

## NOTICE OF WAYS AND MEANS MOTION TO AMEND THE *EXCISE TAX ACT*

That it is expedient to amend the *Excise Tax Act* as follows:

**1. (1) Section 131 of the *Excise Tax Act* is renumbered as subsection 131(1).**

**(2) Subsection 131(1) of the Act is amended by striking out the word "and" at the end of paragraph (a), by adding the word "and" at the end of paragraph (b) and by adding the following after paragraph (b):**

(c) where, at any time, an amount (other than an amount in respect of tax under this Part) is deducted from the fund,

(i) if the amount is in respect of property or a service that the fund is, because of the operation of this Part other than this paragraph, considered to have acquired from the insurer, that supply shall be deemed to be a taxable supply and the amount shall be deemed to be consideration for that supply that becomes due at that time, and

(ii) if the amount is not in respect of property or a service that the fund is, because of the operation of this Part other than this paragraph, considered to have acquired either from the insurer or another person, the insurer shall be deemed to have made, and the fund shall be deemed to have received, at that time a taxable supply of a service and the amount shall be deemed to be consideration for the supply that becomes due at that time.

**(3) Section 131 of the Act is amended by adding the following after subsection (1):**

Exceptions

(2) Paragraph (1)(c) does not apply to an amount deducted from a segregated fund of an insurer if

(a) the amount is a distribution of income, payment of a benefit, or the amount of a redemption, in respect of an interest of another person in the fund; or

(b) the amount is a prescribed amount.

**(4) Subsections (1) to (3) apply to**

**(a) any amount deducted on or after ANNOUNCEMENT DATE from a segregated fund of an insurer; and**

**(b) any amount that is deducted before that day from a segregated fund of an insurer and in respect of which a particular amount was deducted, before that day, from the fund as or on account of tax under Part IX of the Act if, before that day, the Minister of National Revenue did not receive**

**(i) an application under subsection 261(1) of the Act for a rebate of the particular amount, or**

**(ii) a return under Division V of the Act in which a deduction under section 232 of the Act was claimed in respect of an adjustment, refund or credit of the particular amount.**