BILL C-32

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HOUSE OF COMMONS OF CANADA

BILL C-32

An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 3, 2022 and certain provisions of the budget tabled in Parliament on April 7, 2022

FIRST READING, NOVEMBER 4, 2022

DEPUTY PRIME MINISTER AND MINISTER OF FINANCE

91093

RECOMMENDATION

Her Excellency the Governor General recommends to the House of Commons the appropriation of public revenue under the circumstances, in the manner and for the purposes set out in a measure entitled "*An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 3, 2022 and certain provisions of the budget tabled in Parliament on April 7, 2022*".

SUMMARY

Part 1 implements certain measures in respect of the *Income Tax Act* by

(a) providing that any gain on the disposition of a Canadian housing unit within a one-year period of its acquisition is treated as business income;

(b) introducing a Tax-Free First Home Savings Account;

(c) phasing out flow-through shares for oil, gas and coal activities;

(d) introducing a new 30% Critical Mineral Exploration Tax Credit for specified mineral exploration expenses incurred in Canada and renounced to flow-through share investors;

(e) introducing the Canada Recovery Dividend under which banks and life insurers' groups pay a temporary one-time 15% tax on taxable income above $1 billion over five years;

(f) increasing the corporate income tax rate of banks and life insurers' groups by 1.5% on taxable income above $100 million;

(g) providing additional reporting requirements for trusts;

(h) providing rules applicable to mutual fund trusts listed on a designated stock exchange in Canada with respect to amounts that are allocated to redeeming unitholders;

(i) providing the Minister of National Revenue with the discretion to decline to issue a certificate under section 116 of the *Income Tax Act* in certain circumstances relating to the administration and enforcement of the *Underused Housing Tax Act*;

(j) doubling the First-Time Homebuyers' Tax Credit;

(k) expanding the eligibility criteria for the Medical Expense Tax Credit in respect of medical expenses incurred in Canada related to surrogate mothers and donors and fees paid in Canada to fertility clinics and donor banks;

(l) introducing the Multigenerational Home Renovation Tax Credit;

(m) allowing access to the small business tax rate on a phased-out basis up to taxable capital of $50 million;

(n) modifying the computation of income as a result of the adoption of a new international accounting standard for insurance contracts;

(o) introducing a new graduated disbursement quota rate for charities;

(p) providing that the general anti-avoidance rules can apply to transactions that affect tax attributes that have not yet been used to reduce taxes;

(q) strengthening the rules on avoidance of tax debts;

(r) modifying the calculation of the taxes applicable to registered investments that hold property that is not a qualified investment;

(s) modifying the tax treatment of certain interest coupon stripping arrangements that might otherwise be used to avoid tax on cross-border interest payments;

(t) clarifying the applicable rules with respect to audits by Canada Revenue Agency officials, including requiring taxpayers to give reasonable assistance and to answer all proper questions for tax purposes; and

(u) extending the capital cost allowance for clean energy and the tax rate reduction for zero-emission technology manufacturers to include air-source heat pumps.

It also makes related and consequential amendments to the *Canada Deposit Insurance Corporation Act*, the *Excise Tax Act*, the *Air Travellers Security Charge Act*, the *Excise Act, 2001*, Part 1 of the *Greenhouse Gas Pollution Pricing Act* and the *Income Tax Regulations*.

Part 2 amends the *Excise Act, 2001* and other related texts in order to implement changes to

(a) the federal excise duty frameworks for cannabis and other products by, among other things,

(i) permitting excise duty remittances for certain cannabis licensees to be made on a quarterly rather than a monthly basis, starting from the quarter that began on April 1, 2022, and

(ii) allowing the transfer of packaged, but unstamped, cannabis products between licensed cannabis producers; and

(b) the federal excise duty framework for vaping products in relation to the markings, customs storage and excise duty liability of these products.

Part 3 amends the *Underused Housing Tax Act* to make amendments of a technical or housekeeping nature. It also makes regulations under that Act in order to, among other things, implement an exemption for certain vacation properties.

Division 1 of Part 4 authorizes the Minister of Finance to acquire and hold on behalf of His Majesty in right of Canada non-voting shares of a wholly-owned subsidiary of the Canada Development Investment Corporation that is responsible for administering the Canada Growth Fund and to requisition the amounts for the acquisition of those shares out of the Consolidated Revenue Fund.

Division 2 of Part 4 amends the *Bretton Woods and Related Agreements Act* to increase the maximum financial assistance that may be provided in respect of foreign states.

Subdivision A of Division 3 of Part 4 enacts the *Framework Agreement on First Nation Land Management Act*.

Subdivision B of Division 3 of Part 4 contains transitional provisions in respect of the enactment of the *Framework Agreement on First Nation Land Management Act* and makes consequential amendments to other Acts. It also repeals the *First Nations Land Management Act*.

Division 4 of Part 4 amends the *Government Employees Compensation Act* in order to fulfil Canada's obligations under the Memorandum of Understanding between the Government of Canada and the Government of the United States of America concerning Cooperation on the Civil Lunar Gateway.

Division 5 of Part 4 amends the *Canada Student Loans Act* to eliminate the accrual of interest on guaranteed student loans beginning on April 1, 2023.

It also amends the *Canada Student Financial Assistance Act* to eliminate the accrual of interest on student loans beginning on April 1, 2023.

Finally, it amends the *Apprentice Loans Act* to eliminate the accrual of interest on apprentice loans beginning on April 1, 2023 and to clarify when the repayment of apprentice loans begins during the interest suspension period from April 1, 2021 to March 31, 2023.

Available on the House of Commons website at the following address:
www.ourcommons.ca

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HOUSE OF COMMONS OF CANADA

BILL C-32

An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 3, 2022 and certain provisions of the budget tabled in Parliament on April 7, 2022

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short Title

Short title

1 This Act may be cited as the *Fall Economic Statement Implementation Act, 2022*.

PART 1

Amendments to the Income Tax Act and Other Legislation

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

Income Tax Act

2 (1) Section 12 of the *Income Tax Act* is amended by adding the following after subsection (11):

Flipped property — deemed business

(12) For the purposes of this Act, if, absent this subsection and paragraph 40(2)(b), a taxpayer would have had a gain from the disposition of a flipped property, then throughout the period that the taxpayer owned the flipped property

(a) the taxpayer is deemed to carry on a business that is an adventure or concern in the nature of trade with respect to the flipped property;

(b) the flipped property is deemed to be inventory of the taxpayer's business; and

(c) the flipped property is deemed not to be capital property of the taxpayer.

Definition of *flipped property*

(13) For the purposes of subsections (12) and (14), a ***flipped property*** means a housing unit of a taxpayer (other than a property that would be inventory of the taxpayer if the definition *inventory* in subsection 248(1) were read without reference to subsection (12)) located in Canada that was owned by the taxpayer for less than 365 consecutive days prior to the disposition of the property, other than a disposition that can reasonably be considered to occur due to, or in anticipation of, one or more of the following events:

(a) the death of the taxpayer or a person related to the taxpayer;

(b) one or more persons related to the taxpayer becoming a member of the taxpayer's household or the taxpayer becoming a member of the household of a related person;

(c) the breakdown of the marriage or common-law partnership of the taxpayer if the taxpayer has been living separate and apart from their spouse or common-law partner for at least 90 days prior to the disposition;

(d) a threat to the personal safety of the taxpayer or a related person;

(e) the taxpayer or a related person suffering from a serious illness or disability;

(f) an *eligible relocation* (as defined in subsection 248(1)) of the taxpayer or the taxpayer's spouse or common-law partner, if that definition was read without reference to the requirements for the new work location and the new residence to be in Canada;

(g) an involuntary termination of the employment of the taxpayer or the taxpayer's spouse or common-law partner;

(h) the insolvency of the taxpayer; or

(i) the destruction or expropriation of the property. (*bien à revente précipitée*)

Flipped property – loss denial

(14) For the purposes of this Part, a taxpayer's loss from a business in respect of a flipped property is deemed to be nil.

(2) Subsection (1) applies throughout the period that the flipped property is owned by the taxpayer in respect of dispositions that occur after 2022.

3 (1) Paragraph 18(1)(u) of the Act is replaced by the following:

Fees — individual saving plans

(u) any amount paid or payable by the taxpayer for services in respect of a FHSA, retirement savings plan, retirement income fund or TFSA under or of which the taxpayer is the annuitant or holder;

(2) Subsection 18(9.02) of the Act is replaced by the following:

Application of subsection (9) to insurers

(9.02) For the purpose of subsection (9), an outlay or expense made or incurred by an insurer in a taxation year on account of the acquisition of an insurance policy at any time prior to the issuance of the policy is deemed to be an expense incurred as consideration for services rendered in the particular year that the policy is issued.

(3) Subsection 18(11) of the Act is amended by striking out "or" at the end of paragraph (i), by adding "or" at the end of paragraph (j) and by adding the following after paragraph (j):

(k) making a contribution to a FHSA,

(4) Subsections (1) and (3) come into force on April 1, 2023.

(5) Subsection (2) applies to taxation years that begin after 2022.

4 (1) Clause 40(2)(g)(iv)(A) of the Act is replaced by the following:

(A) a trust governed by a deferred profit sharing plan, an employees profit sharing plan, a FHSA, a registered disability savings plan, a registered retirement income fund or a TFSA, under which the taxpayer is a beneficiary or immediately after the disposition becomes a beneficiary, or

(2) Subsection (1) comes into force on April 1, 2023.

5 (1) Subsection 56(1) of the Act is amended by striking out "and" at the end of paragraph (z.4), by adding "and" at the end of paragraph (z.5) and by adding the following after paragraph (z.5):

First home savings account

(z.6) any amount required by section 146.6 to be included in computing the taxpayer's income for the year.

(2) Subsection (1) comes into force on April 1, 2023.

6 (1) Paragraph 60(i) of the Act is replaced by the following:

Premium or payment — FHSA, RRSP or RRIF

(i) any amount that is deductible under section 146, 146.3 or 146.6 or subsection 147.3(13.1) in computing the income of the taxpayer for the year;

(2) Subsection (1) comes into force on April 1, 2023.

7 (1) Paragraph 66(12.6)(a) of the Act is replaced by the following:

(a) the assistance that the corporation has received, is entitled to receive or can reasonably be expected to receive at any time, and that can reasonably be related to the specified expenses or to Canadian exploration activities to which the specified expenses relate (other than assistance that can reasonably be related to expenses referred to in any of paragraphs (b) to (b.2)),

(2) Subsection 66(12.6) of the Act is amended by striking out "and" at the end of paragraph (b.1) and by adding the following after that paragraph:

(b.2) if the agreement is made after March 2023, all specified expenses that are not described in paragraph (b) or (b.1) and that would be Canadian exploration expenses if

(i) the definition *Canadian exploration expense* in subsection 66.1(6) were read without reference to its paragraph (g.1), and

(ii) the definition *mineral resource* in subsection 248(1) were read without reference to its paragraphs (a) and (d), and

(3) Paragraph 66(12.62)(a) of the Act is replaced by the following:

(a) the assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive at any time, and that can reasonably be related to the specified expenses or to Canadian development activities to which the specified expenses relate (other than assistance that can reasonably be related to expenses referred to in any of paragraphs (b) to (b.2)),

(4) Subsection 66(12.62) of the Act is amended by striking out "and" at the end of paragraph (b.1) and by adding the following after that paragraph:

(b.2) if the agreement is made after March 2023, all specified expenses that are not described in paragraph (b) or (b.1) and that would be Canadian development expenses if the definition *mineral resource* in subsection 248(1) were read without reference to its paragraphs (a) and (d), and

(5) Subsections (1) and (3) apply in respect of flow-through share agreements made after March 2023.

8 (1) The description of L in the definition *cumulative Canadian exploration expense* in subsection 66.1(6) of the Act is replaced by the following:

L is that portion of the total of all amounts each of which was deducted by the taxpayer under subsection 127(5) or (6) for a taxation year that ended before that time and that can reasonably be attributed to a *qualified Canadian exploration expenditure*, a *pre-production mining expenditure*, a *flow-through mining expenditure* or a *flow-through critical mineral mining expenditure* (each expenditure as defined in subsection 127(9)) made in a preceding taxation year, and

(2) Subsection (1) is deemed to have come into force on April 7, 2022.

9 (1) Subsection 74.5(12) of the Act is amended by striking out "or" at the end of paragraph (b), by adding "or" at the end of paragraph (c) and by adding the following after paragraph (c):

(d) as a payment of a contribution under a FHSA.

(2) Subsection (1) comes into force on April 1, 2023.

10 (1) Paragraph 75(3)(a) of the Act is replaced by the following:

(a) by a trust governed by a deferred profit sharing plan, an employee benefit plan, an employees profit sharing plan, a FHSA, a pooled registered pension plan, a registered disability savings plan, a registered education savings plan, a registered pension plan, a registered retirement income fund, a registered retirement savings plan, a registered supplementary unemployment benefit plan, a retirement compensation arrangement or a TFSA;

(2) Subsection (1) comes into force on April 1, 2023.

11 (1) Subsection 87(2) of the Act is amended by striking out "and" at the end of paragraph (vv), by adding "and" at the end of paragraph (ww) and by adding the following after paragraph (ww):

(xx) for the purposes of Part VI.2, the new corporation is deemed to be the same corporation as, and a continuation of, each predecessor corporation.

(2) Subsection (1) applies to the 2022 and subsequent taxation years.

12 (1) The portion of paragraph 88(1)(e.2) of the Act before subparagraph (i) is replaced by the following :

(e.2) paragraphs 87(2)(c), (d.1), (e.1), (e.3), (e.42), (g) to (l), (l.21) to (u), (x), (z.1), (z.2), (aa), (cc), (ll), (nn), (pp), (rr) and (tt) to (xx), subsection 87(6) and, subject to section 78, subsection 87(7) apply to the winding-up as if the references in those provisions to

(2) Subsection (1) applies to the 2022 and subsequent taxation years.

13 (1) Subsection 104(1) of the Act is replaced by the following:

Reference to trust or estate

104 (1) In this Act, a reference to a trust or estate (in this Subdivision referred to as a "trust") shall, unless the context otherwise requires, be read to include a reference to the trustee, executor, administrator, liquidator of a succession, heir or other legal representative having ownership or control of the trust property, but, except for the purposes of this subsection, subsection (1.1), section 150, subparagraph (b)(v) of the definition *disposition* in subsection 248(1) and paragraph (k) of that definition, a trust is deemed not to include an arrangement under which the trust can reasonably be considered to act as agent for all the beneficiaries under the trust with respect to all dealings with all of the trust's property unless the trust is described in any of paragraphs (a) to (e.1) of the definition *trust* in subsection 108(1).

(2) Subsection (1) applies to taxation years that end after December 30, 2023.

14 (1) The portion of paragraph 107(2.1)(c) of the Act before subparagraph (i) is replaced by the following:

(c) unless the trust is a mutual fund trust, the beneficiary's proceeds of disposition of the portion of the former interest disposed of by the beneficiary on the distribution are deemed to be equal to the amount, if any, by which

(2) Subsection (1) applies to taxation years that begin after December 15, 2021.

15 (1) Paragraph (a) of the definition *trust* in subsection 108(1) of the Act is replaced by the following:

(a) an amateur athlete trust, an employee life and health trust, an employee trust, a trust described in paragraph 149(1)(o.4) or a trust governed by a deferred profit sharing plan, an employee benefit plan, an employees profit sharing plan, a FHSA, a foreign retirement arrangement, a pooled registered pension plan, a registered disability savings plan, a registered education savings plan, a registered pension plan, a registered retirement income fund, a registered retirement savings plan, a registered supplementary unemployment benefit plan or a TFSA,

(2) Paragraph 108(1.1)(a) of the Act is replaced by the following:

(a) a *qualifying expenditure* (within the meaning of section 118.04, 118.041 or 122.92) of a beneficiary under the trust; or

(3) Subsection (1) comes into force on April 1, 2023.

(4) Subsection (2) comes into force or is deemed to have come into force on January 1, 2023.

16 Section 116 of the Act is amended by adding the following after subsection (7):

Exception — underused housing tax

(8) If, in the absence of this subsection, the Minister would be required to issue a certificate under subsection (2), (4) or (5.2) in respect of a disposition, or a proposed disposition, of property that is *residential property*, as defined in section 2 of the *Underused Housing Tax Act*, the Minister may decline to issue the certificate if

(a) the Minister is not satisfied that all returns that the non-resident person is required to file under section 7 of that Act in respect of the property have been filed;

(b) the Minister is not satisfied that all taxes and other amounts payable under that Act by the non-resident person have been paid; or

(c) the following conditions are met:

(i) the Minister has reasonable grounds to believe that, for the calendar year immediately preceding the calendar year in which the property is or is expected to be disposed of, the non-resident person will be required to file a return under section 7 of that Act in respect of the property or will become liable to pay an amount of tax under subsection 6(3) of that Act in respect of the property, and

(ii) the return has not been filed or the amount of tax has not been paid.

17 (1) Subsection 118.05(3) of the Act is replaced by the following:

First-time homebuyers' tax credit

(3) In computing the tax payable under this Part by an individual for a taxation year in which a qualifying home in respect of the individual is acquired, there may be deducted the amount determined by multiplying $10,000 by the appropriate percentage for the taxation year.

(2) Subsection (1) applies to the 2022 and subsequent taxation years.

18 (1) Subsection 118.2(2) of the Act is amended by striking out "or" at the end of paragraph (t), by adding "or" at the end of paragraph (u) and by adding the following after paragraph (u):

(v) to a fertility clinic, or donor bank, in Canada as a fee or other amount paid or payable, to obtain sperm or ova to enable the conception of a child by the individual, the individual's spouse or common-law partner or a surrogate mother on behalf of the individual.

(2) Section 118.2 of the Act is amended by adding the following after subsection (2.2):

Surrogacy expenses

(2.21) An amount is deemed to be a medical expense of an individual for the purposes of this section if the amount

(a) is paid by the individual or the individual's spouse or common-law partner;

(b) is

(i) an expenditure described under any of sections 2 to 4 of the *Reimbursement Related to Assisted Human Reproduction Regulations*, or

(ii) paid in respect of a surrogate mother or donor and would be an expenditure described in subparagraph (i) if it was paid to the surrogate mother or donor;

(c) would be a medical expense of the individual (within the meaning of subsection (2)) if the amount was paid in respect of a good or service provided to the individual or the individual's spouse or common-law partner;

(d) is an expense incurred in Canada; and

(e) is paid for the purpose of the individual becoming a parent.

(3) Subsections (1) and (2) apply to the 2022 and subsequent taxation years.

19 (1) The Act is amended by adding the following after section 122.91:

SUBDIVISION A.6

Multigenerational Home Renovation Tax Credit

Definitions

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

eligible dwelling, of a qualifying individual, for a renovation period taxation year, means a housing unit (including the land subjacent to the housing unit and the immediately contiguous land, but not including the portion of that land that exceeds the greater of ½ hectare and the portion of that land that is necessary for the use and enjoyment of the housing unit as a residence) located in Canada if

(a) the qualifying individual or a qualifying relation of the qualifying individual (or a trust under which the qualifying individual or a qualifying relation is a beneficiary) owns — whether jointly with another person or otherwise — at any time in the renovation period taxation year, the housing unit; and

(b) the housing unit is ordinarily inhabited, or is reasonably expected to be ordinarily inhabited, within 12 months after the end of the renovation period

(i) by the qualifying individual, and

(ii) by a qualifying relation of the qualifying individual. (*logement admissible*)

eligible individual, in respect of an eligible dwelling for a renovation period taxation year, means

(a) an individual who ordinarily resides, or intends to ordinarily reside, in the eligible dwelling within 12 months after the end of the renovation period in respect of a qualifying renovation of the eligible dwelling and who is

(i) a qualifying individual,

(ii) the *cohabiting spouse or common-law partner* (as defined in section 122.6) of a qualifying individual at any time in the renovation period taxation year, or

(iii) a qualifying relation of a qualifying individual; or

(b) an individual who

(i) is a qualifying relation of a qualifying individual, and

(ii) owns the eligible dwelling or is the beneficiary of a trust that owns the eligible dwelling. (*particulier admissible*)

individual does not include a trust. (*particulier*)

qualifying expenditure, of an individual, means a reasonable outlay or expense that

(a) is directly attributable to a qualifying renovation of an eligible dwelling in respect of which the individual is an eligible individual;

(b) is made or incurred by the individual before the end of the renovation period in respect of the qualifying renovation referred to in paragraph (a);

(c) is the cost of goods acquired or services received, including an outlay or expense for permits required for, or for the rental of equipment used in the course of, the qualifying renovation; and

(d) is not an outlay or expense

(i) for the cost of annual, recurring or routine repair or maintenance,

(ii) to acquire a household appliance,

(iii) to acquire an electronic home-entertainment device,

(iv) that is the cost of housekeeping, security monitoring, gardening, outdoor maintenance or similar services,

(v) for financing costs in respect of the qualifying renovation,

(vi) in respect of goods or services provided by a person not dealing at arm's length with the individual, unless the person is registered for the purposes of Part IX of the *Excise Tax Act*, or

(vii) that can reasonably be considered to have been reimbursed. (*dépense admissible*)

qualifying individual, in respect of a renovation period taxation year, means an individual who has attained the age of

(a) 65 years before the end of the renovation period taxation year; or

(b) 18 years before the end of the renovation period taxation year and in respect of whom an amount is deductible, or would be deductible if this Act were read without reference to paragraph 118.3(1)(c), under section 118.3 in computing a taxpayer's tax payable under this Part for the renovation period taxation year. (*particulier déterminé*)

qualifying relation, of a qualifying individual for a renovation period taxation year, means an individual who

(a) has attained the age of 18 years before the end of the renovation period taxation year; and

(b) at any time in the renovation period taxation year, is a parent, grandparent, child, grandchild, brother, sister, aunt, uncle, niece or nephew of either the qualifying individual or the *cohabiting spouse or common-law partner* (as defined in section 122.6) of the qualifying individual. (*proche admissible*)

qualifying renovation means a renovation or alteration of, or addition to, an eligible dwelling of a qualifying individual that

(a) is of an enduring nature and integral to the eligible dwelling; and

(b) is undertaken to enable the qualifying individual to reside in the dwelling with a qualifying relation of the qualifying individual by establishing a secondary unit within the dwelling for occupancy by the qualifying individual or the qualifying relation. (*travaux de rénovation admissibles*)

renovation period, for a qualifying renovation of an eligible dwelling, means a period that

(a) begins at the time that the first qualifying expenditure is made or incurred in respect of the qualifying renovation, and

(b) ends at the time of the completion of the qualifying renovation. (*période de rénovation*)

renovation period taxation year means the taxation year in which the renovation period in respect of a qualifying renovation ends. (*année d'imposition de la période de rénovation*)

secondary unit means a self-contained housing unit that

(a) has a private entrance, kitchen, bathroom and sleeping area,

(b) if applicable, meets any local requirements to qualify as a secondary dwelling unit, and

(c) meets prescribed conditions, if any. (*logement secondaire*)

Qualifying expenditure — trusts

(2) For the purposes of this section, a qualifying expenditure of a particular individual who is an eligible individual in respect of an eligible dwelling includes an outlay or expense made or incurred by a trust of which the particular individual is a beneficiary, in respect of the eligible dwelling, to the extent of the share of that outlay or expense that is reasonably attributable to the eligible dwelling, having regard to the amount of the outlays or expenses made or incurred in respect of the eligible dwelling, if

(a) the outlay or expense would be a qualifying expenditure of the particular individual if the outlay or expense had been made or incurred by that individual; and

(b) the trust has notified the particular individual of the amount of the outlay or expenses that are attributable to the eligible dwelling.

Deemed overpayment

(3) An eligible individual who files a return of income for a renovation period taxation year and who makes a claim under this subsection in that return of income is deemed to have paid, at the end of the taxation year, on account of tax payable under this Part for the taxation year, an amount equal to the amount determined by the formula

A × B

where

A is the appropriate percentage for the taxation year; and

B is the least of

(a) $50,000,

(b) the total of all amounts, each of which is a qualifying expenditure of the individual in respect of a qualifying renovation that ended in the taxation year, and

(c) if the individual is not resident in Canada throughout the taxation year, nil.

Limits

(4) For the purpose of this section,

(a) in respect of a qualifying individual, there may only be one qualifying renovation for the purpose of a claim under subsection (3) by all taxpayers during the lifetime of the qualifying individual;

(b) a maximum of $50,000 of qualifying expenditures may be claimed by all taxpayers in respect of the same qualifying renovation; and

(c) if more than one taxpayer is entitled to a deduction under subsection (3) in respect of the same qualifying individual or the same qualifying renovation and the taxpayers cannot agree as to what portion of the amount each can so deduct, the Minister may fix the portions.

Effect of bankruptcy

(5) For the purpose of this Subdivision, if an eligible individual becomes bankrupt in a particular calendar year, despite subsection 128(2), any reference to the taxation year of the eligible individual is deemed to be a reference to the particular calendar year.

Special rules in the event of death

(6) For the purpose of this section, if an eligible individual or a qualifying individual dies in a calendar year,

(a) the deceased individual is deemed to be resident in Canada from the time of death until the end of the year if, immediately before death, the deceased individual was resident in Canada;

(b) the deceased individual is deemed to be the same age at the end of the year as the individual would have been if the individual were alive at the end of the year;

(c) the deceased individual is deemed to be the cohabiting spouse or common-law partner of another individual (referred to in this paragraph as the "surviving spouse") at the end of the year if,

(i) immediately before death, the deceased individual was the *cohabiting spouse or common-law partner* (as defined in section 122.6) of the surviving spouse, and

(ii) the surviving spouse is not the *cohabiting spouse or common-law partner* (as defined in section 122.6) of another individual at the end of the year; and

(d) any return of income filed by a legal representative of the deceased individual is deemed to be a return of income filed by the individual.

(2) Subsection (1) applies to the 2023 and subsequent taxation years in respect of qualifying expenditures paid after December 31, 2022 for services performed or goods acquired after that date.

20 (1) The Act is amended by adding the following after section 123.5:

Additional Tax on Banks and Life Insurers

Definition

123.6 (1) The following definition applies in this section.

bank or life insurer group member means a corporation that is

(a) a bank;

(b) a life insurance corporation that carries on business in Canada; or

(c) a *financial institution* (as defined in subsection 190(1)) that is related to any corporation described in paragraph (a) or (b). (*membre d'un groupe de banques ou d'assureurs-vie*)

Additional tax payable

(2) There shall be added to the tax otherwise payable under this Part for a taxation year, by a corporation that is a bank or life insurer group member at any time during the taxation year, an amount determined by the formula

$$0.015\ (A - B)$$

where

A is the corporation's taxable income for the taxation year (or the corporation's taxable income earned in Canada if the corporation is non-resident in the taxation year); and

B is

(a) if the corporation is not related to another bank or life insurer group member at the end of the taxation year of the corporation,

(i) where the corporation's taxation year is not less than 51 weeks, $100 million, and

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

$$\$100\text{ million} \times (C \div 365)$$

where

C is the number of days in the taxation year, and

(b) in any other case, subject to subsection (5), nil.

Related group

(3) For the purposes of this section, a corporation that is described in paragraph (a) or (b) of the definition *bank or life insurer group member* in subsection (1) at any time during a taxation year and that was related to another bank or life insurer group member at the end of the year (in this section, the corporation and each such bank or life insurer group member are referred to together as the "related group") may file with the Minister, with the corporation's return of income, an agreement in prescribed form on behalf of the related group under which an amount that does not exceed $100 million is

allocated among the related group for all taxation years of members of the related group ending in the same calendar year.

Allocation by Minister

(4) The Minister may request a corporation that is a member of a related group at any time during a taxation year to file with the Minister an agreement referred to in subsection (3) and, if the corporation does not file the agreement within 30 days after receiving the request, the Minister may allocate the amount referred to in subsection (3) among the related group for the taxation years of the bank or life insurer group members ending in the same calendar year.

Allocation

(5) For the purposes of this section, the least amount allocated for a taxation year to each bank or life insurer group member under an agreement described in subsection (3) or by the Minister under subsection (4) is the amount determined for B in subsection (2) for the taxation year of that member, but, if no such allocation is made, the amount determined for B in subsection (2) of each bank or life insurer group member for that year is nil.

Anti-avoidance

(6) If an amount has been deducted in computing the income of a corporation, the amount is deemed not to have been deducted in computing the corporation's taxable income, or taxable income earned in Canada, as the case may be, for the purpose of computing the tax payable by the corporation under subsection (2), if

(a) the deduction is in respect of an amount that can reasonably be considered to have been paid or payable (in this subsection referred to as "the payment"), directly or indirectly, to a person or partnership that was not dealing at arm's length with the corporation;

(b) the person or partnership was not a bank or life insurer group member; and

(c) it can reasonably be considered that one of the purposes of the payment was to reduce the tax payable by the corporation under subsection (2).

(2) Subsection (1) applies to taxation years that end after April 7, 2022. However, for a taxation year that includes April 7, 2022, the amount of tax payable under subsection 123.6(2) of the Act, as enacted by subsection (1), is prorated based on the number of days in the taxation year that are after April 7, 2022 divided by the number of days in that taxation year.

21 (1) The first formula in paragraph 125(5.1)(a) of the Act is replaced by the following:

A × B ÷ $<u>90,000</u>

(2) Subsection (1) applies to taxation years that begin on or after April 7, 2022.

22 (1) Subparagraph 127(5)(a)(i) of the Act is replaced by the following:

(i) the taxpayer's investment tax credit at the end of the year in respect of property acquired before the end of the year, of the taxpayer's apprenticeship expenditure for the year or a preceding taxation year, of the taxpayer's flow-through mining expenditure for the year or a preceding taxation year, <u>of the taxpayer's flow-through critical mineral mining expenditure for the year or a preceding taxation year</u>, of the taxpayer's pre-production mining expenditure for the year or a preceding taxation year or of the taxpayer's SR&ED qualified expenditure pool at the end of the year or at the end of a preceding taxation year, and

(2) Clause 127(5)(a)(ii)(A) of the Act is replaced by the following:

(A) the taxpayer's investment tax credit at the end of the year in respect of property acquired in a subsequent taxation year, of the taxpayer's apprenticeship expenditure for a subsequent taxation year, of the taxpayer's flow-through mining expenditure for a subsequent taxation year, of the taxpayer's flow-through critical mineral mining expenditure for a subsequent taxation year, of the taxpayer's pre-production mining expenditure for a subsequent taxation year or of the taxpayer's SR&ED qualified expenditure pool at the end of the subsequent taxation year to the extent that an investment tax credit was not deductible under this subsection for the subsequent taxation year, and

(3) The definition *flow-through mining expenditure* in subsection 127(9) 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) that is not an expense that the taxpayer has included under paragraph (a.21) of the definition *investment tax credit* in the computation of its investment tax credit in respect of which the taxpayer has, at any time, sought a deduction under subsection (5); (*dépense minière déterminée*)

(4) The definition *investment tax credit* in subsection 127(9) of the Act is amended by adding the following after paragraph (a.2):

(a.21) where the taxpayer is an individual (other than a trust), 30% of the taxpayer's flow-through critical mineral mining expenditures for the year,

(5) Subsection 127(9) of the Act is amended by adding the following in alphabetical order:

critical mineral means

(a) copper,

(b) nickel,

(c) lithium,

(d) cobalt,

(e) graphite,

(f) a rare earth element,

(g) scandium,

(h) titanium,

(i) gallium,

(j) vanadium,

(k) tellurium,

(l) magnesium,

(m) zinc,

(n) a platinum group metal, or

(o) uranium; (*minéral critique*)

flow-through critical mineral mining expenditure of a taxpayer for a taxation year means an expense deemed by subsection 66(12.61) (or by subsection 66(18) as a consequence of the application of subsection 66(12.61) to the partnership, referred to in paragraph (c) of this definition, of which the taxpayer is a member) to be incurred by the taxpayer in the year

(a) that is a Canadian exploration expense incurred by a corporation after April 7, 2022 in conducting mining exploration activity from or above the surface of the earth primarily targeting critical minerals,

(b) that

(i) is an expense described in paragraph (f) of the definition *Canadian exploration expense* in subsection 66.1(6), and

(ii) is not an expense in respect of

(A) trenching, if one of the purposes of the trenching is to carry out preliminary sampling (other than specified sampling),

(B) digging test pits (other than for the purpose of carrying out specified sampling), and

(C) preliminary sampling (other than specified sampling),

(c) that is an amount in respect of which is renounced in accordance with subsection 66(12.6) by the corporation to the taxpayer (or a partnership of which the taxpayer is a member) under an agreement described in that subsection and made after April 7, 2022 and on or before March 31, 2027,

(d) that is not an expense that was renounced under subsection 66(12.6) to the corporation (or a partnership of which the corporation is a member), unless that renunciation was under an agreement described in that subsection and made after April 7, 2022 and on or before March 31, 2027,

(e) that, in respect of an agreement described in paragraph (c), a qualified professional engineer or professional geoscientist certifies in prescribed form and manner that the expense is to be incurred in accordance with an exploration plan that primarily targets critical minerals if the qualified professional engineer or professional geoscientist

(i) completed the certification within the 12-month period immediately preceding the time when the agreement is made, and

(ii) acted reasonably, in their professional capacity, in completing the certification, and

(f) that is not an expense that the taxpayer has included under paragraph (a.2) of the definition *investment tax credit* in the computation of its investment tax credit in respect of which the taxpayer has, at any time, sought a deduction under subsection (5); (*dépense minière de minéral critique déterminée*)

qualified professional engineer or professional geoscientist means an individual who

(a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining,

(b) has at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of those, that is relevant to their professional degree or area of practice,

(c) has experience relevant to the subject matter of the exploration plan and the certification described in paragraph (e) of the definition *flow-through critical mineral mining expenditure*, and

(d) is registered and in good standing with a professional association that has the authority or recognition by law of a jurisdiction in Canada to regulate the profession of engineering or geoscience in

(i) the jurisdiction where the property that is the subject of the exploration plan is located, or

(ii) if there is no professional association in the jurisdiction described in subparagraph (i), a jurisdiction in Canada where a professional association regulates the profession of engineering or geoscience; (*ingénieur ou géoscientifique professionnel qualifié*)

(6) Subsection 127(11.1) of the Act is amended by adding the following after paragraph (c.2):

(c.21) the amount of a taxpayer's flow-through critical mineral mining expenditure for a taxation year is deemed to be the amount of the taxpayer's flow-through critical mineral mining expenditure for the year as otherwise determined less the amount of any government assistance or non-government assistance in respect of expenses included in determining the taxpayer's flow-through critical mineral mining expenditure for the year that, at the time of the filing of the taxpayer's return of income for the year, the taxpayer has received, is entitled to receive or can reasonably be expected to receive;

(7) Subsections (1) to (6) are deemed to have come into force on April 7, 2022.

23 (1) Paragraph (a) of the definition *excluded right or interest* in subsection 128.1(10) of the Act is amended by adding the following after subparagraph (iii.2):

(iii.3) a FHSA,

(2) Subsection (1) comes into force on April 1, 2023.

24 (1) Subsection 132(4) of the Act is amended by adding the following in alphabetical order:

net asset value has the same meaning as in *National Instrument 81-102 Investment Funds*, as amended from time to time, of the Canadian Securities Administrators; (*valeur liquidative*)

(2) The portion of subsection 132(5.3) of the Act before paragraph (a) is replaced by the following:

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 and subsection (5.31) 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

(3) Section 132 of the Act is amended by adding the following after subsection (5.3):

Allocations by ETFs

(5.31) If in a taxation year referred to in subsection (5.3)

(a) all of the units offered in the taxation year by a mutual fund trust are listed on a designated stock exchange in Canada and are in continuous distribution (in this subsection referred to as "ETF units"), then paragraph 132(5.3)(b) does not apply and, in computing its income for the taxation year, no deduction may be made by the trust in respect of the amount determined by the formula

$$A - (B \div (C + B) \times D)$$

where

A is the portion of the total of all allocated amounts for the taxation year in respect of redemptions of ETF units by beneficiaries of the trust during that year that would be, without reference to subsection 104(6), amounts paid out of the taxable capital gains of the trust,

B is the lesser of

(i) the total amount paid for redemptions of the ETF units in the taxation year, and

(ii) the greater of

(A) the amount determined for C, and

(B) the net asset value of the trust at the end of the previous taxation year,

C is the net asset value of the trust at the end of the taxation year, and

D is the amount that would be, without reference to subsection 104(6), the trust's net taxable capital gains (as determined under subsection 104(21.3)) for the taxation year; or

(b) units offered by a mutual fund trust include units that are not ETF units (in this paragraph referred to as "non-ETF units") and units that are ETF units, then

(i) in respect of redemptions of ETF units, paragraph (5.3)(b) does not apply and paragraph (a) applies, except that

(A) the description of C is to be read as "is the portion of the net asset value of the trust at the end of the taxation year that is referable to the ETF units,",

(B) clause (ii)(B) of the description of B shall be read as "the portion of the net asset value of the trust at the end of the previous taxation year that is referable to the ETF units,", and

(C) the amount determined for D shall be the amount determined by the formula

$$\mathbf{E \div F \times G}$$

where

E is the portion of the net asset value of the trust at the end of the taxation year that is referable to the ETF units,

F is the net asset value of the trust at the end of the taxation year, and

G is the amount that would be, without reference to subsection 104(6), the trust's net taxable capital gains (as determined under subsection 104(21.3)) for the taxation year; and

(ii) in respect of redemptions of non-ETF units, in addition to the limitation applicable under paragraph (5.3)(b), the total amount of the deductions that may be claimed by the trust for the taxation year for the portion of the allocated amounts described in the description of A in paragraph (5.3)(b) in respect of non-ETF units shall not exceed the amount determined by the formula

$$\mathbf{H \div I \times J}$$

where

H is the portion of the net asset value of the trust at the end of the taxation year that is referable to the non-ETF units,

I is the net asset value of the trust at the end of the taxation year, and

J is the amount that would be, without reference to subsection 104(6), the trust's net taxable capital gains (as determined under subsection 104(21.3)) for the taxation year.

(4) Subsections (1) to (3) apply to taxation years that begin after December 15, 2021.

25 (1) Subsection 132.2(3) of the Act is amended by striking out "and" at the end of paragraph (m), by adding "and" at the end of paragraph (n) and by adding the following after paragraph (n):

(o) for the purpose of applying subsection 132(5.31) to a fund for a taxation year that includes the transfer time, the following amounts are to be determined as if the taxation year ended immediately before the transfer time:

(i) if paragraph 132(5.31)(a) applies, the amounts determined under the descriptions of B, C and D in that paragraph, and

(ii) if paragraph 132(5.31)(b) applies,

(A) the amounts determined for B and C in paragraph 132(5.31)(a), for the purpose of subparagraph 132(5.31)(b)(i),

(B) the amounts determined for D, E, F and G in clause 132(5.31)(b)(i)(C), and

(C) the amounts determined for H, I and J in subparagraph 132(5.31)(b)(ii).

(2) Subsection (1) applies to taxation years that begin after December 15, 2021.

26 (1) Paragraph 138(2.1)(b) of the Act is replaced by the following:

(b) if, in the immediately preceding taxation year, the designated foreign insurance business was not a designated foreign insurance business, for the purposes of paragraph (4)(a), subsection (9), the definition *designated insurance property* in subsection (12) and paragraphs 12(1)(d) to (e), the life insurer is deemed to have carried on the business in Canada in that immediately preceding year and to have claimed the maximum amounts to which it would have been entitled under subparagraph (3)(a)(i) and paragraphs 20(1)(l) and (l.1) and 20(7)(c) in respect of those specified Canadian risks if that designated foreign insurance business had been a designated foreign insurance business in that immediately preceding year; and

(2) Subparagraphs 138(3)(a)(i) and (ii) of the Act are replaced by the following:

(i) any amount that the insurer claims as a policy reserve for the year in respect of its groups of life insurance contracts in Canada at the end of the year, not exceeding the total of amounts that the insurer is allowed by regulation to deduct in respect of those groups,

(3) Paragraph 138(4)(a) and (b) of the Act are replaced by the following:

(a) each amount deducted under subparagraph (3)(a)(i) in computing the insurer's income for the preceding taxation year;

(b) the amount prescribed in respect of the insurer for the year in respect of its groups of life insurance contracts in Canada at the end of the year; and

(4) Paragraph 138(11.5)(j) of the Act is replaced by the following:

(j) for the purpose of determining the income of the transferor and the transferee for their taxation years following their taxation years referred to in paragraph (h), amounts deducted by the transferor as reserves under subparagraph (3)(a)(i) and paragraphs 20(1)(l) and (l.1) and 20(7)(c) of this Act and section 33 and paragraph 138(3)(c) of the *Income Tax Act*, chapter 148 of the Revised Statutes of Canada, 1952, in its taxation year referred to in paragraph (h) in respect of the transferred

property referred to in paragraph (b) or the obligations referred to in paragraph (c) are deemed to have been deducted by the transferee, and not the transferor, for its taxation year referred to in paragraph (h),

(5) Paragraph 138(11.5)(l) of the Act is replaced by the following:

(l) for the purposes of this subsection and subsections (11.7) and (11.9), the fair market value of consideration received by the transferor from the transferee in respect of the assumption or reinsurance of a particular obligation referred to in paragraph (c) is deemed to be the total of the amounts deducted by the transferor as a reserve under subparagraph (3)(a)(i) and paragraph 20(7)(c) in its taxation year referred to in paragraph (h) in respect of the particular obligation, and

(6) Paragraph 138(11.91)(d) of the Act is replaced by the following:

(d) for the purposes of paragraph (4)(a), subsection (9), the definition *designated insurance property* in subsection (12) and paragraphs 12(1)(d), (d.1) and (e), the insurer is deemed to have carried on the business in Canada in that preceding year and to have claimed the maximum amounts to which it would have been entitled under subparagraph (3)(a)(i) and paragraphs 20(1)(l) and (l.1) and 20(7)(c) for that year,

(7) The portion of subsection 138(11.92) of the Act after paragraph (b) and before paragraph (c) is replaced by the following:

to a person (in this subsection referred to as the "purchaser") and obligations in respect of the business or line of business, as the case may be, in respect of which a reserve may be claimed under subparagraph (3)(a)(i) or paragraph 20(7)(c) (in this subsection referred to as the "obligations") were assumed by the purchaser, the following rules apply:

(8) The definitions *base year*, *deposit accounting insurance policy*, *excluded policy*, *reserve transition amount* and *transition year* in subsection 138(12) of the Act are replaced by the following:

base year of an insurer's taxation year that immediately precedes its transition year; (*année de base*)

deposit accounting insurance policy in respect of an insurer's taxation year means an insurance policy of the insurer that, according to International Financial Reporting Standards, is not an insurance contract for that taxation year; (*police d'assurance à comptabilité de dépôt*)

excluded policy in respect of an insurer's base year means an insurance policy of the insurer that would be a deposit accounting insurance policy for the insurer's base year if International Financial Reporting Standards applied for that base year; (*police exclue*)

reserve transition amount of an insurer, in respect of an insurance business carried on by it in its transition year, means the positive or negative amount determined by the formula

$$\mathbf{A + B - C - D - E - F + G + H}$$

where

A is the maximum amount that the insurer would be permitted to claim under subparagraph (3)(a)(i) for its base year in respect of a policy reserve for its groups of life insurance contracts in Canada at the end of the base year if

(a) the International Financial Reporting Standards that applied to the insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

(b) sections 1404 and 1406 of the *Income Tax Regulations* were read in respect of the insurer's base year as they read in respect of its transition year,

B is the maximum amount that the insurer would be permitted to claim under paragraph 20(7)(c) for its base year in respect of a policy reserve for its groups of insurance contracts at the end of the base year if

(a) the International Financial Reporting Standards that applied to the insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

(b) sections 1400 and 1402 of the *Income Tax Regulations* were read in respect of the insurer's base year as they read in respect of its transition year,

C is the maximum amount that the insurer is permitted to claim under subparagraphs (3)(a)(i) and (ii) (as they read in their application to taxation years that begin before 2023) as a policy reserve for its base year,

D is the maximum amount that the insurer is permitted to claim under paragraph 20(7)(c) as a policy reserve for its base year,

E is the amount that would be included under paragraph (4)(b) in computing the insurer's income for its base year in respect of its groups of life insurance contracts in Canada at the end of the base year if

(a) the International Financial Reporting Standards that applied to the insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

(b) sections 1404 and 1406 of the *Income Tax Regulations* were read in respect of the insurer's base year as they read in respect of its transition year,

F is the amount that would be included under paragraph 12(1)(e.1) in computing the insurer's income for its base year if

(a) the International Financial Reporting Standards that applied to the insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

(b) sections 1400 and 1402 of the *Income Tax Regulations* were read in respect of the insurer's base year as they read in respect of its transition year,

G is the amount included under paragraph (4)(b) (as it read in its application to taxation years that begin before 2023) in computing the insurer's income for its base year in respect of its life insurance policies, and

H is the amount included under paragraph 12(1)(e.1) in computing the insurer's income for its base year; (*montant transitoire*)

transition year of an insurer means the insurer's first taxation year that begins after 2022. (*année transitoire*)

(9) Subsection 138(12) of the Act is amended by adding the following in alphabetical order:

contractual service margin for a group of insurance contracts of an insurer, or a group of reinsurance contracts held by the insurer, at the end of a taxation year, means the greater of the positive or negative amount of the contractual service margin for the group

(a) that would be reported as at the end of the taxation year if the amount were determined without reference to amounts described in subparagraphs (a)(i) to (iii) of the definition *liability for remaining coverage* in this subsection, and

(b) that would be determined at the end of the taxation year in respect of the group in accordance with International Financial Reporting Standards using reasonable assumptions in the circumstances if the amount were determined without reference to amounts described in subparagraphs (a)(i) to (iii) of the definition *liability for remaining coverage* in this subsection; (*marge sur services contractuels*)

group of insurance contracts of an insurer means a group of insurance contracts of the insurer, determined according to International Financial Reporting Standards, that is a group for the purposes of determining an amount of the insurer that is reported as at the end of the insurer's taxation year and, for greater certainty, includes a group of insurance contracts that include reinsurance contracts under which the insurer has assumed reinsurance risk; (*groupe de contrats d'assurance*)

group of life insurance contracts of an insurer means a group of life insurance contracts of the insurer, determined according to International Financial Reporting Standards, that is a group for the purposes of determining an amount of the insurer that is reported as at the end of the insurer's taxation year and, for greater certainty, includes a group of life insurance contracts that include reinsurance contracts under which the insurer has assumed reinsurance risk; (*groupe de contrats d'assurance-vie*)

group of life insurance contracts in Canada of an insurer means a group of life insurance contracts of the insurer that includes only life insurance contracts issued or effected by the insurer on the life of a person resident in Canada at the time the contract was issued or effected; (*groupe de contrats d'assurance-vie au Canada*)

group of reinsurance contracts held by an insurer means a group of reinsurance insurance contracts held by the insurer, determined according to International Financial Reporting Standards, that is a group for the purposes of determining an amount of the insurer that is reported as at the end of the insurer's taxation year; (*groupe de contrats de réassurance*)

group of segregated fund policies of an insurer means a group of insurance contracts of the insurer that includes only segregated fund policies (within the meaning assigned by paragraph 138.1(1)(a)); (*groupe de polices à fonds réservé*)

liability for incurred claims, for a group of insurance contracts of an insurer at the end of a taxation year, means the lesser of the positive or negative amount of the liability for incurred claims for the group

(a) that would be reported as at the end of the taxation year if the amount were determined without reference to amounts described in subparagraphs (a)(i) to (iii) of the definition *liability for remaining coverage* in this subsection, and

(b) that would be determined at the end of the taxation year in accordance with International Financial Reporting Standards using reasonable assumptions in the circumstances if the amount were determined without reference to amounts described in subparagraphs (a)(i) to (iii) of the definition *liability for remaining coverage* in this subsection; (*passif au titre des sinistres survenus*)

liability for remaining coverage, for a group of insurance contracts of an insurer at the end of a taxation year, means the lesser of the positive or negative amount of the liability for remaining coverage for the group

(a) that would be reported as at the end of the taxation year if the amount were determined without reference to

(i) projected

(A) income and capital taxes (other than the tax payable under Part XII.3),

(B) taxes on premiums that are not deductible under Part I,

(C) amounts not deductible after the taxation year in computing income under Part I, and

(D) cash flows in respect of funds withheld arrangements,

(ii) amounts payable that are deductible for the taxation year, or a previous taxation year, in computing income under Part I, and

(iii) amounts receivable to the extent they have been included for the taxation year, or a previous taxation year, in computing income under Part I, and

(b) that would be determined at the end of the taxation year in accordance with International Financial Reporting Standards using reasonable assumptions in the circumstances if the amount were determined without reference to amounts described in subparagraphs (a)(i) to (iii); (*passif au titre de la couverture restante*)

policyholders' liabilities, of an insurer as at the end of a taxation year, means the amount reported as policyholders' liabilities as at the end of the year; (*obligation envers les titulaires de polices*)

reinsurance contract held amount, for a group of reinsurance contracts held by an insurer at the end of a taxation year, means the lesser of the positive or negative amount of the reinsurance contract held asset for the group

(a) that would be reported as at the end of the taxation year if the amount were determined without reference to amounts described in subparagraphs (a)(i) to (iii) of the definition *liability for remaining coverage* in this subsection, and

(b) that would be determined at the end of the taxation year in accordance with International Financial Reporting Standards using reasonable assumptions in the circumstances if the amount were determined without reference to amounts described in subparagraphs (a)(i) to (iii) of the definition *liability for remaining coverage* in this subsection; (*montant au titre des contrats de réassurance détenus*)

relevant authority of an insurer means

(a) the Superintendent of Financial Institutions, if the insurer is required by law to report to the Superintendent of Financial Institutions, and

(b) in any other case, the Superintendent of Insurance or other similar officer or authority of the province under whose laws the insurer is incorporated; (*autorité compétente*)

(10) Section 138 of the Act is amended by adding the following after subsection (12):

Assets and liabilities

(12.1) For greater certainty, in determining the amount of

(a) the contractual service margin, liability for incurred claims and liability for remaining coverage for a group of insurance contracts of an insurer, the amount is

(i) a positive amount if the amount is reported as a liability, and

(ii) a negative amount if the amount is reported as an asset; and

(b) the contractual service margin and reinsurance contract held amount for a group of reinsurance contracts held by an insurer, the amount is

(i) a positive amount if the amount is reported as an asset, and

(ii) a negative amount if the amount is reported as a liability.

IFRS reference

(12.2) Except as otherwise provided, references to International Financial Reporting Standards in this section refer to the International Financial Reporting Standards adopted by the Accounting Standards Board and effective for years that begin on or after January 1, 2023.

Amount reported

(12.3) A reference in subsections (12) and 138.1(1) of this Act and Parts XIV, XXIV and LXXXVI of the *Income Tax Regulations* to an amount that is reported, or that would be reported, of an insurer as at the end of a taxation year means

(a) if the insurer is the Canada Mortgage and Housing Corporation or a foreign affiliate of a taxpayer resident in Canada, an amount that is reported, or that would be reported, in the insurer's financial statements for the year if those statements were prepared in accordance with International Financial Reporting Standards;

(b) if paragraph (a) does not apply and reporting by the insurer to the insurer's relevant authority is required at the end of the year, an amount that is reported, or that would be reported, in the insurer's non-consolidated balance sheet for the year accepted by the insurer's relevant authority;

(c) if paragraphs (a) and (b) do not apply and the insurer is, throughout the year, subject to the supervision of its relevant authority, an amount that is reported, or that would be reported, in a non-consolidated balance sheet for the year that is prepared in a manner consistent with the requirements that would have applied had reporting to the insurer's relevant authority been required at the end of the year; and

(d) in any other case, nil.

(11) Subsections 138(16) to (17.1) of the Act are replaced by the following:

Transition year income inclusion

(16) There shall be included in computing an insurer's income for its transition year from an insurance business carried on by it in the transition year the positive amount, if any, of the insurer's reserve transition amount in respect of that insurance business.

Transition year income deduction

(17) There shall be deducted in computing an insurer's income for its transition year from an insurance business carried on by it in the transition year the absolute value of the negative amount, if any, of the insurer's reserve transition amount in respect of that insurance business.

IFRS transition — reversals

(17.1) In applying subsections (18) and (19) to an insurer for a taxation year of the insurer in respect of International Financial Reporting Standards,

(a) the reference to "policy reserve" in the description of C in the definition *reserve transition amount* in subsection (12) is to be read as a reference to "policy reserve determined without reference to the insurer's excluded policies";

(b) the description of D in the definition *reserve transition amount* in subsection (12) is to be read as follows:

D is the amount determined by the formula

D.1 − D.2

where

D.1 is the maximum amount that the insurer is permitted to claim under paragraph 20(7)(c) as a policy reserve determined without reference to the insurer's excluded policies, and

D.2 is the amount of policy acquisition costs of the insurer that is not deductible, but in the absence of subsection 18(9.02) (as it read in the base year) would have been deductible, in the base year or a preceding taxation year;

(c) the reference to "life insurance policies" in the description of G in the definition *reserve transition amount* in subsection (12) is to be read as a reference to "life insurance policies other than excluded policies"; and

(d) the amount included in the description of H in the definition *reserve transition amount* in subsection (12) is to be determined without reference to excluded policies.

(12) The portion of subsection 138(18) of the Act before the formula is replaced by the following:

Transition year income inclusion reversal

(18) If an amount has been included under subsection (16) in computing an insurer's income for its transition year from an insurance business carried on by it, there shall be deducted in computing the insurer's income, for each particular taxation year of the insurer that ends after the beginning of the transition year, from that insurance business, the amount determined by the formula

(13) The description of A in subsection 138(18) of the English version of the Act is replaced by the following:

A is the amount included under subsection (16) in computing the insurer's income for the transition year from that insurance business; and

(14) The portion of subsection 138(19) of the Act before the formula is replaced by the following:

Transition year income deduction reversal

(19) If an amount has been deducted under subsection (17) in computing an insurer's income for its transition year from an insurance business carried on by it, there shall be included in computing the insurer's income, for each particular taxation year of the insurer that ends after the beginning of the transition year, from that insurance business, the amount determined by the formula

(15) The description of A in subsection 138(19) of the English version of the Act is replaced by the following:

A is the amount deducted under subsection (17) in computing the insurer's income for the transition year from that insurance business; and

(16) Subsection 138(20) of the Act is replaced by the following:

Winding-up

(20) If an insurer has, in a winding-up to which subsection 88(1) has applied, been wound-up into another corporation (referred to in this subsection as the "parent"), and immediately after the winding-up the parent carries on an insurance business, in applying subsections (18) and (19) in computing the income of the insurer and of the parent for particular taxation years that end on or after the first day (referred to in this subsection as the "start day") on which assets of the insurer were distributed to the parent on the winding-up,

(a) the parent is, on and after the start day, deemed to be the same corporation as and a continuation of the insurer in respect of

(i) any amount included under subsection (16) or deducted under subsection (17) in computing the insurer's income from an insurance business for its transition year,

(ii) any amount deducted under subsection (18) or included under subsection (19) in computing the insurer's income from an insurance business for a taxation year of the insurer that begins before the start day, and

(iii) any amount that would — in the absence of this subsection and if the insurer existed and carried on an insurance business on each day that is the start day or a subsequent day and on which the parent carries on an insurance business — be required to be deducted or included, in respect of any of those days, under subsection (18) or (19) in computing the insurer's income from an insurance business; and

(b) the insurer is, in respect of each of its particular taxation years, to determine the value for B in the formulas in subsections (18) and (19) without reference to the start day and days after the start day.

(17) Subsection 138(21) of the Act is replaced by the following:

Amalgamations

(21) If there is an amalgamation (within the meaning assigned by subsection 87(1)) of an insurer with one or more other corporations to form one corporation (referred to in this subsection as the "new corporation"), and immediately after the amalgamation the new corporation carries on an insurance business, in applying subsections (18) and (19) in computing the income of the new corporation for particular taxation years of the new corporation that begin on or after the day on which the amalgamation occurred, the new corporation is, on and after that day, deemed to be the same corporation as and a continuation of the insurer in respect of

(a) any amount included under subsection (16) or deducted under subsection (17) in computing the insurer's income from an insurance business for its transition year;

(b) any amount deducted under subsection (18) or included under subsection (19) in computing the insurer's income from an insurance business for a taxation year that begins before the day on which the amalgamation occurred; and

(c) any amount that would — in the absence of this subsection and if the insurer existed and carried on an insurance business on each day that is the day on which the amalgamation occurred or a subsequent day and on which the new corporation carries on an insurance business — be required to be deducted or included, in respect of any of those days, under subsection (18) or (19) in computing the insurer's income from an insurance business.

(18) The portion of subsection 138(22) of the Act before paragraph (a) is replaced by the following:

Application of subsection (23)

(22) Subsection (23) applies if, at any time, an insurer (referred to in this subsection and subsection (23) as the "transferor") transfers, to a corporation (referred to in this subsection and subsection (23) as the "transferee") that is related to the transferor, property in respect of an insurance business carried on by the transferor (referred to in this subsection and subsection (23) as the "transferred business") and

(19) Paragraph 138(22)(b) of the Act is replaced by the following:

(b) subsection 85(1) applies to the transfer, the transfer includes all or substantially all of the property and liabilities of the transferred business and, immediately after the transfer, the transferee carries on an insurance business.

(20) Subparagraph 138(23)(a)(iii) of the Act is replaced by the following:

(iii) any amount that would — in the absence of this subsection and if the transferor existed and carried on an insurance business on each day that includes that time or is a subsequent day and on which the transferee carries on an insurance business — be required to be deducted or included, in respect of any of those days, under subsection (18) or (19) in computing the transferor's income that can reasonably be attributed to the transferred business; and

(21) Subsection 138(24) of the Act is replaced by the following:

Ceasing to carry on business

(24) If at any time an insurer ceases to carry on all or substantially all of an insurance business (referred to in this subsection as the "discontinued business"), and none of subsections (20) to (22) apply,

(a) there shall be deducted, in computing the insurer's income from the discontinued business for the insurer's taxation year that includes the time that is immediately before that time, the amount determined by the formula

A – B

where

A is the amount included under subsection (16) in computing the insurer's income from the discontinued business for its transition year, and

B is the total of all amounts each of which is an amount deducted under subsection (18) in computing the insurer's income from the discontinued business for a taxation year that began before that time; and

(b) there shall be included, in computing the insurer's income from the discontinued business for the insurer's taxation year that includes the time that is immediately before that time, the amount determined by the formula

C – D

where

C is the amount deducted under subsection (17) in computing the insurer's income from the discontinued business for its transition year, and

D is the total of all amounts each of which is an amount included under subsection (19) in computing the insurer's income from the discontinued business for a taxation year that began before that time.

(22) Subsection 138(25) of the Act is replaced by the following:

Ceasing to exist

(25) If at any time an insurer that carried on an insurance business ceases to exist (otherwise than as a result of a winding-up or amalgamation described in subsection (20) or (21)), for the purposes of subsection (24), the insurer is deemed to have ceased to carry on the insurance business at the earlier of

(a) the time (determined without reference to this subsection) at which the insurer ceased to carry on the insurance business, and

(b) the time that is immediately before the end of the last taxation year of the insurer that ended at or before the time at which the insurer ceased to exist.

(23) Subsection 138(26) of the Act is repealed.

(24) Subsections (1) to (23) apply to taxation years that begin after 2022.

27 (1) The portion of subsection 138.1(1) of the Act before paragraph (a) is replaced by the following:

Rules relating to segregated funds

138.1 (1) In respect of life insurance policies for which all or any part of an insurer's reserves vary in amount depending on the fair market value of a specified group of properties that is reported to a *relevant authority* (as defined in subsection 138(12)) as a segregated fund (in this section referred to as a "segregated fund"), for the purposes of this Part, the following rules apply:

(2) Subsection 138.1(7) of the Act is replaced by the following:

Non-application of subsections (1) to (6)

(7) Subsections (1) to (6) do not apply to the holder of a segregated fund policy with respect to such a policy that is issued or effected as or under a FHSA, pooled registered pension plan, registered pension plan, registered retirement income fund, registered retirement savings plan or TFSA.

(3) Subsection (1) applies to taxation years that begin after 2022.

(4) Subsection (2) comes into force on April 1, 2023.

28 (1) The definition *transition year* in subsection 142.51(1) of the Act is replaced by the following:

transition year of a taxpayer means the taxpayer's first taxation year that begins after 2022. (*année transitoire*)

(2) Subsections 142.51(2) and (3) of the Act are replaced by the following:

Transition year income inclusion

(2) If a taxpayer is an insurer in its transition year, there shall be included in computing the taxpayer's income for its transition year the absolute value of the negative amount, if any, of the taxpayer's transition amount.

Transition year income deduction

(3) If a taxpayer is an insurer in its transition year, there shall be deducted in computing the taxpayer's income for its transition year the positive amount, if any, of the taxpayer's transition amount.

(3) The portion of subsection 142.51(4) of the Act before the formula is replaced by the following:

Transition year income inclusion reversal

(4) If an amount has been included under subsection (2) in computing a taxpayer's income for its transition year, there shall be deducted in computing the taxpayer's income for each particular taxation year of the taxpayer that ends after the beginning of the transition year, and in which particular taxation year the taxpayer is an insurer, the amount determined by the formula

(4) The portion of subsection 142.51(5) of the Act before the formula is replaced by the following:

Transition year income deduction reversal

(5) If an amount has been deducted under subsection (3) in computing a taxpayer's income for its transition year, there shall be included in computing the taxpayer's income, for each particular taxation year of the taxpayer ending after the beginning of the transition year, and in which particular taxation year the taxpayer is an insurer, the amount determined by the formula

(5) The portion of subsection 142.51(6) of the Act before paragraph (a) is replaced by the following:

Winding-up

(6) If a taxpayer has, in a winding-up to which subsection 88(1) has applied, been wound-up into another corporation (referred to in this subsection as the "parent"), and immediately after the winding-up the parent is an insurer, in applying subsections (4) and (5) in computing the income of the taxpayer and of the parent for particular taxation years that end on or after the first day (referred to in this subsection as the "start day") on which assets of the taxpayer were distributed to the parent on the winding-up,

(6) Subparagraph 142.51(6)(a)(iii) of the Act is replaced by the following:

> **(iii)** any amount that would — in the absence of this subsection and if the taxpayer existed and was an insurer on each day that is the start day or a subsequent day and on which the parent is an insurer — be required to be deducted or included, in respect of any of those days, under subsection (4) or (5) in computing the taxpayer's income for its transition year; and

(7) The portion of subsection 142.51(7) of the Act before paragraph (a) is replaced by the following:

Amalgamations

(7) If there is an amalgamation (within the meaning assigned by subsection 87(1)) of a taxpayer with one or more other corporations to form one corporation (referred to in this subsection as the "new corporation"), and immediately after the amalgamation the new corporation is an insurer, in applying subsections (4) and (5) in computing the income of the new corporation for particular taxation years of the new corporation that begin on or after the day on which the amalgamation occurred, the new corporation is, on and after that day, deemed to be the same corporation as and a continuation of the taxpayer in respect of

(8) Paragraph 142.51(7)(c) of the Act is replaced by the following:

> **(c)** any amount that would — in the absence of this subsection and if the taxpayer existed and was an insurer on each day that is the day on which the amalgamation occurred or a subsequent day and on which the new corporation is an insurer — be required to be deducted or included, in respect of any of those days, under subsection (4) or (5) in computing the taxpayer's income.

(9) Paragraph 142.51(8)(b) of the Act is replaced by the following:

> **(b)** subsection 85(1) applies to the transfer, the transfer includes all or substantially all of the property and liabilities of the transferred business and, immediately after the transfer, the transferee is an insurer.

(10) Subparagraph 142.51(9)(a)(iii) of the Act is replaced by the following:

> **(iii)** any amount that would — in the absence of this subsection and if the transferor existed and was an insurer on each day that includes that time or is a subsequent day and on which the transferee is an insurer — be required to be deducted or included, in respect of any of those days, under subsection (4) or (5) in computing the transferor's income that can reasonably be attributed to the transferred business; and

(11) Subsection 142.51(10) of the Act is repealed.

(12) The portion of subsection 142.51(11) of the Act before paragraph (a) is replaced by the following:

Ceasing to carry on a business

(11) If at any time, a taxpayer ceases to be an insurer

(13) The portion of subsection 142.51(12) of the Act before paragraph (b) is replaced by the following:

Ceasing to exist

(12) If at any time a taxpayer ceases to exist (otherwise than as a result of a merger to which subsection 87(2) applies or a winding-up to which subsection 88(1) applies), for the purposes of subsection (11), the taxpayer is deemed to have ceased to be an insurer at the earlier of

(a) the time (determined without reference to this subsection) at which the taxpayer ceased to be an insurer, and

(14) Section 142.51 of the Act is amended by adding the following after subsection (12):

Application of subsection (13.1)

(13) Subsection (13.1) applies to a taxpayer for a particular taxation year of the taxpayer if

(a) the taxpayer holds a transition property in the particular taxation year;

(b) the property was a mark-to-market property of the taxpayer for the taxation year preceding the particular taxation year; and

(c) the property is not a mark-to-market property of the taxpayer for the particular taxation year.

Ceasing to be mark-to-market property

(13.1) If this subsection applies to a taxpayer for a particular taxation year of the taxpayer, for purposes of this section

(a) the taxpayer is deemed to have ceased to be an insurer at the particular time that is the beginning of the particular taxation year; and

(b) the time immediately before the particular time shall be deemed to be the end of the taxation year that ends immediately before the particular taxation year.

(15) Subsections (1) to (14) apply to taxation years that begin after 2022.

29 (1) Subsection 146(16) 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) to a FHSA for the benefit of the transferor, if subsection (8.3) would not apply to an amount in respect of the property in the case that the property was instead received by the transferor as a benefit out of or under the registered retirement savings plan, or

(2) Paragraph 146(16)(d) of the Act is replaced by the following:

(d) no deduction may be made under subsection (5), (5.1) or (8.2) or section 8, 60 or 146.6 in respect of the payment or transfer in computing the income of any taxpayer, and

(3) Subsections (1) and (2) come into force on April 1, 2023.

30 (1) Paragraph 146.3(2)(f) of the Act is amended by striking out "or" at the end of subparagraph (viii), by adding "or" at the end of subparagraph (ix) and by adding the following after subparagraph (ix):

(x) a FHSA in accordance with subsection 146.6(7);

(2) Subsection (1) comes into force on April 1, 2023.

31 (1) The Act is amended by adding the following after section 146.5:

Tax-Free First Home Savings Account

Definitions

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

annual FHSA limit of a taxpayer for a taxation year is the least of

(a) the amount determined by the formula

A + B − C

where

A is the total of all contributions made to a FHSA in the year by the taxpayer (other than any contributions made after the taxpayer's first qualifying withdrawal from a FHSA),

B is

(i) if the taxpayer's maximum participation period has not begun in a preceding taxation year, nil, and

(ii) in any other case, the amount by which the amount determined under this paragraph for the preceding taxation year exceeds the annual FHSA limit for that taxation year, and

C is the total of all designated amounts described in paragraph (b) of the definition *designated amount* in subsection 207.01(1) for the year,

(b) the amount determined by the formula

$8,000 + D − (E − F − G)

where

D is the amount of the FHSA carryforward for the taxation year;

E is the total of all amounts transferred in the year or a preceding taxation year under paragraph 146(16)(a.2) to a FHSA under which the taxpayer is the holder, and

F is the total of all amounts, each of which is an amount determined in respect of each preceding taxation year that is

(i) if the taxpayer had not started their maximum participation period in the preceding taxation year, nil, or

(ii) in any other case, the lesser of

(A) the amount determined by the formula

H − I

where

H is the amount determined for E in the preceding taxation year, and

I is the amount determined for F in the preceding taxation year, and

(B) $8,000 plus the amount of the FHSA carryforward for the preceding taxation year, and

G is the total of all designated amounts described in paragraph (a) of the definition *designated amount* in subsection 207.01(1), and

(c) nil, if the taxation year is after the year in which

(i) the taxpayer's maximum participation period has ended, or

(ii) the taxpayer has died. (*plafond annuel au titre du CELIAPP)*

beneficiary under a FHSA means an individual (including an estate) or a qualified donee that has a right to receive a distribution from the FHSA after the death of the holder of the FHSA. (*bénéficiaire*)

first home savings account or ***FHSA*** means an arrangement registered with the Minister that has not ceased to be a FHSA under subsection 146.6(16). (*compte d'épargne libre d'impôt pour l'achat d'une première propriété* ou *CELIAPP*)

FHSA carryforward of a taxpayer for a taxation year is the least of

(a) $8,000,

(b) the amount determined by the formula

A − B

where

A is the amount determined in paragraph (b) of the definition *annual FHSA limit* for the preceding taxation year, and

B is the amount determined in paragraph (a) of the definition *annual FHSA limit* for the preceding taxation year, and

(c) nil, if the taxpayer had not started their maximum participation period prior to the taxation year. (*montant des cotisations reporté*)

holder of an arrangement means

(a) until the death of the individual who entered into the arrangement, the individual; and

(b) after the death of the individual, the individual's survivor, if the survivor is designated under the arrangement to become a successor of the holder and is a qualifying individual. (*titulaire*)

issuer of an arrangement means the person described as the issuer in the definition *qualifying arrangement*. (*émetteur*)

maximum participation period of an individual means the period that

(a) begins when an individual first enters into a qualifying arrangement; and

(b) ends at the end of the year following the year in which the earliest of the following events occur:

(i) the 14th anniversary of the date the individual first enters into a qualifying arrangement,

(ii) the individual attains 70 years of age, and

(iii) the individual first makes a qualifying withdrawal from a FHSA. (*période de participation maximale*)

non-qualified investment has the same meaning as in subsection 207.01(1). (*placement non admissible*)

qualified investment has the same meaning as in subsection 207.01(1). (*placement admissible*)

qualifying arrangement, at a particular time, means an arrangement

(a) that is entered into after March 2023 between a person (in this definition referred to as the "issuer") and a qualifying individual;

(b) that is

(i) an arrangement in trust with an issuer that is a corporation licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as trustee,

(ii) an annuity contract with an issuer that is a licensed annuities provider, or

(iii) a deposit with an issuer that is

(A) a person that is, or is eligible to become, a member of the Canadian Payments Association, or

(B) a credit union that is a shareholder or member of a body corporate referred to as a "central" for the purposes of the *Canadian Payments Act*;

(c) that provides for contributions to be made under the arrangement to the issuer in consideration of, or to be used, invested or otherwise applied for the purpose of, the issuer making distributions under the arrangement to the holder;

(d) under which the issuer and the qualifying individual agree, at the time the arrangement is entered into, that the issuer will file with the Minister an election to register the arrangement as a FHSA, in the prescribed form and manner under the Social Insurance Number of the qualifying individual with whom the arrangement was entered into; and

(e) that, at all times throughout the period that begins at the time the arrangement is entered into and that ends at the particular time, complies with the conditions in subsection (2). (*arrangement admissible*)

qualifying home means

(a) a housing unit located in Canada; or

(b) a share of the capital stock of a cooperative housing corporation, the holder of which is entitled to possession of a housing unit located in Canada, except that, where the context so requires, a reference to a share with a right to possession of a housing unit described means the housing unit to which the share relates. (*habitation admissible*)

qualifying individual, at a particular time, means an individual who

(a) is a resident of Canada;

(b) is at least 18 years of age; and

(c) did not, at any prior time in the calendar year or in the preceding four calendar years, inhabit as a principal place of residence a qualifying home (or what would be a qualifying home if it were located in Canada) that was owned, whether jointly with another person or otherwise, by

(i) the individual, or

(ii) a person who is the spouse or common-law partner of the individual at the particular time. (*particulier déterminé*)

qualifying withdrawal of an individual means an amount received at a particular time by the individual as a benefit out of or under a FHSA if

(a) the amount is received as a result of the individual's written request in prescribed form in which the individual sets out the location of a qualifying home that the individual has begun, or intends not later than one year after its acquisition by the individual to begin, using as a principal place of residence;

(b) the individual

(i) is a resident of Canada throughout the period that begins at the particular time and ends at the earlier of the time of the individual's death and the time at which the individual acquires the qualifying home, and

(ii) does not have an owner-occupied home within the meaning of paragraph 146.01(2)(a.1) in the period

(A) that begins at the beginning of the fourth preceding calendar year that ended before the particular time, and

(B) that ends on the 31st day before the particular time;

(c) the individual entered into an agreement in writing before the particular time for the acquisition or construction of the qualifying home before October 1 of the calendar year following the year in which the amount was received; and

(d) the individual did not acquire the qualifying home more than 30 days before the particular time. (*retrait admissible*)

survivor of a qualifying individual means another individual who is, immediately before the qualifying individual's death, a spouse or common-law partner of the qualifying individual. (*survivant*)

Qualifying arrangement conditions

(2) For the purposes of paragraph (e) of the definition *qualifying arrangement* in subsection (1), the conditions are as follows:

(a) the arrangement requires that it be maintained for the exclusive benefit of the holder (determined without regard to any right of a person to receive a payment out of or under the arrangement only on or after the death of the holder);

(b) the arrangement prohibits, while there is a holder of the arrangement, anyone that is neither the holder nor the issuer of the arrangement from having rights under the arrangement relating to the amount and timing of distributions and the investing of funds;

(c) the arrangement prohibits anyone other than the holder from making contributions under the arrangement;

(d) the arrangement permits distributions to be made to reduce the amount of tax otherwise payable by the holder under section 207.021;

(e) the arrangement provides that, at the direction of the holder, the issuer shall transfer all or any part of the property held in connection with the arrangement (or an amount equal to its value) to another FHSA of the holder or to an RRSP or a RRIF under which the holder is the annuitant;

(f) if the arrangement is an arrangement in trust, it prohibits the trust from borrowing money or other property for the purposes of the arrangement;

(g) the arrangement provides that it ceases to be a FHSA after the end of the holder's maximum participation period;

(h) the arrangement, if it involves an issuer described in subparagraph (b)(iii) of the definition *qualifying arrangement* in subsection (1), includes provisions stipulating that the issuer has no right of offset with respect to the property held under the arrangement in connection with any debt or obligation owing to the issuer; and

(i) the arrangement meets prescribed conditions.

Trust not taxable

(3) No tax is payable under this Part by a trust that is governed by a FHSA on its taxable income for a taxation year, except that, if at any time in the taxation year, it carries on one or more businesses or holds one or more properties that are non-qualified investments for the trust, tax is payable under this Part by the trust on the amount that would be its taxable income for the taxation year if it had no incomes or losses from sources other than those businesses and properties, and no capital gains or capital losses other than from dispositions of those properties, and for that purpose,

(a) income includes dividends described in section 83;

(b) the trust's taxable capital gain or allowable capital loss from the disposition of a property is equal to its capital gain or capital loss, as the case may be, from the disposition; and

(c) the trust's income shall be computed without reference to subsection 104(6).

Carrying on a business

(4) If tax is payable under this Part for a taxation year by application of subsection (3) by a trust that is governed by a FHSA that carries on one or more businesses at any time in the taxation year,

(a) the holder of the FHSA is jointly and severally, or solidarily, liable with the trust to pay each amount payable under this Act by the trust that is attributable to that business or those businesses; and

(b) the issuer's liability at any time for amounts payable under this Act in respect of that business or those businesses may not exceed the total of

(i) the amount of property of the trust that the issuer is in possession or control of at that time in its capacity as legal representative of the trust, and

(ii) the total amount of all distributions of property from the trust on or after the date that the notice of assessment was sent in respect of the taxation year and before that time.

FHSA deduction

(5) There may be deducted in computing a taxpayer's income for a taxation year an amount not exceeding the lesser of

(a) the amount determined by the formula

A − B

where

A is the total of all amounts each of which is the taxpayer's annual FHSA limit for the year and each preceding taxation year, and

B is the total of all amounts each of which is an amount deducted under this subsection in computing the individual's income for preceding taxation years, and

(b) the amount by which $40,000 exceeds the total of

(i) the amount determined for B in paragraph (a), and

(ii) all amounts transferred in the year or a preceding taxation year under paragraph 146(16)(a.2) to a FHSA under which the taxpayer is the holder.

Withdrawals included in income

(6) There shall be included in computing the income of a taxpayer for a taxation year the total of all amounts received by the taxpayer in the year out of or under a FHSA of which the taxpayer is the holder, other than an amount that is

(a) a qualifying withdrawal;

(b) a *designated amount* as defined in subsection 207.01(1); or

(c) otherwise included in computing the income of the taxpayer.

Transfer of amounts

(7) Subsection (8) applies to an amount transferred at a particular time from a FHSA (in this subsection referred to as the "transferor FHSA") if the following conditions are met:

(a) the amount is transferred on behalf of an individual who is

(i) the holder of the transferor FHSA,

(ii) a spouse or common-law partner or former spouse or common-law partner of the holder of the transferor FHSA and who is entitled to the amount under a decree, order or judgment of a competent tribunal, or under a written agreement, relating to a division of property between the holder and the individual, in settlement of rights arising out of, or on a breakdown of, their marriage or common-law partnership, or

(iii) entitled to the amount as a consequence of the death of the holder of the transferor FHSA and was a spouse or common-law partner of the holder immediately before the death;

(b) the amount is transferred directly to

(i) another FHSA of the individual, or

(ii) an RRSP or a RRIF under which the individual is the annuitant; and

(c) if the transfer is not made to another FHSA of the holder of the transferor FHSA, the amount does not exceed the amount determined by the formula

A − B

where

A is the amount that is the total fair market value, immediately before the particular time, of all property held by a FHSA under which the holder of the transferor FHSA is a holder, and

B is the *excess FHSA amount* (as defined in subsection 207.01(1)) of the holder of the transferor FHSA at the particular time.

Tax-free transfer

(8) If this subsection applies to an amount transferred from a FHSA,

(a) the amount shall not, by reason only of the transfer, be included in computing the income of any taxpayer; and

(b) no deduction may be made under this Part in respect of the amount in computing the income of any taxpayer.

Taxable transfer

(9) If an amount is transferred from a FHSA to a plan or fund (in this subsection referred to as the "transferee plan") that is a FHSA, RRSP or RRIF and subsection (8) does not apply to the amount transferred,

(a) the amount is deemed to have been received from the FHSA by the holder of the FHSA;

(b) the holder or annuitant of the transferee plan is deemed to have paid the amount as a contribution or premium to the transferee plan; and

(c) in the case that the transferee plan is a RRIF, for the purposes of subsection 146(5) and Part X.1, the annuitant of the transferee plan is deemed to have paid the amount at the time of the transfer as a premium under a RRSP under which the annuitant is the *annuitant* (as defined in subsection 146(1)).

Apportionment of transferred amount

(10) If an amount is transferred from a FHSA to another FHSA, or to a RRSP or RRIF, and a portion but not all of the amount is transferred in accordance with subsection (7),

(a) subsection (8) applies to the portion of the amount transferred in accordance with subsection (7), and

(b) subsection (9) applies with respect to the remainder of the amount.

Security for loan

(11) If at any time in a taxation year a trust governed by a FHSA uses or permits to be used any property of the trust as security for a loan, the fair market value of the property at the time it commenced to be so used shall be included in computing the income for the year of the holder of the FHSA at that time.

Recovery of property used as security

(12) If in a taxation year a property described in subsection (11) ceases to be used as security for a loan, there may be deducted, in computing the income of the holder of the relevant FHSA for the taxation year, an amount equal to the amount determined by the formula

$$A - B$$

where

A is the amount included by application of subsection (11) in computing the income of the holder as a consequence of the property being used as security for a loan; and

B is the net loss (exclusive of payments by the trust as or on account of interest) sustained by the trust in consequence of its using the property, or permitting it to be used, as security for the loan and not as a result of a change in the fair market value of the property.

Successor holder

(13) If the holder of a FHSA dies and the holder's survivor is designated as the successor holder of the FHSA, the survivor is, immediately after the time of death, deemed to have entered into a new qualifying arrangement in respect of the FHSA unless

(a) the survivor is a qualifying individual and the balance of the FHSA is transferred to a RRSP or a RRIF of the survivor, or distributed to the survivor in accordance with subsection (14), by the end of the year following the year of death; or

(b) the survivor is not a qualifying individual, in which case the balance of the FHSA is to be transferred to a RRSP or a RRIF of the survivor, or distributed to the survivor in accordance with subsection (14), by the end of the year following the year of death.

Distribution on death

(14) If, as a consequence of the death of the holder of a FHSA, an amount is distributed in a taxation year from the FHSA to, or on behalf of, a beneficiary, the amount shall be included in computing the beneficiary's income for the year.

Deemed transfer or distribution

(15) If an amount is distributed at any time from the FHSA of a deceased holder to the holder's legal representative and a survivor of the holder is entitled to all or a portion of the amount in full or partial satisfaction of the survivor's rights as a person beneficially interested under the deceased's estate, the following rules apply:

(a) if a payment is made from the estate to a FHSA, RRSP or RRIF of the survivor, the payment is deemed to be a transfer from the FHSA to the extent that

(i) it is so designated jointly by the legal representative and the survivor in prescribed form filed with the Minister, and

(ii) it meets the conditions to be a transferred amount under subsections (7) to (10);

(b) if a payment is made from the estate to the survivor, the payment is deemed for the purposes of subsection (14) to be a distribution to the survivor as a beneficiary to the extent that it is so designated jointly by the legal representative and the survivor in prescribed form filed with the Minister; and

(c) for the purposes of subsection (14), the amount distributed to the legal representative from the FHSA is deemed to be reduced by the amounts designated in paragraphs (a) and (b).

Arrangement ceasing to be a FHSA

(16) An arrangement that was filed with the Minister as a FHSA ceases to be a FHSA at

(a) subject to paragraph (b), the earliest of the following times:

(i) the end of the maximum participation period of the last holder,

(ii) the end of the year following the year of the death of the last holder,

(iii) the time at which the arrangement ceases to be a qualifying arrangement, or

(iv) the time at which the arrangement is not administered in accordance with the conditions in subsection (2); or

(b) a later time specified by the Minister in writing.

Rules applicable on FHSA cessation

(17) If an arrangement ceases at a particular time to be a FHSA,

(a) subsection (3) does not apply to exempt the trust governed by the arrangement from tax under this Part on the taxable income of the trust earned after the particular time;

(b) if the taxpayer who was the holder under the arrangement is not deceased at the particular time, an amount equal to the fair market value of all property of the arrangement immediately before the particular time is to be included in the taxpayer's income for the taxation year that includes the particular time; and

(c) if the last holder is deceased at the particular time, each beneficiary of the FHSA shall include in their income, for the taxation year that includes the particular time, the proportion of the fair market value of all property of the arrangement immediately before the particular time that the beneficiary is entitled to.

Regulations

(18) The Governor in Council may make regulations requiring issuers of FHSAs to file information returns in respect of FHSAs.

(2) Subsection (1) comes into force on April 1, 2023.

32 (1) Subsection 148(1) of the Act is amended by adding the following after paragraph (b.3):

(b.4) a FHSA,

(2) Subsection (1) comes into force on April 1, 2023.

33 (1) Subsection 149(1) of the Act is amended by adding the following after paragraph (u.3):

FHSA trust

(u.4) a trust governed by a FHSA to the extent provided by section 146.6;

(2) Subsection (1) comes into force on April 1, 2023.

34 (1) The definition *disbursement quota* in subsection 149.1(1) of the Act is replaced by the following:

disbursement quota, for a taxation year of a registered charity, means the amount determined by the formula

$$A \div 365 \times B$$

where

A is the number of days in the taxation year, and

B is

(a) 3.5% of the prescribed amount for the year, in respect of all or a portion of a property owned by the charity at any time in the 24 months immediately preceding the taxation year that was not used directly in charitable activities or administration, if the prescribed amount is equal to or less than $1 million but greater than

(i) if the registered charity is a charitable organization, $100,000, and

(ii) in any other case, $25,000,

(b) if the prescribed amount for the year in respect of all or a portion of a property owned by the charity at any time in the 24 months immediately preceding the taxation year that was not used directly in charitable activities or administration is greater than $1 million, $35,000 plus 5% of the amount by which the prescribed amount exceeds $1 million, and

(c) in any other case, nil; (*contingent des versements*)

(2) Subsection 149.1(1.1) of the Act is amended by striking out "and" at the end of paragraph (a), by adding "and" at the end of paragraph (c) and by adding the following after paragraph (c):

(d) expenditures on administration and management of the charity.

(3) Paragraph 149.1(4.1)(d) of the English version of the Act is replaced by the following:

(d) of a registered charity, if it has in a taxation year received a gift of property (other than a designated gift) from another registered charity with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those taxation years, an amount that is less than the fair market value of the property, on charitable activities carried on by it or by way of gifts that are qualifying disbursements to qualified donees or grantee organizations, with which it deals at arm's length;

(4) Subsection 149.1(5) of the Act is replaced by the following:

Reduction

(5) The Minister may, on application made to the Minister in prescribed form by a registered charity, specify an amount in respect of the charity for a taxation year and the registered charity's disbursement quota shall be deemed to be reduced by that amount.

(5) Subsection 149.1(8) of the Act is repealed.

(6) Subsections (1), (2) and (4) apply to taxation years beginning on or after January 1, 2023.

(7) Subsection (3) is deemed to have come into force on June 23, 2022.

(8) Subsection (5) applies in respect of applications made on or after January 1, 2023.

35 (1) The portion of subsection 150(1.1) of the Act before paragraph (a) is replaced by the following:

Exception

(1.1) Subject to subsection (1.2), subsection (1) does not apply to a taxation year of a taxpayer if

(2) Section 150 of the Act is amended by adding the following after subsection (1.1):

Exception — trusts

(1.2) Subsection (1.1) does not apply to a taxation year of a trust if the trust is resident in Canada and is an express trust, or for civil law purposes a trust other than a trust that is established by law or by

judgement, unless the trust

(a) had been in existence for less than three months at the end of the year;

(b) holds assets with a total fair market value that does not exceed $50,000 throughout the year, if the only assets held by the trust throughout the year are one or more of

(i) money,

(ii) a debt obligation described in paragraph (a) of the definition *fully exempt interest* in subsection 212(3),

(iii) a share, debt obligation or right listed on a designated stock exchange,

(iv) a share of the capital stock of a mutual fund corporation,

(v) a unit of a mutual fund trust,

(vi) an interest in a related segregated fund trust (within the meaning assigned by paragraph 138.1(1)(a)), and

(vii) an interest as a beneficiary under a trust, all the units of which are listed on a designated stock exchange;

(c) is required under the relevant rules of professional conduct or the laws of Canada or a province to hold funds for the purposes of the activity that is regulated under those rules or laws, provided the trust is not maintained as a separate trust for a particular client or clients;

(d) is a registered charity;

(e) is a club, society or association described in paragraph 149(1)(l);

(f) is a mutual fund trust;

(g) is, for greater certainty, a related segregated fund trust, within the meaning assigned by paragraph 138.1(1)(a);

(h) is a trust, all the units of which are listed on a designated stock exchange;

(i) is prescribed to be a master trust;

(j) is, for greater certainty, a graduated rate estate;

(k) is a *qualified disability trust*, as defined in subsection 122(3);

(l) is an employee life and health trust;

(m) is a trust described under paragraph 81(1)(g.3);

(n) is a trust under or governed by

(i) a deferred profit sharing plan,

(ii) a pooled registered pension plan,

(iii) a registered disability savings plan,

(iv) a registered education savings plan,

(v) a registered pension plan,

(vi) a registered retirement income fund,

(vii) a registered retirement savings plan,

(viii) a tax-free savings account,

(ix) an employee profit sharing plan,

(x) a registered supplementary unemployment benefit plan, or

(xi) a first home savings account; or

(o) is a cemetery care trust or a trust governed by an eligible funeral arrangement.

Bare trusts and arrangements — inclusion

(1.3) For the purposes of this section, a trust includes an arrangement under which a trust can reasonably be considered to act as agent for all the beneficiaries under the trust with respect to all dealings with all of the trust's property.

Solicitor-client privilege

(1.4) For greater certainty, subsections (1.1) to (1.3) do not require the disclosure of information that is subject to solicitor-client privilege.

(3) Subsections (1) and (2) apply to taxation years that end after December 30, 2023.

36 (1) Subsection 152(1.11) of the Act is replaced by the following:

Determination under subsection 245(2)

(1.11) If at any time the Minister ascertains the tax consequences to a taxpayer because of subsection 245(2) with respect to a transaction, the Minister

(a) shall, in the case of a determination under subsection 245(8), determine any amount that is, or could at a subsequent time be, relevant for the purposes of computing the income, taxable income or taxable income earned in Canada of, tax or other amount payable by, or amount refundable to, the taxpayer under this Act;

(b) may, in any case not described in paragraph (a), determine any amount referred to in paragraph (a); and

(c) shall, if a determination is made under this subsection, send to the taxpayer, with all due dispatch, a notice of determination stating the amount so determined.

(2) Paragraph 152(4)(b) of the Act is amended by adding the following after subparagraph (v):

(v.1) is made in respect of an amount deducted under subsection 127(5) in respect of a *flow-through critical mineral mining expenditure* as defined in subsection 127(9),

(3) Subsection (1) applies in respect of determinations made on or after April 7, 2022. For greater certainty, determinations made under subsection 152(1.11) of the Act prior to April 7, 2022 continue to be binding, to the extent provided under subsection 152(1.3) of the Act.

(4) Subsection (2) is deemed to have come into force on April 7, 2022.

37 (1) Subsection 153(1) of the Act is amended by striking out "or" at the end of paragraph (t), by adding "or" at the end of paragraph (u) and by adding the following after paragraph (u):

(v) a payment out of or under

(i) a FHSA, if the amount is required by section 146.6 to be included in computing a taxpayer's income, or

(ii) an arrangement that ceased to be a FHSA by application of subsection 146.6(16)

(2) Subsection (1) comes into force on April 1, 2023.

38 (1) Section 160 of the Act is amended by adding the following before subsection (1):

Interpretation

(0.1) In this section and section 160.01, a transaction includes an arrangement or event.

(2) Paragraph 160(1)(d) of the French version of the Act is replaced by the following:

d) le bénéficiaire du transfert et l'auteur du transfert sont solidairement responsables du paiement d'une partie de l'impôt de l'auteur du transfert en vertu de la présente partie pour chaque année d'imposition égale à l'excédent de l'impôt pour l'année sur ce que cet impôt aurait été sans l'application des articles 74.1 à 75.1 de la présente loi et de l'article 74 de la *Loi de l'impôt sur le revenu*, chapitre 148 des Statuts revisés du Canada de 1952, à l'égard de tout revenu tiré des biens ainsi transférés ou des biens y substitués ou à l'égard de tout gain tiré de la disposition de tels biens;

(3) The portion of paragraph 160(1)(e) of the French version of the Act before subparagraph (i) is replaced by the following:

e) le bénéficiaire du transfert et l'auteur du transfert sont solidairement responsables du paiement en vertu de la présente loi d'un montant égal au moins élevé des montants suivants :

(4) Section 160 of the Act is amended by adding the following after subsection (4):

Anti-avoidance rules

(5) For the purposes of subsections (1) to (4), if a person (referred to in this section as the "transferor") has transferred property either directly or indirectly, by means of a trust or by any other means whatever to another person (referred to in this section as the "transferee") in a transaction or as part of a series of transactions

(a) the transferor is deemed to not be dealing at arm's length with the transferee at all times in the transaction or series of transactions if

(i) at any time during the period beginning immediately prior to the transaction or series of transactions and ending immediately after the transaction or series of transactions, the transferor and transferee do not deal at arm's length, and

(ii) it is reasonable to conclude that one of the purposes of undertaking or arranging the transaction or series of transactions is to avoid joint and several, or solidary, liability of the transferee and transferor for an amount payable under this Act;

(b) an amount that the transferor is liable to pay under this Act (including, for greater certainty, an amount that the transferor is liable to pay under this section, regardless of whether the Minister has made an assessment under subsection (2) for that amount) is deemed to have become payable in the taxation year in which the property was transferred if it is reasonable to conclude that one of the purposes for the transfer of property is to avoid the payment of a future amount payable under this Act by the transferor or transferee; and

(c) the amount determined under subparagraph (1)(e)(i) is deemed to be the greater of

(i) the amount otherwise determined under that subparagraph without reference to this paragraph, and

(ii) the amount determined by the formula

A − B

where

A is the fair market value of the property at the time of the transfer, and

B is

(A) the lowest fair market value of the consideration (that is held by the transferor) given for the property at any time during the period beginning immediately prior to the transaction or series of transactions and ending immediately after the transaction or series of transactions, or

(B) if the consideration is in a form that is cancelled or extinguished during the period referred to in clause (A),

(I) the amount that is the lowest of the amount determined in clause (A) and the fair market value during the period of any property, other than property that is cancelled or extinguished during the period, that is substituted for the consideration referred to in clause (A), or

(II) if there is no property that is substituted for the consideration referred to in clause (A), other than property cancelled or extinguished during the period, nil.

(5) Subsections (1) to (4) are deemed to have come into force on April 19, 2021.

39 (1) The Act is amended by adding the following after section 160:

Definitions

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

gross entitlements of a person at any time, in respect of a planning activity of the person, means all amounts to which the person, or another person not dealing at arm's length with the person, is entitled, either before or after that time and either absolutely or contingently, to receive or obtain in respect of the activity. (*droits à paiement*)

person includes a partnership. (*personne*)

planning activity has the same meaning as in subsection 163.2(1). (*activité de planification*)

section 160 avoidance planning by a person, means planning activity in respect of a transaction or series of transactions that

(a) is, or is part of, a section 160 avoidance transaction; and

(b) one of the purposes of the transaction or series of transactions is to

(i) reduce a transferee's joint and several, or solidary, liability for tax owing under this Act by the transferor (or that would be owing by the transferor if not for a tax attribute transaction), or

(ii) reduce the person's or another person's ability to pay any amount owing, or that may become owing, under this Act. (*planification d'évitement en vertu de l'article 160*)

section 160 avoidance transaction means a transaction or series of transactions in respect of which

(a) the conditions set out in paragraph 160(5)(a) or (b) are met; or

(b) if subsection 160(5) applied to the transaction or series of transactions, the amount determined under subparagraph 160(5)(c)(ii) would exceed the amount determined under subparagraph 160(5)(c)(i). (*opération d'évitement en vertu de l'article 160*)

tax attribute means a balance, pool or other amount determined under this Act that is or may be relevant in computing income or in determining a taxpayer's liability for tax under this Act in any taxation year and includes

(a) a capital loss, non-capital loss, restricted farm loss, farm loss and limited partnership loss;

(b) an amount that is deductible in computing a person's income;

(c) any balance of undeducted outlays, expenses or other amounts;

(d) paid-up capital in respect of a share of any class of the capital stock of a corporation;

(e) cost or capital cost of a property;

(f) an amount deductible from an amount otherwise payable under this Act; and

(g) an amount that is deemed to have been remitted as an amount payable under this Act. (*attribut fiscal*)

tax attribute transaction means a transaction or series of transactions in which a tax attribute – of a person that dealt at arm's length with a transferor or transferee immediately before the transaction or series of transactions – is used, directly or indirectly, to provide a tax benefit for the transferor or transferee (or, if either the transferor or transferee is amalgamated with another corporation, the new corporation within the meaning assigned by subsection 87(1)). (*opération d'attribut fiscal*)

tax benefit has the same meaning as in subsection 163.2(1). (*avantage fiscal*)

transferee has the meaning assigned by subsections 160(1) and (5). (*bénéficiaire du transfert*)

transferor has the meaning assigned by subsections 160(1) and (5). (*auteur du transfert*)

Penalty

(2) Every person that engages in, participates in, assents to or acquiesces in planning activity that they know is section 160 avoidance planning, or would reasonably be expected to know is section 160 avoidance planning, but for circumstances amounting to gross negligence is liable to a penalty that is the lesser of

(a) 50% of the amount payable under this Act (determined without reference to this subsection), the joint and several, or solidary, liability for which was sought to be avoided through the planning, and

(b) the total of $100,000 and the person's gross entitlements at the time at which the notice of assessment of the penalty is sent to the person in respect of the planning.

Clerical or secretarial services

(3) Subsection (2) does not apply to a person solely because the person provided clerical services or secretarial services with respect to the planning.

(2) Subsection (1) is deemed to apply in respect of a transaction or a series of transactions that occurs, all or in part, after April 18, 2021.

40 (1) Section 160.2 of the Act is amended by adding the following after subsection (2.2):

Joint and several liability — FHSA

(2.3) If an amount required to be included in the income of a holder of a FHSA because of section 146.6 is received by a taxpayer other than the holder, that taxpayer is jointly and severally, or solidarily, liable with the holder to pay a part of the holder's tax under this Part for the taxation year in which the amount is received equal to the amount by which the holder's tax for the year exceeds the amount that would be the holder's tax for the year if the amount had not been received, but nothing in this subsection limits the liability of the holder under any other provision of this Act or of the taxpayer for the interest that the taxpayer is liable to pay under this Act on an assessment in respect of the amount that the taxpayer is liable to pay because of this subsection.

(2) Subsection 160.2(4) of the Act is replaced by the following:

Rules applicable

(4) If a taxpayer and an annuitant or holder have, by virtue of subsection (1), (2) or (2.3), become jointly and severally, or solidarily, liable in respect of part or all of a liability of the annuitant or holder under this Act, the following rules apply:

(a) a payment by the taxpayer on account of the taxpayer's liability shall to the extent thereof discharge their liability; but

(b) a payment by the annuitant or holder on account of the liability of the annuitant or holder discharges the taxpayer's liability only to the extent that the payment operates to reduce the liability of the annuitant or holder to an amount less than the amount in respect of which the taxpayer was, by subsection (1), (2) or (2.3), as the case may be, made jointly and severally, or solidarily, liable.

(3) Subsections (1) and (2) come into force on April 1, 2023.

41 (1) Paragraphs 161(1)(a) to (b) of the Act are replaced by the following :

(a) the total of the taxpayer's taxes payable under this Part and Parts I.3, VI, VI.1 and VI.2 (determined in accordance with subsection 191.5(9)) for the year

exceeds

(b) the total of all amounts each of which is an amount paid at or before that time on account of the taxpayer's tax payable and applied as at that time by the Minister against the taxpayer's liability for an amount payable under this Part or Part I.3, VI, VI.1 or VI.2 for the year,

(2) Subsection (1) applies to the 2022 and subsequent taxation years.

False statement or omission — trust return

42 (1) Section 163 of the Act is amended by adding the following after subsection (4):

False statement or omission

(5) A person or partnership is liable to a penalty if the person or partnership

(a) knowingly or under circumstances amounting to gross negligence

(i) makes — or participates in, assents to or acquiesces in, the making of — a false statement or omission in a return of income of a trust that is not subject to one of the exceptions listed in paragraphs 150(1.2)(a) to (o) for a taxation year, or

(ii) fails to file a return described in subparagraph (i); or

(b) fails to comply with a demand under subsection 150(2) or 231.2(1) to file a return described in subparagraph (a)(i).

False statement or omission — trust return

(6) The amount of the penalty to which the person or partnership is liable under subsection (5) is equal to the greater of

(a) $2,500, and

(b) 5% of the highest amount at any time in the year that is equal to the total fair market value of all the property held by the trust referred to in subsection (5) at that time.

(2) Subsection (1) applies to taxation years that end after December 30, 2023.

43 (1) Subsection 181(2) of the Act is replaced by the following:

Prescribed expressions

(2) For the purposes of this Part, the expressions ***attributed surplus***, ***Canadian assets***, ***Canadian premiums***, ***Canadian reserve liabilities***, ***contractual service margin***, ***group of insurance contracts***, ***group of reinsurance contracts***, ***permanent establishment***, ***policyholders' liabilities***, ***reinsurance contract held amount***, ***total assets***, ***total premiums*** and ***total reserve liabilities*** have such meanings as may be prescribed.

(2) Subsection (1) applies to taxation years that begin after 2022.

44 (1) Paragraphs 181.3(3)(b) and (c) of the Act are replaced by the following:

(b) in the case of an insurance corporation that was resident in Canada at any time in the year and carried on a life insurance business at any time in the year, the amount determined by the formula

$$A + B + (0.9 \times C) - (0.9 \times D) - E$$

where

A is the amount of the corporation's long-term debt at the end of the year,

B is the total amount, at the end of the year, of the corporation's

(i) capital stock (or, in the case of an insurance corporation incorporated without share capital, the amount of its members' contributions),

(ii) retained earnings,

(iii) accumulated other comprehensive income,

(iv) policyholders' liabilities,

(v) contributed surplus, and

(vi) any other surpluses,

C is the total of all amounts each of which is the contractual service margin for a group of insurance contracts of the corporation at the end of the year other than a group of segregated fund policies,

D is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the corporation at the end of the year, that is

(i) if no portion of the contractual service margin for the group is in respect of a risk under a segregated fund policy, the contractual service margin for the group, and

(ii) in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined excluding any portion of the contractual service margin that is in respect of the reinsurance of risks under segregated fund policies, and

E is the amount of any deficit deducted in computing the shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year;

(c) in the case of an insurance corporation that was resident in Canada at any time in the year and throughout the year did not carry on a life insurance business, the amount determined by the formula

$$A + B + (0.9 \times C) - (0.9 \times D) + E - F - G$$

where

A is the amount of the corporation's long-term debt at the end of the year,

B is the total amount, at the end of the year, of the corporation's

(i) capital stock (or, in the case of an insurance corporation incorporated without share capital, the amount of its members' contributions),

(ii) retained earnings,

(iii) accumulated other comprehensive income,

(iv) policyholders' liabilities,

(v) contributed surplus, and

(vi) any other surpluses,

C is total of all amounts each of which is the contractual service margin for a group of insurance contracts of the corporation at the end of the year that is in respect of

(i) *non-cancellable or guaranteed renewable accident and sickness policies* in respect of *accident and sickness insurance* (as defined in subsection 1408(1) of the *Income Tax Regulations*),

(ii) *mortgage insurance* (as defined in subsection 1408(1) of the *Income Tax Regulations*), or

(iii) *title insurance* (as defined in subsection 1408(1) of the *Income Tax Regulations*),

D is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the corporation at the end of the year, that is

(i) the contractual service margin for the group, if no portion of the contractual service margin is in respect of a risk under an insurance policy other than an insurance policy that is in respect of

(A) *non-cancellable or guaranteed renewable accident and sickness policies* in respect of *accident and sickness insurance* (as defined in subsection 1408(1) of the *Income Tax Regulations*),

(B) *mortgage insurance* (as defined in subsection 1408(1) of the *Income Tax Regulations*), or

(C) *title insurance* (as defined in subsection 1408(1) of the *Income Tax Regulations*), and

(ii) in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined excluding any portion that is in respect of the reinsurance of risks under policies other than those described in any of clauses (i)(A) to (C),

E is the amount of the corporation's reserves for the year, except to the extent that they

(i) were deducted in computing its income under Part I for the year, or

(ii) are reserves in respect of the contractual service margin for a group of insurance contracts of the corporation at the end of the year,

F is the total of all amounts each of which is the reinsurance contract held amount for a group of reinsurance contracts held by the corporation at the end of the year, to the extent the amount can be reasonably regarded as being included in the amount determined under the description of E, and

G is the amount of any deficit deducted in computing the shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year;

(2) Subparagraph 181.3(3)(d)(iv) of the Act is amended by adding "and" at the end of clause (C) and by replacing clauses (D) to (F) with the following:

(F) the total of all amounts each of which is the reinsurance contract held amount for a group of reinsurance contracts held by the corporation at the end of the year, to the extent the amount can be reasonably regarded as being included in the amount determined under clause (A); and

(3) Subsections (1) and (2) apply to taxation years that begin after 2022.

45 (1) Subsection 190(1) of the Act is amended by adding the following in alphabetical order:

contractual service margin for a group of insurance contracts of an insurer, or a group of reinsurance contracts held by the insurer, at the end of a taxation year, has the same meaning as in subsection 138(12); (*marge sur services contractuels*)

group of insurance contracts of an insurer has the same meaning as in subsection 138(12); (*groupe de contrats d'assurance*)

group of reinsurance contracts held by an insurer has the same meaning as in subsection 138(12); (*groupe de contrats de réassurance*)

group of segregated fund policies of an insurer has the same meaning as in subsection 138(12); (*groupe de polices à fonds réservé*)

policyholders' liabilities of an insurer at the end of a taxation year has the same meaning as in subsection 138(12); (*obligation envers les titulaires de polices*)

(2) Subsection (1) applies to taxation years that begin after 2022.

46 (1) Paragraph 190.1(3)(a) of the Act is replaced by the following :

(a) the corporation's tax payable under Parts I and VI.2 (determined in accordance with subsection 191.5(9)) for the year; and

(2) Subsection (1) applies to the 2022 and subsequent taxation years.

47 (1) Paragraph 190.13(b) of the Act is replaced by the following:

(b) in the case of a life insurance corporation that was resident in Canada at any time in the year, the amount determined by the formula

$$A + B + (0.9 \times C) - (0.9 \times D) - E$$

where

A is the amount of the corporation's long-term debt at the end of the year,

B is the total amount, at the end of the year, of the corporation's

(i) capital stock (or, in the case of an insurance corporation incorporated without share capital, the amount of its members' contributions),

(ii) retained earnings,

(iii) accumulated other comprehensive income,

(iv) policyholders' liabilities,

(v) contributed surplus, and

(vi) any other surpluses,

C is the total of all amounts each of which is the contractual service margin for a group of insurance contracts of the corporation at the end of the year other than a group of segregated fund policies,

D is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the corporation at the end of the year, that is

(i) if no portion of the contractual service margin for the group is in respect of a risk under a segregated fund policy, the contractual service margin for the group, and

(ii) in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined excluding any portion that is in respect of the reinsurance of risk under a segregated fund policy, and

E is the amount of any deficit deducted in computing the shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year;

(2) Subsection (1) applies to taxation years that begin after 2022.

48 (1) The Act is amended by adding the following after Part VI.1:

PART VI.2

Canada Recovery Dividend

Definition

191.5 (1) The following definition applies in this Part.

bank or life insurer group member means a corporation that is

(a) a bank;

(b) a life insurance corporation that carries on business in Canada; or

(c) a *financial institution* (as defined in subsection 190(1)) that is related to any corporation described in paragraph (a) or (b). (*membre d'un groupe de banques ou d'assureurs-vie*)

Tax payable

(2) Every corporation that is a bank or life insurer group member at any time during a 2021 taxation year shall pay a tax under this Part for its 2022 taxation year equal to the amount determined by the formula

$$0.15\ [(A \div 2) - B]$$

where

A is the corporation's total taxable income (or taxable income earned in Canada if the corporation is non-resident) for

(a) 2020 taxation years of the corporation, determined under Part I, without regard to paragraphs 111(1)(a) and (b), and

(b) 2021 taxation years of the corporation, determined under Part I, without regard to paragraphs 111(1)(a) and (b); and

B is

(a) if the corporation is not related to another bank or life insurer group member at the end of each 2021 taxation year of the corporation, $1 billion, and

(b) in any other case, the amount determined under subsection (7).

Multiple 2022 taxation years

(3) If a corporation has more than one 2022 taxation year, the latest 2022 taxation year is the 2022 taxation year for the purposes of subsection (2).

Multiple 2020 and 2021 taxation years

(4) For the purposes of subsection (2),

(a) if a corporation has more than one 2020 taxation year and the aggregate number of days in all its 2020 taxation years is greater than 365 days, the amount determined for the corporation under paragraph (a) of the description of A in subsection (2) shall be reduced to that proportion of that amount that 365 is of the aggregate number of days in all 2020 taxation years; and

(b) if a corporation has more than one 2021 taxation year and the aggregate number of days in all its 2021 taxation years is greater than 365 days, the amount determined for the corporation under paragraph (b) of the description of A in subsection (2) shall be reduced to that proportion of that amount that 365 is of the aggregate number of days in all 2021 taxation years.

Related group

(5) A corporation that is described in paragraph (a) or (b) of the definition *bank or life insurer group member* in subsection (1) at any time during a 2021 taxation year and that was related to any other bank or life insurer group member at the end of the year (in this section, the corporation and each such bank or life insurer group member are referred to together as a "related group") may file with the Minister an agreement in prescribed form, with the prescribed form referred to in subsection (8), on behalf of the related group under which an amount that does not exceed $1 billion is allocated among the members of the related group for the taxation year.

Allocation by Minister

(6) The Minister may request a corporation that is member of a related group at any time during the 2021 taxation year to file with the Minister an agreement referred to in subsection (5) and, if the corporation does not file the agreement within 30 days after receiving the request, the Minister may allocate the amount referred to in subsection (5) among the members of the related group for the taxation year.

Allocation

(7) For the purposes of this Part, the least amount allocated for the taxation year to each bank or life insurer group member under an agreement described in subsection (5) or by the Minister under subsection (6) is the amount determined for B in subsection (2) for the taxation year of that member, but, if no such allocation is made, the amount determined for B in subsection (2) of each bank and life insurer group member for the year is nil.

Return

(8) A corporation that is a bank or life insurer group member shall file with the Minister, no later than the day on or before which the corporation is required by section 150 to file its return of income for the 2022 taxation year under Part I, a prescribed form containing prescribed information.

Instalments

(9) A corporation liable to pay tax for the 2022 taxation year under this Part shall pay 1/5 of the tax to the Receiver General on or before its balance-due day for the 2022 and each of the four subsequent taxation years.

Administrative provisions — Part VI.2

191.6 Sections 152, 158 and 159, subsection 161(11), sections 162 to 167 and Division J of Part I apply to this Part with such modifications as the circumstances require.

(2) Subsection (1) applies to the 2022 and subsequent taxation years.

49 (1) Subsection 204.6(1) of the Act is replaced by the following:

Tax payable

204.6 (1) If at the end of any month a taxpayer that is a registered investment described in paragraph 204.4(2)(b), (d) or (f) holds property that is not a prescribed investment for that taxpayer, it shall, in respect of that month, pay a tax under this Part equal to the total of all amounts each of which is an amount determined in respect of such a property by the formula

$$0.01(A \times B \div C)$$

where

A is the fair market value of the property at the time of its acquisition by the taxpayer;

B is the total number of units or shares of the capital stock of the registered investment held at the end of the month by one or more

(a) trusts that are governed by any of a RDSP, RESP, RRIF, RRSP, TFSA or deferred profit sharing plan, or

(b) registered investments described in paragraph 204.4(2)(b), (d) or (f); and

C is the total number of issued units or issued and outstanding shares of the capital stock of the registered investment at the end of the month.

(2) Paragraph (a) of the description of B in subsection 204.6(1) of the Act is replaced by the following:

(a) trusts that are governed by any of a FHSA, RDSP, RESP, RRIF, RRSP, TFSA or deferred profit sharing plan, or

(3) Subsection (1) applies in respect of months after December 2020. It also applies in respect of months before 2021 if, on or before April 19, 2021,

(a) no notice of assessment in respect of an amount payable under subsection 204.6(1) of the Act for the month had been sent to the taxpayer in respect of the month; or

(b) if such a notice of assessment had been sent to the taxpayer in respect of the month on or before that date, the taxpayer had rights of objection or appeal in respect of the assessment on that date.

(4) Subsection (2) applies in respect of months after March 2023.

50 (1) The portion of subsection 207.01(1) of the Act before the first definition is replaced by the following:

Definitions

207.01 (1) The following definitions and the definitions in subsections 146(1) (other than the definition *benefit*), 146.1(1), 146.2(1), 146.3(1), 146.4(1) and 146.6(1) apply in this Part and Part XLIX of the *Income Tax Regulations*.

(2) The definition *registered plan* in subsection 207.01(1) of the Act is replaced by the following:

registered plan means a FHSA, RDSP, RESP, RRIF, RRSP or TFSA. (*régime enregistré*)

(3) The definition *controlling individual* in subsection 207.01(1) of the Act is amended by striking out "or" at the end of paragraph (c), by adding "or" at the end of paragraph (d) and by adding the following after paragraph (d):

(e) the holder of a FHSA. (*particulier contrôlant*)

(4) The portion of the definition *qualified investment* in subsection 207.01(1) of the Act before paragraph (b) is replaced by the following:

qualified investment for a trust governed by a FHSA or TFSA means

(a) an investment that would be described by any of paragraphs (a) to (d), (f) and (g) of the definition *qualified investment* in section 204 if the reference in that definition to "a trust governed by a deferred profit sharing plan or revoked plan" were read as a reference to "a trust governed by a FHSA or TFSA" and if that definition were read without reference to the words "with the exception of excluded property in relation to the trust";

(5) Paragraph (a) of the definition *registered plan strip* in subsection 207.01(1) of the Act is replaced by the following:

(a) included in the income of a person under section 146, 146.1, 146.3, 146.4 or 146.6;

(6) The definition *registered plan strip* in subsection 207.01(1) of the Act is amended by adding the following after paragraph (b):

(b.1) a qualifying withdrawal under section 146.6;

(b.2) a designated amount;

(7) Subparagraph (d)(i) of the definition *swap transaction* in subsection 207.01(1) of the Act is replaced by the following:

(i) both registered plans are RRIFs, RRSPs or FHSAs;

(8) Subsection 207.01(1) of the Act is amended by adding the following in alphabetical order:

designated amount of an individual means an amount, not exceeding the excess FHSA amount of the individual, designated by the individual in the prescribed form and manner that is

(a) a transfer in accordance with subparagraph 146.6(7)(b)(ii) to a FHSA under which the individual is the holder, to the extent that it does not exceed the total of all amounts transferred under paragraph 146(16)(a.2) on or before the date of the designation less the total of all amounts previously designated under this paragraph; or

(b) a withdrawal from a FHSA under which the individual is the holder, to the extent that it does not exceed the total of all amounts contributed to a FHSA under which the individual is the holder on or before the date of the designation less the total of all amounts previously designated under this paragraph. (*montant désigné*)

excess FHSA amount of an individual at a particular time in a taxation year means the amount determined by the formula

A + B − C − D − E

where

A is the total of all amounts each of which is a contribution made to a FHSA by the individual at or before the particular time;

B is the total of all amounts transferred under paragraph 146(16)(a.2), at or before the particular time, to a FHSA under which the individual is the holder;

C is the lesser of

(a) $40,000, and

(b) the amount determined by the formula

$8,000 + F + G + H − I

where

F is the amount of the FHSA carryforward for the taxation year,

G is the total of all amounts each of which is a contribution made to a FHSA by the individual at or before the end of the immediately preceding taxation year,

H is the total of all amounts transferred under paragraph 146(16)(a.2), at or before the end of the immediately preceding taxation year, to a FHSA under which the individual is the holder, and

I is the excess FHSA amount determined at the end of the immediately preceding taxation year;

D is the total of all amounts each of which is a designated amount in respect of a transfer or withdrawal made by the individual in the taxation year but before the particular time; and

E is the total of all amounts required to be included in computing the income of the individual in the taxation year under subsection 146.6(6) or (17) at or before the particular time. (*excédent de CELIAPP*)

(9) Subsections (1) to (8) come into force on April 1, 2023.

51 (1) The Act is amended by adding the following after section 207.02:

Tax payable on excess FHSA amount

207.021 If, at any time in a calendar month, an individual has an excess FHSA amount, the individual shall, in respect of that month, pay a tax under this Part equal to 1% of the highest such amount in that month.

Survivor as successor holder

207.022 If an individual's survivor becomes the holder of a FHSA as a consequence of the individual's death and, immediately before the individual's death, the individual had an excess FHSA amount, the survivor is deemed to have made, at the beginning of the month following the individual's death, a contribution under a FHSA equal to the amount, if any, by which

(a) that excess FHSA amount

exceeds

(b) the total fair market value immediately before the individual's death of all property held under the FHSAs of the individual (other than a FHSA in respect of which the survivor became the successor holder as a consequence of the individual's death).

(2) Subsection (1) comes into force on April 1, 2023.

52 (1) Section 207.06 of the Act is amended by adding the following after subsection (2):

Waiver of tax payable

(3) If an individual would otherwise be liable to pay a tax under section 207.021, the Minister may waive or cancel all or part of the liability if

(a) the individual establishes to the satisfaction of the Minister that the liability arose as a consequence of a reasonable error; and

(b) one or more distributions are made without delay under a FHSA of which the individual is the holder, the total amount of which is not less than the total of

(i) the amount in respect of which the individual would otherwise be liable to pay tax, and

(ii) the income (including any capital gain) that is reasonably attributable, directly or indirectly, to the amount described in subparagraph (i).

(2) Subsection (1) comes into force on April 1, 2023.

53 (1) Subsection 212(1) of the Act is amended by striking out "or" at the end of paragraph (w), by adding "or" at the end of paragraph (x) and by adding the following after paragraph (x):

First home savings account

(y) a payment out of a FHSA, other than any portion of the payment that is transferred in accordance with subsection 146.6(7).

(2) Section 212 of the Act is amended by adding the following after subsection (20):

Interest coupon stripping arrangement – conditions

(21) Subsection (22) applies at any time in respect of a taxpayer if

(a) the taxpayer pays or credits a particular amount at that time as, on account or in lieu of payment of, or in satisfaction of, interest to a person or partnership (in this subsection and subsection (22) referred to as the "interest coupon holder") in respect of a debt or other obligation, other than a specified publicly offered debt obligation, owed to another person or partnership (in this subsection and subsection (22) referred to as the "non-arm's length creditor") that is

(i) a non-resident person with whom the taxpayer is not dealing at arm's length, or

(ii) a partnership other than a Canadian partnership; and

(b) the tax that would be payable under this Part in respect of the particular amount, if the particular amount were paid or credited to the non-arm's length creditor rather than the interest coupon holder, is greater than the tax payable under this Part (determined without reference to subsection (22)) in respect of the particular amount.

Interest coupon stripping arrangement — application

(22) If this subsection applies at any time in respect of a taxpayer, then for the purpose of paragraph (1)(b), the taxpayer is deemed, at that time, to pay interest to the non-arm's length creditor, the amount of which is determined by the formula

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

where

A is the particular amount referred to in paragraph (21)(a);

B is the rate of tax that would be imposed under this Part in respect of the particular amount if the particular amount were paid by the taxpayer to the non-arm's length creditor rather than the interest coupon holder at that time; and

C is the rate of tax imposed under this Part in respect of the particular amount paid or credited to the interest coupon holder at that time.

Definition of *specified publicly offered debt obligation*

(23) For the purposes of subsection (21), ***specified publicly offered debt obligation*** means a debt or other obligation that meets the following conditions:

(a) it was issued by the taxpayer as part of an offering that is lawfully distributed to the public in accordance with a prospectus, registration statement or similar document filed with and, where required by law, accepted for filing by a public authority; and

(b) it can reasonably be considered that none of the main purposes of a transaction or event, or series of transactions or events, as a part of which the taxpayer pays or credits an amount as, on account or in lieu of payment of, or in satisfaction of, interest to a person or partnership in respect of the debt or other obligation is to avoid or reduce tax that would otherwise be payable under this Part by a non-resident person or partnership to whom the debt or other obligation is owed.

(3) Subsection (1) comes into force on April 1, 2023.

(4) Subsection (2) applies in respect of interest that accrues on or after April 7, 2022 and is paid or payable by a taxpayer to an interest coupon holder in respect of a debt or other obligation owed to a non-arm's length creditor. However, subsection (2) does not apply to interest that accrues before April 7, 2023, if the interest is paid or payable

(a) in respect of a debt or other obligation incurred by the taxpayer before April 7, 2022; and
(b) to an interest coupon holder that deals at arm's length with the non-arm's length creditor and that acquired the entitlement to the interest as a consequence of an agreement or other arrangement entered into by the interest coupon holder, and evidenced in writing, before April 7, 2022.

54 (1) Subsection 231.1(1) of the Act is replaced by the following:

Information gathering

231.1 (1) An authorized person may, at all reasonable times, for any purpose related to the administration or enforcement of this Act,

(a) inspect, audit or examine any document, including books and records, of a taxpayer or any other person that may be relevant in determining the obligations or entitlements of the taxpayer or any other person under this Act;

(b) examine any property or process of, or matter relating to, a taxpayer or any other person, an examination of which may assist the authorized person in determining the obligations or entitlements of the taxpayer or any other person under this Act;

(c) enter any premises or place where any business is carried on, any property is kept, anything is done in connection with any business or any books or records are or should be kept, except that, if the premises or place is a dwelling-house, the authorized person may enter the dwelling-house without the consent of the occupant only under the authority of a warrant under subsection (3);

(d) require a taxpayer or any other person to give the authorized person all reasonable assistance, to answer all proper questions relating to the administration or enforcement of this Act and

(i) to attend with the authorized person, at a place designated by the authorized person, or by video-conference or by another form of electronic communication, and to answer the questions orally, and

(ii) to answer the questions in writing, in any form specified by the authorized person; and

(e) require a taxpayer or any other person to give the authorized person all reasonable assistance with anything the authorized person is authorized to do under this Act.

(2) Subsection 231.1(2) of the Act is repealed.

55 (1) Subsection 241(3.2) of the Act is amended by striking out "and" at the end of paragraph (g) and by replacing paragraph (h) with the following:

(h) in the case of a registrant that is a charity, an application by the registrant, and information filed in support of the application, for a designation, determination or decision by the Minister under any of subsections 149.1(6.3), (7), (8) and (13); and

(i) in the case of a registrant that is a charity, in respect of an application for a determination by the Minister under subsection 149.1(5), information in respect of the application, including

(i) the application,

(ii) information filed in support of the application, and

(iii) a copy of the entirety of or any part of any letter or notice by the Minister to the registrant relating to the application.

(2) Subsection (1) comes into force or is deemed to have come into force on January 1, 2023.

56 (1) The definitions *tax benefit* and *tax consequences* in subsection 245(1) of the Act are replaced by the following:

tax benefit means

(a) a reduction, avoidance or deferral of tax or other amount payable under this Act, and includes a reduction, avoidance or deferral of tax or other amount that would be payable under this Act but for a tax treaty,

(b) an increase in a refund of tax or other amount under this Act, and includes an increase in a refund of tax or other amount under this Act as a result of a tax treaty, or

(c) a reduction, increase or preservation of an amount that could at a subsequent time

(i) be relevant for the purpose of computing an amount referred to in paragraph (a) or (b), and

(ii) result in any of the effects described in paragraph (a) or (b); (*avantage fiscal*)

tax consequences, to a person, means

(a) the amount of income, taxable income or taxable income earned in Canada of the person under this Act,

(b) the tax or other amount payable by, or refundable to, the person under this Act, or

(c) any other amount that is, or could at a subsequent time be, relevant for the purpose of computing an amount referred to in paragraph (a) or (b); (*attribut fiscal*)

(2) Subsection (1) applies in respect of transactions that occur

(a) on or after April 7, 2022; or

(b) before April 7, 2022 if a determination is made under subsection 152(1.11) of the Act on or after April 7, 2022 in respect of the transaction.

57 (1) Subsection 248(1) of the Act is amended by adding the following in alphabetical order:

first home savings account or ***FHSA*** has the same meaning as in subsection 146.6(1); (*compte d'épargne libre d'impôt pour l'achat d'une première propriété* ou *CELIAPP*)

(2) Subsection (1) comes into force on April 1, 2023.

58 (1) Subsection 253.1(1) of the Act is replaced by the following:

Investments in limited partnerships

253.1 (1) For the purposes of subparagraph 108(2)(b)(ii), paragraphs 130.1(6)(b), 131(8)(b), 132(6)(b) and 146.1(2.1)(c), subsection 146.2(6), paragraph 146.4(5)(b), subsections 146.6(3) and 147.5(8), paragraph 149(1)(o.2), the definition *private holding corporation* in subsection 191(1), the definition *investment fund* in subsection 251.2(1) and regulations made for the purposes of paragraphs 149(1)(o.3) and (o.4), if a trust or corporation holds an interest as a member of a partnership and, by operation of any law governing the arrangement in respect of the partnership, the liability of the member as a member of the partnership is limited, the member shall not, solely because of its acquisition and holding of that interest, be considered to carry on any business or other activity of the partnership.

(2) Subsection (1) comes into force on April 1, 2023.

R.S., c. C-3

Canada Deposit Insurance Corporation Act

59 (1) Section 5 of the schedule to the *Canada Deposit Insurance Corporation Act* is amended by adding the following after subsection (3):

First home savings account

(3.1) Despite subsection 6(2), for the purposes of deposit insurance with the Corporation, if moneys that constitute a deposit or part of a deposit are received by a member institution from a depositor under a *first home savings account* as defined in subsection 248(1) of the *Income Tax Act*, and the account is for the benefit of an individual, then the aggregate of those moneys and any other moneys

that constitute a deposit or part of a deposit received from that depositor under any other first home savings account that is for the benefit of that individual is considered to be a single deposit separate from any other deposit for the benefit of that individual.

(2) Subsection (1) comes into force on April 1, 2023.

R.S., c. E-15

Excise Tax Act

60 Subsection 98(3) of the *Excise Tax Act* is replaced by the following:

Inspection

(3) Every person required by subsection (1) to keep records and books of account shall, at all reasonable times, for any purpose related to the administration or enforcement of this Act

(a) make the records and books of account and every account and voucher necessary to verify the information therein available to a particular person that is an officer of the Agency or another person authorized by the Minister;

(b) give the particular person all reasonable assistance to inspect, audit or examine the records, books, accounts and vouchers;

(c) give the particular person all reasonable assistance, answer all proper questions relating to the administration and enforcement of this Act and

(i) attend with the particular person at a place designated by the particular person, or by video-conference or by another form of electronic communication, and answer the questions orally, and

(ii) answer the questions in writing, in any form specified by the particular person; and

(d) give the particular person all reasonable assistance with anything the particular person is authorized to do under this Act.

61 (1) The Act is amended by adding the following after section 285.02:

Definitions

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

gross entitlements of a person at any time, in respect of a planning activity of the person, means all amounts to which the person, or another person not dealing at arm's length with the person, is entitled, either before or after that time and either absolutely or contingently, to receive or obtain in respect of the activity. (*droits à paiement*)

planning activity has the same meaning as in subsection 285.1(1). (*activité de planification*)

section 325 avoidance planning, by a person, means a planning activity in respect of a transaction or series of transactions that meets the following conditions:

(a) the transaction or series of transactions is, or is part of, a section 325 avoidance transaction; and

(b) one of the purposes of the transaction or series of transactions is to

(i) reduce a transferee's joint and several, or solidary, liability under section 325 for an amount payable or remittable under this Part by a transferor or for an amount that would be payable or remittable by the transferor but for a transaction or series of transactions in which an amount, that is or may be relevant in determining any obligations or entitlements under this Part of a person that

dealt at arm's length with the transferor or transferee immediately before the transaction or series of transactions, is used directly or indirectly to provide a tax benefit for the transferor or transferee, or

(ii) reduce the person or another person's ability to pay any amount payable or remittable, or that may become payable or remittable, under this Part. (*planification d'évitement de l'article 325*)

section 325 avoidance transaction means a transaction or series of transactions in respect of which

(a) the conditions in paragraph 325(5)(a) or (b) are met; or

(b) if subsection 325(5) applied to the transaction or series of transactions, the amount determined under subparagraph 325(5)(c)(ii) would exceed the amount determined under subparagraph 325(5)(c)(i). (*opération d'évitement de l'article 325*)

tax benefit has the same meaning as in subsection 285.1(1). (*avantage fiscal*)

transaction includes an arrangement or event. (*opération*)

Penalty

(2) Every person that engages in, participates in, assents to or acquiesces in a planning activity that they know is section 325 avoidance planning, or would reasonably be expected to know is section 325 avoidance planning, but for circumstances amounting to gross negligence, is liable to a penalty equal to the lesser of

(a) 50% of the amount payable or remittable under this Part in respect of which the joint and several, or solidary, liability was sought to be avoided through the planning, and

(b) the total of $100,000 and the person's gross entitlements in respect of the planning at the time at which the notice of assessment of the penalty is sent to the person in respect of the planning.

Clerical or secretarial services

(3) Subsection (2) does not apply to a person solely because the person provided clerical services or secretarial services with respect to the planning.

(2) Subsection (1) is deemed to have come into force on April 19, 2021.

62 (1) Subsections 288(1) and (2) of the Act are replaced by the following:

Inspections

288 (1) Subject to subsection (2), an authorized person may, at all reasonable times, for any purpose related to the administration or enforcement of this Part

(a) inspect, audit or examine <u>any</u> documents, property or processes of a person that may be relevant in determining the obligations <u>or entitlements</u> of that or any other person under this Part;

(b) enter any premises or place where any business or commercial activity is carried on, <u>where</u> any property is kept, <u>where</u> anything is done in connection with any business or commercial activity or <u>where</u> any documents are or should be kept;

<u>(c)</u> require any person to give the authorized person all reasonable assistance, to answer all proper questions relating to the administration and enforcement of this Part and

(i) to attend with the authorized person at a place designated by the authorized person, or by video-conference or by another form of electronic communication, and to answer the questions orally, and

(ii) to answer the questions in writing, in any form specified by the authorized person; and

(d) require the person or any other person to give the authorized person all reasonable assistance with anything the authorized person is authorized to do under this Part.

Prior authorization

(2) If any premises or place referred to in subsection (1) is a dwelling-house, an authorized person may not enter that dwelling-house without the consent of the occupant, except under the authority of a warrant issued under subsection (3).

(2) Paragraph 288(3)(a) of the Act is replaced by the following:

(a) there are reasonable grounds to believe that a dwelling-house is a premises or place referred to in subsection (1),

63 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, 285.03 or 285.1, more than four years after the person became liable to pay the penalty;

64 (1) Section 325 of the Act is amended by adding the following before subsection (1):

Definitions

325 (0.1) The following definitions apply in this section.

property includes money. (*bien*)

transaction includes an arrangement or event. (*opération*)

(2) Subsection 325(5) of the Act is replaced by the following:

Anti-avoidance rules

(5) For the purposes of this section, if a person transfers property to another person as part of a transaction or series of transactions, the following rules apply:

(a) the transferor is deemed to not be dealing at arm's length with the transferee at the time of the transfer of the property if

(i) the transferor and the transferee do not deal at arm's length at any time during the period beginning immediately prior to the transaction or series of transactions and ending immediately after the transaction or series of transactions, and

(ii) it is reasonable to conclude that one of the purposes of undertaking or arranging the transaction or series of transactions is to avoid joint and several, or solidary, liability of the transferee and the transferor under this section for an amount payable or remittable under this Part;

(b) an amount that the transferor is liable to pay or remit under this Part (including, for greater certainty, an amount that the transferor is liable to pay under this section, regardless of whether the Minister has made an assessment under subsection (2) in respect of that amount) is deemed to have become payable or remittable, as the case may be, in the reporting period of the transferor in which the property was transferred, if it is reasonable to conclude that one of the purposes of the transfer of the property is to avoid the payment of a future amount payable under this Part by the transferor or transferee; and

(c) the amount determined for A in paragraph (1)(d) is deemed to be the greater of

(i) the amount otherwise determined for A in paragraph (1)(d) without reference to this paragraph, and

(ii) the amount determined by the formula

A – B

where

A is the fair market value of the property at the time of the transfer, and

B is the fair market value, at its lowest at any time during the period beginning immediately prior to the transaction or series of transactions and ending immediately after the transaction or series of transactions, of the consideration given by the transferee for the transfer of the property (other than any part of the consideration that is in a form that is cancelled or extinguished during that period and for which no property that is neither cancelled nor extinguished during that period is substituted) provided that the consideration is held by the transferor at that time.

(3) Subsections (1) and (2) are deemed to have come into force on April 19, 2021.

2002, c. 9, s. 5

Air Travellers Security Charge Act

65 (1) The portion of subsection 70(2) of the *Air Travellers Security Charge Act* before paragraph (a) is replaced by the following:

Powers of authorized person

(2) Subject to subsection (3), the authorized person may, at all reasonable times, for any purpose related to the administration or enforcement of this Act

(2) Paragraph 70(2)(b) of the Act is amended by striking out "and" at the end of paragraph (a) and by replacing paragraph (b) with the following:

(b) require any person to give the authorized person all reasonable assistance, to answer all proper questions relating to the administration or enforcement of this Act and

(i) to attend with the authorized person at a place designated by the authorized person, or by video-conference or by another form of electronic communication, and to answer the questions orally, and

(ii) to answer the questions in writing, in any form specified by the authorized person; and

(c) require any person to give the authorized person all reasonable assistance with anything the authorized person is authorized to do under this Act.

(3) Subsection 70(3) of the Act is replaced by the following:

Prior authorization

(3) If any place referred to in subsection (2) is a dwelling-house, the authorized person may not enter that dwelling-house without the consent of the occupant, except under the authority of a warrant issued under subsection (4).

(4) Paragraph 70(4)(a) of the Act is replaced by the following:

(a) there are reasonable grounds to believe that the dwelling-house is a place referred to in subsection (2);

2002, c. 22

Excise Act, 2001

66 (1) The portion of subsection 260(2) of the *Excise Act, 2001* before paragraph (d) is replaced by the following:

Powers of officer

(2) Subject to subsection (3), the officer may, at all reasonable times, for any purpose related to the administration or enforcement of this Act

(a) enter any place in which the officer reasonably believes the person keeps records or carries on any activity to which this Act applies;

(b) stop a conveyance or direct that it be moved to a place where an inspection or examination may be performed;

(c) require any person to give the officer all reasonable assistance, to answer all proper questions relating to the administration or enforcement of this Act and

(i) to attend with the officer at a place designated by the officer, or by video-conference or by another form of electronic communication, and to answer the questions orally, and

(ii) to answer the questions in writing, in any form specified by the officer;

(2) Subsection 260(2) of the Act is amended by striking out "and" at the end of paragraph (e), by adding "and" at the end of paragraph (f) and by adding the following after paragraph (f):

(g) require any person to give the officer all reasonable assistance with anything the officer is authorized to do under this Act.

(3) Subsection 260(3) of the Act is replaced by the following:

Prior authorization

(3) If any place referred to in subsection (2) is a dwelling-house, the officer may not enter that dwelling-house without the consent of the occupant, except under the authority of a warrant issued under subsection (4).

(4) Paragraph 260(4)(a) of the Act is replaced by the following:

(a) there are reasonable grounds to believe that the dwelling-house is a place referred to in subsection (2);

67 (1) Section 297 of the Act is amended by adding the following before subsection (1):

Definitions

297 (0.1) The following definitions apply in this section.

common-law partner of an individual at any time means a person who is the common-law partner of the individual at that time for the purposes of the *Income Tax Act*. (*conjoint de fait*)

common-law partnership means the relationship between two persons who are common-law partners of each other. (*union de fait*)

transaction includes an arrangement or event. (*opération*)

(2) Subsection 297(6) of the Act is replaced by the following:

Anti-avoidance rules

(6) For the purposes of this section, if a person transfers property to another person as part of a transaction or series of transactions, the following rules apply:

(a) the transferor is deemed to not be dealing at arm's length with the transferee at the time of the transfer of the property if

(i) the transferor and the transferee do not deal at arm's length at any time during the period beginning immediately prior to the transaction or series of transactions and ending immediately after the transaction or series of transactions, and

(ii) it is reasonable to conclude that one of the purposes of undertaking or arranging the transaction or series of transactions is to avoid joint and several, or solidary, liability of the transferee and the transferor under this section for an amount payable under this Act;

(b) an amount that the transferor is liable to pay under this Act (including, for greater certainty, an amount that the transferor is liable to pay under this section, regardless of whether the Minister has made an assessment under subsection (3) in respect of that amount) is deemed to have become payable in the reporting period of the transferor in which the property was transferred, if it is reasonable to conclude that one of the purposes of the transfer of the property is to avoid the payment of a future amount payable under this Act by the transferor or transferee; and

(c) the amount determined for A in paragraph (1)(d) is deemed to be the greater of

(i) the amount otherwise determined for A in paragraph (1)(d) without reference to this paragraph, and

(ii) the amount determined by the formula

$$\mathbf{A - B}$$

where

A is the fair market value of the property at the time of the transfer, and

B is the fair market value, at its lowest at any time during the period beginning immediately prior to the transaction or series of transactions and ending immediately after the transaction or series of transactions, of the consideration given by the transferee for the transfer of the property (other than any part of the consideration that is in a form that is cancelled or extinguished during that period and for which no property that is neither cancelled nor extinguished during that period is substituted) provided that the consideration is held by the transferor at that time.

(3) Subsections (1) and (2) are deemed to have come into force on April 19, 2021.

2018, c. 12, s. 186

Greenhouse Gas Pollution Pricing Act

68 (1) The portion of subsection 141(2) of the *Greenhouse Gas Pollution Pricing Act* before paragraph (a) is replaced by the following:

Powers of authorized person

(2) Subject to subsection (3), the authorized person may, at all reasonable times, for any purpose related to the administration or enforcement of this Part

(2) Paragraph 141(2)(b) of the Act is replaced by the following:

(b) require any person to give the authorized person all reasonable assistance, to answer all proper questions relating to the administration or enforcement of this Part and

(i) to attend with the authorized person at a place designated by the authorized person, or by video-conference or by another form of electronic communication, and to answer the questions orally, and

(ii) to answer the questions in writing, in any form specified by the authorized person; and

(c) require any person to give the authorized person all reasonable assistance with anything the authorized person is authorized to do under this Part.

(3) Subsection 141(3) of the Act is replaced by the following:

Prior authorization

(3) If any place referred to in subsection (2) is a dwelling-house, the authorized person may not enter that dwelling-house without the consent of the occupant, except under the authority of a warrant issued under subsection (4).

(4) Paragraph 141(4)(a) of the Act is replaced by the following:

(a) there are reasonable grounds to believe that the dwelling-house is a place referred to in subsection (2);

69 (1) Section 161 of the Act is amended by adding the following before subsection (1):

Definition of *transaction*

161 (0.1) In this section, ***transaction*** includes an arrangement or event.

(2) Section 161 of the Act is amended by adding the following after subsection (5):

Anti-avoidance rules

(6) For the purposes of this section, if a person transfers property to another person as part of a transaction or series of transactions, the following rules apply:

(a) the transferor is deemed to not be dealing at arm's length with the transferee at the time of the transfer of the property if

(i) the transferor and the transferee do not deal at arm's length at any time during the period beginning immediately prior to the transaction or series of transactions and ending immediately after the transaction or series of transactions, and

(ii) it is reasonable to conclude that one of the purposes of undertaking or arranging the transaction or series of transactions is to avoid joint and several, or solidary, liability of the transferee and the transferor under this section for an amount payable under this Part;

(b) an amount that the transferor is liable to pay under this Part (including, for greater certainty, an amount that the transferor is liable to pay under this section, regardless of whether the Minister has made an assessment under subsection (3) in respect of that amount) is deemed to have become

payable in the reporting period of the transferor in which the property was transferred, if it is reasonable to conclude that one of the purposes of the transfer of the property is to avoid the payment of a future amount payable under this Part by the transferor or transferee; and

(c) the amount determined for A in paragraph (1)(d) is deemed to be the greater of

(i) the amount otherwise determined for A in paragraph (1)(d) without reference to this paragraph, and

(ii) the amount determined by the formula

A – B

where

A is the fair market value of the property at the time of the transfer, and

B is the fair market value, at its lowest at any time during the period beginning immediately prior to the transaction or series of transactions and ending immediately after the transaction or series of transactions, of the consideration given by the transferee for the transfer of the property (other than any part of the consideration that is in a form that is cancelled or extinguished during that period and for which no property that is neither cancelled nor extinguished during that period is substituted) provided that the consideration is held by the transferor at that time.

(3) Subsections (1) and (2) are deemed to have come into force on April 19, 2021.

C.R.C., c. 945

Income Tax Regulations

70 (1) The definition *remuneration* in subsection 100(1) of the *Income Tax Regulations* is amended by striking out "or" at the end of paragraph (o), by adding "or" at the end of paragraph (p) and by adding the following after paragraph (p):

(q) a payment described in paragraph 153(1)(v) of the Act; (*rémunération*)

(2) Subsection 100(3) of the Regulations is amended by striking out "or" at the end of paragraph (c) and by adding the following after that paragraph:

(c.1) a contribution to or under a FHSA, to the extent that the employer believes on reasonable grounds that the contribution is deductible under subsection 146.6(5) of the Act in computing the employee's income for the taxation year in which the payment of remuneration is made, or

(3) Subsections (1) and (2) come into force on April 1, 2023.

71 (1) Subsection 103(6) of the Regulations is amended by striking out "or" at the end of paragraph (g), by adding "or" at the end of paragraph (h) and by adding the following after paragraph (h):

(i) a payment described in paragraph 153(1)(v) of the Act.

(2) Subsection (1) comes into force on April 1, 2023.

72 (1) The Regulations are amended by adding the following after section 204.1:

Additional Reporting – Trusts

204.2 (1) For the purposes of subsection 150(1) of the Act, every person having the control of, or receiving income, gains or profits in a fiduciary capacity, or in a capacity analogous to a fiduciary capacity, shall provide information in respect of a trust, unless the trust is subject to one of the exceptions listed in paragraphs 150(1.2)(a) to (o) of the Act, that includes the name, address, date of birth (in the case of an individual other than a trust), jurisdiction of residence and *TIN* (as defined in subsection 270(1) of the Act) for each person who, in the year,

(a) is a trustee, beneficiary (subject to subsection (2)) or *settlor* (as defined in subsection 17(15) of the Act) of the trust; or

(b) has the ability (through the terms of the trust or a related agreement) to exert influence over trustee decisions regarding the appointment of income or capital of the trust.

(2) For the purposes of subsection (1), the requirement in paragraph (1)(a) to provide required information in respect of beneficiaries of a trust in a return is met if

(a) the required information is provided in respect of each beneficiary of the trust whose identity is known or ascertainable with reasonable effort by the person making the return at the time of filing the return;

(b) in respect of a trust, the beneficiaries of which are all of the members of an Indigenous group, community or people that holds rights recognized and affirmed by section 35 of the *Constitution Act, 1982*, or an identifiable class of the members of an Indigenous group, community or people that holds rights recognized and affirmed by section 35 of the *Constitution Act, 1982*, the person making the return provides a sufficiently detailed description of the class of beneficiaries to determine with certainty whether any particular person is a member of that class of beneficiaries;

(c) in respect of a trust that is not described in paragraph 150(1.2)(h) of the Act but which has one or more classes of units that are listed on a designated stock exchange, the person making the return provides the required information regarding the beneficiaries of those classes of units that are not listed on a designated stock exchange; and

(d) in respect of beneficiaries not described in paragraphs (a) to (c), the person making the return provides sufficiently detailed information to determine with certainty whether any particular person is a beneficiary of the trust.

(2) Subsection (1) applies to taxation years that end after December 30, 2023.

73 (1) The table in subsection 205(3) of the Regulations is amended by adding the following in alphabetical order:

First Home Savings Account (FHSA) Annual Information Return

(2) Subsection (1) comes into force on April 1, 2023.

74 (1) The table in subsection 205.1(1) of the Regulations is amended by adding the following in alphabetical order:

First Home Savings Account (FHSA) Annual Information Return

(2) Subsection (1) comes into force on April 1, 2023.

75 (1) Subsection 209(1) of the Regulations is replaced by the following:

209 (1) A person who is required by section 200, 201, 202, 203, 204, 212, 214, 215, 217 or 218, subsection 219(2) or 223(2) or section 228, 229, 230, 232, 233 or 234 to make an information return shall forward to each taxpayer to whom the return relates two copies of the portion of the return that relates to that taxpayer.

(2) The portion of subsection 209(5) of the Regulations before paragraph (a) is replaced by the following:

(5) A person may provide a Statement of Remuneration Paid (T4) information return, a Tuition and Enrolment Certificate or a FHSA information return, as required under subsection (1), as a single document in an electronic format (instead of the two copies required under subsection (1)) to the taxpayer to whom the return relates, on or before the date on which the return is to be filed with the Minister, unless

(3) Subsections (1) and (2) come into force on April 1, 2023.

76 (1) The Regulations are amended by adding the following after section 218:

First Home Savings Account

219 (1) An issuer of a FHSA shall make an information return for each calendar year in prescribed form and manner in respect of the FHSA.

(2) An issuer of a FHSA shall make an information return in prescribed form and manner in respect of any calendar year in which one or more of the following occurs:

(a) the holder makes a contribution to the FHSA;

(b) an amount has been transferred to the FHSA from an RRSP under which the holder is an annuitant;

(c) an amount is required to be included in the income of a taxpayer under section 146.6 of the Act;

(d) the holder makes a qualifying withdrawal from the FHSA; or

(e) the holder designates an amount under the definition *designated amount* in subsection 207.01(1) of the Act.

(3) An issuer of a FHSA that governs a trust shall notify the holder of the FHSA in prescribed form and manner before March of a calendar year if, at any time during the preceding calendar year,

(a) the trust acquires or disposes of property that is a *non-qualified investment* (as defined in subsection 207.01(1) of the Act) for the trust; or

(b) property held by the trust becomes or ceases to be a *non-qualified investment* (as defined in subsection 207.01(1) of the Act) for the trust.

(2) Subsection (1) applies to the 2023 and subsequent taxation years.

77 (1) Paragraphs 309.1(b) and (c) of the Regulations are replaced by the following:

(b) there shall be included the insurer's *maximum tax actuarial reserve* (in this section as defined in subsection 138(12) of the Act) for the immediately preceding taxation year in respect of participating life insurance policies in Canada;

(c) there shall not be included any amount in respect of the insurer's participating life insurance policies in Canada that was deducted under subparagraph 138(3)(a)(i) of the Act in computing its income for the immediately preceding taxation year;

(2) Paragraph 309.1(e) of the Regulations is replaced by the following:

(e) there shall be deducted the insurer's maximum tax actuarial reserve for the year in respect of participating life insurance policies in Canada;

(3) Paragraph 309.1(g) of the Regulations is replaced by the following:

(g) except as otherwise provided in paragraph (e), no deduction shall be made in respect of a reserve deductible under subparagraph 138(3)(a)(i) of the Act in computing the insurer's income for the year; and

(4) Subsection (1) applies to taxation years that begin after 2023.

(5) Subsections (2) and (3) apply to taxation years that begin after 2022.

78 (1) Subsections 1400(3) and (4) of the Regulations are replaced by the following:

(3) For the purposes of paragraphs (1)(a) and (2)(a), the amount determined under this subsection in respect of an insurer for a taxation year is the positive or negative amount determined by the formula

$$A + B + (0.95 \times C) - (0.9 \times D) + E + F + G - (H - (0.9 \times I))$$

where

A is the total of all amounts each of which is the liability for remaining coverage for a group of insurance contracts of the insurer at the end of the year other than a group of life insurance contracts;

B is the total of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year other than a group of life insurance contracts, that is

(a) the liability for incurred claims for the group, if no portion of the liability for incurred claims is in respect of insurance policies other than insurance policies in respect of which

(i) a claim that was incurred before the end of the year has been reported to the insurer before the end of the year,

(ii) the claim is in respect of damages for personal injury or death, and

(iii) the insurer has agreed to a structured settlement of the claim, and

(b) in any other case, the amount that would be the liability for incurred claims for the group if the liability for incurred claims were determined excluding insurance policies other than insurance policies that meet the conditions in subparagraphs (a)(i) to (iii);

C is the total of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year other than a group of life insurance contracts, that is

(a) the liability for incurred claims for the group, if no portion of the liability for incurred claims is in respect of insurance policies that meet the conditions in subparagraphs (a)(i) to (iii) of the description of B, and

(b) in any other case, the amount that would be the liability for incurred claims for the group if the liability for incurred claims were determined excluding insurance policies that meet the conditions in subparagraphs (a)(i) to (iii) of the description of B,

D is the total of all amounts each of which is the contractual service margin for a group of insurance policies of the insurer at the end of the year that is in respect of

(a) non-cancellable or guaranteed renewable accident and sickness policies that are in respect of accident and sickness insurance,

(b) mortgage insurance, or

(c) title insurance;

E is an amount in respect of policies that insure a fidelity risk, a surety risk, a nuclear risk or a risk related to a financial loss of a lender on a loan made on the security of real property, equal to the lesser of

(a) the total of the reported reserves of the insurer at the end of the year in respect of such risks (other than an amount included under the description of A, B, C, D or F), and

(b) a reasonable amount as a reserve determined as at the end of the year in respect of such risks (other than an amount included under the description of A, B, C, D or F);

F is the amount of a guarantee fund at the end of the year provided for under an agreement in writing between the insurer and His Majesty in right of Canada under which His Majesty has agreed to guarantee the obligations of the insurer under a policy that insures a risk related to a financial loss of a lender on a loan made on the security of real property;

G is an amount in respect of policies that insure earthquake risks in Canada equal to the lesser of

(a) the portion of the reported reserve of the insurer at the end of the year in respect of those risks that is attributable to accumulations from premiums in respect of those risks (other than an amount included under the description of A, B, C, D, E or F), and

(b) a reasonable amount as a reserve determined at the end of the year in respect of those risks (other than an amount included under the description of A, B, C, D, E or F);

H is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of a risk under life insurance policies, the reinsurance contract held amount for the group, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined excluding any portion of that amount that is in respect of the reinsurance of a risk under life insurance policies; and

I is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the contractual service margin for the group is in respect of the reinsurance of a risk under a policy other than a policy described in paragraph (a) of the description of D, or a policy in respect of insurance described in paragraph (b) or (c) of the description of D, the contractual service margin for the group, and

(b) in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined excluding any portion of the contractual service margin other than that portion that is in respect of the reinsurance of a risk under a policy described in paragraph (a) of the description of D, and a policy in respect of insurance described in paragraph (b) or (c) of the description of D.

(2) Subsection (1) applies to taxation years that begin after 2022.

79 (1) Section 1402 of the Regulations is replaced by the following:

1402 Any amount determined under

(a) section 1401 shall be determined net of relevant reinsurance recoverable amounts; and

(b) section 1400 or 1401 shall be determined without reference to any amount in respect of a deposit accounting insurance policy.

(2) Subsection (1) applies to taxation years that begin after 2022.

80 (1) The portion of subsection 1404(1) of the Regulations before paragraph (a) is replaced by the following:

1404 (1) For the purpose of subparagraph 138(3)(a)(i) of the Act, there may be deducted, in computing a life insurer's income from carrying on its life insurance business in Canada for a taxation year in respect of its groups of life insurance contracts in Canada at the end of the year, the amount the insurer claims, not exceeding

(2) The portion of subsection 1404(2) of the Regulations before paragraph (a) is replaced by the following:

(2) For the purpose of paragraph 138(4)(b) of the Act, the amount prescribed in respect of an insurer for a taxation year, in respect of its groups of life insurance contracts in Canada at the end of the year, is

(3) Subsection 1404(3) of the Regulations is replaced by the following:

(3) For the purposes of paragraphs (1)(a) and (2)(a), the amount determined under this subsection in respect of an insurer for a taxation year, for groups of life insurance contracts in Canada of the insurer at the end of the year, is the positive or negative amount determined by the formula

$$A + B - (0.9 \times C) - (D - (0.9 \times E))$$

where

A is the total of all amounts each of which is the liability for remaining coverage for a group of life insurance contracts in Canada of the insurer at the end of the year;

B is the total of all amounts each of which is the liability for incurred claims for a group of life insurance contracts in Canada of the insurer at the end of the year;

C is the total of all amounts each of which is the contractual service margin for a group of life insurance contracts in Canada (other than a group of segregated fund policies) of the insurer at the end of the year;

D is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of a risk under an insurance policy other than a life insurance policy in Canada, the reinsurance contract held amount for the group, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined excluding any portion that is in respect of the reinsurance of a risk under an insurance policy other than a life insurance policy in Canada; and

E is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the contractual service margin for the group is in respect of the reinsurance of a risk under an insurance policy other than a life insurance policy in Canada that is not a segregated fund policy, the contractual service margin for the group, and

(b) in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined excluding any portion that is in respect of the reinsurance of a risk under insurance policies other than a life insurance policy in Canada that is not a segregated fund policy.

(4) Subsections (1) to (3) apply to taxation years that begin after 2022.

81 (1) Section 1405 of the Regulations is repealed.

(2) Subsection (1) applies to taxation years that begin after 2022.

82 (1) The portion of section 1406 of the Regulations before paragraph (b) is replaced by the following:

1406 Any amount determined under section 1404 shall be determined

(2) Subsection (1) applies to taxation years that begin after 2022.

83 (1) Section 1407 of the Regulations is replaced by the following:

1407 For greater certainty, any amount referred to in or determined under section 1404 may be equal to, or less than, nil.

(2) Subsection (1) applies to taxation years that begin after 2022.

84 (1) The definitions *claim liability*, *extended motor vehicle warranty*, *general amending provision*, *policy liability*, *post-1995 life insurance policy*, *post-1995 non-cancellable or guaranteed renewable accident and sickness policy*, *pre-1996 life insurance policy*, *pre-1996 non-cancellable or guaranteed renewable accident and sickness policy* and *reinsurance commission* in subsection 1408(1) of the Regulations are repealed.

(2) The definitions *relevant authority* and *reported reserve* in subsection 1408(1) of the Regulations are replaced by the following:

relevant authority of an insurer has the same meaning as in subsection 138(12) of the Act. (*autorité compétente*)

reported reserve of an insurer at the end of a taxation year in respect of a policy that insures an earthquake risk in Canada, or a fidelity risk, a nuclear risk or a risk related to a financial loss of a lender on a loan made on the security of real property, means the amount equal to the positive or negative amount of the reserve reported as at the end of the year. (*provision déclarée*)

(3) Subsection 1408(1) of the Regulations is amended by adding the following in alphabetical order:

accident and sickness insurance has the same meaning as in the schedule to the *Insurance Companies Act*. (*assurance accidents et maladie*)

contractual service margin for a group of insurance contracts of an insurer, or a group of reinsurance contracts held by the insurer, at the end of a taxation year, has the same meaning as in subsection 138(12) of the Act. (*marge sur services contractuels*)

group of insurance contracts of an insurer has the same meaning as in subsection 138(12) of the Act. (*groupe de contrats d'assurance*)

group of life insurance contracts of an insurer has the same meaning as in subsection 138(12) of the Act. (*groupe de contrats d'assurance-vie*)

group of life insurance contracts in Canada of an insurer has the same meaning as in subsection 138(12) of the Act. (*groupe de contrats d'assurance-vie au Canada*)

group of reinsurance contracts held by an insurer has the same meaning as in subsection 138(12) of the Act. (*groupe de contrats de réassurance*)

group of segregated fund policies of an insurer has the same meaning as in subsection 138(12) of the Act. (*groupe de polices à fonds réservé*)

liability for incurred claims for a group of insurance contracts of an insurer at the end of a taxation year has the same meaning as in subsection 138(12) of the Act. (*passif au titre des sinistres survenus*)

liability for remaining coverage for a group of insurance contracts of an insurer at the end of a taxation year has the same meaning as in subsection 138(12) of the Act. (*passif au titre de la couverture restante*)

mortgage insurance has the same meaning as in the schedule to the *Insurance Companies Act*. (*assurance hypothécaire*)

reinsurance contract held amount for a group of reinsurance contracts held by an insurer at the end of a taxation year has the same meaning as in subsection 138(12) of the Act. (*montant au titre des contrats de réassurance détenus*)

title insurance has the same meaning as in the schedule to the *Insurance Companies Act*. (*assurance de titres*)

(4) Subsections 1408(2), (4), (7) and (8) of the Regulations are repealed.

(5) Subsections (1) to (4) apply to taxation years that begin after 2022.

85 (1) The definitions *Canadian outstanding premiums*, *foreign policy loan*, *mean Canadian outstanding premiums*, *mean policy loans*, *outstanding premiums* and *reinsurance recoverable* in subsection 2400(1) of the Regulations are repealed.

(2) The definitions *Canadian reserve liabilities*, *property and casualty surplus*, *weighted Canadian liabilities* and *weighted total liabilities* in subsection 2400(1) of the Regulations are replaced by the following:

Canadian reserve liabilities of an insurer as at the end of a taxation year means the amount determined by the formula

$$\mathbf{A - A.1 + A.2 + A.3 - (0.9 \times B) - (C - (0.9 \times D))}$$

where

A is the total of the insurer's liabilities and reserves <u>including liabilities for segregated fund guarantees</u> (other than <u>policyholders' liabilities or a liability for an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply) reported</u> as at the end of the year in respect of

(a) life insurance policies in Canada,

(b) fire insurance policies issued or effected in respect of property situated in Canada, and

(c) insurance policies of any other class covering risks ordinarily within Canada at the time the policy was issued or effected;

A.1 is the total of all amounts each of which is the amount of an item reported by the insurer as an insurance contract asset as at the end of the year in respect of insurance policies described in any of paragraphs (a) to (c) of the description of A;

A.2 is the total of all amounts each of which is an amount of funds withheld as at the end of the year by the insurer in respect of the reinsurance of a risk under an insurance policy described in any of paragraphs (a) to (c) of the description of A;

A.3 is the total of all amounts each which is an amount recoverable as at the end of the year by the insurer under a funds withheld arrangement in respect of the reinsurance of a risk by the insurer under an insurance policy described in any of paragraphs (a) to (c) of the description of A;

B is the total of all amounts each of which is, in respect of a group of insurance contracts of the insurer at the end of the year,

(a) the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(i) is described in any of paragraphs (a) to (c) of the description of A,

(ii) is

(A) a life insurance policy in Canada,

(B) a policy that insures risk in respect of a financial loss of a lender on a loan made on the security of real property,

(C) a *non-cancellable or guaranteed renewable accident and sickness policy* in respect of *accident and sickness insurance* (as defined in subsection 1408(1)), or

(D) a policy in respect of *title insurance* (as defined in subsection 1408(1)), and

(iii) is not a segregated fund policy, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount excluded the portion that is in respect of policies other than policies that meet the conditions in subparagraphs (a)(i) to (iii);

C is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount is in respect of the reinsurance of

(i) a risk under a policy other than a policy that meets the condition in subparagraph (a)(i) of the description of B, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined excluding any portion that is in respect of the reinsurance of either

(i) a risk under a policy other than a policy that meets the condition under subparagraph (a)(i) of the description of B, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply; and

D is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the contractual service margin for the group is in respect of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iii) of the description of B, the contractual service margin for the group, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iii) of the description of B. (*passif de réserve canadienne*)

property and casualty surplus of an insurer for a taxation year means the amount determined by the formula

$$0.075 \times (A + B + C + D - E - F) + 0.5 \times (G + H)$$

where

A is the total of all amounts each of which is the liability for remaining coverage for a group of insurance contracts of the insurer at the end of the year that is in respect of property and casualty insurance;

B is the total of all amounts each of which is the liability for remaining coverage for a group of insurance contracts of the insurer at the end of the preceding taxation year that is in respect of property and casualty insurance;

C is the total of all amounts each of which is the liability for incurred claims for a group of insurance contracts of the insurer at the end of the year that is in respect of property and casualty insurance;

D is the total of all amounts each of which is the liability for incurred claims for a group of insurance contracts of the insurer at the end of the preceding taxation year that is in respect of property and casualty insurance;

E is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of a risk under a policy other than a policy that is in respect of property and casualty insurance, the reinsurance contract held amount for the group, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the reinsurance contract held amount were determined excluding any portion that is in respect of the reinsurance of a risk under a policy other than policies in respect of property and casualty insurance;

F is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the preceding taxation year, that is

(a) if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of a risk under a policy other than a policy that is in respect of property and casualty insurance, the reinsurance contract held amount for the group, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the reinsurance contract held amount were determined excluding any portion that is in respect of the reinsurance of a risk under a policy other than policies in respect of property and casualty insurance;

G is the insurer's investment valuation reserve as at the end of the year in respect of its property and casualty insurance business; and

H is the insurer's investment valuation reserve as at the end of its preceding taxation year in respect of its property and casualty insurance business. (*excédent provenant de l'assurance de dommages*)

weighted Canadian liabilities of an insurer as at the end of a taxation year means the amount determined by the formula

(3 × A) + B

where

A is the amount determined by the formula

C − (0.9 × D) − (E − (0.9 × F))

where

C is the total of all amounts each of which is an amount in respect of an insurance business carried on by the insurer in Canada and that is reported as a liability (other than policyholders' liabilities or a liability for an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply) as at the end of the year in respect of

(a) a life insurance policy in Canada (other than an annuity), or

(b) an accident and sickness insurance policy,

D is the total of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year, that is

(a) the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(i) is described in paragraph (a) or (b) of the description of C,

(ii) is

(A) a life insurance policy, or

(B) a *non-cancellable or guaranteed renewable accident and sickness policy* in respect of *accident and sickness insurance* (as defined in subsection 1408(1)),

(iii) is not a segregated fund policy, and

(iv) is in respect of an insurance business carried on by the insurer in Canada, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iv),

E is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of

(i) a risk under a policy other than a policy that meets the conditions under subparagraphs (a)(i) and (iv) of the description of D, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined excluding any portion that is in respect of the reinsurance of either

(i) a risk under a policy other than a policy that meets the conditions under subparagraphs (a)(i) and (iv) of the description of D, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

F is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the contractual service margin for the group is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iv) of the description of D, the contractual service margin for the group, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iv) of the description of D; and

B is the amount determined by the formula

$$\mathbf{G - (0.9 \times H) - (I - (0.9 \times J))}$$

where

G is the total of all amounts each of which is an amount in respect of an insurance business carried on by the insurer in Canada and that is reported as a liability (other than policyholders' liabilities or a liability for an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply) as at the end of the year except to the extent the liability is in respect of

(a) an insurance policy described in paragraph (a) or (b) of the description of C, or

(b) a debt incurred or assumed by the insurer to acquire a property of the insurer,

H is the total of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year, that is

(a) the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(i) is not described in paragraph (a) or (b) of the description of C,

(ii) is

(A) a life insurance policy,

(B) a policy in respect of *mortgage insurance* (as defined in subsection 1408(1)), or

(C) a policy in respect of *title insurance* (as defined in subsection 1408(1)),

(iii) is not a segregated fund policy, and

(iv) is in respect of an insurance business carried on by the insurer in Canada, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iv),

I is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of

(i) a risk under a policy other than a policy that meets the conditions under subparagraphs (a)(i) and (iv) of the description of H, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined excluding any portion that is in respect of the reinsurance of either

(i) a risk under a policy other than a policy that meets the conditions under subparagraphs (a)(i) and (iv) of the description of H, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

J is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the contractual service margin for the group is in respect of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iv) of the description of H, the contractual service margin for the group, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iv) of the description of H. (*passif canadien pondéré*)

weighted total liabilities of an insurer as at the end of a taxation year means the amount determined by the formula

$$(3 \times A) + B$$

where

A is the amount determined by the formula

$$C - (0.9 \times D) - (E - (0.9 \times F))$$

where

C is the total of all amounts each of which is an amount in respect of an insurance business carried on by the insurer and that is reported as a liability (other than policyholders' liabilities or a liability for an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply) as at the end of the year in respect of

(a) a life insurance policy (other than an annuity), or

(b) an accident and sickness insurance policy,

D is the total of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year, that is

(a) the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(i) is described in paragraph (a) or (b) of the description of C,

(ii) is

(A) a life insurance policy, or

(B) a *non-cancellable or guaranteed renewable accident and sickness policy* in respect of *accident and sickness insurance* (as defined in subsection 1408(1)), and

(iii) is not a segregated fund policy, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iii),

E is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of

(i) a risk under a policy other than a policy that meets the condition under subparagraph (a)(i) of the description of D, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined excluding any portion that is in respect of the reinsurance of either

(i) a risk under a policy other than a policy that meets the condition under subparagraph (a)(i) of the description of D, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

F is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the contractual service margin for the group is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iii) of the description of D, the contractual service margin for the group, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iii) of the description of D; and

B is the amount determined by the formula

$$\mathbf{G - (0.9 \times H) - (I - (0.9 \times J))}$$

where

G is the total of all amounts each of which is an amount in respect of an insurance business carried on by the insurer and that is reported as a liability (other than policyholders' liabilities or a liability for an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply) as at the end of the year except to the extent the liability is in respect of

(a) an insurance policy described in paragraph (a) or (b) of the description of C, or

(b) a debt incurred or assumed by the insurer to acquire a property of the insurer,

H is the total of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year, that is

(a) the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(i) is not described in paragraph (a) or (b) of the description of C,

(ii) is

(A) a life insurance policy,

(B) a policy in respect of *mortgage insurance* (as defined in subsection 1408(1)), or

(C) a policy in respect of *title insurance* (as defined in subsection 1408(1)), and

(iii) is not a segregated fund policy, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iii),

I is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of

(i) a risk under a policy other than a policy that meets the condition under subparagraph (a)(i) of the description of H, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined excluding any portion that is in respect of the reinsurance of either

(i) a risk under a policy other than a policy that meets the condition under subparagraph (a)(i) of the description of H, or

(ii) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

J is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the contractual service margin for the group is in respect of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iii) of the description of H, the contractual service margin for the group, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs (a)(i) to (iii) of the description of H. (*passif total pondéré*)

(3) Subparagraph (a)(i) of the definition *Canadian investment fund* in subsection 2400(1) of the Regulations is replaced by the following:

(i) the amount of the insurer's Canadian reserve liabilities as at the end of the year (to the extent that the amount exceeds the amount of surplus appropriations included in that amount), and

(4) Clause (a)(ii)(B) of the definition *Canadian investment fund* in subsection 2400(1) of the Regulations is replaced by the following:

(B) the amount determined by the formula

$$(I - \underline{(0.9 \times I.1)} - (J - \underline{(0.9 \times J.1)}) + K + L) \times (M \div N)$$

where

I is the total of all amounts each of which is the amount of an item reported as an asset of the insurer as at the end of the year (other than an item that at no time in the year was used or held by the insurer in the course of carrying on an insurance business),

I.1 is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(I) if no portion of the contractual service margin for the group is in respect of a risk under a segregated fund policy, the contractual service margin for the group, and

(II) in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined excluding any portion that is in respect of the reinsurance of a risk under a segregated fund policy,

J is the total of all amounts each of which is the amount of an item reported as a liability of the insurer (other than policyholders' liabilities or a liability that was at any time in the year connected with an asset that was not used or held by the insurer in the course of carrying on an insurance business at any time in the year) as at the end of the year in respect of an insurance business carried on by the insurer in the year,

J.1 is the total of all amounts each of which is the contractual service margin for a group of insurance contracts of the insurer at the end of the year (other than a group of segregated fund policies),

K is the total of all amounts each of which is an amount of a deferred realized net gain or an amount expressed as a negative number of a deferred realized net loss of the insurer as at the end of the year,

L is the total of all amounts each of which is an amount of an item reported by the insurer as at the end of the year as a general provision or allowance for impairment in respect of investment property of the insurer for the year,

M is the amount of the insurer's weighted Canadian liabilities as at the end of the year, and

N is the amount of the insurer's weighted total liabilities as at the end of the year; and

(5) Subparagraph (b)(i) of the definition *Canadian investment fund* in subsection 2400(1) of the Regulations is replaced by the following:

(i) the amount of the insurer's Canadian reserve liabilities as at the end of the year, and

(6) Subparagraph (i)(ii) of the definition *Canadian investment property* in subsection 2400(1) of the Regulations is replaced by the following:

(ii) is supporting the insurer's Canadian insurance contract liabilities for the year. (*bien de placement canadien*)

(7) Subparagraph (b)(i) of the definition *equity limit* in subsection 2400(1) of the Regulations is replaced by the following:

(i) the insurer's mean Canadian reserve liabilities for the year, and

(8) Subparagraph (c)(ii) of the definition *equity limit* in subsection 2400(1) of the Regulations is replaced by the following:

(ii) 25% of the insurer's mean Canadian reserve liabilities for the year, and

(9) Subparagraph (e)(ii) of the definition *investment property* in subsection 2400(1) of the Regulations is replaced by the following:

(ii) is supporting the insurer's Canadian insurance contract liabilities for the year. (*bien de placement*)

(10) Paragraphs (a) and (b) of the definition *value* in subsection 2400(1) of the Regulations are repealed.

(11) The portion of paragraph (c) of the definition *value* in subsection 2400(1) of the Regulations before subparagraph (i) is replaced by the following:

(c) in the case of a property that was not owned by the owner throughout the year, the amount, if any, by which

(12) Subsection 2400(1) of the Regulations is amended by adding the following in alphabetical order:

contractual service margin for a group of insurance contracts of an insurer, or a group of reinsurance contracts held by the insurer, at the end of a taxation year, has the same meaning as in subsection 138(12) of the Act. (*marge sur services contractuels*)

group of insurance contracts of an insurer has the same meaning as in subsection 138(12) of the Act. (*groupe de contrats d'assurance*)

group of reinsurance contracts held by an insurer has the same meaning as in subsection 138(12) of the Act. (*groupe de contrats de réassurance*)

group of segregated fund policies of an insurer has the same meaning as in subsection 138(12) of the Act. (*groupe de polices à fonds réservé*)

liability for incurred claims for a group of insurance contracts of an insurer at the end of a taxation year has the same meaning as in subsection 138(12) of the Act. (*passif au titre des sinistres survenus*)

liability for remaining coverage for a group of insurance contracts of an insurer at the end of a taxation year has the same meaning as in subsection 138(12) of the Act. (*passif au titre de la couverture restante*)

policyholders' liabilities of an insurer at the end of a taxation year has the same meaning as in subsection 138(12) of the Act. (*obligation envers les titulaires de polices*)

reinsurance contract held amount for a group of reinsurance contracts held by an insurer at the end of a taxation year has the same meaning as in subsection 138(12) of the Act. (*montant au titre des contrats de réassurance détenus*)

(13) Subsection 2400(3) of the Regulations and the heading before it are repealed.

(14) Section 2400 of the Regulations is amended by adding the following after subsection (9):

(10) A computation that is required to be made under this Part in respect of an insurer's taxation year that immediately precedes the first taxation year that begins after 2022 and that is relevant to a computation (in this subsection referred to as the "transition year computation") that is required to be made under this Part in respect of the insurer's first taxation year that begins after 2022 shall, for the purposes only of the transition year computation, be made using the same definitions, rules and methodologies that are used in the transition year computation.

(15) Subsections (1) to (13) apply to taxation years that begin after 2022.

(16) Subsection (14) comes into force or is deemed to have come into force on January 1, 2023.

86 (1) Paragraphs 2401(2)(a) to (c) of the Regulations are replaced by the following:

(a) shall designate for a taxation year investment property of the insurer for the year with a total value for the year equal to the insurer's mean Canadian reserve liabilities for the year in respect of its life insurance business in Canada;

(b) shall designate for a taxation year investment property of the insurer for the year with a total value for the year equal to the insurer's mean Canadian reserve liabilities for the year in respect of its accident and sickness insurance business in Canada;

(c) shall designate for a taxation year in respect of the insurer's insurance business in Canada (other than a life insurance business or an accident and sickness insurance business) investment property of the insurer for the year with a total value for the year equal to the amount of the insurer's mean Canadian reserve liabilities for the year in respect of that business;

(2) Subsection (1) applies to taxation years that begin after 2022.

87 (1) The portion of subsection 4802(1.1) of the Regulations before paragraph (a) is replaced by the following:

(1.1) For the purposes of subparagraph 127.55(f)(iii) and paragraphs 149(1)(o.4) and 150(1.2)(i) of the Act, a trust is prescribed at any particular time if, at all times after its creation and before the particular time,

(2) Subsection (1) applies to taxation years that end after December 30, 2023.

88 (1) Subsection 4900(5) of the Regulations is replaced by the following:

(5) For the purposes of paragraph (e) of the definition *qualified investment* in subsection 146.1(1) of the Act, paragraph (d) of the definition *qualified investment* in subsection 146.4(1) of the Act and paragraph (c) of the definition *qualified investment* in subsection 207.01(1) of the Act, a property is prescribed as a qualified investment for a trust governed by a FHSA, a registered disability savings plan, a registered education savings plan or a TFSA at any time if at that time the property is an interest in a trust or a share of the capital stock of a corporation that was a registered investment for a trust governed by a registered retirement savings plan during the calendar year in which that time occurs or during the preceding year.

(2) The portion of subsection 4900(14) of the Regulations before paragraph (a) is replaced by the following:

(14) For the purposes of paragraph (d) of the definition *qualified investment* in subsection 146(1) of the Act, paragraph (e) of the definition *qualified investment* in subsection 146.1(1) of the Act, paragraph (c) of the definition *qualified investment* in subsection 146.3(1) of the Act and paragraph (c) of the definition *qualified investment* in subsection 207.01(1) of the Act, a property is prescribed as a qualified investment for a trust governed by a FHSA, RESP, RRIF, RRSP or TFSA at any time if, at the time the property was acquired by the trust, the property

(3) Subparagraph 4900(14)(a)(iii) of the Regulations is replaced by the following:

(iii) a qualifying share in respect of a specified cooperative corporation and the FHSA, RESP, RRIF, RRSP or TFSA; and

(4) Subsection 4900(15) of the Regulations is replaced by the following:

(15) For the purposes of the definition *prohibited investment* in subsection 207.01(1) of the Act, property that is a qualified investment for a trust governed by a FHSA, RESP, RRIF, RRSP or TFSA solely

because of subsection (14) is prescribed property for the trust at any time if, at that time, the property is not described in any of subparagraphs (14)(a)(i) to (iii).

(5) Subsections (1) to (4) come into force on April 1, 2023.

89 (1) Subparagraph (a)(i) of the definition *qualified zero-emission technology manufacturing activities* in section 5202 of the Regulations is amended by adding the following after clause (E):

(E.1) air-source heat pump equipment designed for space or water heating,

(2) Subsection (1) is deemed to have come into force on January 1, 2022.

90 (1) The definition *total reserve liabilities* in section 8600 of the Regulations is replaced by the following:

total reserve liabilities of an insurer as at the end of a taxation year means the amount determined by the formula

$$A - A.1 + A.2 + A.3 - (0.9 \times B) - (C - (0.9 \times D))$$

where

A is the total of the insurer's liabilities and reserves <u>including liabilities for segregated fund guarantees</u> (other than <u>policyholders' liabilities or a liability for an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply)</u> as at the end of the year in respect of insurance policies, as determined for the purposes of the Superintendent of Financial Institutions, if the insurer is required by law to report to the Superintendent of Financial Institutions, or, in any other case, the superintendent of insurance or other similar officer or authority of the province under the laws of which the insurer is incorporated;

A.1 is the total of all amounts each of which is the amount of an item reported by the insurer as an insurance contract asset as at the end of the year;

A.2 is the total of all amounts each of which is an amount of funds withheld as at the end of the year by the insurer in respect of the reinsurance of a risk under an insurance policy;

A.3 is the total of all amounts each which is an amount recoverable as at the end of the year by the insurer under a funds withheld arrangement in respect of the reinsurance of a risk by the insurer under an insurance policy;

B is the total of all amounts each of which is the contractual service margin for a group of insurance contracts (other than a group of segregated fund policies) of the insurer at the end of the year;

C is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) the reinsurance contract held amount for the group, if there is no reinsurance contract held amount for the group that is in respect of the reinsurance of an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply, and

(b) in any other case, the amount that would be the reinsurance contract held amount for the group if the reinsurance contract held amount were determined excluding any portion that is in respect of the reinsurance of an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs 1406(b)(i) and (ii) apply; and

D is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

(a) if no portion of the contractual service margin for the group is in respect of a risk under a segregated fund policy, the contractual service margin for the group, and

(b) in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined excluding any portion that is in respect of the reinsurance of a risk under a segregated fund policy; (*passif total de réserve*)

(2) Section 8600 of the Regulations is amended by adding the following in alphabetical order:

contractual service margin for a group of insurance contracts of an insurer, or a group of reinsurance contracts held by the insurer, at the end of a taxation year, has the same meaning as in subsection 138(12) of the Act; (*marge sur services contractuels*)

group of insurance contracts of an insurer has the same meaning as in subsection 138(12) of the Act; (*groupe de contrats d'assurance*)

group of reinsurance contracts held by an insurer has the same meaning as in subsection 138(12) of the Act; (*groupe de contrats de réassurance*)

group of segregated fund policies of an insurer has the same meaning as in subsection 138(12) of the Act; (*groupe de polices à fonds réservé*)

policyholders' liabilities of an insurer at the end of a taxation year has the same meaning as in subsection 138(12) of the Act; (*obligation envers les titulaires de polices*)

reinsurance contract held amount for a group of reinsurance contracts held by an insurer at the end of a taxation year has the same meaning as in subsection 138(12) of the Act; (*montant au titre des contrats de réassurance détenus*)

(3) Subsections (1) and (2) apply to taxation years that begin after 2022.

91 (1) Subsections 8605(1) and (2) of the Regulations are replaced by the following:

8605 (1) For the purposes of subclause 181.3(1)(c)(ii)(A)(II) and clause 190.11(b)(i)(B) of the Act, the amount prescribed in respect of a particular corporation for a taxation year ending at a particular time is the total of all amounts each of which is the amount determined in respect of a corporation that is, at the particular time, a foreign insurance subsidiary of the particular corporation, determined by the formula

$$A - B$$

where

A is the amount determined by the formula

$$C + D + (0.9 \times E) - (0.9 \times F) - G$$

where

C is the amount of the subsidiary's long-term debt at the end of the subsidiary's last taxation year ending at or before the particular time (in this subsection referred to as the "last taxation year"),

D is the total amount at the end of the subsidiary's last taxation year of the subsidiary's

(a) capital stock (or, in the case of an insurance corporation incorporated without share capital, the amount of its members' contributions),

(b) retained earnings,

(c) accumulated other comprehensive income,

(d) policyholders' liabilities,

(e) contributed surplus, and

(f) any other surpluses,

E is total of all amounts each of which is the contractual service margin for a group of insurance contracts of the subsidiary at the end of the subsidiary's last taxation year other than a group of segregated fund policies,

F is the total of all amounts each of which is the amount, in respect of a group of reinsurance contracts held by the subsidiary at the end of the subsidiary's last taxation year, that is

(a) if no portion of the contractual service margin for the group is in respect of a risk under a segregated fund policy, the contractual service margin for the group, and

(b) in any other case, the amount that would be the contractual service margin for the group if the amount were determined excluding any portion that is in respect of the reinsurance of a risk under a segregated fund policy, and

G is the amount of any deficit deducted in computing the subsidiary's shareholders' equity at the end of the subsidiary's last taxation year; and

B is the amount determined by the formula

H + I

where

H is the total of all amounts each of which is the carrying value to its owner at the particular timefor the taxation year that includes the particular time of a share of the subsidiary's capital stock or its long-term debt that is owned at the particular time by

(a) the particular corporation,

(b) a subsidiary of the particular corporation,

(c) a corporation

(i) that is resident in Canada,

(ii) that carried on a life insurance business in Canada at any time in its taxation year ending at or before the particular time, and

(iii) that is

(A) a corporation of which the particular corporation is a subsidiary, or

(B) a subsidiary of a corporation described in clause (A), or

(d) a subsidiary of a corporation described in paragraph (c), and

I is the total of all amounts each of which is an amount included under the description of A in respect of any surplus of the subsidiary contributed by a corporation described in paragraphs (a) to (d) of the description of H, other than an amount included under the description of H.

(2) For the purposes of subclause 181.3(1)(c)(ii)(A)(III) and clause 190.11(b)(i)(C) of the Act, the amount prescribed in respect of a particular corporation for a taxation year ending at a particular time is the total of all amounts each of which is the amount determined in respect of a corporation that is, at the particular time, a foreign insurance subsidiary of the particular corporation, determined by the formula

A − B

where

A is the amount determined for B in subsection (1) in respect of the subsidiary, and

B is the amount determined for A in subsection (1) in respect of the subsidiary.

(2) Subsection (1) applies to taxation years that begin after 2022.

92 (1) Clause (d)(i)(A) of Class 43.1 in Schedule II to the Regulations is amended by striking out "or" at the end of subclause (I), by replacing "and" with "or" at the end of subclause (II) and by adding the following after subclause (II):

> **(III)** equipment that is part of an air-source heat pump system that transfers heat from the outside air, including refrigerant piping, energy conversion equipment, thermal energy storage equipment, control equipment and equipment designed to enable the system to interface with other heating and cooling equipment, and

(2) Clause (d)(i)(B) of Class 43.1 in Schedule II to the Regulations is replaced by the following:

> **(B)** it is not a building, part of a building (other than a solar collector that is not a window and that is integrated into a building), energy equipment that backs up equipment described in subclause (A)(I), (II) or (III) nor equipment that distributes heated or cooled air or water in a building,

(3) Subsections (1) and (2) apply to property acquired after April 6, 2022 that has not been used or acquired for use before April 7, 2022.

PART 2

Amendments to the Excise Act, 2001 and Other Related Texts

2002, c. 22

Excise Act, 2001

93 The definition *responsible* in section 2 of the *Excise Act, 2001* is replaced by the following:

responsible, in relation to a person, means that

> **(a)** in the case of bulk alcohol, the person is responsible for the bulk alcohol in accordance with sections 104 to 121;
>
> **(b)** in the case of a cannabis product, the person is responsible for the cannabis product in accordance with sections 158.17 and 158.18; and
>
> **(c)** in the case of a vaping product, the person is responsible for the vaping product in accordance with sections 158.54 to 158.56. (*responsable*)

94 Section 158.01 of the Act is amended by striking out "or" at the end of paragraph (b), by adding "or" at the end of paragraph (c) and by adding the following after paragraph (c):

(d) cannabis products that are in the possession of a holder of a licence referred to in paragraph 8(1)(e) or (f) of the *Cannabis Regulations*, but only to the extent that those cannabis products are used by the holder of the licence in activities that are not prohibited for those cannabis products under the conditions of the licence or the *Cannabis Act*.

95 Section 158.13 of the Act is replaced by the following:

Packaging and stamping of cannabis

158.13 A particular cannabis licensee shall not enter a cannabis product into the duty-paid market unless

(a) the cannabis product is packaged;

(b) the package has printed on it prescribed information;

(c) the cannabis product is stamped — using a cannabis excise stamp that has been issued to the particular cannabis licensee and that indicates that cannabis duty has been paid — by

(i) the particular cannabis licensee, or

(ii) another cannabis licensee if prescribed conditions are met;

(d) if the cannabis product is to be entered in the duty-paid market of a specified province, the cannabis product is stamped — using a cannabis excise stamp that has been issued to the particular cannabis licensee and that indicates that additional cannabis duty in respect of the specified province has been paid — by

(i) the particular cannabis licensee, or

(ii) another cannabis licensee if prescribed conditions are met; and

(e) the particular cannabis licensee is responsible for the cannabis product immediately before it is stamped.

96 Subsections 158.19(2) to (4) of the Act are replaced by the following:

Imposition — *ad valorem* duty

(2) Duty is imposed on packaged and stamped cannabis products produced in Canada at the time of their delivery to a purchaser in the amount determined under section 2 of Schedule 7.

Duty payable

(3) The greater of the duty imposed under subsection (1) and the duty imposed under subsection (2) is payable by the cannabis licensee that is responsible for the cannabis products immediately before those products are stamped and those products are relieved of the lesser of those duties. The greater of those duties is payable at the time of the delivery of the cannabis products to a purchaser.

Equal duties

(4) If the amount of duty imposed under subsection (1) is equal to the amount of duty imposed under subsection (2), the duty imposed under subsection (1) is payable by the cannabis licensee that is responsible for the cannabis products immediately before those products are stamped and those products are relieved of the duty imposed under subsection (2). The duty imposed under subsection (1) is payable at the time of the delivery of the cannabis products to a purchaser.

97 Subsection 158.2(2) of the Act is replaced by the following:

Duty payable

(2) The duty imposed under subsection (1) is payable by the cannabis licensee that is responsible for the cannabis products immediately before those products are stamped and that duty is payable at the time of their delivery to a purchaser.

98 (1) Subsection 159.1(1) of the Act is replaced by the following:

Reporting period — general

159.1 (1) Subject to this section and section 159.2, the reporting period of a person is a fiscal month.

(2) Subsection (1) is deemed to have come into force on April 1, 2022.

99 (1) The Act is amended by adding the following after section 159.1:

Definitions

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

calendar quarter means a period of three months beginning on the first day of January, April, July or October. (*trimestre civil*)

threshold amount of a cannabis licensee for a calendar quarter means the amount that is the total of all duties payable under Part 4.1 by the cannabis licensee, and any person associated with the cannabis licensee, in the immediately preceding four calendar quarters. (*montant déterminant*)

Reporting period — calendar quarters

(2) On application by a cannabis licensee, the Minister may, in writing, authorize the reporting periods of the cannabis licensee to be calendar quarters, beginning on the first day of a particular calendar quarter, if the threshold amount of the cannabis licensee for the particular calendar quarter does not exceed $1,000,000.

Application — form and filing

(3) An application made by a cannabis licensee under subsection (2) is to be

(a) made in prescribed form containing prescribed information; and

(b) filed with the Minister in prescribed manner on or before the last day of the first month of the calendar quarter for which the authorization is to take effect or any later day that the Minister may allow.

Deemed revocation

(4) An authorization under subsection (2) in respect of a cannabis licensee is deemed to be revoked at the beginning of a calendar quarter if the threshold amount of the cannabis licensee for the calendar quarter exceeds $1,000,000.

Revocation by Minister

(5) The Minister may revoke an authorization under subsection (2) in respect of a cannabis licensee if

(a) the cannabis licensee requests in writing that the Minister do so;

(b) the cannabis licensee fails to comply with the Act; or

(c) the Minister considers that the authorization is no longer required.

Notice of revocation

(6) If the Minister revokes an authorization in respect of a cannabis licensee, the Minister shall send a notice in writing of the revocation to the cannabis licensee and shall specify in the notice the fiscal

month of the cannabis licensee for which the revocation becomes effective.

Deemed reporting period on revocation

(7) If a revocation under subsection (4) or (5) of an authorization under subsection (2) in respect of a cannabis licensee becomes effective before the last day of a calendar quarter, the period beginning on the first day of the calendar quarter and ending immediately before the first day of the fiscal month of the cannabis licensee for which the revocation becomes effective is deemed to be a reporting period of the cannabis licensee.

(2) Subsection (1) is deemed to have come into force on April 1, 2022.

100 The portion of section 234.1 of the Act before the formula is replaced by the following:

Contravention of section 158.02, 158.1, 158.11 or 158.12

234.1 Every person that contravenes section 158.02, 158.1, 158.11 or 158.12 is liable to a penalty equal to the amount determined by the formula

101 Subsection 304(1) of the Act is amended by adding the following after paragraph (n):

> **(n.1)** respecting the packaging or stamping, and entry into the duty-paid market, by a cannabis licensee of cannabis products that are owned or produced by another cannabis licensee, subject to an authorization of the Minister and any conditions that the Minister considers appropriate, and prescribing joint and several, or solidary, liability or penalties in respect of those cannabis products;

2022, c. 10

Budget Implementation Act, 2022, No. 1

102 (1) The portion of subsection 128(3) of the *Budget Implementation Act, 2022, No. 1* before paragraph (a) is replaced by the following:

(3) Sections 158.42 to 158.47 and 158.49 and subsection 158.5(2) of the *Excise Act, 2001*, as enacted by section 59, subsection 63(1) and sections 107 to 109 come into force on October 1, 2022. However, those provisions of the *Excise Act, 2001*, subsection 63(1) and sections 107 to 109 do not apply before 2023 in respect of

(2) Section 128 of the Act is amended by adding the following after subsection (3):

(3.1) Sections 158.54 to 158.56, 158.6 and 158.61 of the *Excise Act, 2001*, as enacted by section 59, come into force on October 1, 2022. However, those sections of the *Excise Act, 2001* do not apply in respect of

> **(a) vaping products manufactured in Canada that are packaged before October 1, 2022 and that are not stamped; and**
>
> **(b) vaping products that are imported into Canada or *released* (as defined in subsection 2(1) of the *Customs Act*) before October 1, 2022 and that are not stamped.**

SOR/86-991

Storage of Goods Regulations

103 (1) Subsection 3(4) of the *Storage of Goods Regulations* is replaced by the following:

(4) For the purposes of subsection 39.1(1) of the Act, firearms, prohibited ammunition, prohibited devices, prohibited or restricted weapons, tobacco products and vaping products are goods of a

prescribed class that are forfeit if they are not removed from a customs office within 14 days after the day on which they were reported under section 12 of the Act.

(2) Subsection (1) is deemed to have come into force on October 1, 2022.

SOR/2003-115

Regulations Respecting Excise Licences and Registrations

104 Subparagraph 2(2)(b)(i) of the *Regulations Respecting Excise Licences and Registrations* is replaced by the following:

> **(i)** failed to comply with any Act of Parliament, other than the Act, or of the legislature of a province respecting the taxation of or controls on alcohol, tobacco products, cannabis products or vaping products or any regulations made under it, or

105 Section 4 of the Regulations is replaced by the following:

4 A licence is valid for the period specified in the licence, which period

(a) in the case of a cannabis licence issued to a person, shall end on or before the date of expiry of the licence or permit issued to the person under subsection 62(1) of the *Cannabis Act* and shall not exceed five years;

(b) in the case of a vaping product licence, shall not exceed three years; or

(c) in any other case, shall not exceed two years.

106 (1) Paragraph 5(2)(a) of the Regulations is replaced by the following:

(a) a bank draft;

(2) Paragraph 5(2)(c) of the Regulations is replaced by the following:

(c) a Canada Post money order; or

107 Subsection 10(1) of the Regulations is replaced by the following:

10 (1) The grounds for the suspension of a licence or registration by the Minister are that the licensee or registrant

(a) fails to meet any of the applicable requirements of section 2, 3, 6, 7 or 13;

(b) fails to meet the conditions of the licence or registration;

(c) is bankrupt;

(d) ceases to carry on the business for which the licence or registration was issued;

(e) fails to comply with any Act of Parliament, other than the Act, or of the legislature of a province respecting the taxation of or controls of alcohol, tobacco products, cannabis products or vaping products, or any regulations made under it; or

(f) acts to defraud His Majesty.

108 Paragraph 12(1)(e) of the Regulations is replaced by the following:

(e) fails to comply with any Act of Parliament, other than the Act, or of the legislature of a province respecting the taxation of or controls on alcohol, tobacco products, cannabis products or vaping products, or any regulations made under it; or

SOR/2003-288; 2018, c. 12, s. 108; 2022, c. 10, s. 116

Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations

109 (1) The definition *case* in section 1 of the *Stamping and Marking of Tobacco, Cannabis and Vaping Products Regulations* is replaced by the following:

case means a corrugated cardboard box in which packages or cartons of tobacco products, or packages of vaping products, are packed primarily for the purpose of transport and protection against damage. (*caisse*)

(2) Subsection (1) is deemed to have come into force on October 1, 2022.

110 (1) The Regulations are amended by adding the following after section 3.5:

3.6 For the purposes of paragraph 158.46(b) of the Act, the prescribed information is

(a) the vaping product licensee's name and address;

(b) the vaping product licensee's licence number; or

(c) if the vaping product is packaged by the vaping product licensee for another person, the person's name and the address of their principal place of business.

3.7 For the purposes of paragraph 158.47(1)(a) of the Act, the prescribed information is

(a) the name and address of the manufacturer that packaged the vaping product;

(b) if the vaping product was imported by a vaping product licensee, the licensee's name and address or vaping product licence number; or

(c) if the vaping product was imported by a person other than a vaping product licensee, the person's name and address.

3.8 For the purposes of paragraphs 158.46(b) and 158.47(1)(a) of the Act, the following information is prescribed for cases of vaping products:

(a) the number of packages in the case; and

(b) the volume of the vaping substance in liquid form, and the weight of the vaping substance in solid form, contained in each package.

3.9 For the purposes of subsections 158.5(1) and (2) of the Act, the prescribed information is

(a) for containers of vaping products manufactured in Canada, the information set out in section 3.6; and

(b) for containers of imported vaping products, the information set out in section 3.7.

(2) Subsection (1) is deemed to have come into force on October 1, 2022.

111 The Regulations are amended by adding the following after section 5:

Service Agreements in Respect of Cannabis Products

5.1 (1) For the purposes of this section, ***service agreement*** means an agreement, containing prescribed information, between a particular cannabis licensee (other than a cannabis licensee that is a

producer of cannabis products solely because of their packaging of cannabis products) and another cannabis licensee under which the other cannabis licensee is to package, or affix a cannabis excise stamp to, cannabis products for the particular cannabis licensee.

(2) For the purposes of this section, a service agreement is an authorized service agreement from the effective date of its authorization under subsection (5) until the effective date of the revocation of the authorization of the service agreement under subsection (8).

(3) A cannabis licensee that is a party to a service agreement may apply to the Minister to have the service agreement authorized by the Minister for the purposes of this section.

(4) An application under subsection (3) in respect of a service agreement must

(a) be made in prescribed form containing prescribed information;

(b) include a copy of the service agreement; and

(c) be filed with the Minister in prescribed manner on or before the day that is 60 days before the proposed effective date of the authorization of the service agreement or any later day that the Minister may allow.

(5) If an application under subsection (3) in respect of a service agreement is filed with the Minister, the Minister must with all due dispatch

(a) consider the application and authorize or refuse to authorize the service agreement for the purposes of this section; and

(b) notify the applicant in writing of the decision and, if authorized, the effective date of the authorization.

(6) The Minister may, at any time, specify conditions that the Minister considers appropriate in respect of a service agreement authorized under subsection (5).

(7) If an authorized service agreement is to be amended or is, or is to be, no longer in effect, a party to the authorized service agreement must

(a) without delay so notify the Minister in writing; and

(b) if the authorized service agreement is to be amended, make an application under subsection (3) for the authorization of the amended service agreement.

(8) If the Minister is of the opinion that a party to an authorized service agreement is in contravention of the authorized service agreement, that any condition specified by the Minister under subsection (6) is not met or that the authorized service agreement is, or is to be, no longer in effect, the Minister

(a) may revoke the authorization of the service agreement; and

(b) must, if the Minister revokes the authorization of the service agreement, issue a notice of revocation of the authorization of the service agreement to each party to the service agreement specifying the effective date of the revocation.

(9) For the purposes of paragraph 158.05(2)(c) of the Act, a prescribed person is a particular cannabis licensee that is a party to an authorized service agreement and that has in their possession cannabis excise stamps that

(a) are issued to the other cannabis licensee that is a party to the authorized service agreement; and

(b) are to be affixed to a packaged cannabis product by the particular cannabis licensee in accordance with the authorized service agreement and in accordance with applicable conditions, if any, in respect of the authorized service agreement specified by the Minister under subsection (6).

(10) For the purposes of subparagraphs 158.13(c)(ii) and (d)(ii) of the Act, a prescribed condition is that the cannabis product is stamped by the other cannabis licensee in accordance with an authorized service agreement and in accordance with applicable conditions, if any, in respect of the authorized service agreement specified by the Minister under subsection (6).

SOR/2019-78

Excise Duties on Cannabis Regulations

112 Sections 8 and 9 of the *Excise Duties on Cannabis Regulations* are replaced by the following:

Prescribed provinces — offences

8 For the purposes of subparagraph (i) of the description of C in paragraph 218.1(2)(a) of the Act and subparagraph (i) of the description of C in paragraph 218.1(3)(a) of the Act, the following provinces are prescribed:

(a) Ontario;

(b) Saskatchewan;

(c) Alberta; and

(d) Nunavut.

Prescribed provinces — penalties

9 For the purposes of paragraph (a) of the description of C in section 233.1 of the Act, paragraph (a) of the description of C in section 234.1 of the Act and subparagraph 238.1(2)(b)(iii) of the Act, the following provinces are prescribed:

(a) Ontario;

(b) Saskatchewan;

(c) Alberta; and

(d) Nunavut.

PART 3

Amendments to the Underused Housing Tax Act and Making of Related Regulations

2022, c. 5, s. 10

Underused Housing Tax Act

113 (1) Paragraph (a) of the definition *specified Canadian partnership* in section 2 of the *Underused Housing Tax Act* is replaced by the following:

(a) a partnership, each member of which

(i) is, on December 31 of the calendar year, an excluded owner or a specified Canadian corporation, or

(ii) would be, on December 31 of the calendar year, an excluded owner if paragraph (b) of the definition *excluded owner* were read without reference to "or as a partner of a partnership"; or

(2) Paragraph (f) of the definition *propriétaire exclu* in section 2 of the French version of the Act is replaced by the following:

f) une *administration hospitalière*, une *administration scolaire*, un *collège public*, une *coopérative d'habitation*, une *municipalité* ou une *université* au sens du paragraphe 123(1) de la *Loi sur la taxe d'accise* ou une *organisation paramunicipale* au sens de l'article 1 de la partie VI de l'annexe V de cette loi;

(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2022.

114 (1) Paragraph 6(7)(l) of the Act is replaced by the following:

(l) the construction of the residential property is substantially completed in January, February or March of the calendar year, the residential property is offered for sale to the public during the calendar year and the residential property had never been occupied by an individual as a place of residence or lodging during the calendar year;

(2) Subsection (1) is deemed to have come into force on January 1, 2022.

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

Failure to file

47 (1) Every person that fails to file a return as and when required under Part 4 is liable to a penalty equal to the greater of

(2) Subsection (1) is deemed to have come into force on January 1, 2022.

Underused Housing Tax Regulations

Making of Regulations

Making

116 The *Underused Housing Tax Regulations* are made as follows:

Underused Housing Tax Regulations

Interpretation

Definition of *Act*

1 In these Regulations, ***Act*** means the *Underused Housing Tax Act*.

Prescribed Areas and Conditions

Definitions

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

census metropolitan area means a census metropolitan area within the meaning of the Statistics Canada document entitled *Standard Geographical Classification (SGC) 2021*. (*région métropolitaine de recensement*)

population centre means a population centre within the meaning of the Statistics Canada document entitled *Standard Geographical Classification (SGC) 2021*. (*centre de population*)

specified census agglomeration means a census agglomeration within the meaning of the Statistics Canada document entitled *Standard Geographical Classification (SGC) 2021* that has a total population of at least 30,000. (*agglomération de recensement désignée*)

Paragraph 6(7)(m) of Act — prescribed areas

(2) For the purposes of paragraph 6(7)(m) of the Act, each of the following areas is a prescribed area in respect of a calendar year:

(a) an area that is, as determined in the last census published by Statistics Canada before the calendar year, neither within a census metropolitan area nor within a specified census agglomeration; and

(b) an area that is, as determined in the last census published by Statistics Canada before the calendar year,

(i) within a census metropolitan area or specified census agglomeration, and

(ii) not within a population centre.

Paragraph 6(7)(m) of Act — prescribed condition

(3) For the purposes of paragraph 6(7)(m) of the Act, a prescribed condition, for a calendar year and in respect of a person that is an owner of a residential property located in an area referred to in subsection (2), is that the residential property is used as a place of residence or lodging by the owner or the owner's spouse or common-law partner for at least 28 days during the calendar year.

Returns

Social Insurance Number

3 The Minister may require an individual to provide their Social Insurance Number in a return filed under the Act.

Coming into Force

December 31, 2022

117 (1) Section 1, subsection 2(1) and section 3 of the *Underused Housing Tax Regulations*, as made by section 116, come into force or are deemed to have come into force on December 31, 2022.

2022 and subsequent calendar years

(2) Subsections 2(2) and (3) of the *Underused Housing Tax Regulations*, as made by section 116, apply to the 2022 and subsequent calendar years.

Authority and *Statutory Instruments Act*

(3) The *Underused Housing Tax Regulations*, as made by section 116, are deemed

(a) to have been made under section 84 of the *Underused Housing Tax Act*;

(b) for the purposes of subsection 5(1) of the *Statutory Instruments Act*, to have been transmitted to the Clerk of the Privy Council for registration; and

(c) to have met the publication requirements of subsection 11(1) of the *Statutory Instruments Act*.

PART 4

Various Measures

DIVISION 1

Canada Growth Fund

Acquisition of shares

118 (1) The Minister of Finance may acquire and hold on behalf of His Majesty in right of Canada non-voting shares of a corporation that is incorporated as a wholly-owned subsidiary of the Canada Development Investment Corporation and that is responsible for administering the Canada Growth Fund.

Consolidated Revenue Fund

(2) On the requisition of the Minister of Finance, there may be paid out of the Consolidated Revenue Fund amounts not exceeding $2,000,000,000 in the aggregate, or any greater amount that is specified in an appropriation Act, for the acquisition of shares under subsection (1).

For greater certainty

119 For greater certainty, the Minister of Finance may, on behalf of His Majesty in right of Canada, enter into contracts with the subsidiary referred to in section 118.

DIVISION 2

Bretton Woods and Related Agreements Act

R.S., c. B-7; R.S., c. 24 (1st Supp.), s. 3

120 Paragraphs 8.3(5)(a) and (b) of the *Bretton Woods and Related Agreements Act* are replaced by the following:

(a) $7,000,000,000 in respect of any particular foreign state; and

(b) $14,000,000,000 in respect of all foreign states.

DIVISION 3

Framework Agreement on First Nation Land Management Act

SUBDIVISION A

Enactment of Act

Enactment

121 The *Framework Agreement on First Nation Land Management Act* is enacted as follows:

An Act respecting the Framework Agreement on First Nation Land Management

Preamble

Whereas Her Majesty in right of Canada and 13 First Nations signed the Framework Agreement on First Nation Land Management on February 12, 1996 in relation to the management by those First Nations of their lands, and other First Nations have signed the Framework Agreement after that date;

Whereas the *First Nations Land Management Act*, the purpose of which was to ratify and bring into effect the Framework Agreement, received royal assent on June 17, 1999;

And whereas it is appropriate to enact a new implementation Act to replace the *First Nations Land Management Act* and to reflect the primacy of the Framework Agreement, while also ensuring the continuity with the previous legal framework;

Now therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

Short Title

Short title

1 This Act may be cited as the *Framework Agreement on First Nation Land Management Act*.

Interpretation

Definitions

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

First Nation land means reserve land or lands set aside to which a land code applies. It includes all the interests or land rights in, and resources of, the land that are within the legislative authority of Parliament. (*terres de la première nation*)

First Nation law means a law that is enacted by a First Nation in accordance with the Framework Agreement and the land code of that First Nation. (*texte législatif de la première nation*)

Framework Agreement means the Framework Agreement on First Nation Land Management, signed by Her Majesty in right of Canada and 13 First Nations on February 12, 1996 — and signed by other First Nations after that date — as amended from time to time in accordance with its provisions. (*accord-cadre*)

Minister means the Minister of Crown-Indigenous Relations. (*ministre*)

reserve has the same meaning as in subsection 2(1) of the *Indian Act*. (*réserve*)

Definitions in Framework Agreement

(2) In this Act, ***First Nation***, ***First Nation Lands Register***, ***interest***, ***land code***, ***land right***, ***Lands AdvisoryBoard*** and ***licence*** have the same meaning as in subclause 1.1 of the Framework Agreement and ***lands set aside*** has the same meaning as *Lands Set Aside* in that subclause 1.1.

Not a treaty

3 The Framework Agreement is not a treaty within the meaning of section 35 of the *Constitution Act, 1982*.

Binding on His Majesty

4 This Act is binding on His Majesty in right of Canada.

Framework Agreement

Force of law

5 (1) The Framework Agreement continues to have effect and has the force of law.

Rights and obligations

(2) For greater certainty, a person or body has the powers, rights, privileges, immunities and benefits conferred on the person or body by the Framework Agreement and must perform the duties, and is subject to the liabilities, imposed on the person or body by the Framework Agreement.

Framework Agreement binding

(3) For greater certainty, the Framework Agreement is binding on, and may be relied on by, all persons and bodies.

Framework Agreement prevails

6 (1) In the event of any inconsistency or conflict between the Framework Agreement and this Act, the Framework Agreement prevails to the extent of the inconsistency or conflict.

Act prevails

(2) In the event of any inconsistency or conflict between this Act and any other federal law, this Act prevails to the extent of the inconsistency or conflict.

Publication

7 The Minister must make available to the public

(a) the Framework Agreement that was signed by Her Majesty in right of Canada and 13 First Nations on February 12, 1996 and any amendments made to it; and

(b) the most recent consolidated version of the Framework Agreement that has been approved by the Minister and the Lands Advisory Board.

Rights and Obligations of His Majesty in Right of Canada

Transfer

8 On the coming into force of the land code of a First Nation, the rights and obligations of His Majesty in right of Canada as grantor in respect of the interests or land rights and the licences described in the First Nation's individual agreement referred to in clause 6 of the Framework Agreement are transferred to the First Nation in accordance with that individual agreement.

First Nation Lands Register

Register continued

9 The First Nation Land Register established by the Minister under section 25 of the *First Nations Land Management Act*, chapter 24 of the Statutes of Canada, 1999, is continued as the First Nation Lands Register.

Regulations

10 The Governor in Council may, on the recommendation of the Minister and in accordance with the Framework Agreement, make regulations respecting the administration of the First Nation Lands Register, the registration of interests or land rights in it and the recording of any other matter in it, including but not limited to regulations respecting

(a) the effects of registering interests or land rights, including priorities;

(b) the payment of fees for the registration of interests or land rights and for any other service in relation to the Register;

(c) the appointment, remuneration, powers, duties and functions of the officers and employees who administer the Register;

(d) the keeping, by officers and employees, of documents that are not registrable; and

(e) the transfer of the administration of the Register to any person or body and the disclosure of *personal information* as defined in section 3 of the *Privacy Act* for that purpose.

General Provisions

Judicial notice

11 Judicial notice must be taken of the Framework Agreement, a land code that is in force and any First Nation law.

Notice

12 (1) If an issue is raised by a party in any judicial or administrative proceeding in respect of the interpretation or validity of a provision of the Framework Agreement, this Act, a land code or a First Nation law, the issue must not be decided until the party has served notice

(a) on the Attorney General of Canada and the Lands Advisory Board, in the case of a provision of the Framework Agreement or this Act; or

(b) on the First Nation, in the case of a provision of a land code or a First Nation law.

Content and timing

(2) The notice must

(a) describe the proceeding;

(b) state the subject matter of the issue;

(c) state the date on which the issue is to be argued;

(d) give the particulars that are necessary to show the point to be argued; and

(e) be served at least 30 days before the day on which the issue is to be argued, unless the court or tribunal authorizes a shorter period.

Participation in proceedings

(3) In any proceeding, the recipient of a notice may appear and participate as a party with the same rights as any other party.

Clarification

(4) For greater certainty, subsections (2) and (3) do not require that an oral hearing be held if one is not otherwise required.

Non-application of *Statutory Instruments Act*

13 The *Statutory Instruments Act* does not apply in respect of a land code, a First Nation law or an order made under subclause 14.2.1 of the Framework Agreement.

SUBDIVISION B

Transitional Provisions, Consequential Amendments and Repeal

Transitional Provisions

Definition of *former Act*

122 (1) In this section and sections 123 and 124, *former Act* means the *First Nations Land Management Act*, chapter 24 of the Statutes of Canada, 1999.

Other definitions

(2) In sections 123 and 124, *First Nation law*, *Framework Agreement*, *individual agreement*, *interest*, *land code*, *licence* and *right* have the same meaning as in subsection 2(1) of the former Act, as it read immediately before the day on which section 143 of this Act comes into force.

Documents and decisions previously made

123 Nothing in this Act affects

(a) any land codes, individual agreements, First Nation laws or documents, including licences and other authorizations, contracts and other instruments or acts, that were issued, granted, entered into or made in accordance with the former Act or the Framework Agreement and that are in force on the day on which this Act comes into force;

(b) any actions taken or decisions made, before the day on which this Act comes into force, in accordance with the former Act or the Framework Agreement, including the registration of an interest or right in the First Nation Land Register, as established under section 25 of the former Act and the establishment of priorities or, in Quebec, rankings among interests or rights that have been registered.

Reference to former Act

124 Unless the context otherwise requires, any reference to the former Act, or any provision of that Act, in any land codes, individual agreements, First Nation laws or documents referred to in paragraph 123(a) is to be read as a reference to the *Framework Agreement on First Nation Land Management Act* or the Framework Agreement, or any relevant provision of that Act or Agreement, as the case may be.

Consequential Amendments

R.S., c. I-7

Indian Oil and Gas Act

125 Paragraph (d) of the definition *first nation lands* in subsection 2(1) of the *Indian Oil and Gas Act* is replaced by the following:

(d) rights and interests in reserve lands that have been granted to Her Majesty in right of Canada for oil or gas exploration or exploitation pursuant to a land code adopted under the *Framework Agreement* as defined in subsection 2(1) of the *Framework Agreement on First Nation Land Management Act*. (*terres de la première nation*)

126 Subsection 3(1) of the Act is replaced by the following:

Instruments under other Acts

3 (1) Any licence, permit, lease or other instrument granted under any other Act of Parliament for the purpose of exploration for or exploitation of oil or gas situated in first nation lands — other than an instrument granted under the *First Nations Oil and Gas and Moneys Management Act* or an instrument granted to a person other than Her Majesty in right of Canada under the *First Nations Land Management Act*, as it read before the coming into force of the *Framework Agreement on First Nation Land Management Act*, or the *Framework Agreement*, as defined in subsection 2(1) of that Act — is subject to this Act as if the instrument were a contract.

2004, c. 17

Westbank First Nation Self-Government Act

127 Section 7 of the *Westbank First Nation Self-Government Act* is replaced by the following:

Acts respecting reserve lands

7 The *Framework Agreement on First Nation Land Management Act* and the *Indian Oil and Gas Act* do not apply in respect of the Westbank First Nation, its council, its members or Westbank lands.

2005, c. 48

First Nations Oil and Gas and Moneys Management Act

128 Subsection 26(1) of the *First Nations Oil and Gas and Moneys Management Act* is replaced by the following:

Registration of lands

26 (1) A legal description of a first nation's managed area shall be entered, as of the first nation's transfer date, in the Reserve Land Register maintained under section 21 of the *Indian Act* or, in the case of a first nation to which the *Framework Agreement on First Nation Land Management Act* applies, the *First Nation Lands Register*, within the meaning of subsection 2(2) of that Act. If lands are subsequently added to the managed area, the applicable register shall be amended accordingly.

129 Section 55 of the Act is replaced by the following:

Non-application

55 The *Framework Agreement on First Nation Land Management Act* and the *Indian Oil and Gas Act* do not apply in relation to oil and gas exploration or exploitation in a first nation's managed area as of the first nation's transfer date.

130 Subparagraph 62(b)(ii) of the Act is replaced by the following:

> **(ii)** providing for the transfer of existing contracts to that register from the Reserve Land Register maintained under section 21 of the *Indian Act* or, in the case of a first nation to which the *Framework Agreement on First Nation Land Management Act* applies, from the *First Nation Lands Register*, within the meaning of subsection 2(2) of that Act, and

2006, c. 10

First Nations Jurisdiction over Education in British Columbia Act

131 The definition *First Nation land* in subsection 2(1) of the *First Nations Jurisdiction over Education in British Columbia Act* is replaced by the following:

First Nation land means a *reserve*, as defined in subsection 2(1) of the *Indian Act*, that is situated in British Columbia and that is set apart for a participating First Nation, and includes *First Nation land*, as defined in subsection 2(1) of the *Framework Agreement on First Nation Land Management Act*. (*terres*

autochtones)

2008, c. 32

Tsawwassen First Nation Final Agreement Act

132 Section 13 of the *Tsawwassen First Nation Final Agreement Act* is replaced by the following:

Framework Agreement on First Nation Land Management Act

13 The *Framework Agreement on First Nation Land Management Act*, the *Framework Agreement* as defined in subsection 2(1) of that Act and the Tsawwassen land code — adopted under subsection 6(1) of the *First Nations Land Management Act*, as it read before the coming into force of the *Framework Agreement on First Nation Land Management Act* — do not apply in respect of the Tsawwassen First Nation, Tsawwassen Members, Tsawwassen Lands, the Tsawwassen Government or Tsawwassen Public Institutions.

133 Section 22 of the Act is replaced by the following:

Existing interests — *First Nations Land Management Act*

22 If an interest in land in the Former Tsawwassen Reserve was granted or approved under the *First Nations Land Management Act*, as it read before the coming into force of the *Framework Agreement on First Nation Land Management Act*, and exists on the effective date of the Agreement, the interest continues in effect in accordance with its terms and conditions unless a replacement interest is issued in accordance with Chapter 4 of the Agreement.

134 Sections 24 and 25 of the Act are replaced by the following:

Indemnification of Tsawwassen First Nation

24 For as long as the *Framework Agreement on First Nation Land Management Act* is in force, Her Majesty in right of Canada shall, as of the effective date of the Agreement, indemnify the Tsawwassen First Nation in respect of lands in the Former Tsawwassen Reserve in the same manner and under the same conditions as would be the case if the *First Nations Land Management Act*, as it read before the coming into force of the *Framework Agreement on First Nation Land Management Act*, continued to apply to those lands.

Documents in land registries

25 As of the effective date of the Agreement, registrations or records affecting Tsawwassen Lands that are registered or recorded in a land registry under the *Indian Act* or the *First Nations Land Management Act*, as it read before the coming into force of the *Framework Agreement on First Nation Land Management Act*, have no effect.

2013, c. 20

Family Homes on Reserves and Matrimonial Interests or Rights Act

135 Paragraph (b) of the definition *interest or right* in subsection 2(1) of the *Family Homes on Reserves and Matrimonial Interests or Rights Act* is replaced by the following:

> **(b)** an interest or right in or to reserve land that is subject to any *First Nation law* as defined in subsection 2(1) of the *Framework Agreement on First Nation Land Management Act* or to any *land code* within the meaning of subsection 2(2) of that Act, to any First Nation law enacted under a self-government agreement to which Her Majesty in right of Canada is a party, or to any land governance code adopted, or any Kanesatake Mohawk law enacted, under the *Kanesatake Interim Land Base Governance Act*; and

136 Subsection 12(2) of the Act is replaced by the following:

Framework Agreement on First Nation Land Management Act

(2) Sections 13 to 52 apply to a *First Nation*, within the meaning of subsection 2(2) of the *Framework Agreement on First Nation Land Management Act*, only if

(a) on the day on which this subsection comes into force, the land code that the First Nation adopts under the *Framework Agreement*, as defined in subsection 2(1) of that Act, is not in force; and

(b) the First Nation laws that it enacts under section 7 of this Act or subclause 18.3 of that Framework Agreement are not in force.

137 Paragraph 31(2)(b) of the Act is replaced by the following:

(b) in the case of a *First Nation* within the meaning of subsection 2(2) of the *Framework Agreement on First Nation Land Management Act*, subject to any *land code* within the meaning of that subsection or *First Nation law* as defined in subsection 2(1) of that Act, to which the First Nation is subject;

138 Paragraph 36(3)(b) of the Act is replaced by the following:

(b) in the case of a *First Nation* within the meaning of subsection 2(2) of the *Framework Agreement on First Nation Land Management Act*, subject to any *land code* within the meaning of that subsection or *First Nation law* as defined in subsection 2(1) of that Act to which the First Nation is subject;

139 Paragraph 50(a) of the Act is replaced by the following:

(a) a reserve of a First Nation that is subject to a *land code* within the meaning of subsection 2(2) of the *Framework Agreement on First Nation Land Management Act*;

140 Section 55 of the Act is replaced by the following:

Subsection 12(2)

55 Subsection 12(2) does not apply to a First Nation that, on the day on which this section comes into force, is a *First Nation* within the meaning of subsection 2(2) of the *Framework Agreement on First Nation Land Management Act* for a period of three years after that day.

2014, c. 11

Tla'amin Final Agreement Act

141 Sections 10 to 12 of the *Tla'amin Final Agreement Act* are replaced by the following:

Indian Act

10 Subject to the provisions of Chapter 17 of the Agreement that deal with the continuing application of the *Indian Act* and to paragraphs 16 to 21 of Chapter 21 of the Agreement, the *Indian Act* does not apply to the Tla'amin Nation, Tla'amin Citizens, the Tla'amin Government, Tla'amin Public Institutions, Tla'amin Lands or Other Tla'amin Lands as of the effective date of the Agreement, except for the purpose of determining whether an individual is an Indian.

Framework Agreement on First Nation Land Management Act

11 The *Framework Agreement on First Nation Land Management Act*, the *Framework Agreement* as defined in subsection 2(1) of that Act and the *Sliammon First Nation Land Code* — adopted under subsection 6(1) of the *First Nations Land Management Act*, as it read before the coming into force of the *Framework Agreement on First Nation Land Management Act* — do not apply to the Tla'amin Nation, Tla'amin Citizens, the Tla'amin Government, Tla'amin Public Institutions or Tla'amin Lands.

142 Section 13 of the Act is replaced by the following:

Indemnification

13 For as long as the *Framework Agreement on First Nation Land Management Act* is in force, Her Majesty in right of Canada or the Tla'amin Nation, as the case may be, must, as of the effective date of the Agreement, indemnify the other in respect of anything done or omitted to be done in relation to the Former Sliammon Indian Reserves, in the same manner and under the same conditions as would be applicable if the *First Nations Land Management Act*, as it read before the coming into force of the *Framework Agreement on First Nation Land Management Act*, continued to apply to the Former Sliammon Indian Reserves.

Repeal

Repeal

143 The *First Nations Land Management Act*, chapter 24 of the Statutes of Canada, 1999, is repealed.

DIVISION 4

Government Employees Compensation Act

R.S., c. G-5

144 Subsection 9.2(3) of the *Government Employees Compensation Act* is replaced by the following:

Subrogation

(3) If the employee or their dependants elect to claim compensation under this Act, His Majesty shall be subrogated to the rights of the employee or their dependants and may, subject to the Agreements implemented by the *Civil International Space Station Agreement Implementation Act* and the *Civil Lunar Gateway Agreement Implementation Act*, maintain an action in the name of the employee or their dependants or of His Majesty against the third party and any sum recovered shall be paid into the Consolidated Revenue Fund.

DIVISION 5

Student Loans and Apprentice Loans

R.S., c. S-23

Canada Student Loans Act

145 Section 4 of the *Canada Student Loans Act* and the heading before it are replaced by the following:

Interest and Periods Free of Repayment

No accrual of interest

4 (1) Beginning on April 1, 2023, no interest is payable by a borrower on a guaranteed student loan.

Clarification

(2) For greater certainty, nothing in this section relieves a borrower from liability for interest that accrued before April 1, 2023 on a guaranteed student loan.

146 Subsection 5.1(1) of the Act is replaced by the following:

Agreement to pay interest

5.1 (1) The Minister may enter into an agreement with a lender respecting the payment of interest, or a province respecting the payment of interest on provincial student loans, by borrowers who are referred to in a regulation that is made under paragraph 17(s.2).

147 Section 5.2 of the Act is replaced by the following:

Personal information

5.2 *Personal information*, as defined in section 3 of the *Privacy Act*, that is under the control of a *government institution*, as defined in that section, shall, on request, be made available to the Minister for the purposes of a regulation that is made under paragraph 17(s.2) or (s.3).

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

Interest payable by Minister

6 (1) The Minister shall pay to a lender, in respect of each guaranteed student loan made by that lender to a full-time student, interest at the prescribed rate in respect of any period or periods before April 1, 2023 described in section 4, as it read from time to time before April 1, 2023, in respect of which no interest was payable by the borrower on the loan.

149 Subparagraph 7(f)(i) of the Act is replaced by the following:

> **(i)** in the case of a loan made to a full-time student, provisions respecting payment of the principal amount of the loan and interest on the loan by the borrower as described in section 4, as it read at the time that the agreement was entered into, section 5 and any other provisions that may be prescribed, or

150 The heading before section 10 and sections 10 and 11 of the Act are repealed.

151 (1) Subparagraph 16(2)(a)(i) of the Act is replaced by the following:

> **(i)** subject to subsection (3), the aggregate of all amounts paid by the Minister in that loan year to lenders under sections 6, 7 and 8, paragraph 10(b), as that paragraph read from time to time before April 1, 2023, and sections 12 and 13, and to collection agencies, in respect of guaranteed student loans made on the basis of certificates of eligibility issued or caused to be issued by the appropriate authorities for participating provinces that issued or caused to be issued such certificates in that loan year, minus all amounts collected by or on behalf of His Majesty in that loan year in respect of those loans,

(2) Subsection 16(3) of the Act is replaced by the following:

Exception

(3) The amounts described in subparagraph (2)(a)(i) that were paid or collected in respect of a loan made to a part-time student or that were paid under paragraph 10(b), as it read from time to time before April 1, 2023, shall be included in the calculation set out in subparagraph (2)(a)(i) only if the government of the province satisfies the Minister that the provincial student loan plan includes provisions having substantially the same effect as the provisions of this Act relating to loans to part-time students or to the granting of special interest-free periods to borrowers respectively.

(3) Paragraph (a) of the definition *net costs* in subsection 16(6) of the Act is replaced by the following:

> **(a)** the estimated aggregate of all amounts paid by the Minister in that loan year to lenders under sections 6, 7 and 8, paragraph 10(b), as that paragraph read from time to time before April 1, 2023, and sections 12 and 13, and to collection agencies, in respect of guaranteed student loans made on

the basis of certificates of eligibility issued or caused to be issued in any loan year by the appropriate authority for that province

(4) Paragraph (a) of the definition *total program net costs* in subsection 16(6) of the Act is replaced by the following:

(a) the aggregate of all amounts paid by the Minister in that loan year to lenders under sections 6, 7 and 8, paragraph 10(b), as that paragraph read from time to time before April 1, 2023, and sections 12 and 13, and to collection agencies, in respect of guaranteed student loans made on the basis of certificates of eligibility issued or caused to be issued in any loan year by the appropriate authorities for participating provinces

(5) Subsection 16(7) of the Act is replaced by the following:

Exception

(7) The amounts described in paragraphs (a) and (b) of the definition *net costs* in subsection (6) that were paid or received in respect of a loan made to a part-time student or that were paid under paragraph 10(b), as it read from time to time before April 1, 2023, shall be included in the calculation described in that definition only if the government of the province satisfies the Minister that the provincial student loan plan includes provisions having substantially the same effect as the provisions of this Act relating to loans to part-time students or to the granting of special interest-free periods to borrowers respectively.

152 (1) Paragraph 17(m) of the Act is repealed.

(2) Paragraph 17(s.1) of the Act is repealed.

153 (1) Paragraph 18.1(1)(a) of the Act is repealed.

(2) Subsection 18.1(2) of the Act is replaced by the following:

Outstanding student loans

(2) If, before the day on which this section comes into force, a person knowingly made any false statement or misrepresentation, including by omission, in an application or other document or knowingly provided any false or misleading information, including by omission, in respect of a guaranteed student loan that is outstanding on that day, the Minister may take any measure set out in paragraphs (1)(b) to (f).

154 Section 22.1 of the Act is replaced by the following:

Interest-free period — loan made on or after August 1, 1993

22.1 (1) If a borrower ceased to be a full-time student at any time during the six months before the day on which section 323 of the *Budget Implementation Act, 2019, No. 1* comes into force, no interest is payable by them on a guaranteed student loan referred to in subsection 4(2), as it read on November 1, 2019, for the period that begins on that day and ends on the last day of the sixth month after the month in which the borrower ceased to be a full-time student.

Interest-free period — loan consolidated after August 1, 1993

(2) If a borrower referred to in subsection 4(4), as it read on November 1, 2019, ceased to be a full-time student at any time during the six months before the day on which section 323 of the *Budget Implementation Act, 2019, No. 1* comes into force, no interest is payable by them on a guaranteed student loan referred to in that subsection for the period that begins on that day and ends on the last day of the sixth month after the month in which the borrower ceased to be a full-time student.

Canada Student Financial Assistance Act

155 (1) Subparagraphs 5(a)(i) and (ii) of the *Canada Student Financial Assistance Act* are replaced by the following:

> **(i)** amounts equivalent to interest on a student loan made by the lender in respect of the period before April 1, 2023 for which no interest is payable by the borrower under subsection 7(1), as it read from time to time before April 1, 2023,
>
> **(ii)** amounts equivalent to interest on a student loan made by the lender in respect of any period for which no interest is payable by the borrower under regulations made under paragraph 15(1)(n), as that paragraph and those regulations read from time to time before April 1, 2023,

(2) Paragraph 5(d) of the Act is repealed.

156 Section 7 of the Act and the heading before it are replaced by the following:

Interest and Periods of Deferral

No accrual of interest

7 (1) Beginning on April 1, 2023, no interest is payable by a borrower on a student loan.

Clarification

(1.1) For greater certainty, nothing in this section relieves a borrower from liability for interest that accrued before April 1, 2023 on a student loan.

No fees

(2) No fee of any kind may be charged to a borrower on a student loan in respect of any period of studies during which the borrower is a full-time or part-time student or in respect of any subsequent period ending on

> **(a)** in the case of a student loan that is made to a full-time student, the last day of the sixth month after the month in which the borrower ceases to be a full-time student; and
>
> **(b)** in the case of a student loan that is made to a part-time student, the last day of the sixth month after the month in which the borrower ceases to be a student, whether a part-time or full-time student.

157 Subsection 9(1) of the Act is replaced by the following:

Agreement to pay interest

9 (1) The Minister may enter into an agreement with a lender respecting the payment of interest, or a province respecting the payment of interest on provincial student loans, by borrowers who are referred to in a regulation that is made under paragraph 15(1)(k.2).

158 Section 9.1 of the Act is replaced by the following:

Personal information

9.1 *Personal information*, as defined in section 3 of the *Privacy Act*, that is under the control of a *government institution*, as defined in that section, shall, on request, be made available to the Minister for the purposes of a regulation that is made under paragraph 15(1)(k.1), (k.2) or (k.3).

159 (1) Paragraph 14(7)(a) of the Act is replaced by the following:

(a) amounts that are determined as a result of the application of subparagraph 5(a)(viii), section 7, as that section read from time to time before April 1, 2023, or section 10 or 11;

(2) Paragraph 14(7)(b) of the Act is replaced by the following:

(b) amounts in relation to programs established by regulations made under paragraph 15(1)(l), (m) or (p); and

(3) Subsection 14(7) of the Act is amended by striking out "and" at the end of paragraph (c) and by repealing paragraph (d).

160 (1) Paragraphs 15(1)(i) to (k) of the Act are replaced by the following:

(i) prescribing the circumstances under which a loan or a certificate of eligibility may be denied to a student;

(j) prescribing student loans to which section 8, 10 or 11 or subsection 12(4) applies;

(2) Paragraph 15(1)(n) of the Act is repealed.

161 (1) Paragraph 17.1(1)(b) of the Act is repealed.

(2) Paragraph 17.1(1)(f) of the Act is repealed.

162 Section 20.1 of the Act is replaced by the following:

Interest-free period — loan to full-time student

20.1 (1) If a borrower ceased to be a full-time student at any time during the six months before the day on which section 325 of the *Budget Implementation Act, 2019, No. 1* comes into force, no interest is payable by them on a student loan referred to in paragraph 7(1)(a), as it read on November 1, 2019, for the period that begins on that day and ends on the last day of the sixth month after the month in which the borrower ceased to be a full-time student.

Interest-free period — loan to part-time student

(2) If a borrower ceased to be a student, whether a part-time or full-time student, at any time during the six months before the day on which section 325 of the *Budget Implementation Act, 2019, No. 1* comes into force, no interest is payable by them on a student loan referred to in paragraph 7(1)(b), as it read on November 1, 2019, for the period that begins on that day and ends on the last day of the sixth month after the month in which the borrower ceased to be a student, whether a part-time or full-time student.

2014, c. 20, s. 483

Apprentice Loans Act

163 The heading before section 8 of the *Apprentice Loans Act* is replaced by the following:

Interest and Periods of Deferral

164 Subsection 8(1) of the Act is replaced by the following:

No accrual of interest

8 (1) Beginning on April 1, 2023, no interest is payable by a borrower on an apprentice loan.

Clarification

(1.1) For greater certainty, nothing in this section relieves a borrower from liability for interest that accrued before April 1, 2023 on an apprentice loan.

165 The Act is amended by adding the following after section 8.2:

Payment of principal and interest

8.3 During the period that begins on April 1, 2021 and ends on March 31, 2023, section 4 of the *Apprentice Loans Regulations* is to be read as follows:

4 (1) The borrower must begin to repay the principal amount of any apprentice loan made to them, and interest, on the last day of the month in which interest started accruing or would have started accruing but for the interest suspension period.

(2) For the purposes of subsection (1), ***interest suspension period*** means the period that begins on April 1, 2021 and ends on March 31, 2023 during which no interest is payable by a borrower on an apprentice loan.

166 (1) Paragraphs 12(1)(f) and (g) of the Act are replaced by the following:

(g) prescribing the circumstances under which an apprentice loan may be denied to an eligible apprentice;

(2) Paragraph 12(1)(k) of the Act is repealed.

Transitional Provisions

Definitions

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

apprentice loan **has the same meaning as in subsection 1(1) of the** ***Apprentice Loans Regulations*****. (*****prêt aux apprentis*****)**

borrower **has the same meaning as in subsection 1(1) of the** ***Apprentice Loans Regulations*****. (*****emprunteur*****)**

transition period **means the period beginning on April 1, 2023 and ending on the day on which a regulation amending or repealing section 4 of the** ***Apprentice Loans Regulations*** **comes into force. (*****période de transition*****)**

Repayment of principal and interest

(2) During the transition period, a borrower must begin to repay the principal amount of an apprentice loan made to them, and any interest, on the last day of the month in which interest would have started accruing under the ***Apprentice Loans Regulations*** **but for subsection 8(1) of the** ***Apprentice Loans Act*****, as enacted by section 164.**

Coming into Force

April 1, 2023

168 (1) Subject to subsections (2) and (3), this Division comes into force or is deemed to have come into force on April 1, 2023.

Order in council

(2) Sections 146, 147, 150 to 152, 157 and 158, subsections 159(2) and (3) and sections 160 and 166 come into force on a day to be fixed by order of the Governor in Council, but that day must be after March 31, 2023.

April 1, 2021

(3) Section 165 is deemed to have come into force on April 1, 2021.

Published under authority of the Speaker of the House of Commons

Bill C-32
(First Reading)
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93 Amendments to the Excise Act, 2001 and Other Related Texts

93 Excise Act, 2001