before that time, in the notional amount of the agreement that is attributable to the final settlement of another derivative forward agreement if subsection (1) does not apply to the other agreement,

E is the lesser of

(A) either

(I) if the prior agreement was entered into before March 19, 2019, the amount, if any, by which the amount determined under subparagraph (i) of the description of F in paragraph (b) for the prior agreement immediately before it was finally settled exceeds the total determined under subparagraph (ii) of the description of F in paragraph (b) for the prior agreement immediately before it was finally settled, or

(II) in any other case, the amount, if any, by which the amount determined under this clause for the prior agreement immediately before it was finally settled exceeds the total determined under clause (B) for the prior agreement immediately before it was finally settled, and

(B) the total of all amounts each of which is an increase in the notional amount of the agreement before 2020 that is not otherwise described in this formula,

F is the total of all amounts each of which is a decrease in the notional amount of the agreement, at or before that time, that is attributable to the underlying interest, and

G is the total of all amounts each of which is the amount of a partial settlement of the agreement, at or before that time, to the extent that it is not reinvested in the agreement; or

(b) an agreement that is entered into before March 19, 2019, unless at any time on or after March 19, 2019, the notional amount of the agreement exceeds the amount determined by the formula

$$(A + B + C + D + E + F) - (G + H)$$

where

A is the notional amount of the agreement immediately before March 19, 2019,

B is the total of all amounts each of which is an increase in the notional amount of the agreement, on or after March 19, 2019 and at or before that time, that is attributable to the underlying interest,

C is the amount of the taxpayer's cash on hand immediately before March 19, 2019 that was committed, before March 19, 2019, to be invested under the agreement,

D is the amount, if any, of an increase, on or after March 19, 2019 and at or before that time, in the notional amount of the agreement as a consequence of the exercise of an over-allotment option granted before March 19, 2019,

E is the total of all amounts each of which is an increase, on or after March 19, 2019 and at or before that time, in the notional amount of the agreement that is attributable to the final settlement of another derivative forward agreement if subsection (1) does not apply to the other agreement,

F is the lesser of

(i) 5% of the notional amount of the agreement immediately before March 19, 2019, and

(ii) the total of all amounts each of which is an increase in the notional amount of the agreement on or after March 19, 2019 and before 2020 that is not otherwise described in this formula,

G is the total of all amounts each of which is a decrease in the notional amount of the agreement, on or after March 19, 2019 and at or before that time, that is attributable to the underlying interest, and

H is the total of all amounts each of which is the amount of a partial settlement of the agreement, on or after March 19, 2019 and at or before that time, to the extent that it is not reinvested in the agreement.

(9) For the purposes of subsection (8), the notional amount of a derivative forward agreement at any time is the fair market value at that time of the property that would be acquired under the agreement if the agreement were finally settled at that time.

(10) Subsections (2) and (3) are deemed to have come into force on January 1, 2019.

(11) Subsections (4) and (7) are deemed to have come into force on March 19, 2019.

(12) Subsection (5) is deemed to have come into force on March 2, 2020.

(13) Subsection (6) is deemed to have come into force on January 1, 2020.

62 (1) Paragraph 250(1)(f) of the Act is replaced by the following:

(f) was at any time in the year a child of, and dependent for support on, an individual to whom paragraph (b), (c), (d) or (d.1) applies and the person's income for the year did not exceed the amount determined for F in subsection 118(1.1) for the year; or

(2) Subsection (1) applies to the 2020 and subsequent taxation years.

63 (1) Subsection 252(3) of the Act is replaced by the following:

Extended meaning of *spouse* and *former spouse*

(3) For the purposes of paragraph 56(1)(b), section 56.1, paragraphs 60(b) and (j), section 60.1, subsections 70(6) and (6.1), 73(1) and (5) and 104(4) and (5.1), the definition *pre-1972 spousal trust* in subsection 108(1), subsection 146(16), the definition *survivor* in subsection 146.2(1), subparagraph 146.3(2)(f)(iv), subsection 146.3(14), section 146.5, subsections 147(19) and 147.3(5) and (7), section 147.5, subsections 148(8.1) and (8.2), the definition *qualifying transfer* in subsection 207.01(1), and subsections 210(1) and 248(22) and (23), *spouse* and *former spouse* of a particular individual include another individual who is a party to a void or voidable marriage with the particular individual.

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

64 (1) Section 260 of the Act is amended by adding the following after subsection (1.1):

References — borrower and lender

(1.2) For the purposes of subsections (8), (8.1), (8.2), (8.3) and (9.1) and 212(2.1) and (3), in respect of a specified securities lending arrangement,

(a) a reference to a borrower includes a transferee; and

(b) a reference to a lender includes a transferor.

(2) Subsection 260(8) of the Act is replaced by the following:

Non-resident withholding tax

(8) For the purpose of Part XIII, any amount paid or credited under a securities lending arrangement or a specified securities lending arrangement by or on behalf of the borrower to the lender

(a) as an SLA compensation payment in respect of a security that is not a qualified trust unit is, subject to paragraph (c), deemed

(i) to the extent of the amount of the interest paid in respect of the security, to be a payment made by the borrower to the lender of interest, and

(ii) to the extent of the amount of the dividend paid in respect of the security, to be a payment made by the borrower, as a corporation, to the lender of a dividend payable on the security;

(b) as an SLA compensation payment in respect of a security that is a qualified trust unit, is deemed, to the extent of the amount of the underlying payment to which the SLA compensation payment relates, to be an amount paid by the trust and having the same character and composition as the underlying payment;

(c) as an SLA compensation payment is deemed to be a payment of interest made by the borrower to the lender, if

(i) the security that is transferred or lent to the borrower under the arrangement is a share of a class of the capital stock of a non-resident corporation,

(ii) the borrower and the lender are not dealing at arm's length, and

(iii) the arrangement is not a fully collateralized arrangement; and

(d) as, on account of, in lieu of payment of or in satisfaction of, a fee for the use of the security is deemed to be a payment of interest made by the borrower to the lender.

(3) The portion of subsection 260(8.1) of the Act before paragraph (a) is replaced by the following:

Deemed fee for borrowed security

(8.1) For the purpose of paragraph (8)(d), if under a securities lending arrangement or a specified securities lending arrangement the borrower has at any time provided the lender with money, either as collateral or consideration for the security, and the borrower does not, under the arrangement, pay or credit a reasonable amount to the lender as, on account of, in lieu of payment of or in satisfaction of, a fee for the use of the security, the borrower is deemed to have, at the time that an identical or substantially identical security is or can reasonably be expected to be transferred or returned to the lender, paid to the lender under the arrangement an amount as a fee for the use of the security equal to the amount, if any, by which

(4) Subsection 260(8.2) of the Act is replaced by the following:

Effect for tax treaties — interest

(8.2) In applying subparagraph (8)(a)(i), if a securities lending arrangement or specified securities lending arrangement is a fully collateralized arrangement, any SLA compensation payment deemed to be a payment made by the borrower to the lender of interest is deemed for the purposes of any tax treaty to be payable on the security.

Effect for tax treaties — dividend

(8.3) In applying subparagraph (8)(a)(ii), if the security is a share of a class of the capital stock of a corporation resident in Canada (in this subsection referred to as the "Canadian share"), for the purposes of determining the rate of tax that Canada may impose on a dividend because of the dividend article of a tax treaty,

(a) any SLA compensation payment deemed to be a payment made by the borrower to the lender of a dividend is deemed to be paid by the issuer of the Canadian share and not by the borrower;

(b) the lender is deemed to be the beneficial owner of the Canadian share; and

(c) the shares of the capital stock of the issuer owned by the lender are deemed to give it less than 10% of the votes that could be cast at an annual meeting of the shareholders of the issuer and have less than 10% of the fair market value of all of the issued and outstanding shares of the capital stock of the issuer, if

(i) the securities lending arrangement or the specified securities lending arrangement is not a fully collateralized arrangement, and

(ii) the borrower and the lender are not dealing at arm's length.

(5) Subsection 260(9.1) of the Act is replaced by the following:

Non-arm's length compensation payment

(9.1) For the purpose of Part XIII, if the lender under a securities lending arrangement or a specified securities lending arrangement is not dealing at arm's length with either the borrower under the arrangement or the issuer of the security that is transferred or lent under the arrangement, or both, and subsection (8) deems an amount to be a payment of interest by a person to the lender, the lender is deemed, in respect of that payment, not to be dealing at arm's length with that person.

(6) Subsection (1) is deemed to have come into force on March 19, 2019.

(7) Subsections (2) to (5) apply in respect of amounts paid or credited as SLA compensation payments after March 18, 2019. However, subsections (2) to (5) do not apply in respect of amounts paid or credited as SLA compensation payments after March 18, 2019 and before October 2019, if they are pursuant to a written arrangement entered into before March 19, 2019.

R.S., c. E-15

Excise Tax Act

65 Subsection 99(1) of the *Excise Tax Act* is replaced by the following:

Provision of documents may be required

99 (1) Subject to section 102.1, the Minister may, for any purpose related to the administration or enforcement of this Act, or of a listed international agreement, by a notice served or sent in accordance with subsection (1.1), require that any person provide any book, record, writing or other document or any information or further information within any reasonable time that may be stipulated in the notice.

Notice

(1.1) A notice referred to in subsection (1) may be

(a) served personally;

(b) sent by registered or certified mail; or

(c) sent electronically to a bank or *credit union* (as defined in subsection 123(1)) that has provided written consent to receive notices under subsection (1) electronically.

66 (1) Subsection 102.1(1) of the Act is replaced by the following:

Unnamed persons

102.1 (1) The Minister shall not serve or send a notice under subsection 99(1) with respect to an unnamed person or a group of unnamed persons unless the Minister has been authorized to do so under subsection (2).

(2) The portion of subsection 102.1(2) of the Act before paragraph (a) is replaced by the following:

Authorization order

(2) A judge of the Federal Court may, on application by the Minister and subject to any conditions that the judge considers appropriate, authorize the Minister to serve or send a notice under subsection 99(1) with respect to an unnamed person or a group of unnamed persons if the judge is satisfied by information on oath that

(3) Paragraph 102.1(2)(b) of the Act is replaced by the following:

(b) the notice would be served or sent in order to verify compliance by the person or group with any duty or obligation of that person or of persons in that group under this Act.

67 Section 105 of the Act is amended by adding the following after subsection (2):

Proof of electronic delivery

(2.1) If, under this Act or a regulation made under this Act, provision is made for sending a notice to a person electronically, an affidavit of an officer of the Agency, sworn before a commissioner or other person authorized to take affidavits, is evidence of the sending and of the notice if the affidavit sets out that

- (a) the officer has knowledge of the facts in the particular case;
- (b) the notice was sent electronically to the person on a named day; and
- (c) the officer identifies as exhibits annexed to the affidavit copies of
 - (i) an electronic message confirming that the notice has been sent to the person, and
 - (ii) the notice.

68 (1) The portion of subsection 289(1) of the Act before paragraph (a) is replaced by the following:

Requirement to provide documents or information

289 (1) Despite any other provision of this Part, the Minister may, subject to subsection (2), for any purpose related to the administration or enforcement of a listed international agreement or this Part, including the collection of any amount payable or remittable under this Part by any person, by a notice served or sent in accordance with subsection (1.1), require that any person provide the Minister, within any reasonable time that is stipulated in the notice, with

(2) Section 289 of the Act is amended by adding the following after subsection (1):

Notice

(1.1) A notice referred to in subsection (1) may be

- (a) served personally;
- (b) sent by registered or certified mail; or
- (c) sent electronically to a bank or credit union that has provided written consent to receive notices under subsection (1) electronically.

69 Paragraph 289.2(a) of the Act is replaced by the following:

(a) if the person is served or sent a notice of a requirement under subsection 289(1), the period of time between the day on which an application for judicial review in respect of the requirement is made and the day on which the application is finally disposed of; and

70 (1) Subsection 292(2) of the Act is replaced by the following:

Requirement to provide foreign-based information

(2) Despite any other provision of this Part, the Minister may, by a notice served or sent in accordance with subsection (3.1), require a person resident in Canada or a non-resident person that carries on business in Canada to provide any foreign-based information or document.

(2) Section 292 of the Act is amended by adding the following after subsection (3):

Notice

(3.1) A notice referred to in subsection (2) may be

- (a) served personally;
- (b) sent by registered or certified mail; or

(c) sent electronically to a bank or credit union that has provided written consent to receive notices under subsection (2) electronically.

(3) Subsection 292(4) of the English version of the Act is replaced by the following:

Review of foreign information requirement

(4) If a person is served or sent a notice of a requirement under subsection (2), the person may, within 90 days after the day on which the notice is served or sent, apply to a judge for a review of the requirement.

(4) Subsection 292(6) of the English version of the Act is replaced by the following:

Requirement not unreasonable

(6) For the purposes of subsection (5), a requirement to provide information or a document shall not be considered to be unreasonable because the information or document is under the control of or available to a non-resident person that is not controlled by the person on which the notice of the requirement under subsection (2) is served, or to which that notice is sent, if that person is related to the non-resident person.

(5) Subsection 292(8) of the English version of the Act is replaced by the following:

Consequence of failure

(8) If a person fails to comply substantially with a notice served or sent under subsection (2) and if the notice is not set aside under subsection (5), any court having jurisdiction in a civil proceeding relating to the administration or enforcement of this Part shall, on motion of the Minister, prohibit the introduction by that person of any foreign-based information or document covered by that notice.

71 Section 335 of the Act is amended by adding the following after subsection (2):

Proof of electronic delivery

(2.1) If, under this Part or a regulation made under this Part, provision is made for sending a notice to a person electronically, an affidavit of an officer of the Canada Revenue Agency, sworn before a commissioner or other person authorized to take affidavits, is evidence of the sending and of the notice if the affidavit sets out that

- (a) the officer has knowledge of the facts in the particular case;
- (b) the notice was sent electronically to the person on a named day; and
- (c) the officer identifies as exhibits attached to the affidavit copies of
 - (i) an electronic message confirming that the notice has been sent to the person, and
 - (ii) the notice.

2002, c. 9, s. 5

Air Travellers Security Charge Act

72 (1) Subsection 38(1) of the *Air Travellers Security Charge Act* is replaced by the following:

Requirement to provide information

38 (1) Despite any other provision of this Act, the Minister may, by a notice served or sent in accordance with subsection (2.1), require a person resident in Canada or a person that is not resident in Canada but that carries on business in Canada to provide any information or record.

(2) Section 38 of the Act is amended by adding the following after subsection (2):

Notice

(2.1) A notice referred to in subsection (1) may be

- (a) served personally;
- (b) sent by registered or certified mail; or
- (c) sent electronically to a bank or *credit union* (as defined in subsection 123(1) of the *Excise Tax Act*) that has provided written consent to receive notices under subsection (1) electronically.

(3) Subsection 38(3) of the English version of the Act is replaced by the following:

Review of information requirement

(3) If a person is served or sent a notice of a requirement under subsection (1), the person may, within 90 days after the day on which the notice is served or sent, apply to a judge for a review of the requirement.

(4) Subsection 38(5) of the Act is replaced by the following:

Requirement not unreasonable

(5) For the purposes of subsection (4), a requirement to provide information or a record shall not be considered to be unreasonable solely because the information or record is under the control of or available to a person that is not resident in Canada, if that person is related, for the purposes of the *Income Tax Act*, to the person on which the notice of the requirement is served or to which that notice is sent.

(5) Subsection 38(7) of the English version of the Act is replaced by the following:

Consequence of failure

(7) If a person fails to comply substantially with a notice served or sent under subsection (1) and the notice is not set aside under subsection (4), any court having jurisdiction in a civil proceeding relating to the administration or enforcement of this Act shall, on the motion of the Minister, prohibit the introduction by that person of any information or record described in that notice.

73 Section 83 of the Act is amended by adding the following after subsection (2):

Proof of electronic delivery

(2.1) If, under this Act, provision is made for sending a notice to a person electronically, an affidavit of an officer of the Agency, sworn before a commissioner or other person authorized to take affidavits, is evidence of the sending and of the notice if the affidavit sets out that

- (a) the officer has knowledge of the facts in the particular case;
- (b) the notice was sent electronically to the person on a named day; and
- (c) the officer identifies as exhibits attached to the affidavit copies of
 - (i) an electronic message confirming that the notice has been sent to the person, and
 - (ii) the notice.

2002, c. 22

Excise Act, 2001

74 (1) The portion of subsection 208(1) of the *Excise Act, 2001* before paragraph (a) is replaced by the following:

Requirement to provide records or information

208 (1) Despite any other provision of this Act, the Minister may, subject to subsection (2), for any purpose related to the administration or enforcement of a listed international agreement or of this Act, by a notice served or sent in accordance with subsection (1.1), require any person to provide the Minister, within any reasonable time that is stipulated in the notice, with

(2) Section 208 of the Act is amended by adding the following after subsection (1):

Notice

(1.1) A notice referred to in subsection (1) may be

- (a)** served personally;
- (b)** sent by registered or certified mail; or
- (c)** sent electronically to a *bank* or *credit union*, as those terms are defined in subsection 123(1) of the *Excise Tax Act*, that has provided written consent to receive notices under subsection (1) electronically.

75 Paragraph 209.1(a) of the Act is replaced by the following:

(a) if the person is served or sent a notice of a requirement under subsection 208(1), the period of time between the day on which an application for judicial review in respect of the requirement is made and the day on which the application is finally disposed of; and

76 (1) Subsection 210(2) of the Act is replaced by the following:

Requirement to provide foreign-based information

(2) Despite any other provision of this Act, the Minister may, by a notice served or sent in accordance with subsection (3.1), require a person resident in Canada or a non-resident person that carries on business in Canada to provide any foreign-based information or record.

(2) Section 210 of the Act is amended by adding the following after subsection (3):

Notice

(3.1) A notice referred to in subsection (2) may be

- (a)** served personally;
- (b)** sent by registered or certified mail; or
- (c)** sent electronically to a *bank* or *credit union*, as those terms are defined in subsection 123(1) of the *Excise Tax Act*, that has provided written consent to receive notices under subsection (2) electronically.

(3) Subsection 210(4) of the English version of the Act is replaced by the following:

Review of foreign information requirement

(4) If a person is served or sent a notice of a requirement under subsection (2), the person may, within 90 days after the day on which the notice is served or sent, apply to a judge for a review of the requirement.

(4) Subsection 210(6) of the English version of the Act is replaced by the following:

Requirement not unreasonable

(6) For the purposes of subsection (5), a requirement to provide information or a record shall not be considered to be unreasonable because the information or record is under the control of or available to a non-resident person that is not

controlled by the person on which the notice of the requirement is served, or to which that notice is sent, if that person is related to the non-resident person.

(5) Subsection 210(8) of the English version of the Act is replaced by the following:

Consequence of failure

(8) If a person fails to comply substantially with a notice served or sent under subsection (2) and the notice is not set aside under subsection (5), any court having jurisdiction in a civil proceeding relating to the administration or enforcement of this Act shall, on the motion of the Minister, prohibit the introduction by that person of any foreign-based information or record described in that notice.

77 Section 301 of the Act is amended by adding the following after subsection (2):

Proof of electronic delivery

(2.1) If, under this Act, provision is made for sending a notice to a person electronically, an affidavit of an officer of the Agency, sworn before a commissioner or other person authorized to take affidavits, is evidence of the sending and of the notice if the affidavit sets out that

- (a)** the officer has knowledge of the facts in the particular case;
- (b)** the notice was sent electronically to the person on a named day; and
- (c)** the officer identifies as exhibits attached to the affidavit copies of
 - (i)** an electronic message confirming that the notice has been sent to the person, and
 - (ii)** the notice.

2018, c. 12, s. 186

Greenhouse Gas Pollution Pricing Act

78 Subsection 106(1) of the *Greenhouse Gas Pollution Pricing Act* is replaced by the following:

Requirement to provide information or record

106 (1) Despite any other provision of this Part, the Minister may, subject to subsection (2), for any purpose related to the administration or enforcement of this Part, by a notice served or sent in accordance with subsection (1.1), require a person resident in Canada or a person that is not resident in Canada but that is engaged in activities in Canada to provide any information or record.

Notice

(1.1) A notice referred to in subsection (1) may be

- (a)** served personally;
- (b)** sent by confirmed delivery service; or
- (c)** sent electronically to a bank or *credit union* (as defined in subsection 123(1) of the *Excise Tax Act*) that has provided written consent to receive notices under subsection (1) electronically.

79 (1) Subsection 144(2) of the Act is replaced by the following:

Requirement to provide foreign-based information

(2) Despite any other provision of this Part, the Minister may, by a notice served or sent in accordance with subsection (3.1), require a person resident in Canada or a non-resident person that carries on business in Canada to provide any foreign-based information or record.

(2) Section 144 of the Act is amended by adding the following after subsection (3):

Notice

(3.1) A notice referred to in subsection (2) may be

- (a)** served personally;
- (b)** sent by confirmed delivery service; or
- (c)** sent electronically to a bank or *credit union* (as defined in subsection 123(1) of the *Excise Tax Act*) that has provided written consent to receive notices under subsection (2) electronically.

(3) Subsection 144(4) of the English version of the Act is replaced by the following:

Review of foreign information requirement

(4) If a person is served or sent a notice of a requirement under subsection (2), the person may, within 90 days after the day on which the notice was served or sent, apply to a judge for a review of the requirement.

(4) Subsection 144(6) of the English version of the Act is replaced by the following:

Related person

(6) For the purposes of subsection (5), a requirement to provide information or a record is not to be considered to be unreasonable because the information or record is under the control of, or available to, a non-resident person that is not controlled by the person on which the notice of the requirement under subsection (2) is served, or to which that notice is sent, if that person is related, within the meaning of section 6 of the *Excise Act, 2001*, to the non-resident person.

(5) Subsection 144(8) of the English version of the Act is replaced by the following:

Consequence of failure

(8) If a person fails to comply substantially with a notice served or sent under subsection (2) and if the notice is not set aside under subsection (5), any court having jurisdiction in a civil proceeding relating to the administration or enforcement of this Part must, on motion of the Minister, prohibit the introduction by that person of any foreign-based information or record covered by that notice.

80 Section 164 of the Act is amended by adding the following after subsection (2):

Proof of electronic delivery

(2.1) If, under this Part, provision is made for sending a notice to a person electronically, an affidavit of an officer of the Canada Revenue Agency, sworn before a commissioner or other person authorized to take affidavits, is evidence of the sending and of the notice if the affidavit sets out that

- (a)** the officer has knowledge of the facts in the particular case;
- (b)** the notice was sent electronically to the person on a named day; and
- (c)** the officer identifies as exhibits attached to the affidavit copies of
 - (i)** an electronic message confirming that the notice has been sent to the person, and
 - (ii)** the notice.

Income Tax Regulations

81 (1) The definition *remuneration* in subsection 100(1) of the *Income Tax Regulations* is amended by striking out “or” at the end of paragraph (n), by adding “or” at the end of paragraph (o) and by adding the following after paragraph (o):

- (p) an amount that is required by paragraph 56(1)(z.5) of the Act to be included in computing a taxpayer’s income;
(*rémunération*)

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

82 (1) Subparagraph (b)(i) of the description of B in subsection 103.1(2) of the Regulations is replaced by the following:

- (i) the amount determined for F in subsection 118(1.1) of the Act for the taxation year, and

(2) Subsection (1) applies to the 2020 and subsequent taxation years.

83 (1) The Regulations are amended by adding the following after section 215:

Advanced Life Deferred Annuity

216 (1) In this section, *designated entity* means

- (a) an administrator of a registered pension plan;
- (b) an administrator of a pooled registered pension plan;
- (c) an issuer of a registered retirement savings plan;
- (d) a carrier of a registered retirement income fund; and
- (e) a trustee of a deferred profit sharing plan.

(2) A designated entity that transfers an amount to acquire an advanced life deferred annuity for an individual shall make an information return in prescribed form in respect of the year in which the transfer was made.

(3) A licensed annuities provider shall make an information return in prescribed form in respect of a year in which

- (a) a payment is made that is required by section 146.5 of the Act to be included in computing the income of a taxpayer; or
- (b) a refund described in paragraph (g) of the definition *advanced life deferred annuity* in subsection 146.5(1) of the Act was received by a taxpayer.

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

84 (1) Paragraph 1100(1)(a) of the Regulations is amended by striking out “and” at the end of subparagraph (xl), by adding “and” at the end of subparagraph (xli) and by adding the following after subparagraph (xli):

- (xlii) of Class 56, 30 per cent,

(2) The portion of the description of A in subsection 1100(2) of the Regulations before subparagraph (a)(i) is replaced by the following:

A is, in respect of property of the class that became available for use by the taxpayer in the taxation year and that is accelerated investment incentive property or property included in any of Classes 54 to 56,

(a) if the property is not included in paragraph (1)(v) or in any of Classes 12, 13, 14, 15, 43.1, 43.2, 53, 54, 55 and 56 or in Class 43 in the circumstances described in paragraph (d),

(3) Subparagraphs (c)(ii) and (iii) of the description of A in subsection 1100(2) of the Regulations are replaced by the following:

(ii) 1/2, for property that became available for use by the taxpayer in 2024 or 2025, and

(iii) 1/10, for property that became available for use by the taxpayer after 2025,

(4) Subparagraph (d)(iii) of the description of A in subsection 1100(2) of the Regulations is replaced by the following:

(iii) 5/6, for property included in Class 43 that became available for use by the taxpayer after 2025, and

(iv) 1/10, for property included in Class 53 that became available for use by the taxpayer after 2025,

(5) The portion of paragraph (e) of the description of A in subsection 1100(2) of the Regulations before subparagraph (i) is replaced by the following:

(e) if the class is Class 54 or Class 56,

(6) The description of D in subsection 1100(2) of the Regulations is replaced by the following:

D is the total of all amounts, if any, each of which is an amount included in the description of A in the definition *undepreciated capital cost* in subsection 13(21) of the Act in respect of property of the class that became available for use by the taxpayer in the taxation year and that is accelerated investment incentive property or property included in any of Classes 54 to 56, and

(7) Subparagraph (b)(ii) of the description of F in subsection 1100(2) of the Regulations is replaced by the following:

(ii) property included in any of Classes 13, 14, 15, 23, 24, 27, 29, 34, 52 and 54 to 56,

(8) Subsection 1100(2.02) of the Regulations is replaced by the following:

Expenditures excluded from element D

(2.02) For the purposes of subsection (2), in respect of property of a class in Schedule II that is accelerated investment incentive property of a taxpayer solely because of subparagraph 1104(4)(b)(i),

(a) amounts incurred by any person or partnership in respect of the property are not to be included in determining the amount for D in subsection (2) in respect of the class

(i) if the amounts are incurred before November 21, 2018, unless

(A) the property was acquired after November 20, 2018 by a person or partnership from another person or partnership (referred to in this subparagraph as the “transferee” and the “transferor”, respectively),

(B) the transferee was either

(I) the taxpayer, or

(II) a person or partnership that does not deal at arm’s length with the taxpayer, and

(C) the transferor

(I) dealt at arm’s length with the transferee, and

(II) held the property as inventory, and

(ii) if the amounts are incurred after November 20, 2018 and amounts are deemed to have been deducted under paragraph 20(1)(a) or subsection 20(16), in respect of those amounts incurred, under paragraph 1104(4.1)(b); and

(b) any amount excluded from the amount determined for D in subsection (2) in respect of the class because of paragraph (a) is to be included in determining the amount for F in subsection (2) in respect of the class, unless no amount in respect of the property would be so included if the property were not accelerated investment incentive property of the taxpayer.

(9) Subsections (1), (2) and (5) to (7) are deemed to have come into force on March 2, 2020.

(10) Subsections (3), (4) and (8) apply in respect of property acquired after November 20, 2018.

85 (1) Subsection 1102(14.13) of the Regulations is replaced by the following:

(14.13) Subsection (14) does not apply to an acquisition of property by a taxpayer from a person in respect of which the property was included in any of Classes 54 to 56.

(2) Subsection 1102(20.1) of the Regulations is replaced by the following:

(20.1) For the purposes of subsections 1100(2.02) and 1104(4), a particular person or partnership and another person or partnership shall be considered not to be dealing at arm's length with each other in respect of the acquisition or ownership of a property if, in the absence of this subsection, they would be considered to be dealing at arm's length with each other and it may reasonably be considered that the principal purpose of any transaction or event, or a series of transactions or events, is to cause

(a) the property to qualify as accelerated investment incentive property; or

(b) the particular person or partnership and the other person or partnership to satisfy the condition in subclause 1100(2.02)(a)(i)(C)(I).

(3) Subsection (1) is deemed to have come into force on March 2, 2020.

(4) Subsection (2) applies in respect of property acquired after July 30, 2019.

86 (1) Subsection 1103(2j) of the Regulations is replaced by the following:

(2j) A taxpayer may, in its return of income filed with the Minister on or before its filing-due date for the taxation year in which a property is acquired, elect not to include the property in any of Classes 54 to 56 in Schedule II, as the case may be.

(2) Subsection (1) is deemed to have come into force on March 2, 2020.

87 (1) The portion of subsection 1104(4) of the Regulations before paragraph (a) is replaced by the following:

(4) For the purposes of this Part and Schedules II to VI, ***accelerated investment incentive property*** means property of a taxpayer (other than property included in any of Classes 54 to 56) that

(2) Subparagraph 1104(4)(b)(i) of the Regulations is replaced by the following:

(i) the property is not a property in respect of which an amount has been deducted under paragraph 20(1)(a) or subsection 20(16) of the Act by any person or partnership for a taxation year ending before the time the property was acquired by the taxpayer, or

(3) Section 1104 of the Regulations is amended by adding the following after subsection (4):

Deemed separate properties

(4.1) For the purpose of subparagraph (4)(b)(i), if the capital cost to a taxpayer of a depreciable property (referred to in this subsection as the “single property”) includes amounts incurred at different times, then amounts deducted under paragraph 20(1)(a) or subsection 20(16) of the Act in respect of the single property are deemed to have been deducted in respect of a separate property that is not part of the single property to the extent the deducted amounts can reasonably be considered to be in respect of amounts

(a) incurred before November 21, 2018; or

(b) incurred after November 20, 2018, if any portion of the single property is considered to have become available for use before the time the single property is first used for the purpose of earning income.

(4) Subsection (1) is deemed to have come into force on March 2, 2020.

(5) Subsections (2) and (3) apply in respect of property acquired after November 20, 2018.

88 (1) Subparagraph 8502(e)(i) of the Regulations is amended by striking out “and” at the end of clause (A) and by adding the following after clause (B):

(C) in the case of benefits provided under a money purchase provision in accordance with paragraph 8506(1)(e.2), the benefits may begin to be paid not later than the later of

(I) the end of the calendar year in which the member attains 71 years of age, and

(II) the end of the calendar year in which a transfer was made from the member’s account to acquire rights under the VPLA fund, and

(2) Subsection (1) is deemed to have come into force on January 1, 2020.

89 (1) The portion of clause 8503(3)(a)(v)(A) of the Regulations before subclause (I) is replaced by the following:

(A) unless the provision is a provision of an individual pension plan,

(2) The portion of subparagraph 8503(3)(a)(v.1) of the Regulations before clause (A) is replaced by the following:

(v.1) unless the provision is a provision of an individual pension plan, a portion — determined by reference to the proportion of property that has been transferred, as described in clause (B) — of a period in respect of which

(3) Subparagraph 8503(3)(a)(vi) of the Regulations is replaced by the following:

(vi) unless the provision is a provision of an individual pension plan, a period throughout which the member was employed in Canada by a former employer where the period was an eligibility period for the participation of the member in another registered pension plan, and

(4) Subsections (1) to (3) are deemed to have come into force on March 19, 2019. However, subsections (1) to (3) do not apply to a period that was *pensionable service* (as defined in subsection 8500(1) of the Regulations) in respect of a member under a defined benefit provision of an individual pension plan before March 19, 2019.

90 (1) The portion of paragraph 8506(1)(e.1) of the Regulations before subparagraph (i) is replaced by the following:

Variable benefits

(e.1) retirement benefits (in this paragraph referred to as “variable benefits”), other than benefits permissible under any of paragraphs (a) to (e) and (e.2), provided to a member and, after the death of the member, to one or more beneficiaries of the member if

(2) Subsection 8506(1) of the Regulations is amended by adding the following after paragraph (e.1):

Variable Payment Life Annuity

(e.2) retirement benefits (referred to in this paragraph as “VPLA benefits”), other than benefits permissible under any of paragraphs (a) to (e.1), provided to a member and, after the death of the member, to one or more beneficiaries of the member if

(i) the VPLA benefits are paid from a VPLA fund,

(ii) the VPLA benefits are provided to the member (or, after the death of the member, to one or more beneficiaries of the member) because of a transfer of one or more amounts from the member’s account to the VPLA fund,

(iii) each VPLA benefit is any of the following:

(A) a retirement benefit described in any of paragraphs (b) to (e), (g) and (i),

(B) in the case of the wind-up of the VPLA fund, a payment described in paragraph (h), and

(C) a retirement benefit that would be described in paragraph (a) if its subparagraph (ii) read as follows:

(ii) the benefits are adjusted annually, after they commence to be paid, in whole or in part to reflect

(A) increases in the Consumer Price Index, as published by Statistics Canada under the authority of the *Statistics Act*, or

(B) increases at a rate specified under the terms of the plan not exceeding 2% per annum;

(iv) the VPLA benefits are increased or decreased to the extent that the following differ materially from the actuarial assumptions used to determine the VPLA benefits:

(A) the amount or rate of return earned by the VPLA fund, or

(B) the rate of mortality of the members and beneficiaries who are entitled to receive the VPLA benefits;

(3) Paragraph 8506(2)(g) of the Regulations is replaced by the following:

(g) retirement benefits (other than benefits permissible under paragraph (1)(e.1) or (e.2)) under the provision are provided by means of annuities that are purchased from a licensed annuities provider;

(4) Section 8506 of the Regulations is amended by adding the following after subsection (12):

VPLA fund

(13) For the purposes of paragraph (1)(e.2) and clause 8502(e)(i)(C), a VPLA fund under a money purchase provision of a pension plan is an arrangement that meets the following conditions:

(a) no amounts are contributed to the arrangement other than amounts that are transferred from accounts of the members of the plan;

(b) the arrangement has at least 10 members at the time it is established and, at all times after it is established, it is reasonable to expect that the arrangement will have at least 10 members on an ongoing basis; and

(c) no benefit may be paid from the arrangement other than retirement benefits described in subparagraph (1)(e.2)(iii).

(5) Subsections (1) to (4) are deemed to have come into force on January 1, 2020.

91 (1) Subsection 8510(7) of the Regulations is amended by striking out “and” at the end of paragraph (a), by adding “and” at the end of paragraph (b) and by adding the following after paragraph (b):

(c) no contributions are made

(i) to the plan with respect to a member at any time after the end of the calendar year in which the member attains 71 years of age, or

(ii) to a defined benefit provision of the plan with respect to a member during a period (other than a *qualifying period*, as defined in subsection 8503(16)) in which the member is in receipt of retirement benefits from a defined benefit provision of the plan.

(2) Subsection (1) applies in respect of contributions made pursuant to any collective bargaining agreement entered into after 2019, except that it does not apply in respect of contributions made on or before the date the agreement is entered into.

92 Section 8901.2 of the Regulations is replaced by the following:

8901.2 The amount determined by regulation in respect of a qualifying entity for the purposes of clause (b)(iv)(B) of the description of A in subsection 125.7(2) of the Act for a week in a qualifying period is

(a) for the seventh qualifying period and the eighth qualifying period, the greater of

(i) the amount determined for the week under subparagraph (a)(i) of the description of A in subsection 125.7(2) of the Act, and

(ii) the amount determined for the week under subparagraph (a)(ii) of the description of A in subsection 125.7(2) of the Act;

(b) for the ninth qualifying period and the tenth qualifying period, the greater of

(i) \$500, and

(ii) the lesser of

(A) 55% of *baseline remuneration* (as defined in subsection 125.7(1) of the Act) in respect of the eligible employee determined for that week, and

(B) \$573;

(c) for any of the eleventh qualifying period to the nineteenth qualifying period, the greater of

(i) \$500, and

(ii) the lesser of

(A) 55% of *baseline remuneration* (as defined in subsection 125.7(1) of the Act) in respect of the eligible employee determined for that week, and

(B) \$595; and

(d) for the twentieth qualifying period and any subsequent qualifying period, nil.

93 Schedule II to the Regulations is amended by adding the following after Class 55:

CLASS 56

Property that is acquired, and becomes available for use, by a taxpayer after March 1, 2020 and before 2028, if the property

(a) is either

(i) automotive equipment (other than a motor vehicle) that is fully electric or powered by hydrogen, or

(ii) an addition or alteration made by the taxpayer to automotive equipment (other than a motor vehicle) to the extent it causes the automotive equipment to become fully electric or powered by hydrogen; and

(b) would be accelerated investment incentive property of the taxpayer if subsection 1104(4) were read without its exclusion for property included in Class 56.

SOR/2008-186

Canada Disability Savings Regulations

94 (1) Paragraph (b) of the definition *montant de retenue* in section 1 of the French version of the *Canada Disability Savings Regulations* is replaced by the following:

b) dans les autres cas, le montant total des subventions et des bons qui ont été versés dans un REEI au cours des dix années précédant ce moment, déduction faite du montant de toute subvention ou de tout bon versé au cours de cette période qui a été remboursé au ministre. (*assistance holdback amount*)

(2) Subsection (1) is deemed to have come into force on January 1, 2021.

95 (1) The portion of subsection 5(1) of the Regulations before paragraph (a) is replaced by the following:

5 (1) Subject to section 5.1, an issuer of an RDSP shall repay to the Minister, within the period set out in the issuer agreement, the amount referred to in subsection (2) if

(2) Subsection 5(1) of the Regulations is amended by adding “or” at the end of paragraph (b) and by repealing paragraph (c).

(3) Subsection 5(3) of the Regulations is replaced by the following:

(3) Despite subsections (1) and (2), if the beneficiary of an RDSP that is a specified disability savings plan dies, the issuer of the RDSP shall repay to the Minister, within the period set out in the issuer agreement, any portion of an amount paid into the RDSP as a grant or bond within the 10-year period preceding the time of the death that remains in the RDSP at that time.

(4) This section does not apply if the event described in subsection (1) or (3) occurs after the calendar year in which the beneficiary attains 59 years of age.

(4) Subsections (1) to (3) are deemed to have come into force on January 1, 2021.

96 (1) The portion of section 5.1 of the Regulations before paragraph (a) is replaced by the following:

5.1 If an event described in paragraph 5(1)(a), (b) or (d) occurs while the beneficiary of an RDSP is no longer a DTC-eligible individual, the issuer of the RDSP shall repay to the Minister, within the period set out in the issuer agreement, the lesser of

(2) The description of A in paragraph 5.1(b) of the Regulations is replaced by the following:

A is

(i) if the event occurs before the calendar year in which the beneficiary attains 51 years of age, the total amount of grants and bonds paid into the RDSP within the 10-year period before the day on which the beneficiary ceased to be a DTC-eligible individual, less any portion of that amount that was repaid to the Minister within that period,

(ii) if the event occurs after the calendar year in which the beneficiary attains 50 years of age but before the calendar year in which they attain 60 years of age and the beneficiary ceased to be a DTC-eligible individual before the calendar year in which they attained 50 years of age, the total amount of grants and bonds paid into the RDSP within the period (expressed in number of years) determined by the following formula that ended before the day on which the beneficiary ceased to be a DTC-eligible individual, less any portion of that amount that was repaid to the Minister within that period:

$$60 - n$$

where

n is the beneficiary's age on — or the age that they would have attained by — December 31 of the calendar year in which the event occurs,

(iii) if the event occurs after the calendar year in which the beneficiary attains 50 years of age but before the calendar year in which they attain 60 years of age and the beneficiary ceased to be a DTC-eligible individual after the calendar year in which they attained 49 years of age, the total amount of grants and bonds paid into the RDSP during the period beginning on January 1 of the year that is 10 years before the year in which the event occurs and ending on the day preceding the day on which the beneficiary ceased to be a DTC-eligible individual, less any portion of that amount that was repaid to the Minister within that period, or

(iv) if the event occurs after the calendar year in which the beneficiary attains 59 years of age, nil,

(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2021.

97 (1) Section 5.2 of the Regulations is repealed.

(2) Subsection (1) is deemed to have come into force on January 1, 2021.

98 (1) Section 5.3 of the Regulations is amended by adding the following after subsection (2):

(3) Subsection (1) does not apply in respect of any disability assistance payment made after the calendar year in which the beneficiary attains 59 years of age.

(2) Subsection (1) is deemed to have come into force on January 1, 2021.

99 (1) The portion of subsection 5.4(1) of the Regulations before paragraph (a) is replaced by the following:

5.4 (1) If a disability assistance payment is made to a beneficiary who is no longer a DTC-eligible individual, the issuer of the RDSP shall repay to the Minister, within the period set out in the issuer agreement, the least of the following amounts:

(2) The description of A in paragraph 5.4(1)(c) of the Regulations is replaced by the following:

A is

(i) if the disability assistance payment is made before the calendar year in which the beneficiary attains 51 years of age, the total amount of grants and bonds paid into the RDSP within the 10-year period before the day on which the beneficiary ceased to be a DTC-eligible individual, less any portion of that amount that was repaid to the Minister within that period,

(ii) if the disability assistance payment is made after the calendar year in which the beneficiary attains 50 years of age but before the calendar year in which they attain 60 years of age and the beneficiary ceased to be a DTC-eligible individual before the calendar year in which they attained 50 years of age, the total amount of grants and bonds paid into the RDSP within the period (expressed in number of years) determined by the following

formula that ended before the day on which the beneficiary ceased to be a DTC-eligible individual, less any portion of that amount that was repaid to the Minister within that period:

$$60 - n$$

where

n is the beneficiary's age on December 31 of the calendar year in which the disability assistance payment is made,

(iii) if the disability assistance payment is made after the calendar year in which the beneficiary attains 50 years of age but before the calendar year in which they attain 60 years of age and the beneficiary ceased to be a DTC-eligible individual after the calendar year in which they attained 49 years of age, the total amount of grants and bonds paid into the RDSP during the period beginning on January 1 of the year that is 10 years before the year in which the disability assistance payment is made and ending on the day preceding the day on which the beneficiary ceased to be a DTC-eligible individual, less any portion of that amount that was repaid to the Minister within that period, or

(iv) if the disability assistance payment is made after the calendar year in which the beneficiary attains 59 years of age, nil,

(3) Subsection 5.4(2) of the Regulations is replaced by the following:

(2) An issuer that repays the amount referred to in paragraph (1)(a) is to do so from the grants and bonds that were paid into the RDSP within the applicable period referred to in the description of A in paragraph (1)(c) and within the period referred to in the description of B in paragraph (1)(c), in the order in which they were paid into it.

(4) Subsections (1) to (3) are deemed to have come into force on January 1, 2021.

PART 2

GST/HST Measures

R.S., c. E-15

Excise Tax Act

100 (1) The definition *reporting period* in subsection 123(1) of the *Excise Tax Act* is replaced by the following:

reporting period of a person means the reporting period of the person as determined under sections 211.18 and 245 to 251; (*période de déclaration*)

(2) Paragraph (c) of the definition *activité commerciale* in subsection 123(1) of the French version of the Act is replaced by the following:

c) la réalisation d'une fourniture, sauf une fourniture exonérée, d'un immeuble de la personne, y compris les actes qu'elle accomplit dans le cadre ou à l'occasion de la fourniture. (*commercial activity*)

(3) The definition *financial instrument* in subsection 123(1) of the Act is amended by adding the following after paragraph (f):

(f.1) a virtual payment instrument,

(4) Subsection 123(1) of the Act is amended by adding the following in alphabetical order:

virtual payment instrument means property that is a digital representation of value, that functions as a medium of exchange and that only exists at a digital address of a publicly distributed ledger, other than property that

(a) confers a right, whether immediate or future and whether absolute or contingent, to be exchanged or redeemed for money or specific property or services or to be converted into money or specific property or services,

(b) is primarily for use within, or as part of, a gaming platform, an affinity or rewards program or a similar platform or program, or

(c) is prescribed property; (*effet de paiement virtuel*)

(5) Subsections (1) and (2) come into force, or are deemed to have come into force, on July 1, 2021.

(6) Subsections (3) and (4) are deemed to have come into force on May 18, 2019.

101 (1) Paragraph 141.01(1)(c) of the French version of the Act is replaced by the following:

c) la réalisation de fournitures d'immeubles de la personne, y compris les actes qu'elle accomplit dans le cadre ou à l'occasion des fournitures.

(2) Subsection (1) comes into force, or is deemed to have come into force, on July 1, 2021.

102 (1) Subsection 143(1) of the Act is amended by striking out “or” at the end of paragraph (b) and by adding the following after that paragraph:

(b.1) the supply is a *qualifying tangible personal property supply* (as defined in subsection 211.1(1)) and the person is required under section 211.22 to be registered under Subdivision D of Division V at the time the supply is made; or

(2) Subsection (1) comes into force, or is deemed to have come into force, on July 1, 2021.

(3) For the purposes of applying subsection 143(1) of the Act, as amended by subsection (1), in respect of a supply in respect of which subparagraph 107(2)(c)(ii) applies, the supply is deemed to have been made on July 1, 2021.

103 (1) Subsection 148(3) of the Act is replaced by the following:

Non-application

(3) This section does not apply to

(a) a person registered under Subdivision E of Division II; or

(b) a non-resident person that makes a supply in Canada of admissions in respect of a place of amusement, a seminar, an activity or an event and whose only business carried on in Canada is the making of such supplies.

(2) Subsection (1) comes into force, or is deemed to have come into force, on July 1, 2021.

104 (1) Subsection 178.8(9) of the Act is replaced by the following:

Application

(9) Subsections (2) to (7) do not apply in respect of goods imported in circumstances in which subsection 169(2) applies or in which section 180 or subparagraph 211.23(1)(c)(i) deems a person to have paid tax in respect of a supply of property equal to the tax under Division III in respect of the importation of goods.

(2) Subsection (1) applies to goods imported on or after July 1, 2021 and to goods imported before that day that were not accounted for under section 32 of the *Customs Act* before that day.

105 (1) Section 179 of the Act is amended by adding the following after subsection (3):

Exception — distribution platform operator

(3.1) For the purposes of this Part, if

(a) paragraphs (1)(a) to (c) apply to a taxable supply in respect of particular tangible personal property that is made by a registrant and is referred to in any of subparagraphs (1)(a)(i) to (iii),

(b) the transfer referred to in paragraph (1)(b) of physical possession of the particular property is to a person (in this subsection referred to as the “consignee”) that is acquiring physical possession of the particular property as the recipient of a taxable supply made by way of sale of the particular property that

(i) is deemed under subsection 211.23(1) to have been made by a *distribution platform operator* (as defined in subsection 211.1(1)), and

(ii) would, in the absence of subsection 211.23(1), be made by a non-resident person that is not registered under Subdivision D of Division V,

(c) the distribution platform operator is registered under Subdivision D of Division V, and

(d) the non-resident person gives to the registrant, and the registrant retains, a certificate that

(i) acknowledges that the consignee acquired physical possession of the particular property as the recipient of a taxable supply and that the distribution platform operator is required to collect tax in respect of that taxable supply, and

(ii) states the distribution platform operator’s name and registration number assigned under section 241,

the following rules apply:

(e) paragraphs (1)(d) to (g) do not apply to the taxable supply referred to in paragraph (a), and

(f) the taxable supply referred to in paragraph (a) is deemed to have been made outside Canada.

(2) Section 179 of the Act is amended by adding the following after subsection (7):

Fungible property

(7.1) For the purposes of this section, substitute tangible personal property is deemed to be the original tangible personal property if

(a) one of the following conditions is met:

(i) a registrant acquires physical possession of the original tangible personal property for the purpose of making a supply of a service of manufacturing or producing tangible personal property (in this subparagraph referred to as the “manufactured property”) and the substitute tangible personal property is used or consumed by being

(A) incorporated or transformed into, attached to, or combined or assembled with, the manufactured property in the manufacture or production of the manufactured property, or

(B) directly consumed or expended in the manufacture or production of the manufactured property,

(ii) the following conditions are met:

(A) a registrant acquires physical possession of the original tangible personal property for the purpose of making a supply of a commercial service in respect of that property,

(B) if the commercial service is not a storage service, a service identical to the commercial service is performed in respect of the substitute tangible personal property,

(C) the registrant causes physical possession of the substitute tangible personal property to be transferred to another person under the agreement for the supply, and

(D) if the substitute property is a continuous transmission commodity, the substitute tangible personal property is not being transferred to the other person by means of a wire, pipeline or other conduit, or

(iii) a registrant acquires physical possession of the original tangible personal property for the purpose of making a supply of a commercial service in respect of tangible personal property (in this subparagraph referred to as the “serviced property”) that is neither the original tangible personal property nor the substitute tangible personal property and the substitute tangible personal property is used or consumed by being

(A) incorporated into, attached to, or combined or assembled with, the serviced property in the provision of the commercial service, or

(B) directly consumed or expended in the provision of the commercial service; and

(b) the properties of the original tangible personal property are essentially identical to the properties of the substitute tangible personal property and the original tangible personal property and the substitute tangible personal property

(i) are of the same class or kind of property,

(ii) are in the same measure and state, and

(iii) are interchangeable for commercial purposes.

(3) Subsection (1) comes into force, or is deemed to have come into force, on July 1, 2021.

(4) Subsection (2) applies in respect of any supply made after May 17, 2019 and in respect of any supply made on or before that day if the supplier did not, on or before that day, charge, collect or remit any amount as or on account of tax under Part IX of the Act in respect of the supply.

106 (1) Paragraph 186(1)(b) of the Act is replaced by the following:

(b) at the time that tax in respect of the acquisition, importation or bringing in becomes payable, or is paid without having become payable, by the parent, all or substantially all of the property of the other corporation is property that was last manufactured, produced, acquired or imported by the other corporation for consumption, use or supply by the other corporation exclusively in the course of its commercial activities,

(2) Subsection 186(1) of the Act, as amended by subsection (1), is replaced by the following:

Definition of *unit*

186 (0.1) In this section, *unit* means, in respect of a corporation, a share of the capital stock of the corporation.

Operating corporation

(0.2) For the purposes of this section, a particular corporation is at a particular time an operating corporation of another corporation if at the particular time the particular corporation is related to the other corporation and all or substantially all of the property of the particular corporation is property that was last manufactured, produced, acquired or imported by the particular corporation for consumption, use or supply by the particular corporation exclusively in the course of its commercial activities.

Input tax credit

(1) Unless subsection (2) applies, if at a particular time a registrant (in this subsection referred to as the “parent”) that is a corporation resident in Canada acquires, imports or brings into a participating province a particular property or service and if at the particular time a particular corporation is an operating corporation of the parent, the parent is deemed, for the purpose of determining an input tax credit of the parent, to have acquired or imported the particular property or

service or brought it into the participating province, as the case may be, for use in the course of commercial activities of the parent to the extent that

(a) the parent acquired or imported the particular property or service or brought it into the participating province, as the case may be, for the purpose of

(i) selling or otherwise disposing of, purchasing or otherwise obtaining, or holding units or indebtedness of the particular corporation by the parent, or

(ii) redeeming, issuing or converting or otherwise modifying units or indebtedness of the particular corporation by the particular corporation;

(b) the parent acquired or imported the particular property or service or brought it into the participating province, as the case may be, for the purpose of issuing or selling units or indebtedness of the parent, the parent transfers to the particular corporation the proceeds from the issuance or sale by lending money to the particular corporation or by purchasing or otherwise obtaining from the particular corporation units or indebtedness of the particular corporation, and the proceeds that are transferred to the particular corporation are for use in the course of its commercial activities; or

(c) if at the particular time all or substantially all of the property of the parent is property that was manufactured, produced, acquired or imported by the parent for consumption, use or supply exclusively in the course of its commercial activities, property that is units or indebtedness of operating corporations of the parent or a combination of such property, the parent acquired or imported the particular property or service or brought it into the participating province, as the case may be, for the purpose of carrying on, engaging in or conducting an activity of the parent other than

(i) an activity that is primarily in respect of units or indebtedness of a person that is neither the parent nor an operating corporation of the parent, or

(ii) an activity that is carried on, engaged in or conducted in the course of making an exempt supply by the parent unless the activity is a financial service that is

(A) the lending or borrowing of units or indebtedness of an operating corporation of the parent,

(B) the issue, granting, allotment, acceptance, endorsement, renewal, processing, variation, transfer of ownership or repayment of units or indebtedness of the parent or an operating corporation of the parent,

(C) the provision, variation, release or receipt of a guarantee, acceptance or indemnity in respect of units or indebtedness of the parent or an operating corporation of the parent,

(D) the payment or receipt of money as dividends (other than patronage dividends), interest, principal, benefits, or similar receipt or payment of money in respect of units or indebtedness of the parent or an operating corporation of the parent, or

(E) the underwriting of units or indebtedness of an operating corporation of the parent.

(3) Subsections 186(0.1) and (0.2) of the Act, as enacted by subsection (2), are replaced by the following:

Definition of *unit*

186 (0.1) In this section, *unit* means

(a) in respect of a corporation, a share of the capital stock of the corporation;

(b) in respect of a partnership, an interest of a person in the partnership; and

(c) in respect of a trust, a unit of the trust.

Operating corporations

(0.2) For the purposes of this section, a particular corporation is at a particular time an operating corporation of another person that is a corporation, partnership or trust if, at the particular time, all or substantially all of the property of the particular corporation is property that was last manufactured, produced, acquired or imported by the particular corporation for consumption, use or supply by the particular corporation exclusively in the course of its commercial activities and

(a) if the other person is a corporation or a trust, the particular corporation is, at the particular time, related to the other person; or

(b) if the other person is a partnership, the particular corporation is, at the particular time, controlled by

(i) the other person,

(ii) a corporation that is controlled by the other person,

(iii) a corporation that is related to a corporation described in subparagraph (ii), or

(iv) a combination of persons described in subparagraphs (i) to (iii).

(4) The portion of subsection 186(1) of the Act before paragraph (a), as enacted by subsection (2), is replaced by the following:

Input tax credit

(1) Unless subsection (2) applies, if at a particular time a registrant (in this subsection referred to as the “parent”) that is resident in Canada and that is a corporation, partnership or trust acquires, imports or brings into a participating province a particular property or service and if at the particular time a particular corporation is an operating corporation of the parent, the parent is deemed, for the purpose of determining an input tax credit of the parent, to have acquired or imported the particular property or service or brought it into the participating province, as the case may be, for use in the course of commercial activities of the parent to the extent that

(5) Paragraph 186(2)(b) of the Act is replaced by the following:

(b) throughout the period beginning when the performance of the particular service began or when the purchaser acquired, imported or brought into the participating province, as the case may be, the particular property and ending at the later of the times referred to in paragraph (c), all or substantially all of the property of the other corporation was property that was last manufactured, produced, acquired or imported for consumption, use or supply exclusively in the course of commercial activities,

(6) Subsection 186(3) of the Act is replaced by the following:

Shares, etc., held by corporation

(3) If at any time all or substantially all of the property of a particular corporation is property that was last manufactured, produced, acquired or imported by it for consumption, use or supply exclusively in the course of its commercial activities, all shares of the capital stock of the particular corporation owned by, and all indebtedness of the particular corporation owed to, any other corporation that is related to the particular corporation are, for the purposes of this section, deemed to be, at that time, property that was acquired by the other corporation for use exclusively in the course of its commercial activities.

(7) Subsection 186(3) of the Act, as enacted by subsection (6), is replaced by the following:

Shares, etc., held by corporation

(3) If at a particular time a particular corporation is an operating corporation of another corporation, all units of the particular corporation owned by, and all indebtedness of the particular corporation owed to, the other corporation are, for the purposes of this section, deemed to be, at the particular time, property that was acquired by the other corporation for use exclusively in the course of its commercial activities.

(8) Subsections (1) and (6) apply in respect of any property or service acquired, imported or brought into a participating province before July 28, 2018 if tax became payable or was paid without having become payable in respect of the acquisition, importation or bringing into the participating province.

(9) Subsections (2) and (7) apply in respect of any property or service acquired, imported or brought into a participating province after July 27, 2018.

(10) Subsection 186(0.1) of the Act, as enacted by subsection (3), is deemed to have come into force on May 18, 2019.

(11) Subsection 186(0.2) of the Act, as enacted by subsection (3), and subsection (4) apply in respect of any property or service acquired, imported or brought into a participating province after May 17, 2019.

(12) Subsection (5) applies to any acquisition, importation or bringing into a participating province of property or a service in respect of which tax is payable or is paid without having become payable.

107 (1) The Act is amended by adding the following after section 211:

SUBDIVISION E

Electronic Commerce

Interpretation

Definitions

211.1 (1) The following definitions apply in this Subdivision.

accommodation platform means a digital platform through which a person facilitates the making of supplies of short-term accommodation situated in Canada by another person that is not registered under Subdivision D of Division V. (*plateforme de logements*)

accommodation platform operator, in respect of a supply of short-term accommodation made through an accommodation platform, means a person (other than the supplier or an excluded operator in respect of the supply) that

- (a)** controls or sets the essential elements of the transaction between the supplier and the recipient;
- (b)** if paragraph (a) does not apply to any person, is involved, directly or through arrangements with third parties, in collecting, receiving or charging the consideration for the supply and transmitting all or part of the consideration to the supplier; or
- (c)** is a prescribed person. (*exploitant de plateforme de logements*)

Canadian accommodation related supply means a taxable supply of a service

- (a)** that is made to a person in connection with a supply of short-term accommodation situated in Canada made to the person; and
- (b)** the consideration for which represents a booking fee, administration fee or other similar charge. (*fourniture liée à un logement au Canada*)

digital platform includes a website, an electronic portal, gateway, store or distribution platform or any other similar electronic interface but does not include

- (a)** an electronic interface that solely processes payments; or
- (b)** a prescribed platform or interface. (*plateforme numérique*)

distribution platform operator, in respect of a supply of property or a service made through a specified distribution platform, means a person (other than the supplier or an excluded operator in respect of the supply) that

- (a) controls or sets the essential elements of the transaction between the supplier and the recipient;
- (b) if paragraph (a) does not apply to any person, is involved, directly or through arrangements with third parties, in collecting, receiving or charging the consideration for the supply and transmitting all or part of the consideration to the supplier; or
- (c) is a prescribed person. (*exploitant de plateforme de distribution*)

electronic filing means using electronic media in a manner specified by the Minister. (*transmission électronique*)

excluded operator means a person that, in respect of a supply of property or a service,

- (a) meets all of the following conditions:
 - (i) the person does not set, directly or indirectly, any of the terms and conditions under which the supply is made,
 - (ii) the person is not involved, directly or indirectly, in authorizing the charge to the recipient of the supply in respect of the payment of the consideration for the supply, and
 - (iii) the person is not involved, directly or indirectly, in the ordering or delivery of the property or in the ordering or rendering of the service;
- (b) solely provides for the listing or advertising of the property or service or for the redirecting or transferring to a digital platform on which the property or service is offered;
- (c) is solely a payment processor; or
- (d) is a prescribed person. (*exploitant exclu*)

false statement includes a statement that is misleading because of an omission from the statement. (*faux énoncé*)

qualifying tangible personal property supply means a supply made by way of sale of tangible personal property that is, under the agreement for the supply, to be delivered or made available to the recipient in Canada, other than

- (a) an exempt or zero-rated supply;
- (b) a supply of tangible personal property sent by mail or courier to the recipient at an address in Canada from an address outside Canada by the supplier or by another person acting on behalf of the supplier, if the supplier maintains evidence satisfactory to the Minister that the property was so sent;
- (c) a supply that is deemed under subsection 180.1(2) to have been made outside Canada; and
- (d) a prescribed supply. (*fourniture admissible d'un bien meuble corporel*)

specified Canadian recipient means a recipient of a supply in respect of which the following conditions are met:

- (a) the recipient has not provided to the supplier, or to a distribution platform operator in respect of the supply, evidence satisfactory to the Minister that the recipient is registered under Subdivision D of Division V; and
- (b) the usual place of residence of the recipient is situated in Canada. (*acquéreur canadien déterminé*)

specified distribution platform means a digital platform through which a person facilitates the making of specified supplies by another person that is a specified non-resident supplier or facilitates the making of qualifying tangible personal property supplies by another person that is not registered under Subdivision D of Division V. (*plateforme de distribution déterminée*)

specified non-resident supplier means a non-resident person that does not make supplies in the course of a business carried on in Canada and that is not registered under Subdivision D of Division V. (*fournisseur non-résident déterminé*)

specified supply means a taxable supply of intangible personal property or a service other than

- (a) a supply of intangible personal property that
 - (i) may not be used in Canada,
 - (ii) relates to real property situated outside Canada, or
 - (iii) relates to tangible personal property ordinarily situated outside Canada;
- (b) a supply of a service that
 - (i) may only be consumed or used outside Canada,
 - (ii) is in relation to real property situated outside Canada, or
 - (iii) is rendered in connection with criminal, civil or administrative litigation (other than a service rendered before the commencement of such litigation) that is under the jurisdiction of a court or other tribunal established under the laws of a country other than Canada or that is in the nature of an appeal from a decision of a court or other tribunal established under the laws of a country other than Canada;
- (c) a supply of a service that is deemed under subsection 180.1(2) to have been made outside Canada;
- (d) a supply of a service
 - (i) that is made to a person in connection with a supply of short-term accommodation made to the person, and
 - (ii) the consideration for which represents a booking fee, administration fee or other similar charge; and
- (e) a prescribed supply. (*fourniture déterminée*)

Registration

(2) For greater certainty, in this Part (other than this Subdivision) and in Schedules V to X, a reference to registration does not include registration under this Subdivision.

Accommodations, Intangible Personal Property and Services

Residence indicators

211.11 (1) For the purposes of this Subdivision, the following are indicators in respect of the usual place of residence of a recipient of a supply:

- (a) the home address of the recipient;
- (b) the business address of the recipient;
- (c) the billing address of the recipient;
- (d) the Internet Protocol address of the device used by the recipient or similar data obtained through a geolocation method;
- (e) payment-related information in respect of the recipient or other information used by the payment system;
- (f) the information from a subscriber identity module, or other similar module, used by the recipient;

- (g) the place at which a landline communication service is supplied to the recipient; and
- (h) any other relevant information that the Minister may specify.

Indicator — Canada and provinces

(2) For the purposes of this section,

- (a) a Canadian indicator in respect of the recipient of a supply is an indicator obtained in connection with the supply that reasonably supports the conclusion that the usual place of residence of the recipient is situated in Canada;
- (b) a foreign indicator in respect of the recipient of a supply is an indicator obtained in connection with the supply that reasonably supports the conclusion that the usual place of residence of the recipient is situated outside Canada;
- (c) a participating province indicator in respect of the recipient of a supply is an indicator obtained in connection with the supply that reasonably supports the conclusion that the usual place of residence of the recipient is situated in a participating province; and
- (d) a non-participating province indicator in respect of the recipient of a supply is an indicator obtained in connection with the supply that reasonably supports the conclusion that the usual place of residence of the recipient is situated in a non-participating province.

Usual place of residence — Canada

(3) For the purposes of this Subdivision, the usual place of residence of the recipient of a supply is situated in Canada if a person that is the supplier or a distribution platform operator in respect of the supply,

- (a) in the ordinary course of the person's operations, has obtained two or more Canadian indicators in respect of the recipient and has not obtained more than one foreign indicator in respect of the recipient;
- (b) in the ordinary course of the person's operations, has obtained two or more Canadian indicators in respect of the recipient and two or more foreign indicators in respect of the recipient, but the Canadian indicators are, in the circumstances, reasonably considered to be more reliable in determining a place of residence; or
- (c) if paragraphs (a) and (b) do not apply, has determined that the usual place of residence of the recipient is situated in Canada based on any method that the Minister may allow.

Usual place of residence — participating province address

(4) For the purposes of this Subdivision, if the usual place of residence of the recipient of a supply is situated in Canada and if a person that is the supplier or a distribution platform operator in respect of the supply has obtained in the ordinary course of the person's operations one or more addresses that are a home or business address of the recipient in a participating province and has not obtained in the ordinary course of the person's operations the same number or a greater number of addresses that are a home or business address of the recipient in a non-participating province, the usual place of residence of the recipient is situated in the following participating province:

- (a) if those addresses of the recipient that are in a participating province are all in the same participating province, that participating province; and
- (b) if those addresses of the recipient that are in a participating province are in two or more participating provinces and if the tax rates for those participating provinces are the same, the participating province among those participating provinces that has the largest population.

Usual place of residence — participating province indicators

(5) For the purposes of this Subdivision, if the usual place of residence of the recipient of a supply is situated in Canada but is not determined under subsection (4) to be in a participating province and if a person that is the supplier or a distribution platform operator in respect of the supply has obtained in the ordinary course of the person's operations one or more participating province indicators in respect of the recipient and has not obtained in the ordinary course of the person's operations the same number or a greater number of non-participating province indicators in respect of the

recipient that could reasonably be considered to be as reliable in determining a place of residence as those participating province indicators, the usual place of residence of the recipient is situated in the following participating province:

- (a) if those participating province indicators are in respect of the same participating province, that participating province;
- (b) if those participating province indicators are in respect of two or more participating provinces and the participating province indicators in respect of one of those participating provinces are, in the circumstances, reasonably considered to be more reliable in determining a place of residence, that participating province;
- (c) if the usual place of residence of the recipient is not determined under paragraph (a) or (b) and if the person has determined that the usual place of residence of the recipient is situated in one of the participating provinces based on any method that the Minister may allow, that participating province; or
- (d) if the usual place of residence of the recipient is not determined under any of paragraphs (a) to (c) and if those participating province indicators are in respect of two or more participating provinces, the participating province among those participating provinces for which the tax rate is the lowest or, if the tax rates for those participating provinces are the same, the participating province among those participating provinces that has the largest population.

Usual place of residence — participating province

(6) For the purposes of this Subdivision, if, in respect of a supply, the usual place of residence of the recipient is situated in Canada but is not determined under subsection (4) or (5) to be in a participating province and if a person that is the supplier or a distribution platform operator in respect of the supply has determined that the usual place of residence of the recipient is situated in a participating province based on any method that the Minister may allow, then the usual place of residence of the recipient is situated in that participating province.

Threshold amount

211.12 (1) For the purposes of this section, the threshold amount of a particular person for a period is the total of all amounts each of which is an amount that is, or that could reasonably be expected to be, the value of the consideration for a supply that is, or that could reasonably be expected to be,

- (a) a specified supply made during that period by the particular person to a specified Canadian recipient (other than a zero-rated supply or a supply that is deemed to have been made by the particular person under paragraph 211.13(1)(a) or subparagraph 211.13(2)(a)(i));
- (b) a Canadian accommodation related supply made during that period by the particular person to another person that is not registered under Subdivision D of Division V;
- (c) if the particular person is a distribution platform operator in respect of a specified supply (other than a zero-rated supply) made during that period through a specified distribution platform by a specified non-resident supplier to a specified Canadian recipient, a specified supply (other than a zero-rated supply) that is made during that period through the specified distribution platform by a specified non-resident supplier to a specified Canadian recipient and in respect of which any person is a distribution platform operator; or
- (d) if the particular person is an accommodation platform operator in respect of an accommodation supply — being a taxable supply of short-term accommodation situated in Canada made by any person that is not registered under Subdivision D of Division V to a recipient that is not registered under that Subdivision — that is made during that period through an accommodation platform, an accommodation supply that is made during that period through the accommodation platform and in respect of which any person is an accommodation platform operator.

Registration required

(2) Every person (other than a registrant or a person that carries on a business in Canada) that is a specified non-resident supplier at any time, a distribution platform operator in respect of a supply made at any time or an accommodation platform operator in respect of a supply made at any time is required at that time to be registered under this Subdivision

if the threshold amount of the person for any period of 12 months (other than a period that begins before July 2021) that includes that time exceeds \$30,000.

Application

(3) A person required under subsection (2) to be registered under this Subdivision shall apply to the Minister for registration. The application is to be made in prescribed form containing prescribed information and is to be filed with the Minister by way of electronic filing on or before the first day on which the person is required to be registered under this Subdivision.

Registration

(4) The Minister may register any person that applies for registration under subsection (3) and, upon doing so, the Minister shall assign a registration number to the person and notify the person of the registration number and the effective date of the registration.

Notice of intent

(5) If the Minister has reason to believe that a person that is not registered under this Subdivision is required to be registered under subsection (2) and has failed to apply for registration under subsection (3) as and when required, the Minister may send a notice in writing (in this section referred to as a “notice of intent”) to the person that the Minister proposes to register the person under subsection (7).

Representations to Minister

(6) Upon receipt of a notice of intent, a person shall apply for registration under subsection (3) or establish to the satisfaction of the Minister that the person is not required to be registered under subsection (2).

Registration by Minister

(7) If, after 60 days after the particular day on which a notice of intent was sent by the Minister to a person, the person has not applied for registration under subsection (3) and the Minister is not satisfied that the person is not required to be registered under subsection (2), the Minister may register the person under this Subdivision and, upon doing so, shall assign a registration number to the person and notify the person in writing of the registration number and the effective date of the registration, which effective date is not to be earlier than 60 days after the particular day.

Cessation of registration

(8) If a person is registered under this Subdivision and if the person becomes registered under Subdivision D of Division V on a particular day, the person ceases to be registered under this Subdivision effective on the particular day.

Cancellation on notice

(9) The Minister may, after giving a person that is registered under this Subdivision reasonable written notice, cancel the registration of the person if the Minister is satisfied that the registration is not required under this Subdivision.

Cancellation on request

(10) On request from a person, the Minister shall cancel the registration of the person under this Subdivision if the Minister is satisfied that the registration is not required under this Subdivision.

Cancellation — notification

(11) If the Minister cancels the registration of a person under subsection (9) or (10), the Minister shall notify the person of the cancellation and its effective date.

Public disclosure

(12) Despite section 295, the Minister may make available to the public, in any manner that the Minister considers appropriate, the names of persons registered under this Subdivision (including any trade name or other name used by those persons), the registration numbers assigned to those persons under this section, the effective date of the registration and, if a person ceases to be registered under this Subdivision, the date on which the person ceases to be registered.

Specified supply — operator

211.13 (1) If a specified supply is made through a specified distribution platform by a specified non-resident supplier to a specified Canadian recipient and if another person registered under this Subdivision is a distribution platform operator in respect of the specified supply, then, for the purposes of this Part (other than section 211.1, paragraph 211.12(1)(c) and section 240)

- (a) the specified supply is deemed to have been made by the other person and not by the specified non-resident supplier; and
- (b) the other person is deemed not to have made a supply to the specified non-resident supplier of services relating to the specified supply.

Specified supply — registered operator

(2) If a specified supply is made through a specified distribution platform by a specified non-resident supplier, if another person that is registered under Subdivision D of Division V, or that carries on a business in Canada, is a distribution platform operator in respect of the specified supply and if, in the absence of section 143, the specified supply would have been a supply made in Canada, the following rules apply:

- (a) if the other person is registered under Subdivision D of Division V, for the purposes of this Part (other than section 211.1, paragraph 211.12(1)(c) and section 240)
 - (i) the specified supply is deemed to have been made by the other person and not by the specified non-resident supplier, and
 - (ii) the other person is deemed not to have made a supply to the specified non-resident supplier of services relating to the specified supply; and
- (b) in any other case, for the purposes of sections 148 and 249, the specified supply is deemed to have been made by the other person and not by the specified non-resident supplier.

Accommodation — operator

(3) If a particular supply that is a taxable supply of short-term accommodation situated in Canada is made through an accommodation platform by a particular person that is not registered under Subdivision D of Division V, if another person that is registered under this Subdivision is an accommodation platform operator in respect of the particular supply and if the recipient has not provided to the other person evidence satisfactory to the Minister that the recipient is registered under Subdivision D of Division V, then, for the purposes of this Part (other than sections 148 and 211.1, paragraph 211.12(1)(d) and sections 240 and 249)

- (a) the particular supply is deemed to have been made by the other person and not by the particular person; and
- (b) the other person is deemed not to have made a supply to the particular person of services relating to the particular supply.

Accommodation — registered operator

(4) If a particular supply that is a taxable supply of short-term accommodation situated in Canada is made through an accommodation platform by a particular person that is not registered under Subdivision D of Division V and if another person that is registered under that Subdivision, or that carries on a business in Canada, is an accommodation platform operator in respect of the particular supply, then, for the purposes of this Part (other than for the purposes of applying sections 148 and 249 in respect of the particular person and other than for the purposes of section 211.1, paragraph 211.12(1)(d) and section 240)

- (a) the particular supply is deemed to have been made by the other person and not by the particular person; and
- (b) the other person is deemed not to have made a supply to the particular person of services relating to the particular supply.

Joint and several, or solidary, liability

(5) If a particular person that is deemed under paragraph (1)(a), subparagraph (2)(a)(i) or paragraph (3)(a) or (4)(a) not to have made a supply made a false statement to another person that is deemed under paragraph (1)(a), subparagraph (2)(a)(i) or paragraph (3)(a) or (4)(a), as the case may be, to have made the supply and if the false statement is relevant to the determination of whether the other person is required to collect tax in respect of the supply or the determination of the amount of tax that the other person is required to collect in respect of the supply, the following rules apply:

(a) the particular person and the other person are jointly and severally, or solidarily, liable for all obligations under this Part (in this subsection referred to as the “obligations in respect of the supply”) that arise upon or as a consequence of

(i) the tax in respect of the supply becoming collectible by the other person, and

(ii) a failure to account for or pay as and when required under this Part an amount of net tax of the other person, or an amount required under section 230.1 to be paid by the other person, that is reasonably attributable to the supply;

(b) the Minister may assess the particular person for any amount for which the particular person is liable under this subsection and sections 296 to 311 apply with any modifications that the circumstances require; and

(c) if the other person did not know and could not reasonably be expected to have known that the particular person made a false statement and if the other person relied in good faith on the false statement and, because of such reliance, did not charge, collect or remit all the tax in respect of the supply that the other person was required to charge, collect or remit, despite section 296, the Minister is not to assess the other person for any obligations in respect of the supply in excess of the obligations in respect of the supply that arise upon or as a consequence of the other person having charged, collected or remitted an amount of tax in respect of the supply.

Supply — Canada

211.14 (1) For the purposes of this Part and despite paragraphs 136.1(1)(d) and (2)(d), subsection 142(2) and section 143, if a person registered under this Subdivision makes a specified supply to a specified Canadian recipient, or makes a Canadian accommodation related supply to a recipient that has not provided to the person evidence satisfactory to the Minister that the recipient is registered under Subdivision D of Division V, the supply is deemed to be made in Canada and, in the case of a Canadian accommodation related supply that is included in Schedule VI, the supply is deemed not to be included in that Schedule.

Supply — Canada

(2) For the purposes of this Part and despite paragraph 136.1(2)(d), subsection 142(2) and section 143, if a person registered under Subdivision D of Division V or carrying on a business in Canada makes a Canadian accommodation related supply, the supply is deemed to be made in Canada and, if the supply is included in Schedule VI, the supply is deemed not to be included in that Schedule.

Specified supply — participating province

(3) For the purposes of this Part and despite section 144.1, if a specified supply (other than a supply of intangible personal property, or a service, that relates to real property) is deemed to be made in Canada under subsection (1), the following rules apply:

(a) if the usual place of residence of the specified Canadian recipient is situated in a participating province, the supply is deemed to be made in the participating province; and

(b) in any other case, the supply is deemed to be made in a non-participating province.

Canadian accommodation related supply — participating province

(4) For the purposes of this Part and despite section 144.1, if a Canadian accommodation related supply is deemed to be made in Canada under subsection (1) or (2), the supply is deemed to be made in the province in which the accommodation is situated.

Billing agent

211.15 For the purposes of this Part, if a particular person that is registered under this Subdivision makes an election in respect of a supply under subsection 177(1.1) with a registrant described in subsection 177(1.11), the registrant is deemed not to have made a supply to the particular person of services of acting as an agent described in subsection 177(1.11) in respect of the supply.

Disclosure of tax

211.16 A person registered under this Subdivision that is required under section 221 to collect tax in respect of a supply shall indicate to the recipient, in a manner satisfactory to the Minister,

- (a) the consideration paid or payable by the recipient for the supply and the tax payable in respect of the supply; or
- (b) that the amount paid or payable by the recipient for the supply includes the tax payable in respect of the supply.

Restrictions

211.17 (1) No amount of an input tax credit, rebate, refund or remission under this or any other Act of Parliament shall be credited, paid, granted or allowed to the extent that it can reasonably be regarded that the amount is determined, directly or indirectly, in relation to an amount that is collected as or on account of tax, or in relation to an amount of tax that is required to be collected, by a person that is registered or required to be registered under this Subdivision.

Exception

(2) Subsection (1) does not apply

- (a) to a rebate, refund or remission in relation to an amount that a person may
 - (i) deduct under subsection 231(1), 232(3) or 234(3) in determining the net tax of the person for a reporting period of the person,
 - (ii) claim as a rebate under section 259 or 259.1, or
 - (iii) claim as a rebate under section 261 in respect of an amount that is collected as or on account of tax from the person at a time when the person is not registered under Subdivision D of Division V;
- (b) for the purposes of subsections 232(1) and (2); and
- (c) for prescribed purposes.

Return

211.18 (1) Despite subsection 238(2), every person registered under this Subdivision shall file a return with the Minister by way of electronic filing for each reporting period of the person within one month after the end of the reporting period.

Reporting period

(2) Despite sections 245 and 251 and subject to subsections (3) and (4), the reporting period of a person registered under this Subdivision is a calendar quarter.

Becoming registered

(3) If a person becomes registered under this Subdivision on a particular day, the following periods are deemed to be separate reporting periods of the person:

- (a) the period beginning on the first day of the reporting period of the person, otherwise determined under section 245, that includes the particular day and ending on the day immediately preceding the particular day; and

(b) the period beginning on the particular day and ending on the last day of the calendar quarter that includes the particular day.

Cessation of registration

(4) If a person ceases to be registered under this Subdivision on a particular day, the following periods are deemed to be separate reporting periods of the person:

(a) the period beginning on the first day of the calendar quarter that includes the particular day and ending on the day immediately preceding the particular day; and

(b) the period beginning on the particular day and ending on the last day of the reporting period of the person, otherwise determined under section 245, that includes the particular day.

Definition of *qualifying foreign currency*

211.19 (1) In this section, *qualifying foreign currency* means the U.S. dollar, the euro or another foreign currency that the Minister may specify.

Manner of payment

(2) Every person that is registered or required to be registered under this Subdivision and that is required under subsection 278(2) to pay or remit an amount to the Receiver General shall pay or remit that amount in the manner determined by the Minister.

Non application — subsection 278(3)

(3) Subsection 278(3) does not apply in respect of an amount that a person that is registered or required to be registered under this Subdivision is required under this Part to pay or remit to the Receiver General.

Foreign currency — no designation

(4) Despite section 159 and subject to subsection (7), if tax is collected, or required to be collected, in respect of a supply made by a person that is registered or required to be registered under this Subdivision and if the value of the consideration for the supply is expressed in a foreign currency, the consideration is to be converted into Canadian currency using the exchange rate applicable on the last day of the reporting period in which the tax is collected or required to be collected, as the case may be, or using any other conversion method that the Minister may allow.

Foreign currency — application

(5) A person registered under this Subdivision may apply to the Minister, in prescribed form containing prescribed information and filed in prescribed manner with the Minister, to be designated as a person eligible to determine the net tax for a reporting period of the person in a qualifying foreign currency. The Minister may require that the application be filed by way of electronic filing.

Foreign currency — authorization

(6) If the Minister receives an application of a person under subsection (5), the Minister may, subject to such conditions as the Minister may at any time impose, designate the person as a person eligible to determine the net tax for a reporting period of the person in the qualifying foreign currency indicated by the Minister.

Foreign currency — designated persons

(7) Despite section 159, if a person is designated under subsection (6) in respect of a reporting period of the person, the following rules apply in respect of the reporting period:

(a) the net tax for the reporting period is to be determined in the return for that reporting period in the qualifying foreign currency indicated by the Minister;

(b) any amount to be remitted or paid by the person to the Receiver General in respect of the reporting period is to be remitted or paid in the qualifying foreign currency indicated by the Minister; and

(c) any amount that is required to be converted into the qualifying foreign currency indicated by the Minister for the purposes of determining the net tax for the reporting period, or for the purposes of determining any other amount to be remitted or paid to the Receiver General in respect of the reporting period, is to be converted into that qualifying foreign currency using the exchange rate applicable on the last day of the reporting period or using any other conversion method that the Minister may allow.

Prohibition

211.2 No person shall, in respect of a supply of property or a service made to a particular person who is a consumer of the property or service, provide to another person that is registered or required to be registered under this Subdivision evidence that the particular person is registered under Subdivision D of Division V.

Information return — accommodation platform operator

211.21 A person (other than a prescribed person) that, at any time during a calendar year, is registered or required to be registered under this Subdivision or is a registrant and that is an accommodation platform operator in respect of a supply of short-term accommodation situated in Canada made in the calendar year shall file with the Minister an information return for the calendar year, in prescribed form containing prescribed information, before July of the following calendar year. The Minister may require that the information return be filed by way of electronic filing.

Tangible Personal Property

Definition of *specified recipient*

211.22 (1) In this section, ***specified recipient***, in respect of a supply of property, means a person (other than a non-resident person that is not a consumer of the property) that is the recipient of the supply and that is not registered under Subdivision D of Division V.

Registration required

(2) Every person that is a non-resident person that does not at any time make supplies in the course of a business carried on in Canada or a distribution platform operator in respect of a supply made at any time is required at that time to be registered under Subdivision D of Division V if, for any period of 12 months (other than a period that begins before July 2021) that includes that time, the amount determined by the following formula is greater than \$30,000:

$$A + B$$

where

A is the total of all amounts, each of which is an amount that is, or that could reasonably be expected to be, the value of the consideration for a taxable supply that is, or that could reasonably be expected to be, a qualifying tangible personal property supply made during that period by the person to a specified recipient (other than a supply deemed to have been made by the person under subparagraph 211.23(1)(a)(i)); and

B is

(a) if the person is a distribution platform operator in respect of a qualifying tangible personal property supply made during that period through a specified distribution platform, the total of all amounts, each of which is an amount that is, or that could reasonably be expected to be, the value of the consideration for a supply that is, or that could reasonably be expected to be, a qualifying tangible personal property supply made during that period through the specified distribution platform to a specified recipient and in respect of which any person is a distribution platform operator, and

(b) in any other case, zero.

Qualifying supply — operator

211.23 (1) If a particular supply that is a qualifying tangible personal property supply is made through a specified distribution platform by a particular person that is not registered under Subdivision D of Division V and if another person that is registered under Subdivision D of Division V, or is carrying on a business in Canada, is a distribution platform operator in respect of the particular supply, the following rules apply:

(a) for the purposes of this Part (other than for the purposes of applying sections 148 and 249 in respect of the particular person and other than for the purposes of section 211.1, paragraph (a) of the description of B in subsection 211.22(2) and section 240)

(i) the particular supply is deemed to have been made by the other person and not by the particular person, and

(ii) the particular supply is deemed to be a taxable supply;

(b) for the purposes of this Part (other than sections 179 and 180), the other person is deemed not to have made a supply to the particular person of services relating to the particular supply; and

(c) if the other person is registered under Subdivision D of Division V, if the particular person has paid tax under Division III in respect of the importation of the tangible personal property, if no person is entitled to claim an input tax credit or a rebate under this Part in respect of the tax in respect of the importation, if no person is deemed under section 180 to have paid tax in respect of a supply of the tangible personal property that is equal to the tax in respect of the importation and if the particular person provides to the other person evidence satisfactory to the Minister that the tax in respect of the importation has been paid,

(i) for the purposes of determining an input tax credit of the other person, the other person is deemed

(A) to have paid, at the time the particular person paid the tax in respect of the importation, tax in respect of a supply made to the other person of the tangible personal property equal to the tax in respect of the importation, and

(B) to have acquired the tangible personal property for use exclusively in commercial activities of the other person, and

(ii) no portion of the tax in respect of the importation paid by the particular person shall be rebated, refunded or remitted to the particular person, or shall otherwise be recovered by the particular person, under this or any other Act of Parliament.

Joint and several, or solidary, liability

(2) If a particular person that is deemed under subparagraph (1)(a)(i) not to have made a supply made a false statement to another person that is deemed under that subparagraph to have made the supply and if the false statement is relevant to the determination of whether the other person is required to collect tax in respect of the supply or the determination of the amount of tax that the other person is required to collect in respect of the supply, the following rules apply:

(a) the particular person and the other person are jointly and severally, or solidarily, liable for all obligations under this Part (in this subsection referred to as the “obligations in respect of the supply”) that arise upon or as a consequence of

(i) the tax in respect of the supply becoming collectible by the other person, and

(ii) a failure to account for or pay as and when required under this Part an amount of net tax of the other person, or an amount required under section 230.1 to be paid by the other person, that is reasonably attributable to the supply;

(b) the Minister may assess the particular person for any amount for which the particular person is liable under this subsection and sections 296 to 311 apply with any modifications that the circumstances require; and

(c) if the other person did not know and could not reasonably be expected to have known that the particular person made a false statement and if the other person relied in good faith on the false statement and, because of such reliance, did not charge, collect or remit all the tax in respect of the supply that the other person was required to charge, collect or remit, despite section 296, the Minister is not to assess the other person for any obligations in respect of the supply in excess of the obligations in respect of the supply that arise upon or as a consequence of the other person having charged, collected or remitted an amount of tax in respect of the supply.

Joint and several, or solidary, liability

(3) If a particular person provides to another person evidence that tax in respect of an importation has been paid, if the particular person made a false statement to the other person, if the false statement is relevant to the determination of whether paragraph (1)(c) is applicable in respect of the importation and if the other person claimed an input tax credit (in this subsection referred to as the “non-allowable input tax credit”) to which the other person was not entitled but to which the other person would have been entitled if paragraph (1)(c) were applicable in respect of the importation, the following rules apply:

- (a)** the particular person and the other person are jointly and severally, or solidarily, liable for all obligations under this Part that arise upon or as a consequence of the other person having claimed the non-allowable input tax credit;
- (b)** the Minister may assess the particular person for any amount for which the particular person is liable under this subsection and sections 296 to 311 apply with any modifications that the circumstances require; and
- (c)** if the other person did not know and could not reasonably be expected to have known that the particular person made a false statement and if the other person relied in good faith on the false statement and, because of such reliance, claimed the non-allowable input tax credit, despite section 296, the Minister is not to assess the other person for any obligations under this Part that arose upon or as a consequence of the other person having claimed the non-allowable input tax credit.

Notification and records — warehouse

211.24 A particular person (other than a prescribed person) that in the course of a business makes one or more particular supplies of a service of storing in Canada tangible personal property (other than a service that is incidental to the supply by the particular person of a *freight transportation service*, as defined in section 1 of Part VII of Schedule VI) offered for sale by another person that is a non-resident person shall

- (a)** notify the Minister of this fact, in prescribed form containing prescribed information and filed with the Minister in prescribed manner, on or before
 - (i)** the day that is
 - (A)** if the particular person makes those particular supplies in the course of a business carried on as of July 1, 2021, January 1, 2022, and
 - (B)** in any other case, six months after the day on which the particular person last began making those particular supplies in the course of a business, or
 - (ii)** any later day that the Minister may allow; and
- (b)** in respect of those particular supplies, maintain records containing information specified by the Minister.

Information return — operator

211.25 A person (other than a prescribed person) that is a registrant at any time during a calendar year and that is a distribution platform operator in respect of a qualifying tangible personal property supply made in the calendar year shall file with the Minister an information return for the calendar year, in prescribed form containing prescribed information, before July of the following calendar year. The Minister may require that the information return be filed by way of electronic filing.

(2) Subsection (1) comes into force, or is deemed to have come into force, on July 1, 2021, except that

- (a) subsections 211.13(1) to (4) and section 211.14 of the Act, as enacted by subsection (1), apply**
 - (i) in respect of supplies made after June 2021, and**
 - (ii) in respect of supplies made before July 2021 if all or part of the consideration for the supply becomes due, or is paid without having become due, after June 2021;**

(b) sections 211.21 and 211.25 of the Act, as enacted by subsection (1), apply to 2021 and subsequent calendar years except that, in applying those sections to the 2021 calendar year,

(i) the references to “a calendar year” in those sections are to be read as references to “the period that begins on July 1, 2021 and ends on December 31, 2021”, and

(ii) the references to “the calendar year” in those sections are to be read as references to “that period”; and

(c) subsection 211.23(1) of the Act, as enacted by subsection (1), applies

(i) in respect of supplies made after June 2021, and

(ii) in respect of supplies made before July 2021 if all of the consideration for the supply becomes due, or is paid without having become due, after June 2021.

(3) For the purposes of applying sections 211.12 to 211.14 of the Act, as enacted by subsection (1), in respect of a supply in respect of which subparagraph (2)(a)(ii) applies, the supply is deemed to have been made on July 1, 2021.

(4) If subparagraph (2)(a)(ii) and subsection 211.13(3) or (4) of the Act, as enacted by subsection (1), apply in respect of a supply of short-term accommodation and if part of the consideration for the supply becomes due, or is paid without having become due, before July 2021, for the purposes of Division II of Part IX of the Act, that part of the consideration shall not be included in calculating the tax payable in respect of the supply.

(5) If subparagraph (2)(a)(ii) and section 211.14 of the Act, as enacted by subsection (1), apply in respect of a supply that is a specified supply or a Canadian accommodation related supply, if paragraph 143(1)(c) of the Act does not apply in respect of the supply and if part of the consideration for the supply becomes due, or is paid without having become due, before July 2021, the following rules apply:

(a) for the purposes of Division II of Part IX of the Act, that part of the consideration is not to be included in calculating the tax payable in respect of the supply; and

(b) for the purposes of Division IV of Part IX of the Act,

(i) despite section 211.14 of the Act, as enacted by subsection (1), the supply is deemed to be made outside Canada, and

(ii) the part of the consideration for the supply that becomes due, or is paid without having become due, after June 2021 is not to be included in calculating the tax payable in respect of the supply.

(6) For the purposes of applying sections 211.22 and 211.23 of the Act, as enacted by subsection (1), in respect of a supply in respect of which subparagraph (2)(c)(ii) applies, the supply is deemed to have been made on July 1, 2021.

108 (1) Subsection 240(2) of the Act is replaced by the following:

Non-resident supplier — tangible personal property

(1.5) Despite subsection (1), every person that is required under section 211.22 to be registered under this Subdivision is required to be registered for the purposes of this Part.

Non-resident performers, etc.

(2) Every person (other than a person registered under Subdivision E of Division II) that enters Canada for the purpose of making taxable supplies of admissions in respect of a place of amusement, a seminar, an activity or an event is required to be registered for the purposes of this Part and shall, before making any such supply, apply to the Minister for registration.

(2) The portion of subsection 240(2.1) of the Act before paragraph (a) is replaced by the following:

Application

(2.1) A person required under any of subsections (1) to (1.2) and (1.5) to be registered must apply to the Minister for registration before the day that is 30 days after

(3) Subsection 240(2.1) of the Act is amended by striking out “and” at the end of paragraph (a.1) and by adding the following after that paragraph:

(a.2) in the case of a person required under subsection (1.5) to be registered, the first day on which the person is required under section 211.22 to be registered under this Subdivision; and

(4) The portion of subsection 240(3) of the Act before paragraph (a) is replaced by the following:

Registration permitted

(3) An application for registration for the purposes of this Part may be made to the Minister by any person that is not required under subsection (1), (1.1), (1.2), (1.5), (2) or (4) to be registered, that is not required to be included in, or added to, the registration of a group under subsection (1.3) or (1.4) and that

(5) The portion of paragraph 240(3)(d) of the Act after subparagraph (ii) is replaced by the following:

if all or substantially all of the property of the other corporation is, for the purposes of section 186, property that was last manufactured, produced, acquired or imported by the other corporation for consumption, use or supply exclusively in the course of its commercial activities;

(6) Paragraph 240(3)(d) of the Act, as amended by subsection (5), is replaced by the following:

(d) is resident in Canada and is

(i) a particular corporation, partnership or trust that owns units (as defined in subsection 186(0.1)) or holds indebtedness of a corporation that is, for the purposes of section 186, an operating corporation of the particular corporation, partnership or trust, or

(ii) a particular corporation that is acquiring, or proposes to acquire, all or substantially all of the issued and outstanding shares of the capital stock of another corporation, having full voting rights under all circumstances, if all or substantially all of the property of the other corporation is, for the purposes of section 186, property that was last manufactured, produced, acquired or imported by the other corporation for consumption, use or supply exclusively in the course of its commercial activities,

(7) Subsections (1) to (4) come into force, or are deemed to have come into force, on July 1, 2021.

(8) Subsection (5) applies in respect of any application for registration for the purposes of Part IX of the Act made on or before May 17, 2019.

(9) Subsection (6) applies in respect of any application for registration for the purposes of Part IX of the Act made after May 17, 2019.

109 (1) Subsection 262(3) of the Act is replaced by the following:

Group of individuals

(3) If a supply of a residential complex or a share of the capital stock of a cooperative housing corporation is made to two or more individuals or if two or more individuals construct or substantially renovate, or engage another person to construct or substantially renovate, a residential complex, the following rules apply in respect of those individuals:

(a) subject to paragraphs (b) and (c), the references in sections 254 to 256 to a particular individual shall be read as references to all of those individuals as a group;

(b) the references in paragraphs 254(2)(b), 254.1(2)(b) and 255(2)(c) and 256(2)(a) and (2.2)(b) to the primary place of residence of the particular individual or a relation of the particular individual are to be read as references to the primary place of residence of any of those individuals or a relation of any of those individuals;

(c) the references in clause 254(2)(g)(i)(A), subparagraphs 254.1(2)(g)(i), 255(2)(f)(i) and 256(2)(d)(i) and paragraph 256(2.2)(c) to the particular individual or a relation of the particular individual are to be read as references to any of those individuals or a relation of any of those individuals; and

(d) only one of those individuals may apply for the rebate under section 254, 254.1, 255 or 256, as the case may be, in respect of the complex or share.

(2) Subsection (1) applies in respect of

(a) any rebate under subsection 254(2), 254.1(2) or 255(2) of the Act in respect of which the agreement referred to in paragraph 254(2)(b), 254.1(2)(a) or 255(2)(c) of the Act, as the case may be, is entered into after April 19, 2021; and

(b) any rebate under subsection 256(2) of the Act

(i) in respect of a residential complex (other than a mobile home or floating home) if the construction or substantial renovation of the residential complex is substantially completed after April 19, 2021, or

(ii) in respect of a mobile home or floating home acquired or imported after April 19, 2021.

110 The Act is amended by adding the following after section 285.01:

Penalty

285.02 In addition to any other penalty under this Part, the recipient of a supply of property or a service that evades or attempts to evade the payment or collection of tax payable by the recipient under Division II in respect of the supply by providing false information to a particular person that is registered or required to be registered under Subdivision E of Division II or, if the recipient is a consumer of the property or service, by providing to the particular person evidence that the recipient is registered under Subdivision D of Division V is liable to pay a penalty equal to the greater of \$250 and 50% of the amount of tax that has been evaded or attempted to be evaded.

111 (1) Subsection 286(1) of the Act is replaced by the following:

Keeping books and records

286 (1) Every person that carries on a business or is engaged in a commercial activity in Canada, every person that is required under this Part to file a return and every person that makes an application for a rebate or refund shall keep all records that are necessary to enable the determination of the person's liabilities and obligations under this Part or the amount of any rebate or refund to which the person is entitled.

Minister may specify information

(1.1) The Minister may specify the form a record is to take and any information that the record shall contain.

Language and location of record

(1.2) Unless otherwise authorized by the Minister, a record shall be kept in Canada in English or in French.

(2) Subsection (1) comes into force, or is deemed to have come into force, on July 1, 2021.

112 (1) The definition *business number* in subsection 295(1) of the Act is amended by striking out “or” at the end of paragraph (a) and by adding the following after that paragraph:

(a.1) a person registered under Subdivision E of Division II; or

(2) Paragraph 295(6.1)(a) of the Act is replaced by the following:

- (a) the identified person is registered under Subdivision E of Division II or Subdivision D of Division V; and

(3) Subsections (1) and (2) come into force, or are deemed to have come into force, on July 1, 2021.

113 Paragraph 298(1)(e) of the Act is replaced by the following:

- (e) in the case of any penalty payable by the person, other than a penalty under section 280.1, 285, 285.01, 285.02 or 285.1, more than four years after the person became liable to pay the penalty;

114 (1) Part II.1 of Schedule VI to the Act is amended by adding the following after section 1:

2 A supply of a face mask or respirator that is designed for human use and is authorized for medical use in Canada.

3 A supply of a face mask or respirator that meets N95, KN95 or equivalent certification requirements, is designed for human use and does not have an exhalation valve or vent.

4 A supply of

- (a) a face mask or respirator that

(i) is designed for human use,

(ii) is made of multiple layers of dense material, but may have a portion in front of the lips made of transparent and impermeable material that permits lip reading provided that there is a tight seal between the transparent material and the rest of the face mask or respirator,

(iii) is large enough to completely cover the nose, mouth and chin without gaping,

(iv) has ear loops, ties or straps for securing the face mask or respirator to the head,

(v) is for use in preventing the transmission of infectious agents such as respiratory viruses, and

(vi) does not have an exhalation valve or vent; or

- (b) a prescribed mask or respirator.

5 A supply of

(a) a face shield that is designed for human use, has a transparent and impermeable window or visor, covers the entire face and has a head strap or cap for holding it in place, but not including a supply of a face shield specifically designed or marketed for a use other than preventing the transmission of infectious agents such as respiratory viruses; or

- (b) a prescribed shield.

(2) Subsection (1) applies to supplies made after December 6, 2020.

115 (1) The portion of the definition *freight transportation service* in subsection 1(1) of Part VII of Schedule VI to the English version of the Act before paragraph (a) is replaced by the following:

freight transportation service means a particular service of transporting tangible personal property including

(2) The definition *freight transportation service* in subsection 1(1) of Part VII of Schedule VI to the Act is amended by striking out “and” at the end of paragraph (a) and by adding the following after that paragraph:

- (a.1) a service of driving an automotive vehicle designed or adapted to be used on highways and streets for the purpose of delivering the vehicle to a destination, and

(3) The portion of the definition *freight transportation service* in subsection 1(1) of Part VII of Schedule VI to the English version of the Act after paragraph (b) is replaced by the following:

but not including a service provided by the supplier of a passenger transportation service of transporting an individual's baggage in connection with the passenger transportation service;

(4) Subsections (1) to (3) are deemed to have come into force on May 18, 2019 but also apply in respect of any supply made before that day if the supplier did not, before that day, charge, collect or remit any amount as or on account of tax under Part IX of the Act in respect of the supply.

SOR/2010-151

New Harmonized Value-added Tax System Regulations, No. 2

116 (1) Section 40 of the *New Harmonized Value-added Tax System Regulations*, No. 2 is replaced by the following:

Group of individuals

40 If a supply of a residential complex or a share of the capital stock of a cooperative housing corporation is made to two or more individuals or if two or more individuals construct or substantially renovate, or engage another person to construct or substantially renovate, a residential complex, the following rules apply in respect of those individuals:

(a) subject to paragraphs (b) and (c), the references in sections 41, 43, 45 and 46 and the references in section 256.21 of the Act to an individual are to be read as references to all of those individuals as a group;

(b) the references in subsection 41(2) and paragraphs 45(2)(a), 46(2)(a) and 46(5)(c) to the primary place of residence of an individual or a relation of the individual are to be read as references to the primary place of residence of any of those individuals or a relation of any of those individuals;

(c) the reference in paragraph 46(5)(d) to the particular individual or a relation of the particular individual is to be read as a reference to any of those individuals or a relation of any of those individuals; and

(d) only one of those individuals may apply for a rebate under subsection 256.21(1) of the Act in respect of the complex or share, the amount of which is determined under section 41, 43, 45 or 46.

(2) Subsection (1) applies in respect of

(a) any rebate under subsection 256.21(1) of the *Excise Tax Act*, the amount of which is determined under subsection 41(2), 43(1) or 45(2) of the Regulations, in respect of which the agreement referred to in paragraph 254(2)(b), 254.1(2)(a) or 255(2)(c) of that Act, as the case may be, is entered into after April 19, 2021; and

(b) any rebate under subsection 256.21(1) of the *Excise Tax Act*, the amount of which is determined under subsection 46(2) of the Regulations

(i) in respect of a residential complex (other than a mobile home or floating home) if the construction or substantial renovation of the residential complex is substantially completed after April 19, 2021, or

(ii) in respect of a mobile home or floating home acquired, imported or brought into a participating province after April 19, 2021.

PART 3

Amendments to the Excise Act, 2001

2002, c. 22

Excise Act, 2001

117 (1) The definition *adjustment day* in section 58.1 of the *Excise Act, 2001* is amended by striking out “or” at the end of paragraph (a.1) and by adding the following after that paragraph:

| **(a.2)** April 20, 2021; or

(2) Subsection (1) is deemed to have come into force on April 20, 2021.

118 (1) Section 58.2 of the Act is amended by adding the following after subsection (1.1):

Imposition of tax — 2021 increase

| **(1.2)** Subject to section 58.3, every person shall pay to Her Majesty a tax on all taxed cigarettes of the person held at the beginning of April 20, 2021 at the rate of \$0.02 per cigarette.

(2) Subsection (1) is deemed to have come into force on April 20, 2021.

119 (1) Subsection 58.5(1) of the Act is amended by striking out “or” at the end of paragraph (a.1) and by adding the following after that paragraph:

| **(a.2)** in the case of the tax imposed under subsection 58.2(1.2), June 30, 2021; or

(2) Subsection (1) is deemed to have come into force on April 20, 2021.

120 (1) Subsection 58.6(1) of the Act is amended by striking out “or” at the end of paragraph (a.1) and by adding the following after that paragraph:

| **(a.2)** in the case of the tax imposed under subsection 58.2(1.2), June 30, 2021; or

(2) Subsection (1) is deemed to have come into force on April 20, 2021.

121 (1) Paragraph 1(a) of Schedule 1 to the Act is replaced by the following:

(a) \$0.72725; or

(2) Subsection (1) is deemed to have come into force on April 20, 2021.

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

(a) \$0.14545; or

(2) Subsection (1) is deemed to have come into force on April 20, 2021.

123 (1) Paragraph 3(a) of Schedule 1 to the Act is replaced by the following:

(a) \$9.09062; or

(2) Subsection (1) is deemed to have come into force on April 20, 2021.

124 (1) Paragraph 4(a) of Schedule 1 to the Act is replaced by the following:

(a) \$31.65673; or

(2) Subsection (1) is deemed to have come into force on April 20, 2021.

125 (1) Subparagraph (a)(i) of Schedule 2 to the Act is replaced by the following:

(i) \$0.11379, or

(2) Subsection (1) is deemed to have come into force on April 20, 2021.

