

Notice of Ways and Means Motion to amend the Excise Tax Act, a related Act, the Bankruptcy and Insolvency Act, the Budget Implementation Act, 1997, the Budget Implementation Act, 1998, the Budget Implementation Act, 1999, the Canada Pension Plan, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Act, the Income Tax Act, the Tax Court of Canada Act and the Unemployment Insurance Act

## SUMMARY

This enactment mainly implements proposed measures relating to the Goods and Services Tax and Harmonized Sales Tax (GST/HST) announced since March 20, 1997, including the sales tax initiatives proposed in the February 24, 1998 Budget. In addition, this enactment contains measures relating to other taxes and tariffs. In the area of tobacco taxes, this enactment implements the proposal, announced on November 5, 1999, to increase the excise taxes on certain tobacco products and to make permanent the existing surtax on tobacco manufacturers' profits. As well, it includes the measure to lower the tobacco export tax exemption, as proposed in the February 16, 1999 Budget.

In the area of First Nations taxes, this enactment makes three technical corrections to provisions of the Budget Implementation Acts of 1997, 1998 and 1999, which provided authority for certain First Nations to impose sales taxes on specific products. The amendments clarify the definitions of "alcoholic beverage" and "alcohol" for this purpose and ensure that the GST/HST "small supplier rules" apply in the context of these taxes.

This enactment also incorporates the repeal of the tax regime for split-run periodicals, as announced by the government on July 29, 1998. With respect to customs tariffs, it contains the measures proposed by the government on June 10, 1999 to increase the duty and tax exemption for returning residents who have been out of the country for at least seven days and to increase the quantity of wine that travellers may, in certain circumstances, bring into Canada on a duty and tax-free basis.

The GST/HST measures contained in this enactment are principally aimed at improving the operation of the tax in the affected areas and ensuring that the legislation accords with the policy intent. In some cases, adjustments have been made to the legislation as originally proposed in response to representations from the tax and business communities.

The principal GST/HST measures included in this enactment are as follows:

(1) **Health and Education:** provides a rebate of tax in respect of the cost of specially-equipped motor vehicles for persons with disabilities; exempts respite care services for individuals who have limited capacity for self-supervision and self-care due to an infirmity or disability; maintains the exemption for speech therapy services; ensures that osteopathic services are exempt; removes the requirement for psychologists to be registered in the Canadian Register of Health Service Providers in Psychology in order to provide exempt services; permits eyeglasses and contact lenses that are intended to be sold on a tax-free basis under prescription at the retail level to be sold on a tax-free basis at the pre-retail level as well; ensures that the existing exemption for second

language training applies equally where the training is provided by vocational schools and individual contractors.

(2) **Charities:** allows charities operating bottle return depots and refunding bottle deposits to claim a reimbursement for the tax component of the amount refunded by the charity; refines the streamlined accounting method by which charities engaged in commercial activities determine their net GST/HST remittances; restores the specific exemption for the supply by charities of food, beverages and short-term accommodation where these are provided in the course of relieving poverty, suffering or distress of individuals; allows charities, including those that employ or provide employment-related assistance to individuals with disabilities, to avoid exemption in particular instances where they would prefer to charge tax so that they and their registered business customers are in a position to fully recover the tax paid on their purchases.

(3) **Public Service Bodies:** refines the rules relating to the administration of the rebates for hospital and school authorities, universities, public colleges and municipalities; in the HST participating province of Newfoundland and Labrador, entitles bodies that are hospital or school authorities, universities, public colleges or certain organizations treated like municipalities, and that qualify as charities or substantially government-funded non-profit organizations, to claim a 50% rebate of the non-recoverable provincial component of the HST incurred in respect of certain of their inputs.

(4) **Provincial Gaming Authorities:** clarifies the special rules for determining the net GST/HST that must be remitted by provincial gaming authorities.

(5) **Provincial Crown Agents:** provides that the same capital property rules that apply to public service bodies such as municipalities also apply to provincial Crown agents that agree to pay the GST/HST and recover it by way of input tax credits or rebates in the same manner as do other registrants.

(6) **Oil, Gas and Electricity Industries:** provides several relieving measures aimed at simplifying compliance with the GST/HST in the energy sector and ensuring that exports and sales to unregistered non-residents do not bear unrecoverable tax.

(7) **Non-residents and Cross-border Transactions:** extends the GST/HST visitor rebate in respect of short-term accommodation to campsite rentals; extends existing relieving provisions for foreign conventions and domestic conventions attended by non-residents by allowing a 50% rebate for the tax on the food and beverage component of the convention fee; removes GST/HST from air navigation services supplied by NAV CANADA in relation to international flights; provides consistent treatment between tax-

free international transportation services and various separate charges that relate to such transportation; eliminates the requirement that payment for certain air travel from the United States to Canada be tendered outside Canada in order for the transportation service to be tax-free; provides that the supply of services related to a passenger transportation service is treated as having been made in a particular province if the supply of the passenger transportation service is made in that province; ensures that the tax relief on exports by common carriers is not provided if the goods are not ultimately exported; ensures that tax does not apply to imported replacement goods supplied for no extra charge by an unregistered non-resident warrantor; ensures that there is no unrecoverable tax on services supplied by a Canadian dealer to a non-resident warrantor.

(8) **Business Arrangements:** clarifies the treatment of exchanges between members of barter clubs; relieves more small independent contractors of direct selling organizations from having to register for GST/HST purposes; allows eligible Canadian partnerships to elect not to account for otherwise fully recoverable tax on certain transactions among members of a closely related group; simplifies the GST/ HST treatment of promotional allowances and reflects changes consequential to the introduction of the HST; corrects a problem of double taxation in leasing situations typically affecting doctors, dentists and other exempt suppliers; clarifies and aligns more closely the GST\HST provisions relating to meal and entertainment expenses with the treatment of these expenses under the *Income Tax Act*.

(9) **Financial Sector:** provides a level playing-field for credit card companies by repealing bad debt relief for retailers' related financing companies; clarifies the treatment of sales of accounts receivable; clarifies that management or administrative services provided to investment vehicles such as pension plans and segregated funds are subject to tax; provides a rebate to trusts governed by multi-employer pension plans of a portion of tax incurred on expenses relating to the plans; clarifies the application of the tax when a surety fulfils the obligations of a defaulting contractor by completing a construction project; ensures that precious metal refiners are entitled to the appropriate recovery of tax on purchases.

(10) **Real Property:** corrects a problem of double taxation in circumstances involving the sale of a new residence situated on leased land; ensures that condominium fees and related parking fees for single detached condominium units receive the same exempt treatment as do multiple-unit condominium fees; ensures that the appropriate amount of tax applies to a new residential complex such as an apartment building when the complex is built on leased land.

(11) **HST-related Rules:** makes several amendments consequential on the introduction of the HST, including additional rules to address

the transition from the retail sales taxes in the participating provinces; modifies previously existing GST provisions necessary to reflect the 15% HST rate; refines the simplified method by which financial institutions operating in the participating provinces calculate their net tax remittances.

In the area of the administration and enforcement of the tax system, this enactment contains amendments to the *Excise Tax Act*, *Bankruptcy and Insolvency Act*, *Canada Pension Plan*, *Companies' Creditors Arrangement Act*, *Cultural Property Export and Import Act*, *Customs Act*, *Employment Insurance Act* (and the former *Unemployment Insurance Act*), *Income Tax Act* and the *Tax Court of Canada Act*. Many of these amendments are intended to update the provisions of the various Acts relative to current administrative practices, harmonize certain of the GST/HST, income tax and customs provisions and ensure the efficiency and effectiveness of the assessment, appeals and collections processes. Specific measures include: permitting the Minister of National Revenue to accept late-filed applications for certain GST/HST rebates that are payable to individuals and are administered under the income tax system; removing the obligation for a supplier to disclose on an invoice the amount of tax payable on certain transactions when it is the recipient who is required to report and remit the tax; clarifying the allowable use by the Canada Customs and Revenue Agency of third-party information; clarifying the Crown's ability to advance alternative arguments in support of an assessment on an appeal; ensuring that certain enforcement provisions dealing with third parties apply equally where the third party happens to be the Crown in right of a province and ensuring that employment insurance premiums and Canada Pension Plan contributions that are required to be remitted by an employer are fully recoverable by the Crown in the case of the bankruptcy of the employer.

Finally, this enactment contains a number of amendments that update cross-references, including references to the Canada Customs and Revenue Agency, correct editorial errors, remove inconsistencies between the French and English versions of the legislation and correct ambiguities or obvious anomalies in existing provisions of the GST/HST legislation and the *Excise Act*.

#### EXPLANATORY NOTES

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

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That it is expedient to amend the Excise Tax Act, a related Act, the Bankruptcy and Insolvency Act, the Budget Implementation Act, 1997, the Budget Implementation Act, 1998, the Budget Implementation Act, 1999, the Canada Pension Plan, the Companies' Creditors Arrangement Act, the Cultural Property Export and Import Act, the Customs Act, the Customs Tariff, the Employment Insurance Act, the Excise Act, the Income Tax Act, the Tax Court of Canada Act and the Unemployment Insurance Act as follows:

SHORT TITLE

Short title

1. This Act may be cited as the *Sales Tax and Excise Tax Amendments Act, 1999*.

R.S., c. E-15

EXCISE TAX ACT

1990, c. 45, s.  
1(1)

2. (1) The portion of subsection 2(1) of the *Excise Tax Act* before the definition "accredited representative" is replaced by the following:

Definitions

2. (1) The following definitions apply in this section, Parts I to VIII (other than section 121) and Schedules I to IV:

1990, c. 45, s.  
1(3)

(2) The definition "this Act" in subsection 2(1) of the Act is replaced by the following:

"this Act"  
« présente loi  
»

"this Act" means this Act except Part IX and Schedules V to X;

**(3) Subsections (1) and (2) are deemed to have come into force on March 20, 1997.**

1994, c. 29, s.  
5(1)

**3. (1) Subsection 23.21(2) of the Act is replaced by the following:**

Exemption for  
limited exports

(2) The excise tax imposed under subsection 23.2(1) is not payable by a manufacturer or producer in respect of a particular quantity of a category of tobacco product exported at a time in a calendar year if the total quantity of that category of tobacco product, including the particular quantity, exported by the manufacturer or producer in the calendar year up to and including that time does not exceed 2 1/2% of the total quantity of that category of tobacco product manufactured or produced by the manufacturer or producer in the preceding calendar year.

(2) Subsection (1) is deemed to have come into force on April 1, 1999, except that, in applying subsection 23.21(2) of the Act, as enacted by subsection (1), before January 2000, the reference in that subsection to "2 1/2%" shall be read as a reference to "2 5/8%".

1997, c. 26, s.  
61(1)

**4. (1) The portion of subsection 23.31(1) of the Act before paragraph (a) is replaced by the following:**

Tax on tobacco  
sold to  
purchaser not  
authorized to  
resell in  
Ontario

**23.31** (1) An excise tax shall be imposed, levied and collected on manufactured tobacco, other than tobacco sticks, that is

1994, c. 29, s.  
6(1)

**(2) Paragraph 23.31(4)(a) of the Act is replaced by the following:**

(a) the excise tax that would have been imposed under section 23 in respect of the manufactured tobacco if the applicable rates of

excise tax were the rates set out in paragraphs 1(f) and 3(e) of Schedule II

**(3) Subsections (1) and (2) are deemed to have come into force on November 6, 1999.**

1994, c. 29, s.  
6(1); 1997, c.  
26, s. 62(1)

**5. (1) Subsection 23.32(1) of the Act is replaced by the following:**

Tax on  
cigarettes sold  
to purchaser  
not authorized  
to resell in  
Quebec or New  
Brunswick

**23.32** (1) An excise tax shall be imposed, levied and collected on cigarettes that are

(a) marked or stamped in accordance with a statute of the Province of Quebec or New Brunswick to indicate that they are intended for retail sale in that province; and

(b) sold by the manufacturer of them, or by a person who is authorized under a statute of the province to sell manufactured tobacco in the province, to a purchaser who is not authorized under a statute of the province to sell manufactured tobacco in the province.

1997, c. 26, s.  
62(2)

**(2) Subsection 23.32(2) of the French version of the Act is replaced by the following:**

Exception

(2) La taxe n'est pas imposée lorsque l'acheteur est un consommateur, situé dans la province en question, qui achète les cigarettes pour sa propre consommation ou pour celle d'autres personnes à ses frais.

1994, c. 29, s.  
6(1)

**(3) Subsection 23.32(3) of the Act is replaced by the following:**



When and by  
whom tax is  
payable

(3) The tax imposed under subsection (1) is payable by the person selling the cigarettes to the purchaser referred to in that subsection and is payable at the time of the sale.

1994, c. 29, s.  
6(1)

**(4) Subsection 23.32(4) of the Act is replaced by the following:**

Amount of tax

(4) The tax imposed on cigarettes under subsection (1) shall be equal to the amount by which

(a) the excise tax that would have been imposed under section 23 in respect of them if the applicable rate of excise tax were the rate set out in paragraph 1(f) of Schedule II

exceeds

(b) the excise tax that was imposed under section 23 in respect of them.

**(5) Subsections (1) to (4) are deemed to have come into force on November 6, 1999.**

1997, c. 26, s.  
64(2)

**6. (1) The definition "Nova Scotia tobacco sticks" in subsection 23.34(1) of the Act is replaced by the following:**

"Nova Scotia  
tobacco sticks"  
« *bâtonnets de  
tabac de la  
Nouvelle-Écosse*  
»

"Nova Scotia tobacco sticks" means tobacco sticks that are marked or stamped in accordance with Part III of the *Revenue Act*, S.N.S. 1995-96, c. 17, to indicate that the tobacco sticks are intended for retail sale in the Province of Nova Scotia.

**(2) The definition "Nova Scotia tobacco sticks" in subsection 23.34(1) of the Act is repealed.**

**(3) Subsection (1) applies after November 28, 1996.**

**(4) Subsection (2) is deemed to have come into force on November 6, 1999.**

1997, c. 26, s.  
65(1)

**7. (1) The portion of subsection 23.341(1) of the Act before paragraph (a) is replaced by the following:**

Excise tax on  
diverted P.E.I.  
cigarettes

**23.341** (1) An excise tax shall be imposed, levied and collected on Nova Scotia cigarettes to which section 68.169 and paragraph 1(e) of Schedule II apply that a licensed retail vendor sells to a person other than

1995, c. 36, s.  
4

**(2) Paragraph 23.341(1)(b) of the French version of the Act is replaced by the following:**

b) un consommateur, situé dans la province de l'Île-du-Prince Édouard, qui achète les cigarettes pour sa propre consommation ou pour celle d'autres personnes à ses frais.

1995, c. 36, s.  
4(F); 1997, c.  
26, s. 65(2);  
1998, c. 21, s.  
80(1)

**(3) Subsection 23.341(3) of the Act is replaced by the following:**

Amount of tax

(3) The tax imposed under subsection (1) shall be equal to the amount by which

(a) the excise tax that would have been imposed under section 23 in respect of the cigarettes if the applicable rate of excise tax were the rate set out in paragraph 1(f) of Schedule II

exceeds

(b) the excise tax imposed at the rate of \$0.10013 per five cigarettes.

**(4) Subsections (1) to (3) are deemed to have come into force on November 6, 1999.**

1994, c. 29, s.  
6(1)

**8. (1) Subsections 23.35(2) and (3) of the Act are replaced by the following:**

Tax on excess  
sale of black  
stock

(2) If a supplier sells to an on-reserve retailer a quantity of black stock, in respect of which subparagraph 1(a)(ii) or 3(a)(ii) of Schedule II applies, that is in excess of the quantity of black stock that the on-reserve retailer is authorized under the *Tobacco Tax Act*, R.S.O. 1990, c. T.10, to purchase, an excise tax shall be imposed, levied and collected on that excess black stock.

Tax on illegal  
sale of black  
stock

(3) If a supplier sells black stock, in respect of which subparagraph 1(a)(ii) or 3(a)(ii) of Schedule II applies, to a person other than an Indian consumer in Ontario or an on-reserve retailer, an excise tax shall be imposed, levied and collected on that black stock.

1994, c. 29, s.  
6(1)

**(2) Paragraph 23.35(5)(a) of the Act is replaced by the following:**

(a) the excise tax that would have been imposed under section 23 in respect of the black stock if the applicable rates of excise tax were the rates set out in paragraphs 1(f) and 3(e) of Schedule II

**(3) Subsections (1) and (2) are deemed to have come into force on November 6, 1999.**

1991, c. 42, s.  
1

**9. Subsection 34(2) of the French version of the Act is replaced by the following:**

Intérêts et  
pénalité

(2) Sous réserve des paragraphes (3) à (6), la personne qui n'a pas versé au receveur général la totalité d'un montant visé au

paragraphe (1), au plus tard le jour où elle serait tenue de le verser si la loi édictant la présente partie était sanctionnée avant le 31 mai 1991, est tenue de payer des intérêts au taux prescrit et une pénalité de six pour cent par an calculés sur les arriérés - pénalité et intérêts compris - pour chaque jour de retard.

1995, c. 46, s.  
1(1); 1998, c.  
19, s. 277(1)

**10. (1) Part V.1 of the Act is repealed.**

**(2) Subsection (1) is deemed to have come into force on October 30, 1998.**

1995, c. 46, s.  
2

**11. (1) Subsection 66(2) of the Act is replaced by the following:**

Where exemption  
not applicable

(2) Subsection (1) does not apply in respect of taxes imposed under Part III in respect of tobacco products mentioned in Schedule II.

**(2) Subsection (1) is deemed to have come into force on October 30, 1998.**

1995, c. 46, s.  
3

**12. (1) Subsection 68.1(2) of the Act is replaced by the following:**

Exception

(2) Subsection (1) does not apply in respect of taxes imposed under Part III in respect of tobacco products mentioned in Schedule II.

**(2) Subsection (1) is deemed to have come into force on October 30, 1998.**

1998, c. 21, s.  
81(1)

**13. (1) The portion of subsection 68.169(3.23) of the Act before paragraph (a) is replaced by the following:**

Rebate after  
February 13,  
1998 and before  
November 6,  
1999

(3.23) If, after February 13, 1998 and before November 6, 1999, a licensed wholesale vendor sells Nova Scotia cigarettes or Nova Scotia tobacco sticks to a licensed retail vendor, or to a consumer in the Province of Prince Edward Island for consumption by the consumer or by others at the expense of the consumer, the Minister may pay to the licensed wholesale vendor a tax rebate equal to the total of

**(2) Section 68.169 of the Act is amended by adding the following after subsection (3.23):**

Rebate after  
November 5,  
1999

(3.24) If, after November 5, 1999, a licensed wholesale vendor sells Nova Scotia cigarettes to a licensed retail vendor, or to a consumer in the Province of Prince Edward Island for consumption by the consumer or by others at the expense of the consumer, the Minister may pay to the licensed wholesale vendor a tax rebate equal to \$0.00625 multiplied by the number of those cigarettes.

1998, c. 21, s.  
81(2)

**(3) The portion of subsection 68.169(4) of the Act before paragraph (a) is replaced by the following:**

Conditions for  
rebate

(4) To qualify to receive a rebate under any of subsections (2) to (3.24) in respect of manufactured tobacco, the licensed wholesale vendor must

1998, c. 21, s.  
81(3)

**(4) Subsection 68.169(5) of the Act is replaced by the following:**

Only one  
application per  
month

(5) A licensed wholesale vendor shall not apply for a rebate under any of subsections (2) to (3.24) more often than once per month.

**(5) Subsections (1) to (4) are deemed to have come into force on November 6, 1999.**

1995, c. 46, s.  
4

**14. (1) The portion of subsection 79(1) of the Act before paragraph (a) is replaced by the following:**

Penalty and  
interest on  
default in  
paying taxes

**79. (1)** Subject to subsections (1.1) to (3), a person who defaults in paying tax within the time prescribed by subsection 78(4), in addition to the amount in default, shall pay

**(2) Subsection (1) is deemed to have come into force on October 30, 1998.**

1994, c. 29, s.  
10; 1997, c.  
26, s. 70(1)

**15. (1) The portion of section 97.1 of the Act before paragraph (b) is replaced by the following:**

Offence of  
selling in  
another  
province  
tobacco marked  
for sale in  
Ontario

**97.1** If manufactured tobacco, other than tobacco sticks, has been marked or stamped in accordance with a statute of the Province of Ontario to indicate that the manufactured tobacco is intended for sale in that province, every person who sells or offers for sale the manufactured tobacco to a consumer in any other province is guilty of an offence and is liable on summary conviction to a fine of not less than \$1,000 and not more than the greater of \$1,000 and triple the amount by which

(a) the excise tax that would be imposed under section 23 in respect of the manufactured tobacco if the applicable rates of

excise tax were the rates set out in paragraphs 1(f) and 3(e) of Schedule II

exceeds

**(2) Subsection (1) is deemed to have come into force on November 6, 1999.**

1994, c. 29, s.  
10; 1997, c.  
26, s. 71(1)

**16. (1) Section 97.2 of the Act is replaced by the following:**

Offence of  
selling in  
another  
province  
cigarettes  
marked for sale  
in Quebec or  
N.B.

**97.2** If cigarettes have been marked or stamped in accordance with a statute of the Province of Quebec or New Brunswick to indicate that they are intended for sale in that province, every person who sells or offers for sale the cigarettes to a consumer in any other province is guilty of an offence and is liable on summary conviction to a fine of not less than \$1,000 and not more than the greater of \$1,000 and triple the amount by which

(a) the excise tax that would be imposed under section 23 in respect of the cigarettes if the applicable rate of excise tax were the rate set out in paragraph 1(f) of Schedule II

exceeds

(b) the excise tax that was imposed under section 23 in respect of the cigarettes.

**(2) Subsection (1) is deemed to have come into force on November 6, 1999.**

1994, c. 29, s.  
10

**17. (1) The portion of subsection 97.4(2) of the Act before paragraph (b) is replaced by the following:**

Offence of  
unauthorized  
sale of tobacco

intended for  
Indian reserve

(2) Every person who sells or offers for sale black stock in respect of which excise tax was imposed under section 23 at a rate provided for under paragraph 1(a) or 3(a) of Schedule II, because of the application of subparagraph 1(a)(ii) or 3(a)(ii) of that Schedule, to a person other than a supplier, an on-reserve retailer or an Indian consumer in the Province of Ontario is guilty of an offence and liable on summary conviction to a fine of not less than \$1,000 and not more than the greater of \$1,000 and triple the amount by which

(a) the excise tax that would be imposed under section 23 in respect of the black stock if the applicable rates of excise tax were the rates set out in paragraphs 1(f) and 3(e) of Schedule II

exceeds

**(2) Subsection (1) is deemed to have come into force on November 6, 1999.**

1990, c. 45, s.  
12(1); 1993, c.  
27, s. 10(18)

**18. (1) The definitions "mineral" and "specified Crown agent" in subsection 123(1) of the Act are replaced by the following:**

"mineral"  
« *minéral* »

"mineral" includes ammonite gemstone, bituminous sands, calcium chloride, coal, gravel, kaolin, oil shale, silica, sand and petroleum, natural gas and related hydrocarbons;

"specified  
Crown agent"  
« *mandataire  
désigné* »

"specified Crown agent" means

(a) a prescribed agent of Her Majesty in right of Canada, or

(b) an agent of Her Majesty in right of a province

(i) that pays tax because of an agreement under section 32 of the *Federal-Provincial Fiscal Arrangements Act* entered into by the government of the province, or

(ii) that is prescribed;



1997, c. 10, s.  
150(3)

**(2) The portion of the definition "direct cost" in subsection 123(1) of the Act after paragraph (b) is replaced by the following:**

and, for the purposes of this definition, the consideration paid or payable by a supplier for property or a service is deemed to include

(c) tax under this Part payable by the supplier in respect of the acquisition or importation of the property or service by the supplier,

(d) if the property was brought into a participating province from a non-participating province, any tax under this Part payable by the supplier in respect of the bringing in of the property into the participating province, and

(e) any tax, duty or fee payable in respect of the acquisition or importation of the property or service by the supplier and prescribed for the purposes of section 154, excluding the portion of the tax (other than tax that became payable under the first paragraph of section 16 of *An Act respecting the Québec sales tax*, R.S.Q., c. T-0.1, by the supplier at a time when the supplier was a registrant as defined in section 1 of that Act), duty or fee that is recovered or recoverable by the supplier;

1997, c. 10, s.  
1(5)

**(3) Paragraph (q) of the definition "financial service" in subsection 123(1) of the Act is replaced by the following:**

(q) the provision, to an investment plan (as defined in subsection 149(5)) or any corporation, partnership or trust whose principal activity is the investing of funds, of

(i) a management or administrative service, or

(ii) any other service (other than a prescribed service),

if the supplier is a person who provides management or administrative services to the investment plan, corporation, partnership or trust,

1993, c. 27, s.  
10(18)

**(4) Paragraphs (b) and (c) of the definition "related convention supplies" in subsection 123(1) of the Act are replaced by the following:**

(b) entertainment,

(c) except for the purposes of section 252.4, property or services that are food or beverages or are supplied to the person under a contract for catering, or

**(5) Paragraph (c) of the definition "related convention supplies" in subsection 123(1) of the Act, as enacted by subsection (4), is replaced by the following:**

(c) except for the purposes of subsection 167.2(1) and section 252.4, property or services that are food or beverages or are supplied to the person under a contract for catering, or

**(6) Subsection 123(1) of the Act is amended by adding the following in alphabetical order:**

"continuous  
transmission  
commodity"  
« *produit  
transporté en  
continu* »

"continuous transmission commodity" means electricity, crude oil, natural gas, or any tangible personal property, that is transportable by means of a wire, pipeline or other conduit;

"secured  
creditor"  
« *créancier  
garanti* »

"secured creditor" means

(a) a particular person who has a security interest in the property of another person, or

(b) a person who acts for or on behalf of the particular person with respect to the security interest and includes

(i) a trustee appointed under a trust deed relating to a security interest,

(ii) a receiver or receiver-manager appointed by the particular person or appointed by a court on the application of the particular person,

(iii) a sequestrator, or

(iv) any other person performing a function similar to that of a person referred to in any of subparagraphs (i) to (iii);

"security  
interest"  
« *droit en  
garantie* »

"security interest" means any interest in property that secures payment or performance of an obligation, and includes an interest created by or arising out of a debenture, mortgage, hypothec, lien, pledge, charge, deemed or actual trust, assignment or encumbrance of any kind whatever, however or whenever arising, created, deemed to arise or otherwise provided for;

"straddle  
plant"  
« *installation  
de traitement  
complémentaire*  
»

"straddle plant" means a natural gas processing plant devoted primarily to the recovery of natural gas liquids or ethane from natural gas that is transported by pipeline to the plant by a common carrier of natural gas;

(7) The definition "mineral" in subsection 123(1) of the Act, as enacted by subsection (1), is deemed to have come into force on December 17, 1990.

(8) The definition "specified Crown agent" in subsection 123(1) of the Act, as enacted by subsection (1), is deemed to have come into force on December 11, 1998.

(9) Subsection (2) applies to supplies for which consideration becomes due after 1996 or is paid after 1996 without having become due, except that

(a) paragraph (d) of the definition "direct cost" in subsection 123(1) of the Act, as enacted by subsection (2), applies only with respect to supplies for which consideration becomes due after March 1997 or is paid after March 1997 without having become due; and

(b) with respect to any supply made on or before November 26, 1997, other than a supply in respect of which the supplier charges the recipient an amount as tax under Part IX of the Act,

(i) if all of the consideration for the supply became due or was paid before April 1997, paragraph (e) of that definition shall be read as follows:

(e) any tax, duty or fee payable in respect of the acquisition or importation of the property or service by the supplier and prescribed for the purposes of section 154, excluding the portion of the tax, duty or fee that is recovered or recoverable by the supplier;

and

(ii) if any consideration for the supply becomes due after March 1997 or is paid after March 1997 without having become due, that paragraph shall be read as follows:

(e) any tax, duty or fee payable in respect of the acquisition or importation of the property or service by the supplier and prescribed for the purposes of section 154;

(10) Subsection (3) is deemed to have come into force on December 17, 1990 except that, with respect to any supply for which all the consideration became due or was paid before July 30, 1998,

(a) if consideration for the supply became due or was paid before December 8, 1994 and the supplier did not, before that day, charge or collect any amount as or on account of tax under Part IX of the Act in respect of the supply, paragraph (q) of the definition "financial service" in subsection 123(1) of the Act, as enacted by subsection (3), shall be read as follows:

(q) the provision of management or administrative services to a corporation, partnership or trust the principal activity of which is the investing of funds on behalf of shareholders, members or other persons,

and

(b) if the consideration for the supply became due after December 7, 1994 or was paid after that day without having become due and

(i) the supplier did not, before July 30, 1998, charge or collect any amount as or on account of tax under that Part in respect of the supply, or

(ii) the supplier charged or collected an amount as or on account of tax under that Part in respect of the supply and the Minister of National Revenue received, before July 29, 1998,

(A) an application for a rebate under subsection 261(1) of the Act in respect of the amount, or

(B) a return under Division V of that Part in which a deduction was claimed in respect of an adjustment, refund or credit of the amount under subsection 232(1) of the Act,

that paragraph shall be read as follows:

(q) the provision, to a corporation, partnership or trust the principal activity of which is the investing of funds, of

(i) a management or administrative service, or

(ii) any other service (other than a prescribed service),

if the supplier is a person who provides management or administrative services to the corporation, partnership or trust,

(11) Subsection (4) applies to property and services acquired, imported or brought into a participating province in connection with a convention, all of the supplies of admissions to which are made after February 24, 1998.

(12) Subsection (5) applies to property and services acquired, imported or brought into a participating province in connection with a convention, all of the supplies of admissions to which are made after June 4, 1999.

(13) The definitions "continuous transmission commodity" and "straddle plant" in subsection 123(1) of the Act, as enacted by subsection (6), are deemed to have come into force on August 7, 1998.

19. (1) Section 131 of the 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, a 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 March 16, 1999 from a segregated fund of an insurer; and**

**(b) any amount that was 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 unless, before that day, the Minister of National Revenue received**

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

**(ii) a return under Division V of that Part in which a deduction was claimed in respect of an adjustment, refund or credit of the particular amount under subsection 232(1) of the Act.**

1997, c. 10, s.  
154(1)

**20. (1) The portion of subsection 136.1(1) of the French version of the Act before paragraph (a) is replaced by the following:**

Bail ou licence  
visant un bien

**136.1 (1) Pour l'application de la présente partie, lorsqu'un bien est fourni à une personne par bail, licence ou accord semblable pour une contrepartie qui comprend un paiement**

attribuable à une période (appelée « période de location » au présent paragraphe) qui représente tout ou partie de la période pendant laquelle l'accord permet la possession ou l'utilisation du bien, les règles suivantes s'appliquent :

**(2) Subsection 136.1(1) of the Act is amended by striking out the word "and" at the end of paragraph (b), by adding the word "and" at the end of paragraph (c) and by adding the following after paragraph (c):**

(d) if, in the absence of paragraph (a), the supply of the property under the arrangement would be deemed to be made in or outside Canada, all of the supplies of the property that are, because of that paragraph, deemed to be made under the arrangement are deemed to be made in or outside Canada, as the case may be.

**(3) Section 136.1 of the Act is amended by adding the following after subsection (1):**

Delivery on  
exercise of  
option

(1.1) For the purposes of this Part, if a recipient of a supply by way of lease, licence or similar arrangement of tangible personal property exercises an option to purchase the property that is provided for under the arrangement and the recipient begins to have possession of the property under the agreement of purchase and sale of the property at the same time and place as the recipient ceases to have possession of the property as lessee or licensee under the arrangement, that time and place is, for greater certainty, deemed to be the time and place at which the property is delivered or made available to the recipient in respect of the supply by way of sale of the property to the recipient.

1997, c. 10, s.  
154(1)

**(4) The portion of subsection 136.1(2) of the French version of the Act before paragraph (a) is replaced by the following:**

Services  
continus

(2) Pour l'application de la présente partie, lorsqu'un service est fourni à une personne pour une contrepartie qui comprend un paiement attribuable à une période (appelée « période de facturation » au présent paragraphe) qui représente tout ou partie de la période pendant laquelle le service est rendu ou à rendre aux termes de la convention portant sur la fourniture, les règles suivantes s'appliquent :

(5) Subsection 136.1(2) of the Act is amended by striking out the word "and" at the end of paragraph (b), by adding the word "and" at the end of paragraph (c) and by adding the following after paragraph (c):

(d) if, in the absence of paragraph (a), the supply of the service under the agreement would be deemed to be made in or outside Canada, all of the supplies of the service that are, because of that paragraph, deemed to be made under the agreement are, except in the case of a telecommunication service, deemed to be made in or outside Canada, as the case may be.

(6) Subsections (1) and (4) are deemed to have come into force on December 10, 1998.

(7) Subsections (2) and (5) apply to any supply for a lease interval or billing period, as the case may be, made after December 10, 1998.

(8) Subsection (3) is deemed to have come into force on April 1, 1997 and applies to any option to purchase exercised on or after that day.

21. (1) The Act is amended by adding the following after section 144:

Property in  
transit

144.01 For the purposes of this Part (other than sections 4, 15.3 and 15.4 of Part V of Schedule VI), if a continuous transmission commodity is transported by means of a wire, pipeline or other conduit

(a) outside Canada in the course of, and solely for the purpose of, being delivered by that means from a place in Canada to another place in Canada,

(b) in Canada in the course of, and solely for the purpose of, being delivered by that means from a place outside Canada to another place outside Canada,

(c) from a place in Canada to a place outside Canada where it is stored or taken up as surplus for a period until further transported by that means to a place in Canada in the same measure and state except to the extent of any consumption or alteration necessary or incidental to its transportation, or

(d) from a place outside Canada to a place in Canada where it is stored or taken up as surplus for a period until further transported by that means to a place outside Canada in the same



measure and state except to the extent of any consumption or alteration necessary or incidental to its transportation,

the commodity is deemed not to be exported or imported in the course of that transportation or further transportation.

**(2) Subsection (1) applies to the transportation of a continuous transmission commodity from a place of origin to a destination, including any intermediate transportation to or from a place at which it is stored or taken up as surplus, if the transportation from the place of origin begins after August 7, 1998.**

1997, c. 10, s.  
11(1)

**22. (1) The portion of paragraph 149(1)(b) of the Act before subparagraph (i) is replaced by the following:**

(b) the total (in this section referred to as the "financial revenue") of all amounts each of which is an amount that is interest, a dividend (other than a dividend in kind or a patronage dividend) or a separate fee or charge for a financial service and that is included in computing, for the purposes of the *Income Tax Act*, the person's income, or, if the person is an individual, the person's income from a business, for the taxation year of the person preceding the particular year exceeds the greater of

1997, c. 10, s.  
11(1)

**(2) Clause 149(1)(b)(i)(B) of the Act is replaced by the following:**

(B) the total of all consideration that became due in that preceding taxation year, or that was paid in that preceding taxation year without having become due, to the person for supplies (other than supplies by way of sale of capital property of the person and supplies of financial services that are not zero-rated supplies described by section 3 of Part IX of Schedule VI) made by the person, and

**(3) Section 149 of the Act is amended by adding the following after subsection (4):**

Exclusion –  
sales of  
precious metals

(4.01) In determining a total for a person under subparagraph (1)(b)(i), there shall not be included a separate fee or charge for

a financial service the supply of which is a zero-rated supply described by section 3 of Part IX of Schedule VI.

Inclusion -  
precious metals

(4.02) Despite clause (1)(b)(ii)(B), there shall be included in determining a total for a person under that clause the total of all consideration that became due to the person in the taxation year referred to in that clause, or that was paid to the person in that year without having become due, for supplies of financial services that are zero-rated supplies described by section 3 of Part IX of Schedule VI.

**(4) Subsections 149(4.01) and (4.02) of the Act, as enacted by subsection (3), are replaced by the following:**

Exclusion -  
sales of  
precious metals

(4.01) In determining an amount of financial revenue, there shall not be included a separate fee or charge for a financial service the supply of which is a zero-rated supply described by section 3 of Part IX of Schedule VI.

**(5) Subsections (1), (2) and (4) apply for the purpose of determining if a person is a financial institution throughout the person's taxation years that begin after April 23, 1996.**

**(6) Subsection (3) is deemed to have come into force on December 17, 1990.**

**23. (1) Section 153 of the Act is amended by adding the following after subsection (4):**

Sale-leaseback  
arrangements

(4.1) For the purposes of this Part, if

(a) a person (in this subsection and subsections (4.2) to (4.5) referred to as the "lessee") makes a supply by way of sale of tangible personal property to another person (in this subsection referred to as the "lessor"),

(b) the lessee is not required to collect tax in respect of that supply, and

(c) the lessor immediately makes a taxable supply by way of lease of the property to the lessee under an agreement (in this

subsection and subsections (4.2) to (4.5) referred to as the "original leaseback agreement"),

the value of the consideration for a supply of the property by way of lease that, at a particular time, becomes due or is paid without having become due under a particular agreement that is the original leaseback agreement or a subsequent lease in respect of that agreement is deemed to be equal to the amount determined by the formula

$$A - B$$

where

A is the value of that consideration as otherwise determined under this Part, and

B is the amount (in this subsection referred to as the "purchase credit") that is equal to the least of

(i) the value of A,

(ii) the amount determined by the formula

$$B_1/B_2$$

where

$B_1$  is the amount (in this subsection and subsection (4.5) referred to as the "unused total purchase credit"), if any, by which the consideration for the supply by way of sale exceeds the total of all amounts each of which is the purchase credit that was determined in calculating the amount deemed under this subsection to be the value of any consideration that, before the particular time, became due or was paid without having become due under the original leaseback agreement or a subsequent lease in respect of that agreement, and

$B_2$  is the specified number of remaining lease payments under the particular agreement at the particular time, and

(iii) if there is no unused total purchase credit, zero.

Meaning of  
"specified  
number of  
remaining lease  
payments"

(4.2) In subsection (4.1), the "specified number of remaining lease payments", at a particular time, in respect of a particular agreement for the supply of property by way of lease that is an original leaseback agreement or a subsequent lease in respect of that agreement, is the amount determined by the formula

$$A - B$$

where

A is the total number of payments that the lessee was obligated to make as consideration for the supplies of the property by way of lease under the particular agreement based on the terms of that agreement at the time it was entered into; and

B is the total number of the payments referred to in the description of A that, before the particular time, became due or were paid by the lessee.

Meaning of  
"subsequent  
lease"

(4.3) In subsections (4.1) to (4.5), "subsequent lease", in respect of an original leaseback agreement for the supply by way of lease of property to a lessee, means

(a) an agreement for the supply by way of lease of the property that constitutes a new agreement between the lessee and an assignee of the rights and obligations of the person who is the supplier under the original leaseback agreement or under an agreement referred to in this paragraph or in paragraph (b); or

(b) an agreement for the supply of the property to the lessee by way of lease that succeeds, as a new agreement, either the original leaseback agreement or a particular agreement referred to in paragraph (a) or in this paragraph upon a renewal or variation of that original leaseback agreement or particular agreement.

Deemed  
subsequent  
lease

(4.4) For the purposes of subsections (4.1), (4.2) and (4.5), if a supplier agrees, at any time, to renew, vary, terminate (otherwise than upon the exercise of an option to purchase) or assign a particular agreement for the supply of property to a lessee by way of lease that is an original leaseback agreement or a subsequent lease in respect of that agreement and the renewal, variation, termination or assignment does not constitute a novation of the particular agreement but has the effect of changing the

number of payments that the lessee is obligated to make for supplies by way of lease of the property under the particular agreement,

(a) the supplier and lessee are deemed to have, at that time, entered into a subsequent lease in respect of the original leaseback agreement; and

(b) all supplies by way of lease for which consideration becomes due, or is paid without having become due, at or after the time the renewal, variation, termination or assignment takes effect that would, but for this subsection, be made under the particular agreement are deemed to be made under that subsequent lease and not under the particular agreement.

Exercise of  
option to  
purchase

(4.5) For the purposes of this Part other than a purpose referred to in paragraph (5)(a), if

(a) a supply by way of sale of property is made to a lessee on the exercise by the lessee of an option to purchase the property provided for in an original leaseback agreement entered into by the lessee in respect of the property, or in a subsequent lease in respect of that agreement, to which subsection (4.1) applied, and

(b) immediately before the earliest time at which consideration for the supply becomes due or is paid without having become due, there is an unused total purchase credit in respect of the property,

the following rules apply:

(c) the value of the consideration for the supply is deemed to be equal to the amount determined by the formula

$$A - B$$

where

A is the value of that consideration as otherwise determined under this Part, and

B is that unused total purchase credit, and

(d) subsection (4.1) does not apply to any consideration that, after that earliest time, becomes due or is paid without having become due for any supply by way of lease of the property that

was made under the original leaseback agreement or under a subsequent lease in respect of that agreement.

Non-arm's  
length supplies

(4.6) For the purposes of subsection (4.1), if a person makes a supply by way of sale of property to a recipient with whom the person is not dealing at arm's length and the consideration for the supply exceeds the fair market value of the property at the time ownership of the property is transferred to the recipient, the consideration for the supply is deemed to be equal to that fair market value.

1997, c. 10, s.  
13(1)

**(2) The portion of subsection 153(5) of the Act before paragraph (a) is replaced by the following:**

Exception

(5) Subsections (4) and (4.1) do not apply

1997, c. 10, s.  
13(1)

**(3) Paragraph 153(5)(c) of the Act is replaced by the following:**

(c) if the supply of the trade-in, or the supply by way of sale referred to in paragraph (4.1)(a), as the case may be, is

(i) a zero-rated supply,

(ii) a supply made outside Canada, or

(iii) a supply in respect of which no tax is payable because of subsection 156(2) or paragraph 167(1.1)(a).

**(4) Section 153 of the Act is amended by adding the following after subsection (5):**

Exchange of  
natural gas  
liquids for  
make-up gas

(6) For the purposes of this Part, if

(a) natural gas is transported by pipeline to a straddle plant at which natural gas liquids or ethane (each of which is, in this

subsection, referred to as "natural gas liquids") is recovered from the natural gas,

(b) the residue gas is returned to the pipeline after the recovery along with other natural gas (in this subsection referred to as "make-up gas") that is supplied solely to make up for the loss of energy content due to the recovery, and

(c) the consideration or a part of the consideration for any supply of the natural gas liquids (or the right to recover the liquids) or any supply of the make-up gas is

(i) in the case of a supply of the natural gas liquids or the right to recover the liquids, the make-up gas, and

(ii) in the case of a supply of the make-up gas, the natural gas liquids or the right to recover the liquids,

the value of that consideration or part, as the case may be, is deemed to be nil.

(5) Subsections (1) to (3) apply to

(a) any supply by way of lease of property made by a person to a recipient under an original leaseback agreement (within the meaning of subsection 153(4.1) of the Act, as enacted by subsection (1)) entered into at any time after 1998 and the supply by way of sale of the property by the recipient to the person immediately before that time,

(b) any supply by way of lease of the property to the recipient made under a subsequent lease in respect of the original leaseback agreement (within the meaning of subsection 153(4.3) or (4.4) of the Act, as enacted by subsection (1)), and

(c) any supply by way of sale of the property on the exercise of an option to purchase the property provided for in the original leaseback agreement or in a subsequent lease (within that meaning) in respect of that agreement,

except that, if the original leaseback agreement is varied or renewed with the effect of increasing the number of payments that the recipient is obligated to make for supplies by way of lease of the property under that agreement and the variation or renewal takes effect before July 1999, subsection 153(4.4) of the Act, as enacted by subsection (1), does not apply to that variation or renewal.

(6) Subsection (4) applies to any exchange of natural gas liquids, ethane or the right to recover natural gas liquids or ethane for make-up gas, if, after August 7, 1998 and under the agreement for that exchange,

(a) any make-up gas is given as consideration for the natural gas liquids, ethane or right to recover natural gas liquids or ethane; or

(b) any natural gas liquids, ethane or right to recover natural gas liquids or ethane is given as consideration for the make-up gas.

1997, c. 10, s.  
14(1)

**24. (1) Section 154 of the Act is replaced by the following:**

Meaning of  
"provincial  
levy"

**154. (1)** In this section, "provincial levy" means a tax, duty or fee imposed under an Act of the legislature of a province in respect of the supply, consumption or use of property or a service.

Levies included  
in  
consideration

(2) For the purposes of this Part, the consideration for a supply of property or a service includes

(a) any tax, duty or fee imposed under an Act of Parliament that is payable by the recipient, or payable or collectible by the supplier, in respect of that supply or in respect of the production, importation, consumption or use of the property or service, other than tax under this Part that is payable by the recipient;

(b) any provincial levy that is payable by the recipient, or payable or collectible by the supplier, in respect of that supply or in respect of the consumption or use of the property or service, other than a prescribed provincial levy that is payable by the recipient; and

(c) any other amount that is collectible by the supplier under an Act of the legislature of a province and that is equal to, or is collectible on account of or in lieu of, a provincial levy, except where the amount is payable by the recipient and the provincial levy is a prescribed provincial levy.

**(2) Section 154 of the Act, as enacted by subsection (1), is amended by adding the following after subsection (2):**

Reference to  
"recipient"



(3) If, under this Part, a person is deemed to be the recipient of a supply in respect of which another person would, but for that deeming, be the recipient, a reference in this section to the recipient of the supply shall be read as a reference to that other person.

(3) Subsection (1) applies for the purpose of determining the consideration for supplies made after November 26, 1997.

(4) Subsection (2) is deemed to have come into force on June 4, 1999.

1993, c. 27, s.  
27(4)

25. (1) Subsections 156(1) to (3) of the Act are replaced by the following:

Definitions

156. (1) The definitions in this subsection apply in this section.

"Canadian  
partnership"  
« *société de  
personnes  
canadienne* »

"Canadian partnership" means a partnership each member of which is a corporation or partnership and is resident in Canada.

"qualifying  
group"  
« *groupe  
admissible* »

"qualifying group" means

(a) a closely related group; or

(b) a group of Canadian partnerships, or of Canadian partnerships and corporations resident in Canada, each member of which is closely related, within the meaning of this section, to each other member of the group.

"secured  
creditor"  
« *créancier  
garanti* »

"secured creditor" has the meaning assigned by subsection 317(4).

"security  
interest"  
« *garantie* »

"security interest" has the meaning assigned by subsection 317(4).

"specified  
member"  
« *membre  
déterminé* »

"specified member" of a qualifying group means a person that is a corporation or a partnership and

(a) that is a member of the group;

(b) that is not a party to an election under subsection 150(1);  
and

(c) all or substantially all of the property of which (other than financial instruments) was last manufactured, produced, acquired or imported by the person for consumption, use or supply exclusively in the course of commercial activities of the person or, if the person has no property (other than financial instruments), all or substantially all of the supplies made by which are taxable supplies.

Closely related  
persons

(1.1) For the purposes of this section, a particular Canadian partnership and another person that is a Canadian partnership or a corporation resident in Canada are closely related to each other at any time if, at that time, the particular partnership and the other person are registrants and

(a) if the other person is a Canadian partnership,

(i) all or substantially all of the interest in the other person is held by

(A) the particular partnership,

(B) a corporation resident in Canada, or a Canadian partnership, that is a member of a qualifying group of which the particular partnership is a member, or

(C) any combination of corporations or partnerships referred to in clauses (A) and (B), or

(ii) the particular partnership

(A) owns at least 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation resident in Canada that is a member of a qualifying group of which the other person is a member, or

(B) holds all or substantially all of the interest in a Canadian partnership that is a member of a qualifying group of which the other person is a member; and

(b) if the other person is a corporation,

(i) not less than 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of the other person are owned by

(A) the particular partnership,

(B) a corporation resident in Canada, or a Canadian partnership, that is a member of a qualifying group of which the particular partnership is a member, or

(C) any combination of corporations or partnerships referred to in clauses (A) and (B),

(ii) not less than 90% of the value and number of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of a corporation resident in Canada are owned by,

(A) if the corporation is a member of a qualifying group of which the particular partnership is a member, the other person, and

(B) if the corporation is a member of a qualifying group of which the other person is a member, the particular partnership,

(iii) all or substantially all of the interest in the particular partnership is held by

(A) the other person,

(B) a corporation resident in Canada, or a Canadian partnership, that is a member of a qualifying group of which the other person is a member, or

(C) any combination of corporations or partnerships referred to in clauses (A) and (B), or

(iv) all or substantially all of the interest in a Canadian partnership is held by

(A) if the Canadian partnership is a member of a qualifying group of which the particular partnership is a member, the other person, and

(B) if the Canadian partnership is a member of a qualifying group of which the other person is a member, the particular partnership.

Persons closely related to the same person

(1.2) If, under subsection (1.1), two persons are closely related to the same corporation or partnership, or would be so related if that corporation, or each member of that partnership, as the case may be, were resident in Canada, the two persons are closely related to each other for the purposes of this section.

Interest in a partnership

(1.3) For the purposes of this section, a person, or a group of persons, holds, at any time, all or substantially all of the interest in a partnership only if, at that time,

(a) the person, or every person in the group of persons, is a member of the partnership; and

(b) the person, or the members of the group collectively, as the case may be, is or are

(i) entitled to receive at least 90% of

(A) if the partnership had income for the last fiscal period (within the meaning of the *Income Tax Act*) of the partnership that ended before that time (or, if the partnership's first fiscal period includes that time, for that period), the total of all amounts each of which is the share of that income from all sources that each member of the partnership is entitled to receive, or

(B) if the partnership had no income for the last fiscal period or the first fiscal period referred to in clause (A), as the case may be, the total of all amounts each of which is the share of the income of the partnership that each member of the partnership would be entitled to receive if the income of the partnership from each source were one dollar,

(ii) entitled to receive at least 90% of the total amount that would be paid to all members of the partnership (otherwise than as a share of any income of the partnership) if it were wound up at that time, and

(iii) able to direct the business and affairs of the partnership or would be so able if no secured creditor had any security interest in an interest in, or the property of, the partnership.

Election for  
nil  
consideration

(2) For the purposes of this Part, if a specified member of a qualifying group elects jointly with another specified member of the group, every taxable supply (other than a supply of property, or of a service, that is not acquired by the recipient of the supply for consumption, use or supply exclusively in the course of commercial activities of the recipient and a supply by way of sale of real property) made between them at a time when the election is in effect is deemed to have been made for no consideration.

Cessation

(3) An election under subsection (2) made jointly by a particular member of a qualifying group and another member of the group ceases to have effect on the earliest of

(a) the day on which the particular member ceases to be a specified member of the group,

(b) the day on which the other member ceases to be a specified member of the group, and

(c) the day on which the election is revoked jointly by those members.

**(2) The definitions "secured creditor" and "security interest" in subsection 156(1) of the Act are repealed.**

**(3) Subparagraph 156(1.3)(b)(iii) of the French version of the Act is replaced by the following:**

(iii) ils ont la capacité de diriger tant les affaires internes que les activités de la société de personnes, ou l'auraient si aucun créancier garanti n'avait de droit en garantie sur une participation dans la société de personnes ou sur ses biens.

**(4) Subsection (1) is deemed to have come into force on October 8, 1998.**

26. (1) Subsections 162(1) and (2) of the Act are renumbered as subsections 162(2) and (3) respectively and section 162 of the Act is amended by adding the following before subsection (2):

Definitions

162. (1) The definitions in this subsection apply in this section.

"estimated reserves"  
« *réserves estimées* »

"estimated reserves" of minerals means the estimated quantities of minerals that geological and engineering data demonstrate, with reasonable certainty, to be recoverable under existing economic and operating conditions.

"farm-out agreement"  
« *accord d'amodiation* »

"farm-out agreement" means an agreement referred to in subsection (4).

"natural resource right"  
« *droit relatif à des ressources* »

"natural resource right" means

(a) a right to explore for or exploit a mineral deposit;

(b) a right of entry or user relating to a right referred to in paragraph (a); or

(c) a right to an amount computed by reference to the production (including profit) from, or to the value of production from, a mineral deposit.

"specified mining or well-site equipment"  
« *matériel déterminé* »

"specified mining or well-site equipment", in relation to the exploration or development of unproven property under a farm-out agreement, means

(a) equipment, installations and structures for use at a mine site in the production of minerals from the mine and not in the milling, smelting, refining or other processing of the minerals after production; and

(b) equipment, installations and structures for use at a well site in the production of minerals from the well, including a heater, dehydrator or other well-site facility for the initial treatment of substances produced from the well to prepare such production for transportation but excluding

(i) any equipment, installation, structure or facility that serves or is intended to serve a well that has not been drilled in the course of the exploration or development under that agreement, and

(ii) any equipment, installation, structure or facility for use in the refining of oil or the processing of natural gas including the separation therefrom of liquid hydrocarbons, sulphur or other joint products or by-products.

"unproven  
property"  
« *bien non  
prouvé* »

"unproven property" means real property for which estimated reserves of minerals have not been attributed.

1993, c. 27, s.  
29(1)

**(2) The portion of subsection 162(3) of the Act, as renumbered by subsection (1), before paragraph (a) is replaced by the following:**

Exception

(3) Subsection (2) does not apply to a supply of a right to take or remove forestry products, products that grow in water, fishery products, minerals or peat, or a right of entry or user relating thereto, where the supply is made to

**(3) Section 162 of the Act is amended by adding the following after subsection (3):**

Exploration and  
development of

mineral  
deposits

(4) For the purposes of this Part, if, under an agreement in writing between a person (in this subsection referred to as the "farmor") and another person (in this subsection referred to as the "farmee"), the farmor transfers to the farmee particular natural resource rights, or portions of them, relating to unproven property in consideration or part consideration for the farmee undertaking the exploration of the property for mineral deposits, providing information (or the right to it) gathered from the exploration and, subject to any conditions that may be provided in the agreement, developing the property for the production of minerals,

(a) the value, as consideration, of any property or service given by the farmor to the farmee under the agreement is deemed to be nil to the extent that the property or service is given as consideration for any of the following (each of which is referred to in this subsection as the "farmee's contribution"):

(i) the undertaking of that exploration or development,

(ii) the provision of that information (or the right to it),  
and

(iii) any transfer under the agreement by the farmee to the farmor of any interest in specified mining or well-site equipment that is used by the farmee exclusively in that exploration or development;

(b) the value of the farmee's contribution as consideration for any property or service given by the farmor to the farmee under the agreement is deemed to be nil; and

(c) if part of the consideration given by the farmor for the farmee's contribution is a service or property (each of which is referred to in this paragraph as the "farmor's additional contribution") that is not a natural resource right relating to unproven property,

(i) the farmee is deemed to have made, at the place at which the unproven property is situated, a taxable supply of a service to the farmor separate from any supply by the farmee under the agreement and that service is deemed to be consideration for the farmor's additional contribution,

(ii) the value of that service and the value of the farmor's additional contribution as consideration for the supply of that service are each deemed to be equal to the fair market value of the farmor's additional contribution determined at the time (in this paragraph referred to as the "time of transfer") that



(A) if the farmor's additional contribution is a service, performance of the service commences, and

(B) in any other case, ownership of the farmor's additional contribution is transferred to the farmee,

(iii) all of the consideration for the farmor's additional contribution and the consideration for the service deemed to have been supplied by the farmee are deemed to become due at the time of transfer, and

(iv) if, in addition to the farmee's contribution, the farmee supplies to the farmor other property or services (other than the service deemed under subparagraph (i) to have been supplied) for which part of the consideration is the farmor's additional contribution, the value of the consideration for the supply of the other property or services is deemed to be equal to the amount, if any, by which the value of that consideration, determined without reference to this subparagraph, exceeds the fair market value of the farmor's additional contribution.

**(4) Subsections (1) to (3) are deemed to have come into force on December 17, 1990 except that paragraph 162(4)(c) of the Act, as enacted by subsection (3), does not apply to agreements entered into on or before August 7, 1998.**

1993, c. 27, s.  
34(1)

**27. (1) Subsection 167.2(1) of the Act is replaced by the following:**

Supplies to  
non-resident  
persons of  
admissions to  
conventions

**167.2 (1)** If a sponsor of a convention makes a taxable supply of an admission to the convention to a non-resident person, the following shall not be included in calculating the tax payable in respect of the supply:

(a) that portion of the consideration for the admission that is reasonably attributable to the provision of the convention facility or related convention supplies other than property or services that are food or beverages or are supplied under a contract for catering; and

(b) 50% of that portion of the consideration for the admission that is reasonably attributable to the provision of related

convention supplies that are food or beverages or are supplied under a contract for catering.

**(2) Subsection (1) applies to supplies of admissions to a convention, all the supplies of admissions to which are made after June 4, 1999.**

1997, c. 10, s.  
161(3)

**28. (1) Paragraph 169(3)(a) of the Act is replaced by the following:**

(a) the input tax credit is in respect of

(i) tax that the person is deemed to have paid under subsection 171(1), 171.1(2), 206(2) or (3) or 208(2) or (3), or

(ii) an amount of tax that is prescribed for the purposes of paragraph (a) of the description of F in subsection 225.2(2); or

**(2) Subsection (1) is deemed to have come into force on April 1, 1997.**

1993, c. 27, s.  
43(1)

**29. (1) The definition "sales aid" in section 178.1 of the Act is replaced by the following:**

"sales aid"  
« matériel de  
promotion »

"sales aid" of a person who is a direct seller or an independent sales contractor of a direct seller means

(a) property (other than an exclusive product of the direct seller)

(i) that is a customized business form or a sample, demonstration kit, promotional or instructional item, catalogue or other personal property acquired, manufactured or produced by the person for sale to assist in the promotion, sale or distribution of exclusive products of the direct seller, and

(ii) that is neither sold nor held for sale by the person to an independent sales contractor of the direct seller who is acquiring the property for use as capital property, and

(b) the service of shipping or handling, or processing an order for, either property included in paragraph (a) or an exclusive product of the direct seller;

**(2) Section 178.1 of the Act is amended by adding the following in alphabetical order:**

"applicable  
provincial tax"  
« *taxe  
provinciale  
applicable* »

"applicable provincial tax" means any amount that can reasonably be attributed to a tax, duty or fee imposed under an Act of the legislature of a province and prescribed for the purposes of section 154;

**(3) Subsections (1) and (2) are deemed to have come into force on February 24, 1998 except that paragraph (b) of the definition "sales aid" in section 178.1 of the Act, as enacted by subsection (1), applies to a service only if no consideration for the supply of the service became due, or was paid, on or before that day.**

**30. (1) Section 178.3 of the Act is amended by adding the following after subsection (6):**

Bad debt on  
sale by  
contractor

(7) If

(a) a direct seller has made a supply of an exclusive product of the direct seller in circumstances in which an amount was required under paragraph (1)(d) to be added in determining the net tax of the direct seller,

(b) a particular independent sales contractor of the direct seller has or would have, but for paragraph (2)(e), also made a supply of the product to a person with whom the particular contractor was dealing at arm's length (other than the direct seller and another independent sales contractor of the direct seller),

(c) the direct seller has obtained evidence satisfactory to the Minister that the consideration and the tax payable in respect of the supply by the particular contractor have become in whole or in part a bad debt and that the amount of the bad debt has, at a particular time, been written off in the particular contractor's books of account, and

(d) the direct seller pays to, or credits in favour of, the particular contractor an amount in respect of the product equal to the amount determined by the formula

$$A \times B/C$$

where

A is the tax payable in respect of the supply by the particular contractor,

B is the total of the consideration and tax, and any applicable provincial tax in respect of that supply, remaining unpaid and written off at the particular time as a bad debt, and

C is the total of the consideration and tax, and applicable provincial tax, payable in respect of that supply,

the direct seller may, in determining the net tax for the particular reporting period of the direct seller in which the payment or credit is given or for a subsequent reporting period, deduct the amount paid or credited in a return under Division V filed by the direct seller within four years after the day on or before which the return for the particular reporting period is required to be filed.

Recovery of bad debt

(8) If all or part of a bad debt in respect of which a direct seller has made a deduction under subsection (7) is recovered, the direct seller shall, in determining the net tax for the direct seller's reporting period in which the bad debt or that part is recovered, add the amount determined by the formula

$$A \times B/C$$

where

A is the amount recovered;

B is the tax payable in respect of the supply to which the bad debt relates; and

C is the total of the consideration and tax, and any applicable provincial tax, payable in respect of that supply.

**(2) Subsection (1) applies to bad debts relating to supplies made after February 24, 1998.**

31. (1) Section 178.4 of the Act is amended by adding the following after subsection (6):

Bad debt on  
sale by  
contractor

(7) If

(a) a distributor of a direct seller has made a supply of an exclusive product of the direct seller in circumstances in which an amount was required under paragraph (1)(d) to be added in determining the net tax of the distributor,

(b) a particular independent sales contractor of the direct seller (other than the distributor) has or would have, but for paragraph (2)(d), also made a supply of the product to a person with whom the particular contractor was dealing at arm's length (other than the direct seller, distributor and another independent sales contractor of the direct seller),

(c) the distributor has obtained evidence satisfactory to the Minister that the consideration and the tax payable in respect of the supply by the particular contractor have become in whole or in part a bad debt and that the amount of the bad debt has, at a particular time, been written off in the particular contractor's books of account, and

(d) the distributor pays to, or credits in favour of, the particular contractor an amount in respect of the product equal to the amount determined by the formula

$$A \times B/C$$

where

A is the tax payable in respect of the supply by the particular contractor,

B is the total of the consideration and tax, and any applicable provincial tax, in respect of that supply remaining unpaid and written off at the particular time as a bad debt, and

C is the total of the consideration and tax, and applicable provincial tax, payable in respect of that supply,

the distributor may, in determining the net tax for the particular reporting period of the distributor in which the payment or credit is given or for a subsequent reporting period, deduct the amount paid or credited in a return under Division V filed by the

distributor within four years after the day on or before which the return for the particular reporting period is required to be filed.

Recovery of bad debt

(8) If all or part of a bad debt in respect of which a distributor of a direct seller has made a deduction under subsection (7) is recovered, the distributor shall, in determining the net tax for the distributor's reporting period in which the bad debt or that part is recovered, add the amount determined by the formula

$$A \times B/C$$

where

A is the amount recovered;

B is the tax payable in respect of the supply to which the bad debt relates; and

C is the total of the consideration and tax, and any applicable provincial tax, payable in respect of that supply.

**(2) Subsection (1) applies to bad debts relating to supplies made after February 24, 1998.**

**32. (1) The Act is amended by adding the following after section 178.6:**

*Designated Charities*

Meaning of "specified service"

**178.7 (1) For the purposes of this section, "specified service" means any service, other than a service**

(a) that is

(i) the care, employment or training for employment of individuals with disabilities,

(ii) an employment placement service rendered to such individuals, or

(iii) the provision of instruction to assist such individuals in securing employment; and

(b) the recipient of which is a public sector body or a board, commission or other body established by a government or a municipality.

Charity  
supplying  
specified  
service

(2) A charity may apply to the Minister, in prescribed form containing prescribed information, to be designated for the purposes of paragraph 1(d.1) of Part V.1 of Schedule V if

(a) one of the main purposes of the charity is the provision of employment, training for employment or employment placement services for individuals with disabilities or the provision of instructional services to assist such individuals in securing employment; and

(b) the charity supplies, on a regular basis, specified services that are performed, in whole or in part, by individuals with disabilities.

Designation by  
the Minister

(3) On application by a charity under subsection (2), the Minister may, by notice in writing, designate the charity for the purposes of paragraph 1(d.1) of Part V.1 of Schedule V, effective on the first day of a reporting period specified in the notice, if

(a) the Minister is satisfied that the conditions described in paragraphs (2)(a) and (b) are met; and

(b) a revocation under subsection (4) pursuant to a request made by the charity has not become effective in the 365-day period ending immediately before that day.

Revocation of  
designation

(4) The Minister may, by notice in writing, revoke a designation of a charity, effective on the first day of a reporting period specified in the notice, if

(a) the Minister is satisfied that the conditions described in paragraphs (2)(a) and (b) are no longer met; or

(b) the charity makes a request in writing to the Minister that the designation be revoked and the designation had not become effective in the 365-day period ending immediately before that day.

**(2) Subsection (1) is deemed to have come into force on February 24, 1998 and applies to reporting periods beginning after that day.**

1997, c. 10, s.  
174(1)

**33. (1) The definition "coupon" in subsection 181(1) of the Act is replaced by the following:**

"coupon"  
« *bon* »

"coupon" includes a voucher, receipt, ticket or other device but does not include a gift certificate or a barter unit (within the meaning of section 181.3).

1993, c. 27, s.  
46(1)

**(2) Subsection 181(4) of the Act is replaced by the following:**

Acceptance of  
other coupons

(4) For the purposes of this Part, if a registrant accepts, in full or partial consideration for a supply of property or a service, a coupon that may be exchanged for the property or service or that entitles the recipient of the supply to a reduction of, or a discount on, the price of the property or service and paragraphs (2)(a) to (c) do not apply in respect of the coupon, the value of the consideration for the supply is deemed to be the amount, if any, by which the value of the consideration for the supply as otherwise determined for the purposes of this Part exceeds the discount or exchange value of the coupon.

1997, c. 10, s.  
174(3)

**(3) Paragraph 181(5)(c) of the Act is replaced by the following:**

(c) if the supply is not a zero-rated supply and the coupon entitled the recipient to a reduction of the price of the property or service equal to a fixed dollar amount specified in the coupon (in this paragraph referred to as the "coupon value"), the particular person, if a registrant (other than a registrant who is a prescribed registrant for the purposes of subsection 188(5)) at that time, may claim an input tax credit for the reporting period of the particular person that includes that time equal to the tax fraction of the coupon value, unless all or part of that coupon value is an amount of an adjustment, refund or credit to which subsection 232(3) applies.



(4) Subsection (1) applies

(a) for the purpose of applying section 181 of the Act on and after December 10, 1998; and

(b) for the purpose of applying that section, to anything accepted or redeemed before that day, in determining

(i) any rebate under subsection 261(1) of the Act for which an application is received by the Minister of National Revenue on or after that day, or

(ii) any input tax credit or deduction claimed in a return received by the Minister on or after that day.

(5) Subsections (2) and (3) are deemed to have come into force on April 1, 1997 except that subsection (3) does not apply to a coupon if the person who pays an amount to redeem the coupon has claimed an input tax credit in respect of that amount in a return under Division V of Part IX of the Act that was, without the application of subsection 334(1) of the Act, received by the Minister of National Revenue before November 26, 1997.

34. (1) The Act is amended by adding the following after section 181.2:

Definitions

181.3 (1) The definitions in this subsection apply in this section.

"administrator"  
«  
*administrateur*  
»

"administrator" of a barter exchange network means the person who is responsible for administering, maintaining or operating a system of accounts, to which barter units may be credited, of members of the network.

"barter  
exchange  
network"  
« *réseau de  
troc* »

"barter exchange network" means a group of persons each member of which has agreed in writing to accept as full or partial consideration for the supply of property or services by that particular member to any other member of that group one or more credits (in this section referred to as "barter units") on an

account of the particular member maintained or operated by a single administrator of all such accounts of the members, which credits can be used as full or partial consideration for supplies of property or services between members of that group.

Application for  
designation

(2) The administrator of a barter exchange network may make an application to the Minister, in prescribed form containing prescribed information and filed in prescribed manner, to have the network designated for the purposes of subsection (5).

Designation of  
barter exchange  
network

(3) On application by an administrator of a barter exchange network under subsection (2), the Minister may designate the barter exchange network for the purposes of subsection (5), in which case the Minister shall notify the administrator in writing of the designation and its effective date.

Notification by  
administrator

(4) On receipt of a notification by the Minister of a designation of a barter exchange network, the administrator of the network shall, within a reasonable time, notify each member of the network in writing of the designation and its effective date.

Exchange of  
barter unit

(5) If a member of a barter exchange network or the administrator of a barter exchange network gives, while a designation of the network under subsection (3) is in effect, property, a service or money in exchange for a barter unit, the value of that property, service or money as consideration for the barter unit is, for the purposes of this Part and despite section 155, deemed to be nil.

Deemed  
non-financial  
services

(6) For the purposes of this Part, each of the following is deemed not to be a financial service:

(a) the operation, maintenance or administration of a system of accounts, to which barter units can be credited, of members of a barter exchange network;

(b) the crediting of a barter unit to such an account;

(c) the supply, receipt or redemption of a barter unit; and

(d) the agreeing to provide, or the arranging for, anything referred to in any of paragraphs (a) to (c).

(2) Subsection (1) is deemed to have come into force on December 10, 1998.

(3) If a designation of a barter exchange network under section 181.3 of the Act, as enacted by subsection (1), takes effect on the day on which this Act is assented to, that section applies to the giving of any property, service or money at any time before that day, by a member of the network or the administrator of the network, in exchange for a barter unit that could be used as full or partial consideration for supplies of property or services between members of the network as if the designation and that section had been in effect at that time, provided that no amount was collected as or on account of tax in respect of the supply of the barter unit.

1997, c. 10, s.  
33(3)

35. (1) Clauses 183(6)(a)(ii)(A) and (B) of the Act are replaced by the following:

(A) that supply is a zero-rated supply, or

(B) in the case of property that was, at the time it was seized or repossessed, specified tangible personal property having a fair market value in excess of the prescribed amount in respect of the property, tax would not have been payable had the property been purchased in Canada from the person at that time,

1997, c. 10, s.  
177(3)

(2) Clause (A) of the description of A in subparagraph 183(6)(a)(ii) of the Act is replaced by the following:

(A) if

(I) the property is situated in a participating province at the particular time, it was seized or repossessed before the day that is three years after the implementation date for that province (as defined in section 348) and tax would not have been payable had the property been purchased in Canada from the person at the time it was seized or repossessed, or

(II) the property is situated in a non-participating province at the particular time,

7%, and

1993, c. 27, s.  
47(3)

**(3) Paragraph 183(7)(c) of the Act is replaced by the following:**

(c) to have received a supply by way of sale of the property immediately before that time for consideration equal to the consideration for the particular supply, and

1997, c. 10, s.  
177(5)

**(4) The portion of paragraph 183(7)(d) of the Act before subparagraph (ii) of the description of A is replaced by the following:**

(d) except if the supply deemed under paragraph (c) to have been received is a zero-rated supply, to have paid, immediately before that time, all tax payable in respect of the supply deemed to have been received, which is deemed to be equal to the amount determined by the formula

A - B

where

A is

(i) if

(A) the property was seized or repossessed in a participating province by the creditor before the day that is three years after the implementation date for that province (as defined in section 348) and the particular supply is either made outside Canada or is a zero-rated supply, or

(B) either the property was seized or repossessed in a non-participating province or the particular supply is a supply (other than a zero-rated supply) made in a non-participating province,

tax under subsection 165(1) calculated on that consideration, and

1993, c. 27, s.  
47(4)

**(5) The portion of subsection 183(8) of the Act before paragraph (a) is replaced by the following:**

Lease of  
personal  
property

(8) For the purposes of this Part, if at a particular time a creditor who has seized or repossessed personal property from a person in circumstances in which subsection (1) applies makes a particular taxable supply of the property by way of lease, licence or similar arrangement for the first lease interval (within the meaning of subsection 136.1(1)) in respect of the arrangement, the creditor was not deemed under subsection (5) or (6) to have received a supply of the property at an earlier time and no tax would have been payable had the property been purchased in Canada from the person at the time it was seized or repossessed, except if

1993, c. 27, s.  
47(1)

**(6) Paragraph 183(8)(c) of the Act is replaced by the following:**

(c) to have received a supply by way of sale of the property immediately before the particular time, and

1997, c. 10, s.  
177(6)

**(7) The portion of paragraph 183(8)(d) of the Act before subparagraph (ii) is replaced by the following:**

(d) except if that supply is a zero-rated supply, to have paid, immediately before the particular time, all tax payable in respect of that supply, which is deemed to be equal to

(i) if

(A) the property was seized or repossessed in a participating province by the creditor before the day that is three years after the implementation date for that province (as defined in section 348) and the particular supply is either made outside Canada or is a zero-rated supply, or

(B) either the property was seized or repossessed in a non-participating province or the particular supply is a supply (other than a zero-rated supply) made in a non-participating province,

tax under subsection 165(1) calculated on the fair market value of the property at the time it was seized or repossessed, and

(8) Subsections (1) to (4), (6) and (7) are deemed to have come into force on April 1, 1997.

(9) Subsection (5) applies to lease intervals that begin after March 1997.

1997, c. 10, s.  
34(3)

**36. (1) Clauses 184(5)(a)(ii)(A) and (B) of the Act are replaced by the following:**

(A) that supply is a zero-rated supply, or

(B) in the case of property that was, at the time it was transferred, specified tangible personal property having a fair market value in excess of the prescribed amount in respect of the property, tax would not have been payable had the property been purchased in Canada from the person at that time,

1997, c. 10, s.  
178(3)

**(2) Clause (A) of the description of A in subparagraph 184(5)(a)(ii) of the Act is replaced by the following:**

(A) if

(I) the property is situated in a participating province at the particular time, it was transferred before the day that is three years after the implementation date for that province (as defined in section 348) and tax would not have been payable had the property been purchased in Canada from the person at the time it was transferred, or

(II) the property is situated in a non-participating province at the particular time,

7%, and

1993, c. 27, s.  
48(3)

**(3) Paragraph 184(6)(c) of the Act is replaced by the following:**

(c) to have received a supply by way of sale of the property immediately before that time for consideration equal to the consideration for the particular supply, and

1997, c. 10, s.  
178(5)

**(4) The portion of paragraph 184(6)(d) of the Act before subparagraph (ii) of the description of A is replaced by the following:**

(d) except if the supply deemed under paragraph (c) to have been received is a zero-rated supply, to have paid, immediately before that time, all tax payable in respect of the supply deemed to have been received, which is deemed to be equal to the amount determined by the formula

$$A - B$$

where

A is

(i) if

(A) the property was last held by the person in a participating province before being transferred to the insurer, the property was so transferred before the day that is three years after the implementation date for that province (as defined in section 348) and the particular supply is either made outside Canada or is a zero-rated supply, or

(B) either the property was last held by the person in a non-participating province before being transferred or the particular supply is a supply (other than a zero-rated supply) made in a non-participating province,

tax under subsection 165(1) calculated on that consideration, and

1993, c. 27, s.  
48(4)

**(5) The portion of subsection 184(7) of the Act before paragraph (a) is replaced by the following:**

Lease of  
personal  
property

(7) For the purposes of this Part, if, at a particular time, an insurer to whom personal property has been transferred from a person in circumstances in which subsection (1) applies makes a particular taxable supply of the property by way of lease, licence or similar arrangement for the first lease interval (within the meaning of subsection 136.1(1)) in respect of the arrangement, the insurer was not deemed under subsection (4) or (5) to have received a supply of the property at an earlier time and no tax would have

been payable had the property been purchased in Canada from the person at the time the property was transferred, except if

1993, c. 27, s.  
48(1)

**(6) Paragraph 184(7)(c) of the Act is replaced by the following:**

(c) to have received a supply by way of sale of the property immediately before the particular time, and

1997, c. 10, s.  
178(6)

**(7) The portion of paragraph 184(7)(d) of the Act before subparagraph (ii) is replaced by the following:**

(d) except if that supply is a zero-rated supply, to have paid, immediately before the particular time, all tax payable in respect of that supply, which is deemed to be equal to

(i) if

(A) the property was last held by the person in a participating province before being transferred to the insurer, the property was so transferred before the day that is three years after the implementation date for that province (as defined in section 348) and the particular supply is either made outside Canada or is a zero-rated supply, or

(B) either the property was last held by the person in a non-participating province before being transferred or the particular supply is a supply (other than a zero-rated supply) made in a non-participating province,

tax under subsection 165(1) calculated on the fair market value of the property at the time it was transferred, and

**(8) Subsections (1) to (4), (6) and (7) are deemed to have come into force on April 1, 1997.**

**(9) Subsection (5) applies to lease intervals that begin after March 1997.**

**37. (1) The Act is amended by adding the following after section 184:**

Carrying on  
construction



**184.1** (1) In this section, a reference to a particular person carrying on construction includes a reference to the particular person engaging another person, by way of acquiring services from the other person, to carry on construction for the particular person.

Performance  
bonds

(2) If a person (in this subsection referred to as the "surety") acting as a surety under a performance bond in respect of a contract for a particular taxable supply of construction services relating to real property situated in Canada carries on the particular construction that is undertaken in full or partial satisfaction of the surety's obligations under the bond,

(a) for the purposes of this Part, other than those described in paragraph (b), if the surety is entitled to receive at any time from the obligee, by reason of carrying on the particular construction, an amount (in this subsection referred to as a "contract payment") that is not an amount the tax in respect of which was or will be required to be included in determining the net tax of the principal under the bond and is not an amount paid or payable as or on account of either tax under this Part or a tax, duty or fee payable by the obligee that is prescribed for the purposes of section 154,

(i) in carrying on the particular construction, the surety is deemed to be making, at the place where the particular supply was made, a taxable supply,

(ii) sections 150, 156 and 166 do not apply to that supply, and

(iii) the contract payment is deemed to be consideration for that supply;

(b) for the purposes of determining the extent to which property or a service is acquired, imported or brought into a participating province by the surety for consumption, use or supply in the course of commercial activities and the extent to which the property or service is consumed, used or supplied by the surety in the course of commercial activities, the carrying on of the particular construction is deemed not to be for the purpose of making a taxable supply and not to be a commercial activity of the surety;

(c) despite paragraph (b), if paragraph (a) deems a surety to be making a taxable supply, any property or service (each of which is, in this section, referred to as a "direct input") that the surety acquires, imports or brings into a participating province for consumption, use or supply exclusively and directly in the course of carrying on the particular construction and not for use

as capital property of the surety or in improving capital property of the surety is deemed, for the purposes of this Part other than sections 155 and 156 and Divisions IV and IV.1, to have been acquired, imported or brought in by the surety for consumption, use or supply exclusively in the course of commercial activities of the surety; and

(d) the total amount of all input tax credits in respect of direct inputs that the surety is entitled to claim is equal to the lesser of that total determined without reference to this paragraph and

(i) if

(A) the amount determined by the formula

$$A \times B$$

where

A is

(I) if the supply deemed under subparagraph (a)(i) to be made by the surety is made in a participating province, the total of 7% and the tax rate for the participating province, and

(II) in any other case, 7%, and

B is the total of all contract payments (other than contract payments that are not in respect of the particular construction)

exceeds

(B) the total of all amounts, each of which would be an input tax credit of the surety in respect of a direct input but for the fact that tax is not payable by the surety in respect of the acquisition, importation or bringing into a participating province of the direct input because of section 150 or 167 or because of the fact that the surety is deemed to have acquired or imported it, or brought it in, for consumption, use or supply exclusively in the course of commercial activities,

that excess, and

(ii) in any other case, zero.

Determining  
credit for

construction  
inputs

(3) If a person acquires, imports or brings into a participating province property or a service for consumption, use or supply exclusively and directly in the course of carrying on construction that includes the particular construction that is undertaken in full or partial satisfaction of the person's obligations as a surety under a performance bond and other construction, for the purposes of this section and of determining an input tax credit of the person and the total amount of all input tax credits of the person in respect of direct inputs that the person is entitled to claim,

(a) despite section 138, that part (in this subsection referred to as the "particular construction input") of the property or service that is for consumption, use or supply in the course of carrying on the particular construction and the remaining part (in this subsection referred to as the "additional construction input") of the property or service are each deemed to be a separate property or service that does not form part of the other;

(b) the particular construction input is deemed to have been acquired, imported or brought in, as the case may be, exclusively and directly for use in the course of carrying on the particular construction;

(c) the additional construction input is deemed not to have been acquired, imported or brought in, as the case may be, for consumption, use or supply in the course of carrying on the particular construction;

(d) the tax payable in respect of the supply, importation or bringing in, as the case may be, of the particular construction input is deemed to be equal to the amount determined by the formula

$$A \times B$$

where

A is the tax payable (in this subsection referred to as the "total tax payable") by the person in respect of the supply, importation or bringing in, as the case may be, of the property or service, determined without reference to this subsection, and

B is the extent (expressed as a percentage) to which the property or service was acquired, imported or brought in, as the case may be, for consumption, use or supply in the course of carrying on the particular construction; and

(e) the tax payable in respect of the additional construction input is deemed to be equal to the difference between the total tax payable and the amount determined under paragraph (d).

(2) Section 184.1 of the Act, as enacted by subsection (1), applies, in relation to a surety under a performance bond in respect of a contract for a particular supply of construction services who carries on or engages another person to carry on for the surety the particular construction that is undertaken in full or partial satisfaction of the surety's obligations under the bond, as follows:

(a) that section applies if, after October 8, 1998, the surety begins to carry on the particular construction or first engages another person to carry on the particular construction unless, on or before that day,

(i) any amount that would be a contract payment within the meaning of that section in respect of the particular construction became due from or was paid by the obligee to the surety, and

(ii) the surety did not charge or collect any amount as or on account of tax under Part IX of the Act in respect of the amount, and

(b) that section (other than paragraphs (2)(b) to (d) and subsection (3)) also applies if

(i) on or before October 8, 1998, the surety begins to carry on or first engages another person to carry on the particular construction,

(ii) on or before that day, the surety charged or collected an amount as or on account of tax under Part IX of the Act in respect of each amount, if any, that would be a contract payment within the meaning of that section in respect of the particular construction and that, on or before that day, became due from or was paid by the obligee to the surety, and

(iii) the surety did not, on or before that day, adjust, refund or credit, in accordance with section 232 of the Act, any amount referred to in subparagraph (ii) that was charged or collected as or on account of tax,

except that, in applying paragraph 184.1(2)(a) of the Act, as enacted by subsection (1), in the circumstances described in subparagraphs (b)(i) to (iii), it shall be read without reference to the words "other than those described in paragraph (b)".

**38. (1) The portion of subsection 186(2) of the Act before paragraph (c) is replaced by the following:**

Takeover fees

(2) For the purposes of this Part, if

(a) a registrant that is a corporation resident in Canada (in this subsection referred to as the "purchaser") acquires, imports or brings into a participating province a particular property or service relating to the acquisition or proposed acquisition by it of all or substantially all of the issued and outstanding shares, having full voting rights under all circumstances, of the capital stock of another corporation, and

(b) throughout the period beginning when the performance of the particular service began or when the purchaser acquired, imported or brought into the participating province, as the case may be, the particular property and ending at the later of the times referred to in paragraph (c), all or substantially all of the property of the other corporation was property that was acquired or imported for consumption, use or supply exclusively in the course of commercial activities,

the particular property or service is deemed to have been acquired, imported or brought into the participating province for use exclusively in the course of commercial activities of the purchaser and, for the purpose of claiming an input tax credit, any tax in respect of the supply of the particular property or service to the purchaser, or the importation or bringing in of the particular property by the purchaser, is deemed to have become payable and been paid by the purchaser on the later of

**(2) Subsection (1) is deemed to have come into force on April 1, 1997.**

**39. (1) The definition "distributor" in subsection 188.1(1) of the Act is amended by striking out the word "or" at the end of paragraph (a) and by adding the following after paragraph (b):**

(c) accepts, on behalf of the issuer, a bet on a game of chance conducted by the issuer, or

(d) makes a specified gaming machine supply to the issuer;

**(2) Subsection 188.1(1) of the Act is amended by adding the following in alphabetical order:**

"gaming  
machine"  
« *appareil de  
jeu* »

"gaming machine" means a machine by the operation of which by a person, the person plays a game of chance in which the element of chance is provided by means of the machine, but does not include a machine that dispenses a ticket, token or other device evidencing the right to play or participate in, or receive a prize or winnings in, one or more games of chance unless the device is, for each of those games, sufficient evidence, and in the case of a printed device, contains sufficient information, to ascertain whether the holder of the device is entitled to receive a prize or winnings without reference to any other information;

"specified  
gaming machine  
supply"  
« *fourniture  
reliée aux  
appareils de  
jeu* »

"specified gaming machine supply" means a supply in respect of a gaming machine made to an issuer if

(a) the supply is

(i) of the machine, or a site at which the machine is operated, made by way of lease, licence or similar arrangement, or

(ii) of a service of repairing or maintaining the machine, performing functions necessary to ensure its proper operation or awarding, paying or delivering prizes won in the games of chance played by its operation, and

(b) under the agreement for the supply, all or part of the consideration for the supply is determined as a percentage of the proceeds of the issuer from conducting those games.

**(3) Subsection 188.1(4) of the Act is amended by striking out the word "and" at the end of paragraph (a) and by adding the following after that paragraph:**

(a.1) supplies made to an issuer by a distributor of the issuer of a service in respect of the acceptance, on behalf of the issuer, of bets on games of chance conducted by the issuer, including supplies of a service of managing, administering and carrying on the day-to-day operations of the issuer's gaming activities that are connected with a casino of the issuer,

(a.2) specified gaming machine supplies made to an issuer by a distributor of the issuer, and

**(4) Subsections (1) to (3) are deemed to have come into force on December 17, 1990.**

1990, c. 45, s.  
12(1)

**40. (1) Subparagraph 191(3)(b)(i) of the Act is replaced by the following:**

(i) gives, to a particular person who is not a purchaser under an agreement of purchase and sale of the complex, possession of any residential unit in the complex under a lease, licence or similar arrangement entered into for the purpose of the occupancy of the unit by an individual as a place of residence,

(i.1) gives possession of any residential unit in the complex to a particular person under an agreement for

(A) the supply by way of sale of the building or part thereof forming part of the complex, and

(B) the supply by way of lease of the land forming part of the complex or the supply of such a lease by way of assignment, or

1990, c. 45, s.  
12(1)

**(2) Subparagraph 191(4)(b)(i) of the Act is replaced by the following:**

(i) gives, to a particular person who is not a purchaser under an agreement of purchase and sale of the complex, possession of any residential unit in the addition under a lease, licence or similar arrangement entered into for the purpose of the occupancy of the unit by an individual as a place of residence,

(i.1) gives possession of any residential unit in the addition to a particular person under an agreement for

(A) the supply by way of sale of the building or part thereof forming part of the complex, and

(B) the supply by way of lease of the land forming part of the complex or the supply of such a lease by way of assignment, or

**(3) Section 191 of the Act is amended by adding the following after subsection (4):**

Reference to  
lease

(4.1) A reference in this section to a "lease" in respect of land shall be read as a reference to a "lease, licence or similar arrangement".

(4) Subsections (1) and (2) are deemed to have come into force on November 26, 1997 and apply in any case where a builder of a residential complex or of an addition to a residential complex gives possession of a residential unit in the complex or addition, as the case may be, on or after that day, except if such possession is given under an agreement in writing entered into before that day for the supply by way of sale of the building or part thereof forming part of the residential complex.

1993, c. 27, s.  
62(1)

**41. The portion of section 197 of the French version of the Act before paragraph (a) is replaced by the following:**

Changement  
d'utilisation  
négligeable

**197.** Pour l'application des paragraphes 206(2), (3) et (5), 207(2) et 208(2) et (3), lorsqu'un bien à utiliser dans le cadre des activités commerciales d'un inscrit a fait l'objet, au cours de la période commençant au dernier en date des jours suivants et se terminant après ce jour, d'un changement d'utilisation qui représente un changement de moins de 10 % par rapport à son utilisation totale, l'inscrit est réputé avoir utilisé le bien durant cette période dans la même mesure et à la même fin qu'il l'utilisait au début de cette période :

1993, c. 27, s.  
67

**42. (1) Subsections 200(3) and (4) of the Act are replaced by the following:**

Sale of  
personal  
property

(3) Despite paragraph 141.1(1)(a), for the purposes of this Part, if a registrant (other than a government) makes a supply by way of sale of personal property that is capital property of the registrant and, before the earlier of the time that ownership of the property is transferred to the recipient and the time that possession of the property is transferred to the recipient under the agreement for the supply, the registrant was last using the property otherwise than primarily in commercial activities of the



registrant, the supply is deemed to have been made in the course of activities of the registrant that are not commercial activities.

Sale of  
personal  
property of a  
government

(4) Despite subsection 141.1(1), for the purposes of this Part, where a supplier that is a government makes a supply by way of sale of particular personal property that is capital property of the supplier,

(a) if

(i) it is the case that

(A) the supplier is an agent of Her Majesty in right of Canada that is prescribed for the purposes of the definition "specified Crown agent" in subsection 123(1),

(B) the supplier is an agent of Her Majesty in right of a province that is prescribed for the purposes of that definition and the particular property is prescribed property, or

(C) the supplier is an agent of Her Majesty in right of a province and, if the particular property was last acquired or imported by the supplier after 1990 for consumption, use or supply in the course of particular activities of the supplier, the particular property was so acquired or imported in a period during which, because of an agreement under section 32 of the *Federal-Provincial Fiscal Arrangements Act* entered into by the government of the province, the supplier generally paid tax in respect of property or services acquired or imported for consumption, use or supply in the course of the particular activities and did not recover that tax pursuant to any entitlement under that Act or the *Constitution Act, 1867*,

(ii) the supplier is a registrant, and

(iii) before the earlier of the time that ownership of the particular property is transferred to the recipient of the supply and the time possession of the particular property is transferred to the recipient under the agreement for the supply, the supplier was last using the particular property otherwise than primarily in commercial activities of the supplier,

the supply is deemed to have been made in the course of activities of the supplier that are not commercial activities; and

(b) if none of clauses (a)(i)(A) to (C) apply, the supply is deemed to have been made in the course of commercial activities of the supplier.

**(2) Subsection (1) applies to supplies made after January 29, 1999.**

1993, c. 27, s.  
75(1)

**43. (1) Section 209 of the Act is replaced by the following:**

Real property  
of certain  
public service  
bodies

**209.** (1) If a registrant (other than a financial institution or a government) is a public service body, subsections 199(2) to (4) and 200(2) and (3) apply, with any modifications that the circumstances require, to real property acquired by the registrant for use as capital property of the registrant or, in the case of subsection 199(4), to improvements to real property that is capital property of the registrant, as if the real property were personal property.

Real property  
of certain  
Crown agents

(2) If a registrant (other than a financial institution) is a specified Crown agent, subsections 199(2) to (4) and 200(2) and (4) apply, with any modifications that the circumstances require, to real property acquired by the registrant for use as capital property of the registrant or, in the case of subsection 199(4), to improvements to real property that is capital property of the registrant, as if the real property were personal property.

Exception

(3) Despite subsections (1) and (2), subsections 200(3) and (4) do not apply to

(a) a supply of a residential complex or an interest in one made by way of sale; or

(b) a supply of real property made by way of sale to an individual.

**(2) Subsection (1) is deemed to have come into force on January 29, 1999.**

1993, c. 27, s.  
81(1)

**44. (1) Paragraph 215.1(2)(c) of the Act is replaced by the following:**

(c) the person has not been and is not entitled to be compensated under a warranty for loss suffered because of any of the circumstances described in those sections by receiving a supply of replacement parts, or replacement property, that are goods included in section 5 of Schedule VII, and

1993, c. 27, s.  
81(1)

**(2) Paragraph 215.1(3)(c) of the Act is replaced by the following:**

(c) the person has not been and is not entitled to be compensated under a warranty for loss suffered because of any of those circumstances by receiving a supply of replacement parts, or replacement property, that are goods included in section 5 of Schedule VII, and

1993, c. 27, s.  
83(2)

**45. (1) Clauses 217(b)(i)(A) and (B) of the Act are replaced by the following:**

(A) made a supply in Canada of the property by way of sale, or a supply in Canada of a service of manufacturing or producing the property, to a non-resident person, or

(B) acquired physical possession of the property for the purpose of making a supply of a commercial service in respect of the property to a non-resident person,

**(2) Section 217 of the Act is amended by striking out the word "or" at the end of paragraph (b.1) and by adding the following after that paragraph:**

(b.2) a taxable supply of a continuous transmission commodity, if the supply is deemed under section 143 to be made outside Canada to a registrant by a person who was the recipient of a supply of the commodity that was a zero-rated supply included in section 15.1 of Part V of Schedule VI or that would, but for subparagraph (a)(v) of that section, have been included in that section, and the registrant is not acquiring the commodity for consumption,

use or supply exclusively in the course of commercial activities of the registrant, or

**(3) Section 217 of the Act is amended by striking out the word "or" at the end of paragraph (b.2) and by adding the following after that paragraph:**

(b.3) a supply, included in section 15.2 of Part V of Schedule VI, of a continuous transmission commodity that is neither exported, as described in paragraph (a) of that section, nor supplied, as described in paragraph (b) of that section, by the recipient and the recipient is not acquiring the commodity for consumption, use or supply exclusively in the course of commercial activities of the recipient, or

**(4) Subsection (1) applies to supplies made after December 10, 1998.**

**(5) Subsection (2) applies to supplies made outside Canada after August 7, 1998.**

**(6) Subsection (3) applies to supplies made after October 1998.**

1997, c. 10, s.  
203(1)

**46. (1) Paragraph 218.1(1)(c) of the Act is replaced by the following:**

(c) every person who is the recipient of a supply, included in paragraph 217(b.1) or (b.2), of property that is delivered or made available to the person in a particular participating province and who is either resident in that province or is a registrant

**(2) Paragraph 218.1(1)(c) of the Act, as enacted by subsection (1), is replaced by the following:**

(c) every person who is the recipient of a supply, included in any of paragraphs 217(b.1) to (b.3), of property that is delivered or made available to the person in a particular participating province and who is either resident in that province or is a registrant

1997, c. 10, s.  
203(1)

**(3) Subsection 218.1(2) of the Act is replaced by the following:**

Selected listed  
financial  
institutions

(2) If tax under subsection (1) would, but for this subsection, become payable by a person when the person is a selected listed financial institution, that tax is not payable unless it is an amount of tax that

(a) is prescribed for the purposes of paragraph (a) of the description of F in subsection 225.2(2); or

(b) is in respect of an imported taxable supply of property or a service acquired otherwise than for consumption, use or supply in the course of an endeavour (as defined in subsection 141.01(1)) of the person.

**(4) Subsection (1) applies to supplies made after August 7, 1998.**

**(5) Subsection (2) applies to supplies made after October 1998.**

**(6) Subsection (3) is deemed to have come into force on April 1, 1997.**

1997, c. 10, s.  
204(1)

**47. (1) Section 220.04 of the Act is replaced by the following:**

Selected listed  
financial  
institutions

**220.04** If tax under this Division would, but for this section, become payable by a person when the person is a selected listed financial institution, that tax is not payable unless it is an amount of tax that

(a) is prescribed for the purposes of paragraph (a) of the description of F in subsection 225.2(2); or

(b) is in respect of property or a service brought into a participating province, or acquired, otherwise than for consumption, use or supply in the course of an endeavour (as defined in subsection 141.01(1)) of the person.

**(2) Subsection (1) is deemed to have come into force on April 1, 1997.**

1990, c. 45, s.  
12(1)

**48. (1) Paragraph 221(2)(b) of the Act is replaced by the following:**

(b) the recipient is registered under Subdivision d and, in the case of a recipient who is an individual, the property is neither a residential complex nor supplied as a cemetery plot or place of burial, entombment or deposit of human remains or ashes; or

**(2) Subsection (1) applies to supplies made after December 10, 1998.**

1993, c. 27, s.  
86(1)

**49. (1) Paragraph 221.1(2)(a) of the Act is replaced by the following:**

(a) that at least 90% of the total of all consideration for supplies to the person of items of inventory acquired in Canada by the person in the twelve-month period commencing immediately after the particular day will be attributable to supplies that would be included in that section if it were read without reference to paragraph (e) of that section; and

**(2) Subsection (1) applies to property supplied after October 1998.**

1993, c. 27, s.  
87(1)

**50. (1) Subsection 222(1) of the Act is replaced by the following:**

Trust for  
amounts  
collected

**222.** (1) Subject to subsection (1.1), every person who collects an amount as or on account of tax under Division II is deemed, for all purposes and despite any security interest in the amount, to hold the amount in trust for Her Majesty in right of Canada, separate and apart from the property of the person and from property held by any secured creditor of the person that, but for a security interest, would be property of the person, until the amount is remitted to the Receiver General or withdrawn under subsection (2).

1993, c. 27, s.  
87(2)

**(2) Subsection 222(3) of the Act is replaced by the following:**

Extension of  
trust

(3) Despite any other provision of this Act (except subsection (4)), any other enactment of Canada (except the *Bankruptcy and Insolvency Act*), any enactment of a province or any other law, if at any time an amount deemed by subsection (1) to be held by a person in trust for Her Majesty is not remitted to the Receiver General or withdrawn in the manner and at the time provided under this Part, property of the person and property held by any secured creditor of the person that, but for a security interest, would be property of the person, equal in value to the amount so deemed to be held in trust, is deemed

(a) to be held, from the time the amount was collected by the person, in trust for Her Majesty, separate and apart from the property of the person, whether or not the property is subject to a security interest, and

(b) to form no part of the estate or property of the person from the time the amount was collected, whether or not the property has in fact been kept separate and apart from the estate or property of the person and whether or not the property is subject to a security interest

and is property beneficially owned by Her Majesty in right of Canada despite any security interest in the property or in the proceeds thereof and the proceeds of the property shall be paid to the Receiver General in priority to all security interests.

Meaning of  
security  
interest

(4) For the purposes of subsections (1) and (3), a security interest does not include a prescribed security interest.

**51. (1) The Act is amended by adding the following after section 222:**

Sale of account  
receivable

**222.1** If a person makes a taxable supply that gives rise to an account receivable and at any time the person supplies by way of sale or assignment the debt, for the purposes of sections 222, 225, 225.1 and 227,

(a) the person is deemed to have collected, at that time, the amount, if any, of the tax in respect of the taxable supply that was not collected by the person before that time; and

(b) any amount collected by any person after that time on account of the tax payable in respect of the taxable supply is deemed not to be an amount collected as or on account of tax.

(2) Subsection (1) applies to any supply of a debt the ownership of which is transferred under the agreement for the supply after December 10, 1998.

1997, c. 10, s.  
205(1)

**52. (1) Subsection 223(1) of the Act is replaced by the following:**

Disclosure of  
tax

**223. (1)** If a registrant makes a taxable supply, other than a zero-rated supply, the registrant shall indicate to the recipient, either in prescribed manner or in the invoice or receipt issued to, or in an agreement in writing entered into with, the recipient in respect of the supply,

(a) the consideration paid or payable by the recipient for the supply and the tax payable in respect of the supply in a manner that clearly indicates the amount of the tax; or

(b) that the amount paid or payable by the recipient for the supply includes the tax payable in respect of the supply.

Indication of  
total

(1.1) If a registrant makes a taxable supply, other than a zero-rated supply, and, in an invoice or a receipt in respect of the supply issued to the recipient or in an agreement in writing in respect of the supply, the registrant indicates the tax payable or the rate or rates at which tax is payable in respect of the supply, the registrant shall indicate in that invoice, receipt or agreement

(a) the total tax payable in respect of the supply in a manner that clearly indicates the amount of that total; or

(b) the total of the rates at which tax is payable in respect of the supply.

Exception

(1.2) If a registrant makes a taxable supply in a participating province and is entitled under subsection 234(3) to deduct an amount in respect of the supply in determining the net tax of the registrant, the registrant is not required to include under subsection (1) or (1.1) tax under subsection 165(2), or the rate of that tax, in the total tax payable or the total of the rates of tax payable in respect of the supply.



**(2) Section 223 of the Act is amended by adding the following after subsection (1.2):**

Exception

(1.3) Subsection (1) does not apply to a registrant when the registrant is not required to collect the tax payable in respect of the taxable supply made by the registrant.

**(3) Subsection (1) is deemed to have come into force on April 7, 1997.**

**(4) Subsection (2) applies to supplies made after December 10, 1998.**

**53. (1) Subsection 225.1(1) of the Act is amended by striking out the word "and" at the end of paragraph (b), by adding the word "and" at the end of paragraph (c) and by adding the following after paragraph (c):**

(d) a supply deemed under subsection 177(1) or (1.2) to have been made by an agent.

1997, c. 10, s.  
45(1)

**(2) Paragraph (a) of the description of A in subsection 225.1(2) of the Act is replaced by the following:**

(a) 60% of the total of all amounts, each of which is an amount collectible by the charity that, in the particular reporting period, became collectible or was collected before having become collectible, by the charity as or on account of tax in respect of specified supplies made by the charity,

1997, c. 10, s.  
45(1)

**(3) Subparagraph (b)(iii) of the description of A in subsection 225.1(2) of the Act is replaced by the following:**

(iii) supplies made on behalf of another person for whom the charity acts as agent and

(A) that are deemed under subsection 177(1) or (1.2) to have been made by the charity and not by the other person, or

(B) in respect of which the charity has made an election under subsection 177(1.1),

**(4) The description of A in subsection 225.1(2) of the Act is amended by adding the following after paragraph (b):**

(b.1) the total of all amounts each of which is an amount not included in paragraph (b) that was collected from a person by the charity in the particular reporting period as or on account of tax in circumstances in which the amount was not payable by the person, whether the amount was paid by the person by mistake or otherwise,

**(5) Paragraph (a) of the description of B in subsection 225.1(2) of the Act is amended by striking out the word "and" at the end of subparagraph (ii) and by adding the following after subparagraph (iii):**

(iv) tangible personal property (other than property referred to in subparagraph (ii) or (iii)) that is acquired, imported or brought into a participating province by the charity for the purpose of supply by way of sale and is

(A) supplied by a person acting as agent for the charity in circumstances in which subsection 177(1.1) applies, or

(B) deemed by subsection 177(1.2) to have been supplied by an auctioneer acting as agent for the charity, and

(v) tangible personal property (other than property referred to in subparagraph (ii) or (iii)) deemed under paragraph 180(e) to have been acquired by the charity and under subsection 177(1) or (1.2) to have been supplied by the charity

1997, c. 10, s.  
207(2)

**(6) Paragraph (b) of the description of B in subsection 225.1(2) of the Act is replaced by the following:**

(b) 60% of the total of all amounts in respect of specified supplies that may be deducted under subsection 232(3) in respect of adjustments, refunds or credits given by the charity under subsection 232(2), or that may be deducted under subsection 234(2) or (3), in determining the net tax for the particular reporting period and that are claimed in the return under this Division filed for that reporting period,

**(7) The description of B in subsection 225.1(2) of the Act is amended by adding the following after paragraph (b):**

(b.1) the total of all amounts that may be deducted by the charity under subsection 226(4.1) in determining the net tax

for the particular reporting period and that are claimed in the return under this Division filed for that reporting period,

**(8) The description of B in subsection 225.1(2) of the Act is amended by adding the following after paragraph (b.1):**

(b.2) the total of all amounts that may, in determining the net tax for the particular reporting period, be deducted under subsection 232(3) in respect of adjustments, refunds or credits given by the charity under subsection 232(1) in respect of specified supplies and that are claimed in the return under this Division filed for that reporting period,

**(9) Section 225.1 of the Act is amended by adding the following after subsection (10):**

Exception

(11) This section does not apply to a charity that is designated under section 178.7.

(10) Subsections (1) and (3) apply for the purpose of determining the net tax for reporting periods ending after November 26, 1997.

(11) Subsections (2), (4), (6) and (8) apply for the purpose of determining the net tax for reporting periods ending after June 4, 1999.

(12) Subsection (5) applies, for the purpose of determining the net tax for reporting periods beginning after 1996, to any property that is deemed under subsection 177(1) or (1.2) of the Act, as enacted by section 26 of *An Act to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related Acts*, being chapter 10 of the Statutes of Canada, 1997, to have been supplied by an agent or to which subsection 177(1.1) of the Act, as enacted by that section, applies.

(13) Subsection (7) applies to reporting periods ending after March 1998.

(14) Subsection (9) applies for the purpose of determining the net tax of a charity for reporting periods beginning after February 24, 1998.

1997, c. 10, s.  
208(1)

54. (1) Paragraph (b) of the description of A in subsection 225.2(2) of the Act is replaced by the following:

(b) all amounts each of which is tax under subsection 165(1) in respect of a supply (other than a supply to which paragraph (c) applies) made by a person other than a selected listed financial institution to the financial institution that would, but for an election made under section 150, have become payable by the financial institution during the particular reporting period, and

1997, c. 10, s.  
208(1)

**(2) Paragraph (b) of the description of B in subsection 225.2(2) of the Act is replaced by the following:**

(b) all amounts each of which would be an input tax credit of the financial institution for the particular reporting period of the financial institution in respect of property or a service if tax became payable during the particular reporting period in respect of the supply of the property or service equal to the amount included for the particular reporting period under paragraph (b) or (c) of the description of A in respect of the supply;

**(3) Subsection 225.2(3) 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) no amount of tax paid or payable by the financial institution in respect of property or services acquired, imported or brought into a participating province otherwise than for consumption, use or supply in the course of an endeavour (as defined in subsection 141.01(1)) of the financial institution shall be included.

**(4) Subsections (1) to (3) are deemed to have come into force on April 1, 1997.**

**55. (1) Section 226 of the Act is amended by adding the following after subsection (4):**

Deduction for  
charity

(4.1) Where

(a) a charity is the recipient of a particular supply (other than a supply to which section 156 or 167 applies) made in Canada by way of sale of a used and empty returnable container,

(b) the charity acquires the container for the purpose of making a supply of the container when empty, or of the by-products of a

process of recycling the container, in the course of a business of the charity,

(c) the charity is not entitled to claim an input tax credit in respect of the container,

(d) if the charity at any time makes a supply of the container in respect of which tax is or would, but for section 156 or 167, be collectible, subsection (3) does not apply in respect of that supply, and

(e) the charity pays to the supplier, in respect of the particular supply, the total of the portion (in this subsection referred to as the "refundable deposit") of all taxes or fees that were imposed in respect of the container under an Act of the legislature of a province respecting the regulation, control or prevention of waste and that, pursuant to that Act or an agreement entered into under that Act, is refundable to the supplier and

(i) if tax is payable in respect of the particular supply, the tax calculated on the refundable deposit, and

(ii) in any other case, the amount of tax, calculated on the refundable deposit, that would be payable by the charity in respect of the particular supply if it were a taxable supply made by a registrant,

the charity may, in determining the net tax for its reporting period in which the particular supply is made, deduct the amount determined by the formula

$$A \times B$$

where

A is

(a) if the particular supply is made in a participating province, the total of 7% and the tax rate for that province, and

(b) in any other case, 7%, and

B is the refundable deposit.

Limitation

(4.2) A charity may not claim a deduction under subsection (4.1) in respect of a supply of a returnable container made to the charity unless the deduction is claimed in a return under this Division filed by the charity not later than the day on or before

which the return under this Division is required to be filed for the last reporting period of the charity that ends within four years after the end of the reporting period in which the particular supply is made.

**(2) Subsection (1) applies to any supply of a container made to a charity after March 1998.**

1997, c. 10, s.  
46(1)

**56. (1) Subsection 227(1) of the Act is replaced by the following:**

Election for  
streamlined  
accounting

**227. (1)** A registrant (other than a charity that is not designated under section 178.7) who is a prescribed registrant or a member of a prescribed class of registrants may elect to determine the net tax of the registrant for a reporting period during which the election is in effect by a prescribed method.

**(2) Subsection (1) applies to any reporting period beginning after February 24, 1998.**

1997, c. 10, s.  
210(3)

**57. (1) Paragraph 228(2.1)(a) of the Act is replaced by the following:**

(a) subject to subsection (2.2), the person shall calculate in the interim return the amount (in this Part referred to as the "interim net tax") that would be the net tax of the person for the reporting period if the description of C in the formula in subsection 225.2(2) were read as "is the lesser of the financial institution's percentage for the participating province for the taxation year and the financial institution's percentage for the participating province for the immediately preceding taxation year, each determined in accordance with the prescribed rules that apply to financial institutions of that class"; and

**(2) Subsection (1) applies to reporting periods ending after March 1997.**

1997, c. 10, s.  
50(1)

**58. (1) Subsection 231(2) of the Act is repealed.**

1997, c. 10, s.  
50(1)

**(2) The portion of subsection 231(3) of the Act before the formula is replaced by the following:**

Recovery of bad  
debt

(3) If a person recovers all or part of a bad debt in respect of which the person has made a deduction under subsection (1), the person shall, in determining the net tax for the person's reporting period in which the bad debt or that part is recovered, add the amount determined by the formula

1997, c. 10, s.  
50(1)

**(3) Subsection 231(4) of the Act is replaced by the following:**

Limitation

(4) A person may not claim a deduction under subsection (1) in respect of an amount that the person has, during a particular reporting period of the person, written off in its books of account as a bad debt unless the deduction is claimed in a return under this Division filed by the person within four years after the day on or before which the return under this Division for the particular reporting period is required to be filed.

**(4) Subsection (1) applies to any account receivable purchased at face value and on a non-recourse basis if ownership of the receivable is transferred to the purchaser after 1999.**

**(5) Subsection (2) applies to the recovery by a person of any bad debt in respect of an account receivable the ownership of which was transferred to the person after 1999.**

**(6) Subsection (3) applies to an amount of an account receivable written off by a person as a bad debt if ownership of the account receivable was transferred to the person after 1999.**

**59. (1) Subsection 232(3) of the Act is amended by striking out the word "and" at the end of paragraph (b), by adding the word "and" at the end of paragraph (c) and by adding the following after paragraph (c):**

(d) if all or part of the amount has been included in determining a rebate under Division VI paid to, or applied to a liability of, the other person before the particular day on which the credit note is received, or the debit note is issued, by the other person and the rebate so paid or applied exceeds the rebate to

which the other person would have been entitled if the amount adjusted, refunded or credited by the particular person had never been charged to or collected from the other person, the other person shall pay to the Receiver General under section 264 the excess as if it were an excess amount of that rebate paid to the other person

(i) if the other person is a registrant, on the day on or before which the other person's return for the reporting period that includes the particular day is required to be filed, and

(ii) in any other case, on the last day of the calendar month immediately following the calendar month that includes the particular day.

**(2) Subsection (1) applies to any amount that is adjusted, refunded or credited to or in favour of any person for which a credit note is received, or a debit note is issued, by the person after December 10, 1998.**

**60. (1) The Act is amended by adding the following after section 232:**

Promotional  
allowances

**232.1** For the purposes of this Part, if

(a) a particular registrant acquires particular tangible personal property exclusively for supply by way of sale for a price in money in the course of commercial activities of the particular registrant, and

(b) another registrant, who has made taxable supplies of the particular property by way of sale, whether to the particular registrant or another person,

(i) pays to or credits in favour of the particular registrant,  
or

(ii) allows as a discount on or credit against the price of any property or service (in this section referred to as the "discounted property or service") supplied by the other registrant to the particular registrant,

an amount in return for the promotion of the particular property by the particular registrant,

the following rules apply:

(c) the amount is deemed not to be consideration for a supply by the particular registrant to the other registrant,



(d) where the amount is allowed as a discount on or credit against the price of the discounted property or service,

(i) if the other registrant has previously charged to or collected from the particular registrant tax under Division II calculated on the consideration or part of it for the supply of the discounted property or service, the amount of the discount or credit is deemed to be a reduction in the consideration for that supply for the purposes of subsection 232(2), and

(ii) in any other case, the value of the consideration for the supply of the discounted property or service is deemed to be the amount, if any, by which the value of the consideration as otherwise determined for the purposes of this Part exceeds the amount of the discount or credit, and

(e) if the amount is not allowed as a discount on or credit against the price of any discounted property or service supplied to the particular registrant, the amount is deemed to be a rebate in respect of the particular property for the purposes of section 181.1.

**(2) Subsection (1) applies to amounts paid or credited in favour of a registrant, or allowed as a discount on or credit against the price of any property or service, after March 1997 in return for the promotion of property.**

1990, c. 45, s.  
12(1)

**61. (1) The portion of subsection 233(2) of the French version of the Act before paragraph (a) is replaced by the following:**

Ristourne

(2) Pour l'application de la présente partie, la personne qui, au cours de son exercice, verse à une autre personne une ristourne relative, en tout ou partie, à des fournitures taxables, sauf des fournitures détaxées, qu'elle a effectuées au profit de l'autre personne est réputée :

1990, c. 45, s.  
12(1); 1997, c.  
10, s. 213(1)

**(2) The portion of subsection 233(2) of the Act before paragraph (b) is replaced by the following:**

Patronage  
dividends

(2) For the purposes of this Part, if, at any time in a fiscal year of a particular person, the particular person pays to another person a patronage dividend all or part of which is in respect of supplies (in this subsection referred to as "specified supplies") that are taxable supplies (other than zero-rated supplies) made by the particular person to the other person, the particular person is deemed

(a) to have reduced, at that time,

(i) the total consideration for all supplies (in this subparagraph referred to as the "participating province's supplies") that are specified supplies made in a participating province and to which subsection 165(2) applied by the amount determined by the formula

$$(100\%/A) \times B$$

where

A is the total of 107% and the tax rate for that province, and

B is

(A) if the particular person has made an election under this subsection that is in effect for that fiscal year, the part of the dividend that is in respect of the participating province's supplies, and

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

$$(C/D) \times E$$

where

C is the portion of the total of the values determined, in computing the specified amount in respect of the dividend, for B and D in subsection (1) that is attributable to supplies made in that province,

D is the total referred to in the description of C, and

E is the specified amount in respect of the dividend, and

(ii) the total consideration for all supplies (in this subparagraph referred to as the "non-participating provinces' supplies") that are specified supplies to which subsection 165(2) did not apply by the amount determined by the formula

$$(100/107) \times A$$

where

A is

(A) if the particular person has made an election under this subsection that is in effect for that fiscal year, the part of the dividend that is in respect of the non-participating provinces' supplies, and

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

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

where

B is the portion of the total of the values determined, in computing the specified amount in respect of the dividend, for B and D in subsection (1) that is attributable to supplies made in non-participating provinces,

C is the total referred to in the description of B, and

D is the specified amount in respect of the dividend; and

1997, c. 10, s.  
213(2)

**(3) Subsections 233(4) and (5) of the Act are replaced by the following:**

Time for  
election

(4) An election made under subsection (2) or (3) by a person shall be made before any patronage dividend is paid by the person in the fiscal year of the person in which the election is to take effect.

Revocation of  
election

(5) An election made under subsection (2) or (3) by a person may be revoked by the person in a fiscal year of the person if the revocation is to take effect before any patronage dividend is paid by the person in that year.

(4) Subsection (1) is deemed to have come into force on December 17, 1990.

(5) Subsection (2) applies to patronage dividends declared after November 26, 1997.

(6) Subsection (3) is deemed to have come into force on November 26, 1997.

1997, c. 10, s.  
52(1)

**62. (1) Subsection 234(1) of the Act is replaced by the following:**

Deduction for  
rebate

**234. (1)** If, in the circumstances described in subsection 252.41(2), 254(4), 254.1(4) or 258.1(3), a particular person pays to or credits in favour of another person an amount on account of a rebate and transmits the application of the other person for the rebate to the Minister in accordance with subsection 252.41(2), 254(5), 254.1(5) or 258.1(4), as the case requires, the particular person may deduct the amount in determining the net tax of the particular person for the reporting period in which the amount is paid or credited.

(2) Subsection (1) applies after April 23, 1996 except that, before April 4, 1998, subsection 234(1) of the Act, as enacted by subsection (1), shall be read without reference to subsections 258.1(3) and (4) of the Act.

1997, c. 10, s.  
215(1)

**63. (1) The portion of subsection 235(1) of the French version of the Act before the formula is replaced by the following:**

Taxe nette en  
cas de location  
de voiture de  
tourisme

**235. (1)** Lorsque la taxe relative à la fourniture d'une voiture de tourisme par bail devient payable par un inscrit, ou est payée par lui sans être devenue payable, au cours de son année d'imposition, et que le total de la contrepartie de la fourniture qui serait déductible dans le calcul du revenu de l'inscrit pour l'année pour l'application de la *Loi de l'impôt sur le revenu*, abstraction faite de l'article 67.3 de cette loi, s'il était un contribuable aux termes de cette loi, excède le montant, relatif à

cette contrepartie, qui est déductible dans le calcul du revenu de l'inscrit pour l'année aux fins de cette même loi, ou qui le serait si l'inscrit était un contribuable aux termes de cette loi, le montant obtenu par la formule suivante est ajouté dans le calcul de la taxe nette de l'inscrit pour la période de déclaration indiquée :

1993, c. 27, s.  
96(1)

**(2) The description of B in the formula in subsection 235(1) of the Act is replaced by the following:**

B is

(a) if the registrant is a selected listed financial institution in the appropriate reporting period, the tax paid or payable under any of subsection 165(1) and sections 212 and 218 in respect of that consideration (other than tax that, by reason of section 170, may not be included in determining an input tax credit of the registrant), and

(b) in any other case, the tax paid or payable in respect of that consideration (other than tax that, by reason of section 170, may not be included in determining an input tax credit of the registrant), and

**(3) Subsection (1) is deemed to have come into force on December 17, 1990.**

**(4) Subsection (2) is deemed to have come into force on April 1, 1997.**

1990, c. 45, s.  
12(1); 1994, c.  
29, s. 13(1)

**64. (1) Subsection 236(1) of the Act is replaced by the following:**

Food, beverages  
and  
entertainment

**236. (1) If**

(a) an amount (in this subsection referred to as the "composite amount")

(i) becomes due from a person, or is a payment made by a person without having become due, in respect of a supply of property or a service made to the person, or

(ii) is paid by a person as an allowance or reimbursement in respect of which the person is deemed under section 174 or 175 to have received a supply of property or a service,

(b) subsection 67.1(1) of the *Income Tax Act* applies, or would apply if the person were a taxpayer under that Act, to all of the composite amount or that part of it that is, for the purposes of that Act, an amount paid or payable in respect of the human consumption of food or beverages or the enjoyment of entertainment and deems the composite amount or that part to be 50% of a particular amount, and

(c) tax included in the composite amount or deemed under section 174 or 175 to have been paid by the person is included in determining an input tax credit in respect of the property or service that is claimed by the person in a return for a reporting period in a fiscal year of the person,

the person shall, in determining the net tax for the appropriate reporting period of the person, add the amount determined by the formula

$$50\% \times A/B \times C$$

where

A is the particular amount,

B is the composite amount, and

C is the input tax credit.

Appropriate  
reporting  
period

(1.1) Where a person is required under subsection (1) to add, in determining the person's net tax, an amount determined by reference to an input tax credit claimed by the person in a return for a reporting period in a fiscal year of the person, for the purposes of that subsection, the appropriate reporting period of the person is

(a) if the person ceases to be registered under Subdivision d in a reporting period ending in that fiscal year, that reporting period;

(b) if that fiscal year is the person's reporting period, that reporting period; and

(c) in any other case, the person's reporting period that begins immediately after that fiscal year.

Unreasonable  
amounts

(1.2) If tax calculated on an amount (in this subsection referred to as the "unreasonable consideration") that is all or part of the total amount that becomes due from a person, or is paid by a person without having become due, in respect of a supply of property or a service made to the person is, because of subsection 170(2), not to be included in determining an input tax credit, for the purposes of subsection (1), that total amount is deemed to be the amount, if any, by which it exceeds the total of the unreasonable consideration and all gratuities, and taxes, duties or fees under this Part or under an Act of the legislature of a province, that are paid or payable in respect of the unreasonable consideration.

**(2) Subsection (1) applies**

(a) in the case of an amount that becomes due or is paid without having become due in respect of a supply of food, beverages or entertainment and in the case of an amount paid as a reimbursement or allowance in respect of a supply of food, beverages or entertainment,

(i) for the purpose of determining net tax for reporting periods ending after October 8, 1998, and

(ii) for the purpose of determining any rebate under subsection 261(1) of the Act of an amount that, before, on or after that day, is paid as or on account of, or taken into account as, net tax, unless the application for the rebate is received by the Minister of National Revenue before that day, and

(b) in any other case, to amounts that become due after that day or are paid after that day without having become due

except that, in its application to any person who ceases, before that day, to be registered under Subdivision d of Division V of Part IX of the Act, paragraph 236(1.1)(a) of the Act, as enacted by subsection (1), shall be read as follows:

(a) if the person ceases in or at the end of that fiscal year to be registered under Subdivision d, the person's last reporting period in that fiscal year;

**65. (1) The Act is amended by adding the following after section 236:**

Adjustment if  
property not  
exported or  
supplied

**236.1** If a registrant has received a zero-rated supply of a continuous transmission commodity included in section 15.2 of Part V of Schedule VI and the commodity is neither exported, as described in paragraph (a) of that section, nor supplied, as described in paragraph (b) of that section, by the registrant, the registrant shall, in determining the net tax of the registrant for the reporting period that includes the earliest day on which tax, calculated at the rate set out in subsection 165(1), would, but for that section, have become payable in respect of the supply, add an amount equal to interest, at the rate prescribed for the purposes of paragraph 280(1)(b) plus 4% per year compounded daily, on the total amount of tax that would have been payable in respect of the supply if it were not a zero-rated supply, computed for the period beginning on that earliest day and ending on the day on or before which the return under section 238 for that reporting period is required to be filed.

**(2) Subsection (1) applies to supplies made after October 1998.**

1990, c. 45, s.  
12(1)

**66. (1) Subsection 248(3) of the Act is replaced by the following:**

New reporting  
period

**(3)** For the purposes of this Part, if a person ceases to have reporting periods that are fiscal years with effect from the beginning of a fiscal month in a fiscal year of the person and that fiscal month is not the first fiscal month in that fiscal year, the period beginning on the first day of that fiscal year and ending immediately before the beginning of that fiscal month is deemed to be a reporting period of the person.

**(2) Subsection (1) is deemed to have come into force on April 1, 1997.**

1993, c. 27, s.  
106(1)

**67. (1) Paragraphs 249(2)(a) and (b) of the Act are replaced by the following:**

**(a)** the total of all consideration (other than consideration referred to in section 167.1 that is attributable to goodwill of a business) for taxable supplies (other than supplies of financial services, supplies by way of sale of real property that is capital property of the person and supplies included in Part V of Schedule VI) made in Canada by the person that became due to the person in the preceding fiscal quarters of the person ending



in that year or that was paid to the person in those preceding fiscal quarters without having become due; and

(b) the total of all amounts each of which is an amount in respect of a person (in this paragraph referred to as the "associate") who was associated with the particular person at the beginning of the particular fiscal quarter equal to the total of all consideration (other than consideration referred to in section 167.1 that is attributable to goodwill of a business) for taxable supplies (other than supplies of financial services, supplies by way of sale of real property that is capital property of the associate and supplies included in Part V of Schedule VI), made in Canada by the associate that became due to the associate in the fiscal quarters of the associate that end in that fiscal year of the particular person and before the beginning of the particular fiscal quarter or that was paid to the associate in those fiscal quarters of the associate without having become due.

**(2) Subsection (1) applies in determining the threshold amount of a person for any fiscal quarter of the person beginning after December 10, 1998.**

1997, c. 10, s.  
59(1)

**68. (1) Subsection 252.1(1) of the Act is replaced by the following:**

Definitions

**252.1 (1)** The definitions in this subsection apply in this section and in sections 252.2 and 252.4.

"camping  
accommodation"  
« *emplacement  
de camping* »

"camping accommodation" means a campsite at a recreational trailer park or campground (other than a campsite included in the definition "short-term accommodation" in subsection 123(1) or included in that part of a tour package that is not the taxable portion of the tour package, as defined in subsection 163(3)) that is supplied by way of lease, licence or similar arrangement for the purpose of its occupancy by an individual as a place of residence or lodging, if the period throughout which the individual is given continuous occupancy of the campsite is less than one month. It includes water, electricity and waste disposal services, or the right to their use, if they are accessed by means of an outlet or hook-up at the campsite and are supplied with the campsite.

"tour package"  
« voyage  
organisé »

"tour package" has the meaning assigned by subsection 163(3), but does not include a tour package that includes a convention facility or related convention supplies.

1997, c. 10, s.  
59(2)

**(2) Paragraph 252.1(2)(a) of the Act is replaced by the following:**

(a) a non-resident person is the recipient of a supply made by a registrant of short-term accommodation, camping accommodation or a tour package that includes short-term accommodation or camping accommodation,

1993, c. 27, s.  
107(1)

**(3) Paragraph 252.1(3)(a) of the Act is replaced by the following:**

(a) a particular non-resident person who is not registered under Subdivision d of Division V is the recipient of a supply of short-term accommodation, camping accommodation or a tour package that includes short-term accommodation or camping accommodation,

1997, c. 10,  
ss. 59(4), (5)  
(F)

**(4) Subsection 252.1(4) of the Act is replaced by the following:**

Tax paid in  
respect of  
accommodation

(4) For the purposes of subsection (2), if, in an application filed by a person for rebates under that subsection in respect of one or more supplies of short-term accommodation or camping accommodation in respect of which tax was paid by the person and that is neither acquired by the person for use in the course of a business of the person nor included in a tour package, the person elects to have any of those rebates determined in accordance with the formula set out in this subsection, the amount of tax paid in respect of each of those supplies of short-term accommodation or camping accommodation, as the case may be, is deemed to be equal to the amount determined by the formula

A x B

where

A is the total number of nights for which that short-term accommodation or camping accommodation, as the case may be, is made available under the agreement for the supply, and

B is

(a) in the case of short-term accommodation, \$5, and

(b) in the case of camping accommodation, \$1.

1993, c. 27, s.  
107(1)

**(5) The portion of subsection 252.1(5) of the Act before paragraph (a) is replaced by the following:**

Tax paid in  
respect of tour  
package

(5) If a person files an application in which a rebate under subsection (2) or (3) is claimed in respect of one or more supplies of tour packages that include short-term accommodation or camping accommodation and in respect of which tax was paid by the person, for the purposes of that subsection, the total amount of tax paid in respect of all of the accommodation is, for each of those tour packages, deemed to be equal to

1993, c. 27, s.  
107(1)

**(6) The formula in paragraph 252.1(5)(a) of the Act is replaced by the following:**

$$(A \times \$5) + (B \times \$1)$$

**(7) Paragraph 252.1(5)(a) of the Act is amended by adding the following after the description of A:**

B is the total number of nights for which camping accommodation included in that tour package is made available under the agreement for the supply; and

1993, c. 27, s.  
107(1); 1997,  
c. 10, ss.  
59(7)(F), (8)

**(8) Paragraph 252.1(5)(b) of the Act is replaced by the following:**

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

$$C/D \times E/2$$

where

C is the total number of nights for which short-term accommodation, or camping accommodation, included in that tour package is made available under the agreement for the supply of that tour package,

D is the number of nights the non-resident individual to whom the accommodation is made available spends in Canada during the period beginning on the earliest of

(i) the first day on which overnight lodging included in the tour package is made available to the individual,

(ii) the first day on which camping accommodation included in the tour package is made available to the individual, and

(iii) the first day any overnight transportation service included in the tour package is rendered to the individual,

and ending on the latest of

(iv) the last day on which overnight lodging is made available to the individual,

(v) the last day on which camping accommodation is made available to the individual, and

(vi) the last day any such transportation service is rendered to the individual, and

E is the tax paid by the person in respect of the supply of that tour package.

1997, c. 10, s.

59(9)

**(9) Subsections 252.1(6) and (7) of the Act are replaced by the following:**

Multiple  
supplies of  
accommodation  
for the same  
night

(6) For the purpose of determining, in accordance with the formula in subsection (4), the amount of a rebate payable to a consumer of short-term accommodation or camping accommodation, if a registrant makes a particular supply to the consumer of short-term accommodation or camping accommodation that is made available to the consumer for any night, any other supply by the registrant to the consumer of short-term accommodation or camping accommodation, as the case may be, that is made available to the consumer for the same night is deemed not to be a supply separate from the particular supply.

Multiple  
supplies of  
accommodation  
for the same  
night

(7) For the purpose of determining, in accordance with the formula in paragraph (5)(a), the amount of a rebate payable to a consumer of a tour package that includes short-term accommodation or camping accommodation, if a registrant makes a supply to the consumer of a particular tour package that includes short-term accommodation or camping accommodation that is made available to the consumer for any night, any other short-term accommodation or camping accommodation, as the case may be, that is included in another tour package supplied by the registrant to the consumer and made available to the consumer for the same night is deemed to be included in the particular tour package and not in any other tour package.

1997, c. 10, s.  
59(10)

**(10) Paragraph 252.1(8)(a) of the Act is replaced by the following:**

(a) a registrant makes a supply of short-term accommodation, camping accommodation or a tour package that includes short-term accommodation or camping accommodation to a non-resident recipient who either is an individual or is acquiring the accommodation or tour package for use in the course of a business of the recipient or for supply in the ordinary course of a business of the recipient of making such supplies,

1993, c. 27, s.  
107(1)

**(11) Subparagraph 252.1(8)(c)(ii) of the Act is replaced by the following:**

(ii) in the case of a supply of short-term accommodation, or camping accommodation, that is not part of a tour package, the tax paid by the recipient in respect of the supply, and

1993, c. 27, s.  
107(1); 1997,  
c. 10, s.  
59(11)(F)

**(12) Clause 252.1(8)(d)(ii)(A) of the Act is replaced by the following:**

(A) by the recipient to the registrant at least 14 days before the first day on which any short-term accommodation, or camping accommodation, included in the tour package is made available under the agreement for the supply of the tour package, and

**(13) Subsection (1) is deemed to have come into force on February 24, 1998.**

**(14) Subsections (2) to (12) apply for the purpose of determining rebates under section 252.1 of the Act**

(a) in respect of short-term accommodation, or camping accommodation, that is not included in a tour package if the accommodation is first made available after June 1998 under the agreement for the supply; and

(b) in respect of short-term accommodation, or camping accommodation, that is included in a tour package, if the first night in Canada, for which short-term accommodation or camping accommodation included in the tour package is made available to a non-resident individual, is after June 1998.

1993, c. 27, s.  
107(1)

**69. (1) Paragraphs 252.2(b) and (c) of the Act are repealed.**

1993, c. 27, s.  
107(1)

**(2) Paragraph 252.2(f) of the Act is replaced by the following:**

(f) the total of all rebates for which the application is made that are in respect of short-term accommodation, or camping accommodation, not included in a tour package and that are determined in accordance with the formula in subsection 252.1(4) does not exceed \$75; and

1997, c. 10, s.  
60(2)

**(3) The portion of paragraph 252.2(g) of the Act before subparagraph (i) is replaced by the following:**

(g) the total of all rebates for which the application is made that are in respect of short-term accommodation, or camping accommodation, included in tour packages and that are determined in accordance with the formula in paragraph 252.1(5)(a) does not exceed

**(4) Subsection (1) applies for the purpose of determining any rebate under section 252 or 252.1 of the Act the application for which is or would have been, but for subsection 334(1) of the Act, received by the Minister of National Revenue after February 24, 1998.**

**(5) Subsections (2) and (3) apply for the purpose of determining any rebate under section 252 or 252.1 of the Act the application for which is or would have been, but for subsection 334(1) of the Act, received by the Minister of National Revenue after June 1998.**

1997, c. 10, s.  
219(2)

**70. (1) Paragraph 252.4(1)(c) of the Act is replaced by the following:**

(c) property that is imported or brought into a participating province by the sponsor, or an imported taxable supply (as defined in section 217) of property or services that are acquired by the sponsor, for consumption, use or supply by the sponsor as related convention supplies,

1993, c. 27, s.  
107(1); 1997,  
c. 10, s.  
219(3)

**(2) Paragraphs 252.4(1)(d) and (e) of the Act are replaced by the following:**

(d) in the case of a supply made by the organizer, the total of

(i) the tax paid by the sponsor calculated on that part of the consideration for the supply that is reasonably attributable to the convention facility or related convention supplies other than property or services that are food or beverages or are supplied under a contract for catering, and

(ii) 50% of the tax paid by the sponsor calculated on that part of the consideration for the supply that is reasonably attributable to related convention supplies that are food or beverages or are supplied under a contract for catering, and

(e) in any other case,

(i) if the property or service is food or beverages or is supplied under a contract for catering, 50% of the tax paid by the sponsor in respect of the supply or importation of the property or service, or the bringing into a participating province of the property, and

(ii) in any other case, the tax paid by the sponsor in respect of the supply or importation of the property or service, or the bringing into a participating province of the property.

1997, c. 10, s.  
219(4)

**(3) Subsection 252.4(3) of the Act is replaced by the following:**

Rebate to  
organizer

(3) If an organizer of a foreign convention who is not registered under Subdivision d of Division V pays tax in respect of a supply of the convention facility or a supply, importation or bringing into a participating province of related convention supplies, the Minister shall, on the application of the organizer filed within one year after the convention ends, pay a rebate to the organizer equal to the total of

(a) the tax paid by the organizer calculated on that part of the consideration for the supply that is reasonably attributable to the convention facility or related convention supplies other than property or services that are food or beverages or are supplied under a contract for catering, and

(b) 50% of the tax paid by the organizer calculated on that part of the consideration for the supply that is reasonably attributable to related convention supplies that are food or beverages or are supplied under a contract for catering.

1993, c. 27, s.  
107(1)

**(4) Subparagraph 252.4(4)(a)(iv) of the Act is replaced by the following:**

(iv) a taxable supply, made by a registrant other than the organizer of the convention, of short-term accommodation or



camping accommodation that is acquired by the person exclusively for supply in connection with the convention, and

(5) Subsection (1) is deemed to have come into force on April 1, 1997.

(6) Subsections (2) and (3) apply to property or services acquired, imported or brought into a participating province for consumption, use or supply in connection with a convention, all the supplies of admissions to which are made after February 24, 1998.

(7) Subsection (4) applies to supplies to any person of camping accommodation that is acquired by the person for supply in connection with a convention, if the convention begins after June 1998 and all of the supplies of admissions to the convention are made after February 24, 1998.

1997, c. 10, s.  
220(1)

71. (1) Paragraph 253(1)(a) of the English version of the Act is replaced by the following:

(a) a musical instrument, motor vehicle, aircraft or any other property or a service is or would, but for subsection 272.1(1), be regarded as having been acquired, imported or brought into a participating province by an individual who is

(i) a member of a partnership that is a registrant, or

(ii) an employee of a registrant (other than a listed financial institution),

1993, c. 27, s.  
108(2)

(2) Subsection 253(3) of the Act is replaced by the following:

Application for  
rebate

(3) A rebate for a calendar year shall not be paid under subsection (1) to an individual unless, within four years after the end of the year or on or before such later day as the Minister may allow, the individual files an application for the rebate in prescribed form containing prescribed information with the Minister with a return of the individual's income under Part I of the *Income Tax Act*.

(3) Section 253 of the Act is amended by adding the following after subsection (5):

## Reassessments

(6) Despite subsection 298(2), if the Minister has assessed the amount of a rebate of a person payable under subsection (1), the Minister may at any time reassess or make an additional assessment of the amount of the rebate if application for the reassessment or additional assessment has been made by the person.

Interest on  
amount  
reassessed

(7) If the Minister pays or applies an amount in respect of a rebate as a result of a reassessment or additional assessment made under subsection (6), subsection 164(3.2) of the *Income Tax Act* applies, with any modifications that the circumstances require, for the purpose of calculating interest in respect of the amount as if it were an overpayment determined as a result of an assessment made under subsection 152(4.2) of that Act.

**(4) Subsection (1) is deemed to have come into force on April 1, 1997.**

1997, c. 10, s.  
64(1)

**72. (1) The definition "long-term lease" in subsection 254.1(1) of the Act is replaced by the following:**

"long-term  
lease"  
« *bail de  
longue durée* »

"long-term lease", in respect of land, means a lease, licence or similar arrangement under which continuous possession of the land is provided for a period of at least twenty years or a lease, licence or similar arrangement that contains an option to purchase the land;

1993, c. 27, s.  
110(1)

**(2) Paragraph 254.1(2)(d) of the Act is replaced by the following:**

(d) the builder is deemed under subsection 191(1) or (3) to have made a supply of the complex as a consequence of giving possession of the complex to the particular individual under the agreement,

1997, c. 10, s.  
222(3)

**(3) Subsection 254.1(2.1) of the Act is replaced by the following:**

Rebate in Nova  
Scotia

(2.1) If

(a) an individual is entitled to a rebate under subsection (2), or to be paid or credited the amount of such a rebate under subsection (4), in respect of a residential complex situated in Nova Scotia or would be so entitled if the fair market value of the complex, at the time possession of the complex is given to the individual under the agreement for the supply of the complex to the individual, were less than \$481,500, and

(b) possession of the complex is given to the individual under the agreement after March 1997 and the agreement is not an agreement in writing entered into on or before October 23, 1996,

the Minister shall, subject to subsection (3), pay a rebate to the individual, in addition to the rebate, if any, payable under subsection (2) to the individual, equal to the lesser of \$2,250 and 1.39% of the total consideration (within the meaning of paragraph (2)(h)) in respect of the complex.

1993, c. 27, s.  
110(1)

**(4) Paragraph 254.1(4)(a) of the Act is replaced by the following:**

(a) the builder of a residential complex that is a single unit residential complex or a residential condominium unit makes a supply of the complex to an individual under an agreement referred to in paragraph (2)(a) and transfers possession of the complex to the individual under the agreement,

**(5) Subsection (2) is deemed to have come into force on November 26, 1997.**

**(6) Subsection (3) is deemed to have come into force on April 1, 1997.**

**(7) Subsection (4) is deemed to have come into force on December 17, 1990.**

1997, c. 10, s.  
223(1)

**73. (1) Subsection 255(2.1) of the Act is replaced by the following:**

Rebate in Nova  
Scotia

(2.1) If

(a) an individual has acquired a share of the capital stock of a cooperative housing corporation for the purpose of using a residential unit in a residential complex of the corporation that is situated in Nova Scotia as the primary place of residence of the individual or a relation of the individual,

(b) the corporation has paid tax under subsection 165(2) in respect of a taxable supply to the corporation of the complex, and

(c) the individual is entitled to a rebate under subsection (2) in respect of the share or would be so entitled if the total (in this subsection referred to as the "total consideration") of all amounts, each of which is the consideration payable for the supply to the individual of the share or an interest in the corporation, complex or unit, were less than \$481,500,

the Minister shall, subject to subsection (3), pay a rebate to the individual, in addition to the rebate, if any, payable under subsection (2) to the individual, equal to the lesser of \$2,250 and 1.39% of the total consideration.

**(2) Subsection (1) is deemed to have come into force on April 1, 1997.**

1993, c. 27, s.  
113(1)

**74. (1) The portion of subsection 256.1(1) of the Act before paragraph (a) and paragraphs (a) and (b) of that subsection are replaced by the following:**

Rebate to owner  
of land leased  
for residential  
purposes

**256.1** (1) If an exempt supply of land described by section 6.1 of Part I of Schedule V is made to a particular lessee who is acquiring the land for the purpose of making a particular supply of property that includes the land or of a lease, licence or similar arrangement in respect of property that includes the land and the particular supply

(a) is an exempt supply described by paragraph 6(a) or section 7 of Part I of Schedule V, other than an exempt supply described by paragraph 7(a) of that Part made to a person described in subparagraph (ii) thereof, and

(b) will result in the particular lessee being deemed under any of subsections 190(3) to (5) and section 191 to have made a supply of the property at a particular time,

1993, c. 27, s.  
113(1); 1997,  
c. 10, s.  
225(1)

**(2) The descriptions of A and B in subsection 256.1(1) of the Act are replaced by the following:**

A is the total of all tax that, before the particular time, became or would, but for section 167, have become payable by the landlord in respect of the last acquisition of the land by the landlord and the tax that was payable by the landlord in respect of improvements to the land that were acquired, imported or brought into a participating province by the landlord after that last acquisition and that were used before the particular time in the course of improving the property that includes the land, and

B is the total of all other rebates and input tax credits that the landlord was entitled to claim in respect of any amount included in the total for A.

**(3) Subsection (1) is deemed to have come into force on December 17, 1990.**

**(4) Subsection (2) is deemed to have come into force on December 10, 1998 and applies for the purpose of determining any rebate the application for which is received by the Minister of National Revenue on or after that day.**

**75. (1) The Act is amended by adding the following after section 258:**

Meaning of  
"qualifying  
motor vehicle"

**258.1 (1) In this section, "qualifying motor vehicle" means a motor vehicle**

(a) that is equipped with a device designed exclusively to assist in placing a wheelchair in the vehicle without having to collapse the wheelchair or with an auxiliary driving control to facilitate

the operation of the vehicle by an individual with a disability;  
and

(b) that, for as long as it has been so equipped, has never been used as capital property or been held otherwise than for supply in the ordinary course of business.

Qualifying  
motor vehicle  
purchased in  
Canada

(2) If

(a) a registrant makes a taxable supply by way of sale of a qualifying motor vehicle,

(b) the recipient has paid all tax payable in respect of the supply, and

(c) the supplier identifies in writing to the recipient a portion (in this subsection referred to as the "certified amount of the purchase price") of the consideration for the supply that can reasonably be attributed to special features that have been incorporated into, or adaptations that have been made to, the vehicle

(i) for the purpose of its use by or in transporting an individual using a wheelchair, or

(ii) to equip the vehicle with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability,

the Minister shall, on application by the recipient filed within four years after the first day on which any tax in respect of the supply becomes payable, pay to the recipient a rebate of that portion of the total tax payable in respect of the supply that is equal to tax calculated on the certified amount of the purchase price.

Application to  
supplier

(3) If

(a) a registrant has made a taxable supply by way of sale of a qualifying motor vehicle,

(b) tax has been paid or become payable in respect of the supply, and

(c) the recipient submits to the registrant, within four years after the first day on which any tax in respect of the supply becomes payable, an application for the rebate to which the recipient would be entitled under subsection (2) in respect of the vehicle if the recipient had paid all the tax payable in respect of the supply and applied for the rebate in accordance with that subsection,

the registrant may pay to or credit in favour of the recipient the amount of the rebate.

Forwarding of  
application by  
supplier

(4) If an application of a recipient for a rebate under subsection (2) is submitted to a registrant in the circumstances described in subsection (3),

(a) the registrant shall transmit the application to the Minister with the registrant's return filed under Division V for the reporting period in which an amount on account of the rebate is paid or credited by the registrant to or in favour of the recipient;

(b) interest under subsection 297(4) is not payable in respect of the rebate; and

(c) the recipient is not entitled to claim any input tax credit in respect of the tax to which the amount of the rebate paid or credited by the registrant relates.

Joint and  
several  
liability

(5) If, under subsection (3), a registrant pays to or credits in favour of a recipient an amount on account of a rebate and the registrant knows or ought to know that the recipient is not entitled to the rebate or that the amount paid or credited exceeds the rebate to which the recipient is entitled, the registrant and the recipient are jointly and severally or solidarily liable to pay to the Receiver General under section 264 the amount that was paid or credited on account of the rebate or the excess amount, as the case may be.

Qualifying  
motor vehicle  
purchased  
outside Canada  
or a

participating  
province

(6) If

(a) a supply by way of sale of a qualifying motor vehicle is made outside Canada or a participating province,

(b) the supplier identifies in writing to the recipient a portion (in this subsection referred to as the "certified amount of the purchase price") of the consideration for the supply that can reasonably be attributed to special features that have been incorporated into, or adaptations that have been made to, the vehicle

(i) for the purpose of its use by or in transporting an individual using a wheelchair, or

(ii) to equip the vehicle with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability,

(c) the recipient imports the vehicle or brings it into the participating province,

(d) the vehicle is not used by any person after it is acquired by the recipient and before it is imported or brought into the participating province, as the case may be, except to the extent reasonably necessary to deliver the vehicle to a supplier of a service performed on it or to import it or bring it into the participating province, as the case may be, and

(e) the recipient has paid all tax payable in respect of the importation or bringing in, as the case may be,

the Minister shall, on application by the recipient filed within four years after the recipient imports the vehicle or brings it into the participating province, as the case may be, pay to the recipient a rebate of

(f) if the vehicle is imported, that portion of the total tax payable under Division III in respect of the vehicle that is calculated on the total of

(i) the portion of the certified amount of the purchase price that is included in determining the value of the vehicle under section 215, and

(ii) the amount of all duties and taxes, if any, payable under the *Customs Tariff*, the *Special Import Measures Act* or any other law relating to customs in respect of the importation and calculated on the portion of the certified amount of the



purchase price that is included in determining the value of the vehicle under that section, and

(g) if the vehicle is brought into the participating province, that portion of the total tax payable under Division IV.1 in respect of the vehicle that is calculated on the portion of the certified amount of the purchase price that is included in determining the value of the vehicle to which the tax rate for the participating province applies.

Lease of  
qualifying  
motor vehicle

(7) If, at any time after April 3, 1998, a registrant enters into a particular agreement in writing with a recipient for the taxable supply by way of lease of a motor vehicle that is, at that time, a qualifying motor vehicle,

(a) there shall not be included, in determining the tax payable in respect of any supply to that recipient by way of lease of the vehicle made under the particular agreement or under any agreement for the variation or renewal of that lease, the portion of the consideration for that supply that is identified in writing to the recipient by the supplier and can reasonably be attributed to special features that have been incorporated into, or adaptations that have been made to, the vehicle

(i) for the purpose of its use by or in transporting an individual using a wheelchair, or

(ii) to equip the vehicle with an auxiliary driving control that facilitates the operation of the vehicle by an individual with a disability; and

(b) if, at a later time, the recipient exercises an option under the particular agreement, or under an agreement for the variation or renewal of that lease, to purchase the vehicle, the vehicle is deemed, for the purposes of subsections (2) and (6), to be a qualifying motor vehicle at that later time.

Rebate for  
modification  
service

## **258.2 If**

(a) a person acquires a service (in this section referred to as the "modification service"), performed on a motor vehicle of the person outside Canada or a participating province, of specially equipping or adapting the vehicle for its use by or in transporting an individual using a wheelchair or specially

equipping the vehicle with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability,

(b) the person imports the vehicle or brings it into the participating province, as the case may be, after the modification service is performed and without the vehicle having been used by any person since the modification service was performed, except to the extent reasonably necessary to deliver the vehicle to a supplier of a service performed on it or to import it or bring it into the participating province, as the case may be, and

(c) the person has paid all tax payable in respect of the importation or bringing in, as the case may be,

the Minister shall, on application by the person filed within four years after the day the person imports the vehicle or brings it into the participating province, as the case may be, pay to the person a rebate of

(d) if the vehicle is imported, that portion of the total tax payable under Division III in respect of the vehicle that is calculated on the total of

(i) the portion of the value of the vehicle under section 215 that is attributable to the modification service and any property (other than the vehicle) supplied in conjunction with, and because of, the supply of the service, and

(ii) the amount of all duties and taxes, if any, payable under the *Customs Tariff*, the *Special Import Measures Act* or any other law relating to customs in respect of the importation and calculated on the portion referred to in subparagraph (i), and

(e) if the vehicle is brought into the participating province, that portion of the total tax payable under Division IV.1 in respect of the vehicle that is calculated on the portion of the value of the vehicle that is attributable to the modification service and any property (other than the vehicle) supplied in conjunction with, and because of, the supply of the service and that is included in determining the value of the vehicle to which the tax rate for the participating province applies.

**(2) Sections 258.1 and 258.2 of the Act, as enacted by subsection (1), are deemed to have come into force on April 4, 1998. Subsections 258.1(2) to (5) apply to any supply for which any consideration becomes due on or after that day or is paid on or after that day without having become due, and subsection 258.1(6) and section 258.2 apply to any importation or bringing into a participating province of a motor vehicle on or after that day.**

**76. (1) Paragraph (b) of the definition "non-creditable tax charged" in subsection 259(1) of the Act is amended by striking out the word "or" at the end of subparagraph (i), by adding the word "or" at the end of subparagraph (ii) and by adding the following after subparagraph (ii):**

(iii) is included in an amount adjusted, refunded or credited to or in favour of the person for which a credit note referred to in subsection 232(3) has been received by the person or a debit note referred to in that subsection has been issued by the person;

**(2) Section 259 of the Act is amended by adding the following after subsection (4):**

Restriction

(4.01) An amount shall not be included in determining the value of B in subsection (4) in respect of a claim period of a person to the extent that

(a) the amount is included in determining an input tax credit of the person;

(b) it can reasonably be regarded that the person has obtained or is entitled to obtain a rebate, refund or remission of the amount under any other section of this Act or under any other Act of Parliament; or

(c) the amount is included in an amount adjusted, refunded or credited to or in favour of the person for which a credit note referred to in subsection 232(3) has been received by the person or a debit note referred to in that subsection has been issued by the person.

1997, c. 10, s.  
227(5)

**(3) The portion of paragraph 259(4.1)(d) of the Act before subparagraph (i) is replaced by the following:**

(d) the total of all amounts, each of which is an amount that would be determined by the formula in subsection (4) in respect of the property or service for the claim period if that subsection applied to the person and if

1997, c. 10, s.  
227(6)

**(4) Subsection 259(4.2) of the Act is replaced by the following:**

Rebates in  
respect of tax  
in  
participating  
provinces

(4.2) In determining a rebate under this section payable to a person, no tax under any of subsection 165(2), sections 212.1 and 218.1 and Division IV.1 payable or deemed to have been paid or collected by the person shall be included

(a) in any amount referred to in any of subparagraphs (a)(i) to (iv) of the definition "non-creditable tax charged" in subsection (1);

(b) in any amount referred to in subparagraph (v) of that definition that is required under subsection 129(7) to be added in determining the person's net tax; or

(c) in determining any amount referred to in subparagraph (v) of that definition that is an input tax credit required under paragraph 171(4)(b) to be added in determining the person's net tax.

**(5) Section 259 of the Act is amended by adding the following after subsection (4.2):**

Exception

(4.21) Subsection (4.2) does not apply to

(a) a charity that is not a selected public service body and that is resident in a participating province;

(b) a qualifying non-profit organization that is not a selected public service body and that is resident in a participating province;

(c) a selected public service body resident in Nova Scotia; or

(d) a municipality resident in New Brunswick.

1997, c. 10, s.  
227(6)

**(6) Subsection 259(4.3) of the Act is replaced by the following:**

Rebate to  
certain  
selected public  
service bodies  
in Newfoundland

(4.3) Despite subsection (4.1), if a rebate under this section in respect of property or a service for a claim period is payable to a person that

(a) is a selected public service body resident in Newfoundland,

(b) is a charity, a public institution or a qualifying non-profit organization, and

(c) has activities (in this subsection referred to as its "other activities")

(i) in the case of a person that is designated to be a municipality for the purposes of this section, that are not designated activities (within the meaning of subsection (4)), and

(ii) in any other case, that it engages in otherwise than in the course of fulfilling its responsibilities as a local authority or of operating a public hospital, an elementary or secondary school, a post-secondary college or technical institute, a recognized degree-granting institution or a college affiliated with or research body of such a degree-granting institution, as the case may be,

the amount of the rebate is equal to the total of

(d) the amount of the rebate as otherwise determined under subsection (4.1), and

(e) the total of all amounts each of which is an amount that would be determined by the formula in subsection (4) in respect of the property or service for the claim period if

(i) the percentage prescribed for the purposes of that subsection were 50%,

(ii) the reference to designated activities in the description of C in that formula were a reference to the person's other activities, and

(iii) subsection (4.2) did not apply to the person and no tax under any of subsection 165(1) and sections 212 and 218 were included

(A) in any amount referred to in any of subparagraphs (a)(i) to (iv) of the definition "non-creditable tax charged" in subsection (1),

(B) in any amount referred to in subparagraph (v) of that definition that is required under subsection 129(7) to be added in determining the person's net tax, and

(C) in determining any amount referred to in subparagraph (v) of that definition that is an input tax credit required under paragraph 171(4)(b) to be added in determining the person's net tax.

1993, c. 27, s.  
115(3)

**(7) The portion of subsection 259(5) of the Act before paragraph (a) is replaced by the following:**

Application for  
rebate

(5) A rebate under this section in respect of a claim period in a fiscal year of a person shall not be paid to the person unless the person files an application for the rebate after the first day in that year that the person is a selected public service body, charity or qualifying non-profit organization and within four years after the day that is

**(8) Section 259 of the Act is amended by adding the following after subsection (5):**

Exception to  
limitation  
period

(5.1) If

(a) tax in respect of a supply of property or a service became payable by a person in a particular claim period of the person,

(b) the supplier did not, before the end of the last claim period of the person that ends within four years after the end of the particular claim period, charge the tax in respect of the supply,

(c) the supplier discloses in writing to the person that the Minister has assessed the supplier for that tax, and

(d) the person pays that tax after the end of that last claim period and before that tax is included in determining a rebate under this section claimed by the person,

the following rules apply:

(e) for the purposes of this section, that tax is deemed to have become payable by the person in the person's claim period in which the person pays that tax and not to have become payable in the particular claim period,

(f) the portion of the rebate of the person under this section in respect of the property or service for the person's claim period in which the person pays that tax that is in excess of the amount of that rebate that would be determined without reference to this subsection

(i) may, despite subsection (6), be claimed in an application separate from the person's application for other rebates under this section for that claim period, and

(ii) shall not be paid to the person unless that portion is claimed in an application filed by the person on a day that is after the beginning of the person's fiscal year that includes that claim period and after the first day in that year that the person is a selected public service body, charity or qualifying non-profit organization and

(A) if the person is a registrant, not later than the day on or before which the person is required to file the return under Division V for that claim period, or

(B) if the person is not a registrant, within one month after the end of that claim period, and

(g) subsection (5) applies to the remaining portion of that rebate as if that remaining portion were in respect of a separate property or service.

(9) Subsection (1) is deemed to have come into force on December 10, 1998 and applies to any amount that is adjusted, refunded or credited to or in favour of any person for which a credit note is received, or a debit note is issued, by the person after that day.

(10) Subsection (2) is deemed to have come into force on November 26, 1997 and applies for the purpose of determining any rebate under section 259 of the Act the application for which is or would have been, but for subsection 334(1) of the Act, received by the Minister of National Revenue on or after that day, except that paragraph 259(4.01)(c) of the Act, as enacted by subsection (2), applies only to amounts that are adjusted, refunded or credited to or in favour of a person for which a credit note is received, or a debit note is issued, by the person after December 10, 1998.

(11) Subsections (3) to (6) are deemed to have come into force on April 1, 1997, except that paragraphs 259(4.21)(a) and (b) of the Act, as enacted by subsection (5), shall be read without reference to the words "that is not a selected public service body and" for the purpose of determining that portion of any rebate payable to a person under section 259 of the Act that

(a) is in respect of tax under any of subsection 165(2), sections 212.1 and 218.1 and Division IV.1 of the Act;

(b) was claimed in an application that was, without the application of subsection 334(1) of the Act, received by the Minister of National Revenue before November 26, 1997; and

(c) was calculated based on a percentage prescribed for the purposes of subsection 259(4) applicable to a selected public service body described in whichever of paragraphs (a) to (e) of the definition of that expression in subsection 259(1) of the Act applies to the person.

(12) Subsections (7) and (8) are deemed to have come into force on December 17, 1990.

77. (1) The Act is amended by adding the following after section 261:

Definitions

**261.01** (1) The definitions in this subsection apply in this section.

"claim period"  
« période de  
demande »

"claim period" has the meaning assigned by subsection 259(1).

"multi-employer  
plan"  
« régime inter-  
entreprises »

"multi-employer plan", at any time in a particular calendar year, means a pension plan that is, at that time, a registered pension plan (as defined in subsection 248(1) of the *Income Tax Act*) that is a multi-employer plan (as defined in subsection 8500(1) of the *Income Tax Regulations*) in that year but does not include a plan where

(a) if contributions were made to the plan in the immediately preceding calendar year by participating employers, 10% or more of the total contributions made to the plan in that preceding year by participating employers were made by participating employers that were listed financial institutions; and

(b) in any other case, it is reasonable to expect that 10% or more of the total contributions made to the plan in the particular year by participating employers will be made by participating employers that are listed financial institutions.



Rebate for  
multi-employer  
plan trust

(2) If a trust governed by a multi-employer plan acquires, imports or brings into a participating province property or a service for consumption, use or supply in respect of the plan, the Minister shall pay to the trust a rebate for each claim period of the trust equal to the amount determined by the formula

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

where

A is 33%,

B is the total of all amounts each of which is tax that, during that period and after 1998, became payable by the trust or was paid by the trust without having become payable, in respect of the supply, importation or bringing in of the property or service, and

C is the total of all amounts each of which is an amount that is included in the total for B for the period and

(a) is included in determining an input tax credit of the trust in respect of the property or service for the period,

(b) for which it can reasonably be regarded that the trust has obtained or is entitled to obtain a rebate, refund or remission under any other section of this Act or under any other Act of Parliament, or

(c) is included in an amount adjusted, refunded or credited to or in favour of the trust for which a credit note referred to in subsection 232(3) has been received by the trust or a debit note referred to in that subsection has been issued by the trust.

Exceptions

(3) The following shall not be included in determining the total for B in subsection (2):

(a) an amount of tax that a trust is deemed to have paid under this Part (other than section 191); and

(b) an amount of tax that became payable, or was paid without having become payable, by a trust at a time when it was entitled to claim any rebates under section 259.

Application for  
rebate

(4) A rebate for a claim period in respect of the supply, importation or bringing into a participating province of property or a service shall not be paid to a trust under subsection (2) unless the trust files an application for the rebate within two years after the day that is

(a) if the trust is a registrant, the day on or before which the trust is required to file the return under Division V for the claim period; and

(b) in any other case, the last day of the claim period.

Limitation

(5) A trust shall not make more than one application for rebates under this section in any claim period of the trust.

(2) If a person is entitled to a rebate under section 261.01 of the Act in respect of an amount that, before this Act is assented to, became payable or was paid without having become payable by the person during a claim period of the person, or would be so entitled in the absence of subsection 261.01(4) of the Act, the person shall, despite that subsection, have until the day that is two years after the later of the day of the assent and the day referred to in paragraph 261.01(4)(a) or (b) of the Act, whichever of those paragraphs apply, to file an application for the rebate.

1997, c. 10, s.  
229(1)

**78. (1) Section 261.5 of the Act is repealed.**

**(2) Subsection (1) is deemed to have come into force on April 1, 1997.**

1997, c. 10, s.  
230(1)

**79. (1) The portion of section 263 of the Act before paragraph (a) is replaced by the following:**

Restriction on  
rebate

**263.** A rebate of an amount under subsection 215.1(1) or (2) or 216(6) or any of sections 252 to 261.31, or a refund or abatement of an amount that, because of subsection 215.1(3) or 216(7), may be granted under section 69, 73, 74 or 76 of the *Customs Act*, shall

not be paid or granted to a person to the extent that it can reasonably be regarded that

**(2) Section 263 of the Act is amended by striking out the word "or" at the end of paragraph (b), by adding the word "or" at the end of paragraph (c) and by adding the following after paragraph (c):**

(d) a credit note referred to in subsection 232(3) has been received by the person, or a debit note referred to in that subsection has been issued by the person, for an adjustment, refund or credit that includes the amount.

**(3) Subsection (2) is deemed to have come into force on December 10, 1998.**

**80. (1) The Act is amended by adding the following after section 263:**

Restriction on  
rebate, etc.

**263.01** (1) A rebate of an amount under any provision of this Act (other than sections 252.4 and 252.41) or a refund or abatement of an amount that, because of subsection 215.1(3) or 216(7), may be granted under section 69, 73, 74 or 76 of the *Customs Act* shall not be paid or granted to a person to the extent that it can reasonably be regarded that the amount is in respect of tax under subsection 165(2) or section 212.1 that became payable by the person at a time when the person was a selected listed financial institution, or that was paid by the person at that time without having become payable, in respect of property or a service acquired or imported by the person for consumption, use or supply in the course of a business of the person or an adventure or concern in the nature of trade of the person.

Exception -  
insurer

(2) Subsection (1) does not apply to an amount of tax that became payable by an insurer or that was paid by the insurer without having become payable in respect of property or a service acquired or imported exclusively and directly for consumption, use or supply in the course of investigating, settling or defending a claim under an insurance policy that is not in the nature of accident and sickness or life insurance.

**(2) Section 263.01 of the Act, as enacted by subsection (1), is amended by adding the following after subsection (2):**

Exception -  
surety

(3) Subsection (1) does not apply to an amount of tax that became payable by a surety (within the meaning of subsection 184.1(2)) or that was paid by the surety without having become payable in respect of property or a service acquired or imported

(a) exclusively and directly for consumption, use or supply in the course of carrying on, or engaging another person to carry on, the construction of real property in Canada that is undertaken in full or partial satisfaction of the surety's obligations under a performance bond; and

(b) otherwise than for use as capital property of the surety or in improving capital property of the surety.

**(3) Subsection (1) is deemed to have come into force on April 1, 1997.**

**(4) Subsection (2) applies to any property or service acquired or imported, by a person who acts as a surety, for consumption, use or supply in the course of carrying on, or engaging another person to carry on, construction, if paragraph 184.1(2)(a) of the Act, as enacted by section 37, applies to the person in relation to that construction.**

1997, c. 10, s.  
73(1)

**81. The portion of section 267 of the Act before paragraph (a) is replaced by the following:**

Estate of a  
deceased  
individual

**267.** Subject to sections 267.1, 269 and 270, if an individual dies, this Part (other than section 279) applies as though the estate of the individual were the individual and the individual had not died, except that

1997, c. 10, s.  
77(1)

**82. Section 279 of the Act is replaced by the following:**

Execution of  
documents

**279.** A return (other than a return filed by way of electronic filing under section 278.1), certificate or other document made by a person (other than an individual) under this Part or under a regulation made under this Part shall be signed on behalf of the person by an individual duly authorized to do so by the person or

the governing body of the person and the following persons are deemed to be so duly authorized:

(a) if the person is a corporation or an association or organization that has duly elected or appointed officers, the president, vice-president, secretary, treasurer or other equivalent officers of the person; and

(b) if the person is the estate of a deceased individual, the personal representative of the estate.

1990, c. 45, s.  
12(1); 1994, c.  
9, s. 21(1)(F)

**83. (1) The portion of subsection 280(1) of the French version of the Act before paragraph (a) is replaced by the following:**

Pénalité et  
intérêts

**280. (1)** Sous réserve du présent article et de l'article 281, la personne qui ne verse pas ou ne paie pas un montant au receveur général dans le délai prévu par la présente partie est tenue de payer la pénalité et les intérêts suivants, calculés sur ce montant pour la période commençant le lendemain de l'expiration du délai et se terminant le jour du versement ou du paiement :

1997, c. 10, s.  
235(1)

**(2) The portion of subsection 280(1.1) of the French version of the Act before paragraph (a) is replaced by the following:**

Pénalité et  
intérêts - taxe  
nette des  
institutions  
financières  
désignées  
particulières

(1.1) Malgré le paragraphe (1), l'institution financière désignée particulière qui n'a pas payé la totalité d'un montant payable en application de l'alinéa 228(2.1)a) au titre de sa taxe nette pour une période de déclaration, dans le délai imparti, est tenue de payer la pénalité et les intérêts suivants, calculés sur le montant impayé pour la période commençant à l'expiration de ce délai et se terminant à la date où le total du montant, de la pénalité et des intérêts est payé ou, si elle est antérieure, à la date limite où l'institution financière est tenue par le paragraphe 238(2.1) de produire une déclaration finale pour la période :

1990, c. 45, s.  
12(1)

**(3) The portion of subsection 280(2) of the French version of the Act before paragraph (a) is replaced by the following:**

Pénalité et  
intérêts sur  
acomptes  
provisionnels

(2) Par dérogation au paragraphe (1), la personne qui n'a pas payé la totalité d'un acompte provisionnel payable en application du paragraphe 237(1) dans le délai qui y est précisé est tenue de payer la pénalité et les intérêts suivants, calculés sur l'acompte non payé pour la période commençant à l'expiration de ce délai et se terminant le jour où le total de l'acompte, de la pénalité et des intérêts est payé ou, s'il est antérieur, le jour où la taxe au titre de laquelle l'acompte est payable doit être versée :

1990, c. 45, s.  
12(1)

**84. Section 285 of the Act is replaced by the following:**

False  
statements or  
omissions

**285.** Every person who knowingly, or under circumstances amounting to gross negligence, makes or participates in, assents to or acquiesces in the making of a false statement or omission in a return, application, form, certificate, statement, invoice or answer (each of which is in this section referred to as a "return") made in respect of a reporting period or transaction is liable to a penalty of the greater of \$250 and 25% of the total of

(a) if the false statement or omission is relevant to the determination of the net tax of the person for a reporting period, the amount determined by the formula

A - B

where

A is the net tax of the person for the period, and

B is the amount that would be the net tax of the person for the period if the net tax were determined on the basis of the information provided in the return,

(b) if the false statement or omission is relevant to the determination of an amount of tax payable by the person, the amount, if any, by which

(i) that tax payable

exceeds

(ii) the amount that would be the tax payable by the person if the tax were determined on the basis of the information provided in the return, and

(c) if the false statement or omission is relevant to the determination of a rebate under this Part, the amount, if any, by which

(i) the amount that would be the rebate payable to the person if the rebate were determined on the basis of the information provided in the return

exceeds

(ii) the amount of the rebate payable to the person.

1990, c. 45, s.  
12(1)

**85. The portion of subsection 289(1) of the Act before paragraph (a) is replaced by the following:**

Requirement to  
provide  
documents or  
information

**289.** (1) Despite any other provision of this Part, the Minister may, subject to subsection (2), for any purpose related to the administration or enforcement of this Part, including the collection of any amount payable or remittable under this Part by any person, by notice served personally or by registered or certified mail, require that any person provide the Minister, within such reasonable time as is stipulated in the notice, with

1998, c. 19, s.  
283(1); 1999,  
c. 17, par.  
156(h)

**86. (1) Subsection 291(1) of the Act is replaced by the following:**

Copies

**291.** (1) If any document is seized, inspected, audited, examined or provided under any of sections 276 and 288 to 290, the person by whom it is seized, inspected, audited or examined or to whom it is provided or any officer of the Agency may make or cause to be made one or more copies of it and, in the case of an electronic document, make or cause to be made a print-out of the electronic document, and any document purporting to be certified by the Minister or an authorized person to be a copy of the document, or to be a print-out of an electronic document, made under this section is evidence of the nature and content of the original document and has the same probative force as the original document would have if it were proven in the ordinary way.

**(2) Subsection (1) applies to copies or print-outs made after June 18, 1998 except that, in relation to a copy or print-out made before November 1999, the reference to "Agency" in subsection 291(1) of the Act shall be read as a reference to "Department".**

1990, c. 45, s.  
12(1)

**87. Subsection 292(1) of the Act is replaced by the following:**

Meaning of  
"foreign-based  
information or  
document"

**292.** (1) For the purposes of this section, "foreign-based information or document" means any information or document that is available or located outside Canada and that may be relevant to the administration or enforcement of this Part, including the collection of any amount payable or remittable under this Part by any person.

1990, c. 45, s.  
12(1)

**88. The portion of subsection 293(4) of the Act before paragraph (a) is replaced by the following:**

Retention where  
privilege  
claimed

(4) If, under section 288, an officer is about to inspect or examine a document in the possession of a lawyer or if, under section 289, the Minister has required the provision of a document by a lawyer, and the lawyer claims that a named client of the lawyer has a solicitor-client privilege in respect of the document, no officer shall inspect or examine the document and the lawyer shall



1990, c. 45, s.  
12(1)

**89. (1) The portion of subsection 298(1) of the Act before paragraph (a) is replaced by the following:**

Period for  
assessment

**298. (1)** Subject to subsections (3) to (6.1), an assessment of a person shall not be made under section 296

1993, c. 27, s.  
131(3)

**(2) Subsection 298(2) of the Act is replaced by the following:**

Period for  
assessment of  
rebate

(2) Subject to subsections (3) to (6.1), an assessment under subsection 297(1) of the amount of a rebate may be made at any time, but a reassessment or additional assessment under section 297 or an assessment under subsection 297(2.1) in respect of an amount paid or applied as a rebate or of an amount paid or applied as interest in respect of an amount paid or applied as a rebate shall not be made more than four years after the day the application for the rebate was filed in accordance with this Part.

1990, c. 45, s.  
12(1)

**(3) Subsection 298(3) of the Act is replaced by the following:**

Exception

(3) Subsections (1) and (2) do not apply in respect of a reassessment of a person made

(a) to give effect to a decision on an objection or appeal; or

(b) with the consent in writing of the person to dispose of an appeal.

**(4) Section 298 of the Act is amended by adding the following after subsection (6):**

Alternative  
argument in  
support of  
assessment

(6.1) The Minister may advance an alternative argument in support of an assessment of a person at any time after the period otherwise limited by subsection (1) or (2) for making the assessment unless, on an appeal under this Part,

(a) there is relevant evidence that the person is no longer able to adduce without leave of the court; and

(b) it is not appropriate in the circumstances for the court to order that the evidence be adduced.

**(5) Subsections (1), (2) and (4) apply to any assessment in respect of which an appeal is disposed of after the day on which this Act is assented to, regardless of when the appeal was instituted.**

1990, c. 45, s.  
12(1)

**90. Subsections 303(3) and (4) of the Act are replaced by the following:**

How application  
made

(3) An application under subsection (1) shall be made by delivering or mailing to the Chief of Appeals in a District Office or Taxation Centre of the Agency the application accompanied by a copy of the notice of objection or a copy of the request, as the case may be.

Exception

(4) The Minister may accept an application under this section notwithstanding that it was not delivered or mailed to the person or place specified in subsection (3).

1990, c. 45, s.  
12(1)

**91. Subsection 304(2) of the Act is replaced by the following:**

How application  
made

(2) An application under subsection (1) shall be made by filing in the Registry of the Tax Court, in accordance with the provisions of the *Tax Court of Canada Act*, three copies of the documents filed under subsection 303(3).

1990, c. 45, s.  
12(1)

**92. Subsection 305(3) of the Act is replaced by the following:**

How application  
made

(3) An application made under subsection (1) shall be made by filing in the Registry of the Tax Court, in accordance with the provisions of the *Tax Court of Canada Act*, three copies of the application accompanied by three copies of the notice of appeal.

**93. (1) Section 313 of the Act is amended by adding the following after subsection (3):**

Court costs

(4) If an amount is payable by a person to Her Majesty in right of Canada because of an order, judgment or award of a court in respect of the costs of litigation relating to a matter to which this Part applies, subsections 314(1) and (3) and sections 316 to 322 apply to the amount as if the amount were a debt owing by the person to Her Majesty on account of tax payable by the person under this Part.

**(2) Subsection (1) applies to amounts that are payable after this Act is assented to, regardless of when the amounts became payable.**

1990, c. 45, s.  
12(1)

**94. (1) Subsection 316(1) of the French version of the Act is replaced by the following:**

Certificat

**316.** (1) Tout ou partie des taxes, taxes nettes, pénalités, intérêts ou autres montants à payer ou à verser par une personne – appelée « débiteur » au présent article – aux termes de la présente partie qui ne l'ont pas été selon les modalités de temps ou autres prévues par cette partie peuvent, par certificat du ministre, être déclarés payables par le débiteur.

1990, c. 45, s.  
12(1)

**(2) Subsections 316(4) to (10) of the Act are replaced by the following:**

Charge on  
property

(4) A document issued by the Federal Court evidencing a certificate in respect of a debtor registered under subsection (2),

a writ of that Court issued pursuant to the certificate or any notification of the document or writ (such document, writ or notification in this section referred to as a "memorial") may be filed, registered or otherwise recorded for the purpose of creating a charge, lien or priority on, or a binding interest in, property in a province, or any interest in such property, held by the debtor in the same manner as a document evidencing

(a) a judgment of the superior court of the province against a person for a debt owing by the person, or

(b) an amount payable or required to be remitted by a person in the province in respect of a debt owing to Her Majesty in right of the province

may be filed, registered or otherwise recorded in accordance with or pursuant to the law of the province to create a charge, lien or priority on, or a binding interest in, the property or interest.

Creation of  
charge

(5) If a memorial has been filed, registered or otherwise recorded under subsection (4),

(a) a charge, lien or priority is created on, or a binding interest is created in, property in the province, or any interest in such property, held by the debtor, or

(b) such property or interest in the property is otherwise bound,

in the same manner and to the same extent as if the memorial were a document evidencing a judgment referred to in paragraph (4)(a) or an amount referred to in paragraph (4)(b), and the charge, lien, priority or binding interest created shall be subordinate to any charge, lien, priority or binding interest in respect of which all steps necessary to make it effective against other creditors were taken before the time the memorial was filed, registered or otherwise recorded.

Proceedings in  
respect of  
memorial

(6) If a memorial is filed, registered or otherwise recorded in a province under subsection (4), proceedings may be taken in the province in respect of the memorial, including proceedings

(a) to enforce payment of the amount evidenced by the memorial, interest and penalty on the amount and all costs and charges paid or incurred in respect of

(i) the filing, registration or other recording of the memorial, and

(ii) proceedings taken to collect the amount,

(b) to renew or otherwise prolong the effectiveness of the filing, registration or other recording of the memorial,

(c) to cancel or withdraw the memorial wholly or in respect of any of the property or interests affected by the memorial, or

(d) to postpone the effectiveness of the filing, registration or other recording of the memorial in favour of any right, charge, lien or priority that has been or is intended to be filed, registered or otherwise recorded in respect of any property or interest affected by the memorial,

in the same manner and to the same extent as if the memorial were a document evidencing a judgment referred to in paragraph (4)(a) or an amount referred to in paragraph (4)(b), except that, if in any such proceeding or as a condition precedent to any such proceeding, any order, consent or ruling is required under the law of the province to be made or given by the superior court of the province or by a judge or official of that court, a like order, consent or ruling may be made or given by the Federal Court or by a judge or official of the Federal Court and, when so made or given, has the same effect for the purposes of the proceeding as if it were made or given by the superior court of the province or by a judge or official of that court.

#### Presentation of documents

(7) If

(a) a memorial is presented for filing, registration or other recording under subsection (4), or a document relating to the memorial is presented for filing, registration or other recording for the purpose of any proceeding described in subsection (6), to any official in the land, personal property or other registry system of a province, or

(b) access is sought to any person, place or thing in a province to make the filing, registration or other recording,

the memorial or document shall be accepted for filing, registration or other recording or the access shall be granted, as the case may be, in the same manner and to the same extent as if the memorial or document relating to the memorial were a document evidencing a judgment referred to in paragraph (4)(a) or an amount referred to in paragraph (4)(b) for the purpose of a like proceeding, except that, if the memorial or document is issued by the Federal Court or

signed or certified by a judge or official of that Court, any affidavit, declaration or other evidence required under the law of the province to be provided with or to accompany the memorial or document in the proceedings is deemed to have been provided with or to have accompanied the memorial or document as so required.

Sale, etc.

(8) Despite any law of Canada or of a province, a sheriff or other person shall not, without the written consent of the Minister, sell or otherwise dispose of any property or publish any notice or otherwise advertise in respect of any sale or other disposition of any property pursuant to any process issued or charge, lien, priority or binding interest created in any proceeding to collect an amount certified in a certificate made under subsection (1), interest or penalty on the amount or costs, but if that consent is subsequently given, any property that would have been affected by such a process, charge, lien, priority or binding interest if the Minister's consent had been given at the time the process was issued or the charge, lien, priority or binding interest was created, as the case may be, shall be bound, seized, attached, charged or otherwise affected as it would be if that consent had been given at the time the process was issued or the charge, lien, priority or binding interest was created, as the case may be.

Completion of notices, etc.

(9) If information required to be set out by any sheriff or other person in a minute, notice or document required to be completed for any purpose cannot, because of subsection (8), be so set out without the written consent of the Minister, the sheriff or other person shall complete the minute, notice or document to the extent possible without that information and, when the Minister's consent is given, a further minute, notice or document setting out all the information shall be completed for the same purpose, and the sheriff or other person, having complied with this subsection, is deemed to have complied with the Act, regulation or rule requiring the information to be set out in the minute, notice or document.

Application for an order

(10) A sheriff or other person who is unable, because of subsection (8) or (9), to comply with any law or rule of court is bound by any order made by a judge of the Federal Court, on an ex parte application by the Minister, for the purpose of giving effect to the proceeding, charge, lien, priority or binding interest.

Deemed security

(10.1) When a charge, lien, priority or binding interest created under subsection (5) by filing, registering or otherwise recording a memorial under subsection (4) is registered in accordance with subsection 87(1) of the *Bankruptcy and Insolvency Act*, it is deemed

(a) to be a claim that is secured by a security and that, subject to subsection 87(2) of that Act, ranks as a secured claim under that Act; and

(b) to also be a claim referred to in paragraph 86(2)(a) of that Act.

1990, c. 45, s.  
12(1)

**(3) Paragraph 316(11)(b) of the Act is replaced by the following:**

(b) to refer to the rate of interest or penalty to be charged on the separate amounts making up the amount payable in general terms as

(i) in the case of interest, interest at the prescribed rate under this Part applicable from time to time on amounts payable to the Receiver General, without indicating the specific rates of interest or penalty to be charged on each of the separate amounts or to be charged for any particular period of time, or

(ii) in the case of a penalty, a penalty of 6% per year on amounts payable to the Receiver General.

1990, c. 45, s.  
12(1)

**95. (1) Subsection 317(1) of the Act is replaced by the following:**

Garnishment

**317.** (1) If the Minister has knowledge or suspects that a particular person is, or will be within one year, liable to make a payment to another person who is liable to pay or remit an amount under this Part (in this subsection and subsections (2), (3), (6) and (11) referred to as the "tax debtor"), the Minister may, by notice in writing, require the particular person to pay without delay, if the moneys are payable immediately, and in any other case as and when the moneys become payable, the moneys otherwise payable to the tax debtor in whole or in part to the Receiver General on account of the tax debtor's liability under this Part.

1990, c. 45, s.  
12(1)

**(2) Paragraph 317(2)(a) of the French version of the Act is replaced by the following:**

a) une banque, une caisse de crédit, une compagnie de fiducie ou une personne semblable – appelée « institution » au présent article – prêtera ou avancera une somme au débiteur fiscal qui a une dette envers l'institution et qui a donné à celle-ci une garantie pour cette dette, ou effectuera un paiement au nom d'un tel débiteur ou au titre d'un effet de commerce émis par un tel débiteur;

1990, c. 45, s.  
12(1)

**(3) Subparagraph 317(2)(b)(i) of the French version of the Act is replaced by the following:**

(i) être le salarié de cette personne, ou prestataire de biens ou de services à cette personne, ou qu'il l'a été ou le sera dans les 90 jours,

1990, c. 45, s.  
12(1)

**(4) The portion of subsection 317(2) of the Act after subparagraph (b)(ii) is replaced by the following:**

the Minister may, by notice in writing, require the institution or person, as the case may be, to pay in whole or in part to the Receiver General on account of the tax debtor's liability under this Part the moneys that would otherwise be so loaned, advanced or paid, and any moneys so paid to the Receiver General are deemed to have been loaned, advanced or paid, as the case may be, to the tax debtor.

1990, c. 45, s.  
12(1); 1992, c.  
27, par.  
90(1)(p); 1993,  
c. 27, s. 133

**(5) Subsections 317(3) and (4) of the Act are replaced by the following:**

Garnishment

(3) Despite any other provision of this Part, any other enactment of Canada other than the *Bankruptcy and Insolvency Act*, any enactment of a province or any law, if the Minister has knowledge or suspects that a particular person is, or will become within one year, liable to make a payment



(a) to a tax debtor, or

(b) to a secured creditor who has a right to receive the payment that, but for a security interest in favour of the secured creditor, would be payable to the tax debtor,

the Minister may, by notice in writing, require the particular person to pay without delay, if the moneys are payable immediately, and in any other case as and when the moneys become payable, the moneys otherwise payable to the tax debtor or the secured creditor in whole or in part to the Receiver General on account of the tax debtor's liability under this Part, and on receipt of that notice by the particular person, the amount of those moneys that is so required to be paid to the Receiver General shall, despite any security interest in those moneys, become the property of Her Majesty in right of Canada to the extent of that liability as assessed by the Minister and shall be paid to the Receiver General in priority to any such security interest.

1990, c. 45, s.  
12(1)

**(6) Subsection 317(6) of the Act is replaced by the following:**

Effect of  
requirement

(6) If the Minister has, under this section, required a person to pay to the Receiver General on account of the liability under this Part of a tax debtor moneys otherwise payable by the person to the tax debtor as interest, rent, remuneration, a dividend, an annuity or other periodic payment, the requirement applies to all such payments to be made by the person to the tax debtor until the liability under this Part is satisfied and operates to require payments to the Receiver General out of each such payment of such amount as is stipulated by the Minister in a notice in writing.

1990, c. 45, s.  
12(1)

**(7) Subsections 317(10) and (11) of the Act are replaced by the following:**

Time limit

(10) An assessment of an amount payable under this section by a person to the Receiver General shall not be made more than four years after the notice from the Minister requiring the payment was received by the person.

Effect of  
payment as  
required

(11) If an amount that would otherwise have been payable to or on behalf of a tax debtor is paid by a person to the Receiver General pursuant to a notice from the Minister issued under this section or pursuant to an assessment under subsection (9), the person is deemed, for all purposes, to have paid the amount to or on behalf of the tax debtor.

Application to  
Her Majesty in  
right of a  
province

(12) Provisions of this Part that provide that a person who has been required to do so by the Minister must pay to the Receiver General an amount that would otherwise be lent, advanced or paid to a particular person who is liable to make a payment under this Part, or to that particular person's secured creditor, apply to Her Majesty in right of a province.

1990, c. 45, s.  
12(1)

**96. Subsection 320(1) of the Act is replaced by the following:**

Moneys seized  
from tax debtor

**320.** (1) If the Minister has knowledge or suspects that a particular person is holding moneys that were seized by a police officer in the course of administering or enforcing the criminal law of Canada from another person who is liable to make a payment under this Part (in this section referred to as the "tax debtor") and that are restorable to the tax debtor, the Minister may, in writing, require the particular person to turn over the moneys otherwise restorable to the tax debtor, in whole or in part, to the Receiver General on account of the tax debtor's liability under this Part.

1990, c. 45, s.  
12(1)

**97. Section 322 of the Act is replaced by the following:**

Person leaving  
Canada

**322.** (1) If the Minister suspects that a person has left or is about to leave Canada, the Minister may, before the day otherwise

fixed for payment, by notice to the person served personally or sent by registered mail addressed to the person's latest known address, demand payment of any amount for which the person is liable under this Part or would be so liable if the time for payment of the amount had arrived, and that amount shall be paid without delay despite any other provision of this Part.

Failure to  
satisfy demand

(2) If a person fails to pay an amount as required under subsection (1), the Minister may direct that goods and chattels of the person be seized, and subsections 321(2) to (5) apply with any modifications that the circumstances require.

**98. (1) Section 325 of the Act is amended by adding the following after subsection (1):**

Fair market  
value of  
undivided  
interest

(1.1) For the purpose of this section, the fair market value at any time of an undivided interest in a property, expressed as a proportionate interest in that property, is, subject to subsection (4), deemed to be equal to the same proportion of the fair market value of that property at that time.

**(2) Subsection (1) applies to transfers of property made after June 4, 1999.**

1990, c. 45, s.  
12(1)

**99. The portion of paragraph 327(1)(b) of the Act before subparagraph (i) is replaced by the following:**

(b) for the purpose of evading payment or remittance of any tax or net tax payable under this Part, or obtaining a refund or rebate to which the person is not entitled under this Part,

**100. (1) Section 348 of the Act is amended by adding the following in alphabetical order:**

"retail sales  
tax"  
« *taxe de vente  
au détail* »

"retail sales tax" means a general retail sales tax imposed under an Act of the legislature of a province at a percentage rate on all goods other than those specifically enumerated in that Act.

**(2) Subsection (1) is deemed to have come into force on March 20, 1997.**

1997, c. 10, s.  
241

**101. (1) Paragraphs 351(1)(a) and (b) of the Act are replaced by the following:**

(a) a supply by way of sale of a single unit residential complex, or of a building or part of it in which a residential unit forming part of such a complex is located, is made in a participating province to an individual under an agreement in writing between the supplier and the individual entered into on or before the announcement date for that province, and

(b) in the case of a sale of the complex, ownership of it is not transferred to the individual under the agreement before the implementation date for that province and, in any case, possession of the complex is transferred to the individual under the agreement on or after that implementation date,

1997, c. 10, s.  
241

**(2) Paragraph 351(1)(c) of the Act is replaced by the following:**

(c) no tax is payable under subsection 165(2) in respect of the supply made under that agreement or in respect of any supply of the complex deemed under subsection 191(1) to have been made before, or as a consequence of, the transfer of possession of the complex to the individual under that agreement, and

1997, c. 10, s.  
241

**(3) The portion of subsection 351(2) of the Act before paragraph (a) is replaced by the following:**

Resupply of a  
single unit  
residential  
complex

(2) If a supply referred to in paragraph (1)(a) of a residential complex or a building, or part of a building, forming part of a residential complex is made to a recipient who is a builder of the

complex only because of paragraph (d) of the definition "builder" in subsection 123(1),

**(4) Subsections (1) to (3) are deemed to have come into force on March 20, 1997.**

1997, c. 10, s.  
241

**102. (1) The portion of subsection 352(1) of the Act before paragraph (b) is replaced by the following:**

Transfer of  
personal  
property before  
implementation

**352. (1)** If a taxable supply by way of sale of tangible personal property is made in a participating province to a person under an agreement in writing entered into before the implementation date for that province, to the extent that

(a) the property is delivered to the person before that date, or

**(2) Section 352 of the Act is amended by adding the following after subsection (1):**

Exercise of  
option to  
purchase

(1.1) If a recipient of a supply of tangible personal property by way of lease, licence or similar arrangement exercises an option to purchase the property provided for under the arrangement and the supply by way of sale of the property is made in a participating province, and retail sales tax in respect of the sale became payable before the implementation date for the province or would have become payable if the property or the recipient, as the case may be, were not exempt from that tax, no tax under subsection 165(2) is payable in respect of the sale.

1997, c. 10, s.  
241

**(3) The portion of subsection 352(2) of the Act before paragraph (a) is replaced by the following:**

Imported  
taxable supply  
under pre-  
implementation  
date agreement

(2) If an imported taxable supply (as defined in section 217) of tangible personal property is made, under an agreement in writing entered into before the implementation date for a participating province, to a person who is

1997, c. 10, s.  
241

**(4) Subsection 352(8) of the Act is replaced by the following:**

Prepayment  
after specified  
pre-  
implementation  
date for  
tangible  
personal  
property

(8) If a taxable supply of tangible personal property by way of sale is made

(a) in a participating province, or

(b) outside Canada to a person to whom the property is delivered or made available, or physical possession of the property is transferred, in a participating province,

any consideration (other than consideration referred to in subsection (7)) that becomes due, or is paid without having become due, on or after the specified pre-implementation date for that province and before the implementation date for that province for property that is not delivered to the recipient and ownership of which is not transferred to the recipient before that implementation date is deemed, for the purposes of applying subsection 165(2) or section 218.1 to the supply, as the case may require, to have become due on that implementation date and not to have been paid before that implementation date.

**(5) Subsections (1) to (4) are deemed to have come into force on March 20, 1997.**

**103. (1) Section 354 of the Act is amended by adding the following after subsection (4):**

Exception

(4.1) Subsection (4) does not apply in respect of consideration for a supply of property that is rent, royalty or a similar payment attributable to a period if the supplier supplies services in respect of that property for the same period and the consideration

for the supply of the property and the consideration for the supply of the services is included in a single invoice.

**(2) Subsection (1) is deemed to have come into force on March 20, 1997.**

**104. (1) The Act is amended by adding the following after section 354:**

Specified motor  
vehicle leases

**354.1 If**

(a) a supply of a specified motor vehicle is made by way of lease, licence or similar arrangement for a lease interval (within the meaning of subsection 136.1(1)) under an agreement entered into before the implementation date for a participating province,

(b) used tangible personal property, or a leasehold interest in such property, (in this section referred to as the "trade-in") is accepted by the supplier as full or partial consideration for the supply,

(c) the retail sales tax of the province would have been payable by the recipient in respect of that lease interval had the trade-in not been accepted and that tax not been suspended or repealed concurrent with the application to that supply of subsection 165(2) or 218.1(1), as the case may be, and

(d) the value of the consideration for the supply as otherwise determined under this Part exceeds the amount (in this section referred to as the "adjusted value") that is the value, excluding the amount of any tax under this Part in respect of the supply, on which that retail sales tax in respect of that lease interval would have been calculated but for the suspension or repeal of that tax,

for the purposes of subsection 165(2) or 218.1(1), as the case may be, the value of the consideration for the supply is deemed to be equal to the adjusted value.

**(2) Subsection (1) is deemed to have come into force on March 20, 1997.**

**(3) If, because of the application of section 354.1 of the Act, a person is entitled to a rebate under section 261 of the Act of an amount paid or remitted by the person on or before the day on which this Act is assented to, or would be so entitled in the absence of subsection 261(3) of the Act, the person shall, despite that subsection, have until the day that is two years after the day of**

the assent to file an application for the rebate under that subsection.

(4) If a particular person has, on or before the day on which this Act is assented to, charged to, or collected from, another person an amount as or on account of tax under subsection 165(2) of the Act and, because of the application of section 354.1 of the Act, the amount is in excess of the tax under that subsection that was collectible by the particular person from the other person, section 232 of the Act applies in respect of the excess amount as if the particular person had, under that section, until the day that is two years after the day of the assent to adjust the amount of tax charged or to refund or credit the excess amount to the other person.

1997, c. 10, s.  
241

**105. (1) Clause (B) of the description of D in subparagraph 363(2)(c)(ii) of the Act is replaced by the following:**

(B) all amounts each of which is tax under subsection 165(1) in respect of a supply (other than a supply to which clause (C) applies) made by a person other than a selected listed financial institution to the financial institution that would, but for an election made under section 150, have become payable by the financial institution during the particular reporting period, and

1997, c. 10, s.  
241

**(2) Clause (B) of the description of E in subparagraph 363(2)(c)(ii) of the Act is replaced by the following:**

(B) all amounts each of which would be an input tax credit of the financial institution for the particular reporting period of the financial institution in respect of property or a service if tax became payable during the particular reporting period in respect of the supply of the property or service equal to the amount included for the particular reporting period under clause (B) or (C) of the description of D in respect of the supply,

1997, c. 10, s.  
241

**(3) Subparagraph (ii) of the description of D in paragraph 363(2)(d) of the Act is replaced by the following:**

(ii) all amounts each of which is tax under subsection 165(1) in respect of a supply (other than a supply to which



subparagraph (iii) applies) made by a person other than a selected listed financial institution to the financial institution that would, but for an election made under section 150, have become payable by the financial institution during the earlier reporting period, and

1997, c. 10, s.  
241

**(4) Subparagraph (i) of the description of E in paragraph 363(2)(d) of the French version of the Act is replaced by the following:**

(i) les crédits de taxe sur les intrants (sauf ceux relatifs à un montant de taxe qui est visé par règlement pour l'application de l'alinéa a) de l'élément A de la formule figurant au paragraphe 225.2(2)) de l'institution financière pour la période antérieure donnée ou pour ses périodes de déclaration antérieures, qu'elle a demandés dans la déclaration qu'elle a produite aux termes de la section V pour la période antérieure donnée,

1997, c. 10, s.  
241

**(5) Subparagraph (ii) of the description of E in paragraph 363(2)(d) of the Act is replaced by the following:**

(ii) all amounts each of which would be an input tax credit of the financial institution for the earlier reporting period of the financial institution in respect of property or a service if tax became payable during the earlier reporting period in respect of the supply of the property or service equal to the amount included for the earlier reporting period under subparagraph (ii) or (iii) of the description of D in respect of the supply,

**(6) Section 363 of the Act is amended by adding the following after subsection (3):**

Exclusions

(4) No amount of tax paid or payable by a selected listed financial institution in respect of property or services acquired, imported or brought into a participating province otherwise than for consumption, use or supply in the course of an endeavour (as defined in subsection 141.01(1)) of the financial institution shall be included in determining the instalment to be paid by the institution under subsection (2).

**(7) Subsections (1) to (6) are deemed to have come into force on March 20, 1997.**

**106. (1) The Act is amended by adding the following after section 363:**

Election for  
shorter  
reporting  
period

**363.1** Any person who, immediately before the implementation date for a participating province, is resident in that province and registered under Subdivision d of Division V may, subject to section 250,

(a) if the reporting period of the person immediately before that implementation date is a fiscal quarter, make an election under section 246 to have reporting periods that are fiscal months of the person to take effect, despite paragraph 246(1)(a), on the first day of any fiscal quarter of the person that begins before the day that is one year after that implementation date; and

(b) if the reporting period of the person immediately before that implementation date is a fiscal year,

(i) make an election under section 246 to have reporting periods that are fiscal months of the person to take effect, despite paragraph 246(1)(a), on the first day of any fiscal quarter of the person that begins before the day that is one year after that implementation date, or

(ii) make an election under section 247 to have reporting periods that are fiscal quarters of the person to take effect, despite paragraph 247(1)(a), on the first day of any fiscal quarter of the person that begins before the day that is one year after that implementation date.

Revocation of  
election for  
streamlined  
accounting

**363.2** (1) If a registrant who has made an election under subsection 227(1) that is in effect on the implementation date for a participating province is resident in that participating province immediately before that implementation date or has made supplies in that participating province in the one-year period ending immediately before that implementation date, the registrant may, despite paragraph 227(4.1)(a) but subject to paragraph 227(4.1)(b), revoke that election under subsection 227(4) with effect from

(a) if the reporting period of the registrant that includes that implementation date is a fiscal year of the registrant, the first

day of any fiscal month of the registrant that begins before the day that is one year after that implementation date; and

(b) in any other case, the first day of any reporting period of the registrant that begins before the day that is one year after that implementation date.

New reporting  
period if  
election

(2) If a registrant whose reporting period is a fiscal year revokes an election under subsection 227(4) in accordance with subsection (1) with effect from the first day of a particular fiscal month in a fiscal year of the registrant and that month is not the first fiscal month in that fiscal year,

(a) for the purposes of this Part, the period beginning on the first day of that fiscal year and ending immediately before the first day of the particular fiscal month and the period beginning on the first day of the particular fiscal month and ending on the last day of that fiscal year are each deemed to be a separate reporting period of the registrant; and

(b) for the purposes of subsections 237(1) and (2), each of those separate reporting periods is deemed to be a reporting period determined under subsection 248(3).

**(2) Subsection (1) is deemed to have come into force on April 1, 1997.**

1998, c. 21, s.  
82(1)

**107. (1) The portion of paragraph 1(a) of Schedule II to the Act before subparagraph (i) is replaced by the following:**

(a) \$0.08138 for each five cigarettes or fraction of five cigarettes contained in any package, if

1998, c. 21, s.  
82(2)

**(2) Paragraph 1(b) of Schedule II to the Act is replaced by the following:**

(b) \$0.07138 for each five cigarettes or fraction of five cigarettes contained in any package, if the cigarettes are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.Q. 1977, c. I-2, to indicate that the cigarettes are intended for retail sale in the Province of Quebec;

1998, c. 21, s.  
82(3)

**(3) The portion of paragraph 1(c) of Schedule II to the Act before subparagraph (i) is replaced by the following:**

(c) \$0.13138 for each five cigarettes or fraction of five cigarettes contained in any package, if

1998, c. 21, s.  
82(4)

**(4) Paragraph 1(d) of Schedule II to the Act is replaced by the following:**

(d) \$0.12638 for each five cigarettes or fraction of five cigarettes contained in any package, if the cigarettes are marked or stamped in accordance with the *Tobacco Tax Act*, R.S.N.B. 1973, c. T-7, to indicate that the cigarettes are intended for retail sale in the Province of New Brunswick;

1998, c. 21, s.  
82(5)

**(5) The portion of paragraph 1(e) of Schedule II to the Act before subparagraph (i) is replaced by the following:**

(e) \$0.13138 for each five cigarettes or fraction of five cigarettes contained in any package, if

**(6) Subsections (1) to (5) are deemed to have come into force on November 6, 1999.**

**(7) For the purposes of the provisions of the *Customs Act* and the *Excise Tax Act* that provide for the payment of, or liability to pay, any interest, subsections (1) to (5) are deemed to have come into force as if this Act had been assented to on November 6, 1999.**

1994, c. 29, s.  
14(1); 1998, c.  
21, s. 83

**108. (1) Section 2 of Schedule II to the Act is replaced by the following:**

2. Tobacco sticks: \$0.01465 per stick.

**(2) Subsection (1) is deemed to have come into force on November 6, 1999.**

**(3) For the purposes of the provisions of the *Customs Act* and the *Excise Tax Act* that provide for the payment of, or liability to**

pay, any interest, subsection (1) is deemed to have come into force as if this Act had been assented to on November 6, 1999.

1993, c. 27, s.  
148(1); 1997,  
c. 10, ss.  
87(1), 249(1)

**109. (1) Section 6.1 of Part I of Schedule V to the Act is replaced by the following:**

**6.1** A supply of real property that is

(a) land, or

(b) a building, or that part of a building that consists solely of residential units,

made to a particular person by way of lease, licence or similar arrangement for a period during which the supply by the particular person or by any other person

(c) of the property, or a lease, licence or similar arrangement in respect of the property, or

(d) of all or substantially all of the

(i) residential units in the building, or leases, licences or similar arrangements in respect of residential units in the building, or

(ii) parts of the land, or leases, licences or similar arrangements in respect of parts of the land,

is exempt under section 6 or 7 or this section.

**(2) Section 6.1 of Part I of Schedule V to the Act, as enacted by subsection (1), is replaced by the following:**

**6.1** A supply of property that is

(a) land,

(b) a building, or that part of a building, that forms part of a residential complex or that consists solely of residential units, or

(c) a residential complex,

made by way of lease, licence or similar arrangement for a lease interval (within the meaning assigned by subsection 136.1(1) of the Act) throughout which the lessee or any sub-lessee makes, or holds

the property for the purpose of making, one or more supplies of the property, parts of the property or leases, licences or similar arrangements in respect of the property or parts of it and all or substantially all of those supplies

(d) are exempt supplies described by section 6 or 7, or

(e) are supplies that are made, or are reasonably expected to be made, to other lessees or sub-lessees described in this section.

**(3) Subsection (1) is deemed to have come into force on December 17, 1990.**

**(4) Subsection (2) is deemed to have come into force on January 1, 1993 except that, in applying section 6.1 of Part I of Schedule V to the Act, as enacted by subsection (2), after 1992 and before April 1, 1997, the reference in that section to "subsection 136.1(1)" shall be read as a reference to "subsection 136(2.1)".**

1993, c. 27, s.  
150(1); 1994,  
c. 9, par.  
35(a)(F)

**110. (1) The portion of section 8 of Part I of Schedule V to the Act before paragraph (b) is replaced by the following:**

**8.** A supply by way of sale of a parking space situated within the boundaries of a condominium or strata lot plan or description, or similar plan or description, registered under the laws of a province made by a supplier to a person if

(a) the supplier, at the same time or as part of the same supply, makes a supply, included in any of sections 2 to 4, by way of sale to the person of a residential condominium unit described by that plan or description; and

**(2) Subsection (1) applies to supplies made after December 10, 1998.**

1993, c. 27, s.  
150(1); 1994,  
c. 9, par.  
35(b)(F); 1997,  
c. 10, s.  
252(1)

**111. (1) Paragraph 8.1(b) of Part I of Schedule V to the Act is replaced by the following:**

(b) to the owner, lessee or person in occupation or possession of a residential condominium unit described by a condominium or

strata lot plan or description, or similar plan or description, registered under the laws of a province, if the space is situated within the boundaries of that plan or description; or

**(2) Subsection (1) applies to supplies made after December 10, 1998.**

1990, c. 45, s.  
18

**112. (1) Section 13 of Part I of Schedule V to the Act is replaced by the following:**

**13.** A supply of property or a service, made by a corporation or syndicate established upon the registration, under the laws of a province, of a condominium or strata lot plan or description or similar plan or description, to the owner or lessee of a residential condominium unit described by that plan or description, if the property or service relates to the occupancy or use of the unit.

**(2) Subsection (1) applies to supplies for which consideration becomes due after December 10, 1998 or is paid after that day without having become due.**

1997, c. 10, s.  
92(2)

**113. (1) The portion of the definition "practitioner" in section 1 of Part II of Schedule V to the Act before paragraph (b) is replaced by the following:**

"practitioner", in respect of a supply of optometric, chiropractic, physiotherapy, chiropodic, podiatric, osteopathic, audiological, occupational therapy, psychological or dietetic services, means a person who

(a) practises the profession of optometry, chiropractic, physiotherapy, chiropody, podiatry, osteopathy, audiology, occupational therapy, psychology or dietetics, as the case may be,

1997, c. 10, s.  
92(2)

**(2) The definition "practitioner" in section 1 of Part II of Schedule V to the Act is amended by adding the word "and" at the end of paragraph (b), by striking out the word "and" at the end of paragraph (c) and by repealing paragraph (d).**

**(3) Subsection (1) is deemed to have come into force on January 1, 1997 except that, in relation to supplies made on or after that**

day and before 2001, the portion of the definition "practitioner" in section 1 of Part II of Schedule V to the Act before paragraph (b), as enacted by subsection (1), shall be read as follows:

"practitioner", in respect of a supply of optometric, chiropractic, physiotherapy, chiropodic, podiatric, osteopathic, audiological, speech therapy, occupational therapy, psychological or dietetic services, means a person who

(a) practises the profession of optometry, chiropractic, physiotherapy, chiropody, podiatry, osteopathy, audiology, speech therapy, occupational therapy, psychology or dietetics, as the case may be,

(4) Subsection (2) is deemed to have come into force on May 1, 1999 and applies in relation to supplies made on or after that day.

1990, c. 45, s.

18

114. (1) Section 2 of Part II of Schedule V to the Act is replaced by the following:

2. A supply of an institutional health care service made by the operator of a health care facility if the service is rendered to a patient or resident of the facility, but not including a supply of a service related to the provision of a surgical or dental service that is performed for cosmetic purposes and not for medical or reconstructive purposes.

(2) Subsection (1) applies to supplies made after December 10, 1998.

115. (1) Section 7 of Part II of Schedule V to the Act is amended by adding the following after paragraph (e):

(f) osteopathic services;

(2) Section 7 of Part II of Schedule V to the Act is amended by adding the following after paragraph (g):

(h) speech therapy services;

(3) Paragraph 7(h) of Part II of Schedule V to the Act, as enacted by subsection (2), is repealed.

(4) Subsections (1) and (2) apply to supplies made after 1997.

(5) Subsection (3) applies to supplies made on or after January 1, 2001.



1990, c. 45, s.  
18

**116. (1) Section 11 of Part III of Schedule V to the Act is replaced by the following:**

**11.** A supply of a service of instructing individuals in, or administering examinations in respect of, language courses that form part of a program of second-language instruction in either English or French, if the supply is made by a school authority, a vocational school, a public college or a university or in the course of a business established and operated primarily to provide instruction in languages.

**(2) Subsection (1) applies to supplies made after April 1999.**

1990, c. 45, s.  
18, Sch.

**117. (1) Section 1 of Part IV of Schedule V to the Act is replaced by the following:**

**1.** A supply of child care services, the primary purpose of which is to provide care and supervision to children 14 years of age or under for periods normally less than 24 hours per day, but not including a supply of a service of supervising an unaccompanied child made by a person in connection with a taxable supply by that person of a passenger transportation service.

**(2) Subsection (1) applies to supplies of child care services for which all of the consideration becomes due after 1999 or is paid after 1999 without having become due.**

**118. (1) Part IV of Schedule V to the Act is amended by adding the following after section 2:**

**3.** A supply of a service of providing care and supervision to an individual with limited physical or mental capacity for self-supervision and self-care due to an infirmity or disability, if the service is rendered principally at an establishment of the supplier.

**(2) Subsection (1) applies to services provided after February 24, 1998.**

**(3) If a supply included in section 3 of Part IV of Schedule V to the Act, as enacted by subsection (1), includes the provision of services during a period beginning on or before February 24, 1998 and ending after that day, for the purposes of Part IX of the Act, the provision of the services during the part of the period that is before February 25, 1998 is deemed to be a separate supply made for separate consideration equal to the portion of the total**

consideration for all the services provided that is reasonably attributable to the services provided during that part of the period and the provision of the remaining services is deemed to be a separate supply made for separate consideration equal to the portion of that total consideration that is reasonably attributable to those remaining services.

(4) If, as a result of the enactment of section 3 of Part IV of Schedule V to the Act, as enacted by subsection (1), a person

(a) ceases to use capital property of the person, or reduces the extent to which capital property of the person is used, in commercial activities of the person, and

(b) the person is deemed under subsection 200(2), 203(2), 206(4) or (5) or 207(1) or (2) of the Act to have made a supply of the property, or a portion of it, and to have collected tax in respect of the supply,

the person

(c) is not required to include the tax in determining the net tax of the person for any reporting period, and

(d) is deemed, for the purpose of determining the basic tax content (as defined in subsection 123(1) of the Act) of the property, to have been entitled to recover an amount equal to the tax as a rebate of tax included in the description of A in that definition.

119. (1) Section 1 of Part V.1 of Schedule V to the Act is amended by adding the following after paragraph (d):

(d.1) a specified service (as defined in subsection 178.7(1) of the Act) if the supply is made to a registrant at a time when a designation of the charity under section 178.7 of the Act is in effect;

(2) Subsection (1) applies to supplies made by a charity in reporting periods of the charity beginning after February 24, 1998.

1997, c. 10, s.  
102(1)

120. (1) Paragraphs 5.1(a) and (b) of Part V.1 of Schedule V to the Act are replaced by the following:

(a) if the charity does not charge the recipient any amount as tax under Part IX of the Act in respect of the supply, the total charge for the supply does not, and could not reasonably be expected to, exceed the direct cost of the supply; and

(b) if the charity charges the recipient an amount as tax under that Part in respect of the supply, the consideration for the supply does not, and could not reasonably be expected to, equal or exceed the direct cost of the supply determined without reference to tax imposed under that Part and without reference to any tax that became payable under the first paragraph of section 16 of *An Act respecting the Québec sales tax*, R.S.Q., c. T-0.1, at a time when the charity was a registrant as defined in section 1 of that Act.

(2) Subsection (1) applies to supplies for which consideration becomes due after 1996 or is paid after 1996 without having become due.

121. (1) Part V.1 of Schedule V to the Act is amended by adding the following after section 5.1:

5.2 A supply made by a charity of food, beverages or short-term accommodation if the supply is made in the course of an activity the purpose of which is to relieve poverty, suffering or distress of individuals and is not fund-raising.

(2) Subsection (1) applies to

(a) supplies for which all of the consideration becomes due after 1999 or is paid after 1999 without having become due; and

(b) any supply for which consideration became due or was paid after 1996 and before 2000 unless the charity charged or collected any amount as or on account of tax under Part IX of the Act in respect of that supply.

1997, c. 10, s.  
108(1)

122. (1) Paragraphs 6(a) and (b) of Part VI of Schedule V to the Act are replaced by the following:

(a) if the body does not charge the recipient any amount as tax under Part IX of the Act in respect of the supply, the total charge for the supply does not, and could not reasonably be expected to, exceed the direct cost of the supply; and

(b) if the body charges the recipient an amount as tax under that Part in respect of the supply, the consideration for the supply does not, and could not reasonably be expected to, equal or exceed the direct cost of the supply determined without reference to tax imposed under that Part and without reference to any tax that became payable under the first paragraph of section 16 of *An Act respecting the Québec sales tax*, R.S.Q., c. T-0.1, at a time when the body was a registrant as defined in section 1 of that Act.

**(2) Subsection (1) applies to supplies for which consideration becomes due after 1996 or is paid after 1996 without having become due.**

1990, c. 45, s.  
18

**123. (1) Paragraphs 2(c) and (d) of Part I of Schedule VI to the Act are replaced by the following:**

(c) a drug or other substance included in the schedule to Part G of the *Food and Drug Regulations*,

(d) a drug that contains a substance included in the schedule to the *Narcotic Control Regulations*, other than a drug or mixture of drugs that may be sold to a consumer without a prescription pursuant to the *Controlled Drugs and Substances Act* or regulations made under that Act,

**(2) Subsection (1) is deemed to have come into force on May 14, 1997.**

1997, c. 10, s.  
125(1)

**124. (1) Section 9 of Part II of Schedule VI to the Act is replaced by the following:**

**9.** A supply of eyeglasses or contact lenses when the eyeglasses or lenses are, or are to be, supplied on the written order of an eye-care professional for the treatment or correction of a defect of vision of a consumer named in the order and the eye-care professional is entitled under the laws of the province in which the professional practises to prescribe eyeglasses or contact lenses for such purpose.

**(2) Subsection (1) applies to supplies made after October 8, 1999.**

1997, c. 10, s.  
136(1)

**125. (1) Section 34 of Part II of Schedule VI to the Act is replaced by the following:**

**34.** A supply of a service (other than a service the supply of which is included in any provision of Part II of Schedule V except section 9 of that Part and a service related to the provision of a surgical or dental service that is performed for cosmetic purposes and not for medical or reconstructive purposes) of installing, maintaining, restoring, repairing or modifying a property described in any of sections 2 to 32 and 37 to 40 of this Part, or any part

for such a property if the part is supplied in conjunction with the service.

**(2) Subsection (1) applies to supplies made after April 23, 1996.**

**126. (1) Paragraphs 1(a) to (d) of Part V of Schedule VI to the Act are renumbered as paragraphs 1(b) to (e) respectively and section 1 of that Part is amended by adding the following before paragraph (b):**

(a) in the case of property that is a continuous transmission commodity that the recipient intends to export by means of a wire, pipeline or other conduit, the recipient is not registered under Subdivision d of Division V of Part IX of the Act;

**(2) Paragraph 1(e) of Part V of Schedule VI to the Act, as renumbered by subsection (1), is replaced by the following:**

(e) the person maintains evidence satisfactory to the Minister of the exportation of the property by the recipient or, if the recipient is authorized under subsection 221.1(2) of the Act, the recipient provides the person with a certificate in which the recipient certifies that the property will be exported in the circumstances described in paragraphs (b) to (d).

**(3) Subsections (1) and (2) apply to property supplied after October 1998.**

**127. (1) Part V of Schedule VI to the Act is amended by adding the following after section 2.1:**

**2.2** A supply of an air navigation service (as defined in subsection 2(1) of the *Civil Air Navigation Services Commercialization Act*) made to a person who is registered under Subdivision d of Division V of Part IX of the Act at the time the supply is made, if

(a) the person carries on a business of transporting passengers or property to or from Canada, or between places outside Canada, by aircraft; and

(b) the service is acquired by the person for use in the course of so transporting passengers or property.

**(2) Subsection (1) applies to services performed after March 1997.**

1997, c. 10, s.  
144(1)

**128. (1) Section 12 of Part V of Schedule VI to the Act is replaced by the following:**

**12.** A supply of tangible personal property (other than a continuous transmission commodity that is being transported by means of a wire, pipeline or other conduit) if the supplier

(a) ships the property to a destination outside Canada that is specified in the contract for carriage of the property;

(b) transfers possession of the property to a common carrier or consignee that has been retained, to ship the property to a destination outside Canada, by

(i) the supplier on behalf of the recipient, or

(ii) the recipient's employer; or

(c) sends the property by mail or courier to an address outside Canada.

**(2) Subsection (1) applies to supplies made after August 7, 1998 except that, in respect of supplies made before May 1999, section 12 of Part V of Schedule VI to the Act, as enacted by subsection (1), shall be read as follows:**

**12.** A supply of tangible personal property (other than a continuous transmission commodity that is being transported by means of a wire, pipeline or other conduit) if the supplier delivers the property to a common carrier, or mails the property, for export.

1993, c. 27, s.  
196(1)

**129. (1) Paragraph 13(a) of Part V of Schedule VI to the Act is replaced by the following:**

(a) tangible personal property, or a service performed in respect of tangible personal or real property, if the property or service is acquired by the person for the purpose of fulfilling an obligation of the person under a warranty; or

**(2) Subsection (1) applies to supplies of services made after December 10, 1998.**

1993, c. 27, s.  
196(1)

**130. (1) The portion of section 15 of Part V of Schedule VI to the Act before paragraph (d) is replaced by the following:**

**15.** A supply of natural gas made by a person to a recipient who is not registered under Subdivision d of Division V of Part IX of the Act and who intends to export the gas by pipeline, if

(a) the recipient

(i) exports the gas, or

(ii) receives a supply, included in section 15.3, of a service provided for a period in respect of the gas and subsequently exports the gas,

as soon after the gas is delivered to the recipient by the supplier of the gas, or, if subparagraph (ii) applies, after the gas is delivered to the recipient on the expiry of the period, as is reasonable having regard to the circumstances surrounding the exportation and, if applicable, to the normal business practice of the recipient;

(b) the gas is not acquired by the recipient for consumption or use in Canada (other than by a carrier as fuel or compressor gas to transport the gas by pipeline) or for supply in Canada (other than to supply natural gas liquids or ethane as described in subsection 153(6) of the Act) before the exportation of the gas by the recipient;

(c) after the supply is made, and before the exportation, the gas is not, except to the extent reasonably necessary or incidental to its transportation, further processed, transformed or altered in Canada other than to recover natural gas liquids or ethane from the gas at a straddle plant; and

**(2) Subsection (1) applies to supplies of natural gas for which consideration becomes due after August 7, 1998 or is paid after that day without having become due except that, with respect to supplies made before November 1998, the portion of section 15 of Part V of Schedule VI to the Act before paragraph (a), as enacted by subsection (1), shall be read without reference to the words "who is not registered under Subdivision d of Division V of Part IX of the Act and".**

**131. (1) Part V of Schedule VI to the Act is amended by adding the following after section 15:**

**15.1** A supply made by a supplier (in this section referred to as the "first seller") to a person (in this section referred to as the "first buyer") who is not registered under Subdivision d of Division V of Part IX of the Act of

(a) a continuous transmission commodity, if

(i) the first buyer makes a supply of the commodity to a registrant and delivers it in Canada to the registrant,

(ii) all or part of the consideration for the first buyer's supply of the commodity to the registrant is property of the same class or kind delivered to the first buyer outside Canada,

(iii) between the time at which the commodity is delivered to the first buyer and the time at which the first buyer delivers it to the registrant,

(A) the first buyer does not use the commodity except, in the case of natural gas, to the extent that it is used by a carrier as fuel or compressor gas to transport the gas by pipeline, and

(B) the commodity is not (except to the extent reasonably necessary or incidental to its transportation) further processed, transformed or altered other than, in the case of natural gas, to recover natural gas liquids or ethane from the gas at a straddle plant,

(iv) between the time at which the first seller's supply is made and the time at which the registrant receives delivery of the commodity, the commodity is not transported by any means other than a wire, pipeline or other conduit, and

(v) the first seller maintains evidence satisfactory to the Minister of the first buyer's supply of the commodity to the registrant; and

(b) any service, supplied by the registrant to the first buyer, of arranging for or effecting the exchange of the commodity for the property of the same class or kind, if the first buyer is a non-resident person.

**15.2** A particular supply made by a supplier to a recipient who is registered under Subdivision d of Division V of Part IX of the Act of a continuous transmission commodity, if the recipient provides the supplier with a declaration in writing that

(a) the recipient intends to export the commodity by means of a wire, pipeline or other conduit in the circumstances described in

(i) in the case of natural gas, paragraphs 15(a) to (c), and

(ii) in any other case, paragraphs 1(b) to (d), or

(b) the recipient intends to supply the commodity in the circumstances described in subparagraphs 15.1(a)(i) to (iv),

provided that, if the recipient subsequently neither exports the commodity as described in paragraph (a) nor supplies it as described in paragraph (b), it is the case that the supplier did not know, and could not reasonably be expected to have known, at or



before the latest time at which tax in respect of the particular supply, calculated at the rate set out in subsection 165(1) of the Act, would have become payable if the supply were not a zero-rated supply, that the recipient would neither so export nor so supply the commodity.

**15.3** A supply made by a person to a non-resident recipient who is not registered under Subdivision d of Division V of Part IX of the Act of a service of storing natural gas for a period, or of taking up surplus natural gas of the recipient for a period, and returning the gas to the recipient at the end of the period, if

(a) at the end of the period, the gas is to be delivered to the recipient for export;

(b) at the end of the period, the recipient holds a valid licence or order for the export of the natural gas issued under the *National Energy Board Act*; and

(c) it is not the case that, at or before the latest time at which tax in respect of the supply, calculated at the rate set out in subsection 165(1) of the Act, would have become payable if the supply were not a zero-rated supply, the person knew or could reasonably be expected to have known either that

(i) the recipient would not export the gas as soon after the end of the period as is reasonable having regard to the circumstances surrounding the exportation and, if applicable, to the normal business practice of the recipient, or

(ii) the gas would not be exported

(A) in the same measure as was stored or taken up except for any loss due to its use by a carrier as fuel or compressor gas for transporting the gas by pipeline, and

(B) in the same state except to the extent of any processing or alteration reasonably necessary or incidental to its transportation or necessary to recover natural gas liquids or ethane from the gas at a straddle plant.

**15.4** A supply made by a supplier to a non-resident recipient who is not registered under Subdivision d of Division V of Part IX of the Act of a service of taking up surplus electricity of the recipient for a period and returning the electricity to the recipient at the end of the period or of deferring delivery of electricity supplied to the recipient at the beginning of a period until the end of the period, if

(a) the electricity is exported by the supplier or recipient

(i) in the same measure and state except for any consumption or alteration reasonably necessary or incidental to its transportation, and

(ii) as soon after the end of the period as is reasonable having regard to the circumstances surrounding the exportation and, if applicable, to the normal business practice of the exporter; and

(b) at the end of the period, the requirement under the *National Energy Board Act* with respect to the holding of a valid licence, order or permit for the export of the electricity issued under that Act is met.

**(2) Sections 15.1, 15.3 and 15.4 of Part V of Schedule VI to the Act, as enacted by subsection (1), apply to supplies of continuous transmission commodities delivered in Canada, and to supplies of services, for which consideration becomes due after August 7, 1998 or is paid after that day without having become due except that, with respect to supplies made before November 1998,**

**(a) the portion of section 15.1 of Part V of Schedule VI to the Act before paragraph (a), as enacted by subsection (1), shall be read without reference to the words "who is not registered under Subdivision d of Division V of Part IX of the Act"; and**

**(b) paragraph (b) of that section shall be read as follows:**

(b) any service, supplied by the registrant to the first buyer, of arranging for or effecting the exchange of the commodity for the property of the same class or kind, if the first buyer is a non-resident person who is not registered under Subdivision d of Division V of Part IX of the Act.

**(3) Section 15.2 of Part V of Schedule VI to the Act, as enacted by subsection (1), applies to supplies made after October 1998.**

1990, c. 45, s.

18

**132. (1) The portion of the definition "continuous outbound freight movement" in subsection 1(1) of Part VII of Schedule VI to the Act after paragraph (b) is replaced by the following:**

if, after the shipper of the property transfers possession of the property to a carrier and before the property is exported, it is not (except to the extent reasonably necessary or incidental to its transportation) further processed, transformed or altered in Canada, other than, in the case of natural gas being transported by pipeline, to recover natural gas liquids or ethane from the gas at a straddle plant;

(2) Subsection (1) is deemed to have come into force on August 7, 1998 and applies to supplies of transportation services for which consideration becomes due after that day or is paid after that day without having become due.

1990, c. 45, s.  
18

**133. (1) Paragraph 3(c) of Part VII of Schedule VI to the Act is replaced by the following:**

(c) the origin of the continuous journey is within the taxation area, but outside Canada; or

(2) Subsection (1) applies to supplies for which all of the consideration becomes due after 1999 or is paid after 1999 without having become due.

1990, c. 45, s.  
18

**134. (1) Section 4 of Part VII of Schedule VI to the Act is replaced by the following:**

**4.** A supply of any of the following services made by a person in connection with the supply by that person of a passenger transportation service included in section 2 or 3:

- (a) a service of transporting an individual's baggage; and
- (b) a service of supervising an unaccompanied child.

**5.** A supply by a person of a service of issuing, delivering, amending, replacing or cancelling a ticket, voucher or reservation for a supply by that person of a passenger transportation service that would, if it were completed in accordance with the agreement for that supply, be included in section 2 or 3.

**5.1** A supply to a person of a service of acting as an agent in making a supply on behalf of that person of a service that would, if it were completed in accordance with the agreement for that supply, be included in any of sections 2 to 5.

(2) Subsection (1) applies to any supply of a service relating to a passenger transportation service if all of the consideration for the supply becomes due after 1999 or is paid after 1999 without having become due.

1990, c. 45, s.  
18

**135. (1) Section 5 of Schedule VII to the Act is replaced by the following:**

5. Goods that are imported by a particular person if the goods are supplied to the particular person by a non-resident person for no consideration, other than shipping and handling charges, as replacement parts or as replacement property under a warranty.

**(2) Subsection (1) applies to goods imported after December 10, 1998.**

1997, c. 10, s.  
254

**136. (1) Paragraph 3(a) of Part II of Schedule IX to the French version of the Act is replaced by the following:**

a) il expédie le bien à une destination dans la province donnée, précisée dans le contrat de factage visant le bien, ou en transfère la possession à un transporteur public ou un consignataire qu'il a chargé, pour le compte de l'acquéreur, d'expédier le bien à une telle destination;

**(2) Subsection (1) is deemed to have come into force on December 10, 1998.**

**137. (1) Part II of Schedule IX to the Act is amended by adding the following after section 3:**

**4. If**

(a) a supply of tangible personal property is made by way of lease, licence or similar arrangement under which continuous possession or use of the property is provided for a period of no more than three months,

(b) because of paragraph 136.1(1)(a) of the Act, there is deemed to be more than one supply of the property under that arrangement, and

(c) in the absence of that paragraph, the supply of the property under that arrangement would be made in a province,

all the supplies of the property that are, because of that paragraph, deemed to be made under that arrangement are made in that province.

**(2) Subsection (1) applies in determining the province in which a supply made after December 10, 1998 is made.**

1997, c. 10, s.  
254

**138. (1) Section 4 of Part VI of Schedule IX to the Act is replaced by the following:**

**4.** A supply of any of the following services made by a person in connection with the supply by that person of a passenger transportation service is made in a province if the supply of the passenger transportation service is made in the province:

- (a) a service of transporting an individual's baggage; and
- (b) a service of supervising an unaccompanied child.

**4.1** A supply by a person of a service of issuing, delivering, amending, replacing or cancelling a ticket, voucher or reservation for a supply by that person of a passenger transportation service is made in a province if the supply of the passenger transportation service would, if it were completed in accordance with the agreement for that supply, be made in the province.

**(2) Subsection (1) applies to any supply of a service relating to a passenger transportation service if all of the consideration for the supply becomes due after 1999 or is paid after 1999 without having become due.**

1997, c. 10, s.  
254

**139. (1) Section 14 of Part I of Schedule X to the Act is replaced by the following:**

**14.** Property that is brought into a participating province by a person if it is supplied to the person for no consideration, other than shipping and handling charges, as a replacement part or as replacement property under a warranty.

**(2) Subsection (1) applies to property brought into a participating province after December 10, 1998.**

**140. (1) The Act is amended by replacing the expression "the Tobacco Tax Act, R.S.N.S. 1989, c. 470" with the expression "Part III of the Revenue Act, S.N.S. 1995-96, c. 17" in the following provisions:**

- (a) the definition "Nova Scotia cigarettes" in subsections 23.34(1) and 68.169(1);
- (b) the definitions "designated retail vendor" and "designated wholesale vendor" in subsections 23.36(1) and 97.5(1);
- (c) subsection 23.36(2);

(d) the definitions "designated retail vendor" and "licensed wholesale vendor" in subsection 68.165(1);

(e) the definitions "Nova Scotia manufactured tobacco" and "Nova Scotia tobacco sticks" in subsection 68.169(1); and

(f) subparagraphs 1(c)(i) and (e)(i) of Schedule II.

(2) The amendments made under subsection (1) apply

(a) in the case of the amendments to the definition "Nova Scotia cigarettes" in subsection 23.34(1) of the Act and the definition "Nova Scotia manufactured tobacco", after November 28, 1996; and

(b) in any other case, after March 1996.

1997, c. 10

AN ACT TO AMEND THE EXCISE TAX ACT, THE FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, THE INCOME TAX ACT, THE DEBT SERVICING AND REDUCTION ACCOUNT ACT AND RELATED ACTS

141. (1) Subsection 208(2) of *An Act to amend the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the Income Tax Act, the Debt Servicing and Reduction Account Act and related Acts*, being chapter 10 of the Statutes of Canada, 1997, is amended by replacing paragraph (b) of the description of A in subsection 225.2(2) of the *Excise Tax Act*, as it reads in that subsection 208(2), with the following:

(b) all amounts each of which is tax under subsection 165(1) in respect of a supply (other than a supply to which paragraph (c) applies) made by a person other than a selected listed financial institution to the financial institution that would, but for an election made under section 150, have become payable by the financial institution during the particular reporting period, and

(2) Subsection 208(2) of the Act is amended by replacing paragraph (b) of the description of B in subsection 225.2(2) of the *Excise Tax Act*, as it reads in that subsection 208(2), with the following:

(b) all amounts each of which would be an input tax credit of the financial institution for the particular reporting period of the financial institution in respect of property or a service if tax became payable in respect of the supply of the property or service equal to the amount included for the particular reporting period under paragraph (b) or (c) of the description of A in respect of the supply;

142. (1) Paragraph 257(c) of the French version of the Act is replaced by the following:

c) l'alinéa 129(7)b) de cette loi ne s'applique pas au calcul de la taxe nette de l'organisme pour sa période de déclaration qui comprend ce moment.

(2) Subsection (1) is deemed to have come into force on March 20, 1997.

R.S., c. B-3;  
1992, c. 27, s.  
2

BANKRUPTCY AND INSOLVENCY ACT

1992, c. 27, s.  
22

**143. (1) Subsection 54(2.1) of the *Bankruptcy and Insolvency Act* is replaced by the following:**

Certain Crown  
claims

(2.1) For greater certainty, subsection 224(1.2) of the *Income Tax Act* shall not be construed as classifying as secured claims, for the purpose of subsection (2), claims of Her Majesty in right of Canada or a province for amounts that could be subject to a demand under

(a) subsection 224(1.2) of the *Income Tax Act*;

(b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation

establishes a "provincial pension plan" as defined in that subsection.

(2) Subsection (1) is deemed to have come into force on November 30, 1992, except that before June 30, 1996 the references in paragraph 54(2.1)(b) of the Act, as enacted by subsection (1), to the *Employment Insurance Act* shall be read as references to the *Unemployment Insurance Act*.

1992, c. 27, s.  
24(1)

144. (1) Subsection 60(1.1) of the Act is replaced by the following:

Certain Crown  
claims

(1.1) Unless Her Majesty consents, no proposal shall be approved by the court that does not provide for the payment in full to Her Majesty in right of Canada or a province, within six months after court approval of the proposal, of all amounts that were outstanding at the time of the filing of the notice of intention or of the proposal, if no notice of intention was filed, and are of a kind that could be subject to a demand under

(a) subsection 224(1.2) of the *Income Tax Act*;

(b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.



(2) Subsection (1) is deemed to have come into force on November 30, 1992, except that before June 30, 1996 the references in paragraph 60(1.1)(b) of the Act, as enacted by subsection (1), to the *Employment Insurance Act* shall be read as references to the *Unemployment Insurance Act*.

1992, c. 27, s.  
36(1)

145. (1) Subsection 69(1) of the Act is amended by striking out the word "and" at the end of paragraph (b) and by replacing paragraph (c) with the following:

(c) Her Majesty in right of Canada may not exercise Her rights under

(i) subsection 224(1.2) of the *Income Tax Act*, or

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that

(A) refers to subsection 224(1.2) of the *Income Tax Act*, and

(B) provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts,

in respect of the insolvent person where the insolvent person is a debtor under that subsection or provision, and

(d) Her Majesty in right of a province may not exercise her rights under any provision of provincial legislation in respect of the insolvent person where the insolvent person is a debtor under the provincial legislation and the provision has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection,

1992, c. 27, s.  
36(1)

**(2) Subsection 69(3) of the Act is replaced by the following:**

Limitation

(3) A stay provided by paragraph (1)(c) or (d) does not apply, or terminates, in respect of Her Majesty in right of Canada and every province if

(a) the insolvent person defaults on payment of any amount that becomes due to Her Majesty after the filing of the notice of intention and could be subject to a demand under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection; or

(b) any other creditor is or becomes entitled to realize a security on any property that could be claimed by Her Majesty in exercising Her rights under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a

contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

**(3) Subsections (1) and (2) are deemed to have come into force on November 30, 1992 except that, before June 30, 1996, the references in subparagraphs 69(1)(c)(ii) and (3)(a)(ii) and (b)(ii) of the Act, as enacted by subsections (1) and (2), to the *Employment Insurance Act* shall be read as references to the *Unemployment Insurance Act*.**

1997, c. 12, s.  
63(1)

**146. (1) Subsection 69.1(1) of the Act is amended by striking out the word "and" at the end of paragraph (b) and by replacing paragraph (c) with the following:**

(c) Her Majesty in right of Canada may not exercise Her rights under subsection 224(1.2) of the *Income Tax Act* or any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, in respect of the insolvent person where the insolvent person is a debtor under that subsection or provision, until

(i) the trustee has been discharged,

(ii) six months have elapsed following court approval of the proposal, or

(iii) the insolvent person becomes bankrupt; and

(d) Her Majesty in right of a province may not exercise Her rights under any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection,

in respect of the insolvent person where the insolvent person is a debtor under the provincial legislation, until

(iii) the trustee has been discharged,

(iv) six months have elapsed following court approval of the proposal, or

(v) the insolvent person becomes bankrupt.

1992, c. 27, s.  
36(1)

**(2) Subsection 69.1(3) of the Act is replaced by the following:**

Limitation

(3) A stay provided by paragraph (1)(c) or (d) does not apply, or terminates, in respect of Her Majesty in right of Canada and every province if

(a) the insolvent person defaults on payment of any amount that becomes due to Her Majesty after the filing of the proposal and could be subject to a demand under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an

employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection; or

(b) any other creditor is or becomes entitled to realize a security on any property that could be claimed by Her Majesty in exercising Her rights under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation

establishes a "provincial pension plan" as defined in that subsection.

1992, c. 27, s.  
36(1)

**(3) Subsection 69.1(4) of the Act is replaced by the following:**

Limitation

(4) If, by virtue of subsection 69(3), the stay provided by paragraph 69(1)(c) or (d) does not apply or terminates, the stay provided by paragraph (1)(c) or (d) of this section does not apply.

**(4) Subsection (1) applies to proposals in respect of which proceedings are commenced under the Act after September 29, 1997.**

**(5) Subsections (2) and (3) are deemed to have come into force on November 30, 1992, except that before June 30, 1996 the references in subparagraphs 69.1(3)(a)(ii) and (b)(ii) of the Act, as enacted by subsection (2), to the *Employment Insurance Act* shall be read as references to the *Unemployment Insurance Act*.**

1992, c. 27, s.  
36(1)

**147. (1) Section 69.5 of the Act is replaced by the following:**

Provincial  
legislation

**69.5** Except for paragraphs 69(1)(c) and (d) and 69.1(1)(c) and (d), sections 69 to 69.3 do not affect the operation of any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(a) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(b) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection,

and for the purpose of this section, the provision is, despite any Act of Canada or of a province or any other law, deemed to have the

same effect and scope against any creditor, however secured, as subsection 224(1.2) of the *Income Tax Act* in respect of a sum referred to in paragraph (a), or as subsection 23(2) of the *Canada Pension Plan* in respect of a sum referred to in paragraph (b), and in respect of any related interest, penalties or other amounts.

**(2) Subsection (1) is deemed to have come into force on November 30, 1992.**

1992, c. 27, s.  
39(1)

**148. (1) Subsection 86(3) of the Act is replaced by the following:**

Exceptions

(3) Subsection (1) does not affect the operation of

(a) subsections 224(1.2) and (1.3) of the *Income Tax Act*;

(b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection,

and for the purpose of paragraph (c), the provision of provincial legislation is, despite any Act of Canada or of a province or any other law, deemed to have the same effect and scope against any creditor, however secured, as subsection 224(1.2) of the *Income Tax Act* in respect of a sum referred to in subparagraph (c)(i), or as subsection 23(2) of the *Canada Pension Plan* in respect of a sum

referred to in subparagraph (c)(ii), and in respect of any related interest, penalties or other amounts.

(2) Subsection (1) is deemed to have come into force on November 30, 1992, except that before June 30, 1996 the references in paragraph 86(3)(b) of the Act, as enacted by subsection (1), to the *Employment Insurance Act* shall be read as references to the *Unemployment Insurance Act*.

1997, c. 26

BUDGET IMPLEMENTATION ACT, 1997

**149. (1) Paragraph 46(3)(a) of the *Budget Implementation Act, 1997* is replaced by the following:**

(a) Part IX of the *Excise Tax Act* applies for the purposes of a tax imposed pursuant to a by-law made under subsection 44(1) as if the tax were imposed under subsection 165(1) of that Act;

(2) Subsection (1) is deemed to have come into force on June 18, 1998.

1998, c. 21, s.  
69(2)

**150. (1) Paragraphs (a) to (e) of the definition "alcoholic beverage" in section 51 of the Act are replaced by the following:**

(a) beer, within the meaning assigned by section B.02.130 of the *Food and Drug Regulations*, containing more than 0.5% alcohol by volume;

(b) ale, stout, porter or malt liquor, within the meaning assigned by section B.02.131 of the *Food and Drug Regulations*, containing more than 0.5% alcohol by volume;

(c) wine, within the meaning assigned by section 25 of the *Excise Tax Act*, containing more than 0.5% alcohol by volume;

(d) any beverage containing more than 0.5% alcohol by volume, that is obtained from the distillation of grains, fruits or other agricultural products or from the distillation of beer or wine; and

(e) any other beverage that contains a combination of any beverage referred to in paragraphs (a) to (d) that is suitable for human consumption and that contains more than 0.5% alcohol by volume.

(2) Section 51 of the Act is amended by adding the following in alphabetical order:



"alcohol"  
« *alcohol* »

"alcohol" means ethyl alcohol.

**(3) Subsections (1) and (2) are deemed to have come into force on June 18, 1998.**

**151. (1) Paragraph 54(3)(a) of the Act is replaced by the following:**

(a) Part IX of the *Excise Tax Act* applies for the purposes of a tax imposed pursuant to a by-law made under subsection 52(1) as if the tax were imposed under subsection 165(1) of that Act;

**(2) Subsection (1) is deemed to have come into force on June 18, 1998.**

1998, c. 21

BUDGET IMPLEMENTATION ACT, 1998

**152. (1) Paragraphs (a) to (e) of the definition "alcoholic beverage" in section 58 of the *Budget Implementation Act, 1998* are replaced by the following:**

(a) beer, within the meaning assigned by section B.02.130 of the *Food and Drug Regulations*, containing more than 0.5% alcohol by volume;

(b) ale, stout, porter or malt liquor, within the meaning assigned by section B.02.131 of the *Food and Drug Regulations*, containing more than 0.5% alcohol by volume;

(c) wine, within the meaning assigned by section 25 of the *Excise Tax Act*, containing more than 0.5% alcohol by volume;

(d) any beverage containing more than 0.5% alcohol by volume, that is obtained from the distillation of grains, fruits or other agricultural products or from the distillation of beer or wine; and

(e) any other beverage that contains a combination of any beverage referred to in paragraphs (a) to (d) that is suitable for human consumption and that contains more than 0.5% alcohol by volume.

**(2) Section 58 of the Act is amended by adding the following in alphabetical order:**

"alcohol"  
« *alcohol* »

"alcohol" means ethyl alcohol.

(3) Subsections (1) and (2) are deemed to have come into force on June 18, 1998.

153. (1) Paragraph 60(2)(a) of the Act is replaced by the following:

(a) Part IX of the *Excise Tax Act* applies for the purposes of a tax imposed pursuant to a by-law made under subsection 59(1) as if the tax were imposed under subsection 165(1) of that Act;

(2) Subsection (1) is deemed to have come into force on June 18, 1998.

1999, c. 26

BUDGET IMPLEMENTATION ACT, 1999

154. (1) Paragraph 27(2)(a) of the *Budget Implementation Act, 1999* is replaced by the following:

(a) Part IX of the *Excise Tax Act* applies for the purposes of a tax imposed pursuant to a by-law made under subsection 30(1) as if the tax were imposed under subsection 165(1) of that Act;

(2) Subsection (1) is deemed to have come into force on June 17, 1999.

R.S., c. C-8

CANADA PENSION PLAN

1991, c. 49, s.  
206(1)

155. (1) Subsection 23(2) of the *Canada Pension Plan* is replaced by the following:

Application of  
*Income Tax Act*  
provisions

(2) Section 160, subsections 161(11) and 220(3.1), (4) and (5), sections 221.1 and 223 to 224.3, subsections 227(9.1) and (10), sections 229, 236 and 244 (except subsections 244(1) and (4)) and subsections 248(7) and (11) of the *Income Tax Act* apply, with such modifications as the circumstances require, in relation to all contributions, interest, penalties and other amounts payable by a person under this Act, and for the purposes of this subsection,

(a) the reference in subsection 224(1.2) of that Act to "subsection 227(10.1) or a similar provision" shall be read as a reference to "section 22 of the *Canada Pension Plan*"; and

(b) subsection 224(1.2) of the *Income Tax Act* shall apply to employer's contributions, employee's contributions, and related interest, penalties or other amounts, subject to subsections 69(1) and 69.1(1) of the *Bankruptcy and Insolvency Act* and section 11.4 of the *Companies' Creditors Arrangement Act*.

**(2) Subsection (1) is deemed to have come into force on November 30, 1992 except that, before September 30, 1997, paragraph 23(2)(b) of the *Canada Pension Plan*, as enacted by subsection (1), shall be read without reference to "and section 11.4 of the *Companies' Creditors Arrangement Act*".**

R.S., c. C-36

COMPANIES' CREDITORS ARRANGEMENT ACT

1997, c. 12, s.  
124

**156. (1) Section 11.4 of the *Companies' Creditors Arrangement Act* is replaced by the following:**

Her Majesty  
affected

**11.4 (1)** An order made under section 11 may provide that

(a) Her Majesty in right of Canada may not exercise rights under subsection 224(1.2) of the *Income Tax Act* or any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, in respect of the company if the company is a debtor under that subsection or provision, for such period as the court considers appropriate but ending not later than

(i) the expiration of the order,

(ii) the refusal of a proposed compromise by the creditors or the court,

(iii) six months following the court sanction of a compromise or arrangement,

(iv) the default by the company on any term of a compromise or arrangement, or

(v) the performance of a compromise or arrangement in respect of the company; and

(b) Her Majesty in right of a province may not exercise rights under any provision of provincial legislation in respect of the company where the company is a debtor under that legislation and the provision has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection,

for such period as the court considers appropriate but ending not later than the occurrence or time referred to in whichever of subparagraphs (a)(i) to (v) may apply.

When order  
ceases to be in  
effect

(2) An order referred to in subsection (1) ceases to be in effect if

(a) the company defaults on payment of any amount that becomes due to Her Majesty after the order is made and could be subject to a demand under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or

(iii) under any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection; or

(b) any other creditor is or becomes entitled to realize a security on any property that could be claimed by Her Majesty in exercising rights under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

Operation of  
similar  
legislation

(3) An order made under section 11, other than an order referred to in subsection (1) of this section, does not affect the operation of

(a) subsections 224(1.2) and (1.3) of the *Income Tax Act*;

(b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest and penalties, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection,

and for the purpose of paragraph (c), the provision of provincial legislation is, despite any Act of Canada or of a province or any other law, deemed to have the same effect and scope against any creditor, however secured, as subsection 224(1.2) of the *Income Tax Act* in respect of a sum referred to in subparagraph (c)(i), or as subsection 23(2) of the *Canada Pension Plan* in respect of a sum referred to in subparagraph (c)(ii), and in respect of any related interest, penalties or other amounts.

**(2) Subsection (1) applies to proceedings commenced under the Act after September 29, 1997.**

1997, c. 12, s.  
125

**157. (1) Subsection 18.2(1) of the Act is replaced by the following:**

Certain Crown  
claims

**18.2** (1) If an order contains a provision authorized by subsection 11.4(1), unless Her Majesty consents, no compromise or arrangement shall be sanctioned by the court that does not provide for the payment in full to Her Majesty in right of Canada or a province, within six months after court sanction of the compromise or arrangement, of all amounts that were outstanding at the time of the application for an order under section 11 and that are of a kind that could be subject to a demand under

(a) subsection 224(1.2) of the *Income Tax Act*;

(b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

**(2) Subsection (1) applies to proceedings commenced under the Act after September 29, 1997.**

1997, c. 12, s.  
125

**158. (1) Subsection 18.4(3) of the Act is replaced by the following:**

Operation of  
similar  
legislation

(3) Subsection (1) does not affect the operation of

(a) subsections 224(1.2) and (1.3) of the *Income Tax Act*;

(b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

(c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection,

and for the purpose of paragraph (c), the provision of provincial legislation is, despite any Act of Canada or of a province or any other law, deemed to have the same effect and scope against any creditor, however secured, as subsection 224(1.2) of the *Income Tax Act* in respect of a sum referred to in subparagraph (c)(i), or as subsection 23(2) of the *Canada Pension Plan* in respect of a sum referred to in subparagraph (c)(ii), and in respect of any related interest, penalties or other amounts.

**(2) Subsection (1) applies to proceedings commenced under the Act after September 29, 1997.**

R.S., c. C-51

CULTURAL PROPERTY EXPORT AND IMPORT ACT

1995, c. 38, s.

2

**159. Subsection 33.2(3) of the *Cultural Property Export and Import Act* is replaced by the following:**



How application  
made

(3) An application made under subsection (1) shall be made by filing in the Registry of the Tax Court of Canada, in accordance with the provisions of the *Tax Court of Canada Act*, three copies of the application accompanied by three copies of the notice of appeal.

R.S., c. 1 (2nd  
Supp.)

CUSTOMS ACT

**160. Subsections 43(1) and (2) of the *Customs Act* are replaced by the following:**

Production of  
documents

**43.** (1) The Minister may, for any purpose related to the administration or enforcement of this Act, including the collection of any amount owing under this Act by any person, by notice served personally or by registered or certified mail, require any person to provide any records, books, letters, accounts, invoices, statements (financial or otherwise) or other documents or information at a place specified by the Minister and within such reasonable time as may be stipulated in the notice.

Compliance

(2) Any person who is required to provide any records, books, letters, accounts, invoices, statements or other documents or information under subsection (1) shall, notwithstanding any other law to the contrary but subject to subsection (3), do so as required.

**161. (1) Section 143 of the Act is amended by adding the following after subsection (1):**

Court costs

(1.1) If an amount is payable by a person to Her Majesty in right of Canada because of an order, judgment or award of a court in respect of the costs of litigation relating to a matter to which this Act applies, sections 145 and 147 apply to the amount as if the amount were a debt owing by the person to Her Majesty on account of duties payable by the person under this Act, and the person is in default unless the amount is paid on or before the day it is due.

**(2) Subsection (1) applies to amounts that are payable after this Act is assented to, regardless of when the amounts became payable.**

1997, c. 36

CUSTOMS TARIFF

**162. (1) The Description of Goods of tariff item No. 9804.10.00 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff* is replaced by the following:**

- Valued at not more than two hundred dollars and included in the baggage accompanying the person returning from abroad after an absence from Canada of not less than forty-eight hours.

For the purpose of this tariff item, goods may include either wine not exceeding 1.5 litres or any alcoholic beverages not exceeding 1.14 litres, and tobacco not exceeding fifty cigars, two hundred cigarettes, two hundred tobacco sticks and two hundred grams of manufactured tobacco.

**(2) Subsection (1) is deemed to have come into force on July 15, 1999.**

**163. (1) The Description of Goods of tariff item No. 9804.20.00 in the List of Tariff Provisions set out in the schedule to the Act is replaced by the following:**

- Valued at not more than seven hundred and fifty dollars, whether or not included in the baggage accompanying the person returning from abroad after an absence from Canada of not less than seven days.

For the purpose of this tariff item:

(a) goods may include either wine not exceeding 1.5 litres or any alcoholic beverages not exceeding 1.14 litres, and tobacco not exceeding fifty cigars, two hundred cigarettes, two hundred tobacco sticks and two hundred grams of manufactured tobacco, if included in the baggage accompanying the person at the time of return to Canada; and

(b) if goods (other than alcoholic beverages, cigars, cigarettes, tobacco sticks and manufactured tobacco) acquired abroad are not included in the baggage accompanying the person, they may be classified under this tariff item if they are reported by the person at time of return to Canada.

**(2) Subsection (1) is deemed to have come into force on July 15, 1999.**

**164. (1) The Description of Goods of tariff item No. 9805.00.00 in the List of Tariff Provisions set out in the schedule to the Act is replaced by the following:**

Goods imported by a member of the Canadian Forces, by an employee of the Canadian government, or by a former resident of Canada returning to Canada to resume residence in Canada after having been a resident of another country for a period of not less than one year, or by a resident returning after an absence from Canada of not less than one year, and acquired by that person for personal or household use and actually owned, possessed and used abroad by that person for at least six months prior to that person's return to Canada and accompanying that person at the time of their return to Canada.

"Goods" does not include goods that are sold or otherwise disposed of within twelve months after importation.

For the purpose of this tariff item:

(a) the provisions shall apply to either wine not exceeding 1.5 litres or any alcoholic beverages not exceeding 1.14 litres, and tobacco not exceeding fifty cigars, two hundred cigarettes, two hundred tobacco sticks and two hundred grams of manufactured tobacco, if they are included in the baggage accompanying the importer, and no relief from payment of duties is being claimed in respect of alcoholic beverages or tobacco under another item in this Chapter at the time of importation;

(b) if goods (other than alcoholic beverages, cigars, cigarettes, tobacco sticks and manufactured tobacco) are not accompanying the person returning from abroad, they may be classified under this item when imported at a later time if they are reported by the person at the time of return to Canada; and

(c) any article which was acquired after March 31, 1977 by a class of persons named in this tariff item and which has a value for duty as determined under the *Customs Act* of more than \$10,000 shall not be classified under this tariff item.

**(2) Subsection (1) is deemed to have come into force on July 15, 1999.**

**165. (1) The Description of Goods of tariff item No. 9807.00.00 in the List of Tariff Provisions set out in the schedule to the Act is replaced by the following:**

Goods imported by a settler for the settler's household or personal use, if actually owned, possessed and used abroad by the settler prior to the settler's arrival in Canada and accompanying the settler at the time of the settler's arrival in Canada.

For the purpose of this tariff item:

(a) "goods" may include:

(i) either wine not exceeding 1.5 litres or any alcoholic beverages not exceeding 1.14 litres, and

(ii) tobacco not exceeding fifty cigars, two hundred cigarettes, two hundred tobacco sticks and two hundred grams of manufactured tobacco;

(b) "goods" does not include imported goods that are sold or otherwise disposed of within twelve months after importation; and

(c) if goods (other than alcoholic beverages, cigars, cigarettes, tobacco sticks and manufactured tobacco) are not accompanying the settler at the time of the settler's arrival in Canada, they may be classified under this tariff item when imported at a later time if they are reported by the settler at the time of the settler's arrival in Canada.

**(2) Subsection (1) is deemed to have come into force on July 15, 1999.**

**166. (1) The Description of Goods of tariff item No. 9827.00.00 in the List of Tariff Provisions set out in the schedule to the Act is replaced by the following:**

Goods, which may include either wine not exceeding 1.5 litres or any alcoholic beverages not exceeding 1.14 litres, and tobacco products not exceeding fifty cigars, two hundred cigarettes, two hundred tobacco sticks and two hundred grams of manufactured tobacco, imported by members of the military forces of countries that are parties to the North Atlantic Treaty or are members of the Commonwealth, or by civilian employees of those military forces who are not Canadian citizens or permanent residents of Canada and are stationed in Canada on official duty, including dependants of such members or employees, but not persons on duty at a diplomatic mission, on condition that:

(a) an authorized identification card is presented to a Customs officer by the visiting forces personnel at the time the goods are imported into Canada;

(b) the goods were acquired abroad for the personal or household use of the visiting forces personnel and are in quantities and values that are reasonable for such use; and

(c) in the case of durable goods, they are accompanied on importation by documentation specified by the Minister of National Revenue and are not sold or otherwise disposed of (except by destruction under Customs supervision or by

exportation or sale to other visiting forces personnel) unless, prior to the sale or other disposition, the goods are accounted for by the importer or owner and customs duty is paid in respect of the goods.

**(2) Subsection (1) is deemed to have come into force on July 15, 1999.**

1996, c. 23

EMPLOYMENT INSURANCE ACT

**167. (1) Section 99 of the *Employment Insurance Act* is replaced by the following:**

Application of  
*Income Tax Act*  
provisions

**99.** Section 160, subsections 161(11) and 220(3.1), sections 221.1 and 224 to 224.3 and subsections 227(9.1) and (10) and 248(7) and (11) of the *Income Tax Act* apply to all premiums, interest, penalties and other amounts payable by a person under this Part, with such modifications as the circumstances require, and for the purposes of this section,

(a) the reference in subsection 224(1.2) of that Act to "subsection 227(10.1) or a similar provision" shall be read as a reference to "section 85 of the *Employment Insurance Act*"; and

(b) subsection 224(1.2) of the *Income Tax Act* shall apply to employer's premiums, employee's premiums, and related interest, penalties or other amounts, subject to subsections 69(1) and 69.1(1) of the *Bankruptcy and Insolvency Act* and section 11.4 of the *Companies' Creditors Arrangement Act*.

**(2) Subsection (1) is deemed to have come into force on June 30, 1996 except that, before September 30, 1997, paragraph 99(b) of the *Employment Insurance Act*, as enacted by subsection (1), shall be read without reference to "and section 11.4 of the *Companies' Creditors Arrangement Act*".**

R.S., c. E-14

EXCISE ACT

R.S., c. 12  
(4th Supp.), s.  
64

**168. The portion of subsection 174(2) of the French version of the *Excise Act* before paragraph (b) is replaced by the following :**

Réglementation  
– remboursement  
du droit payé  
sur la bière  
détruite

(2) Les règlements pris en vertu du présent article peuvent prévoir la destruction de la bière devenue impropre à la consommation se trouvant :

a) soit dans des réservoirs d'entreposage, des bouteilles, des barillets ou autres contenants, avant qu'elle n'ait été expédiée de la brasserie;

**169. Subsection 246(2) of the Act is replaced by the following:**

Specially  
denatured  
alcohol

(2) Specially denatured alcohol shall be imported, manufactured or sold only under such conditions as the Minister may by regulation prescribe.

Sale or  
delivery to  
manufacturer or  
dealer

(2.1) Specially denatured alcohol shall not be sold or delivered to a manufacturer or dealer unless it is sold or delivered to the manufacturer or dealer, as the case may be,

(a) under a ministerial permit; and

(b) for a use in respect of which denatured alcohol would be unsuitable.

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

INCOME TAX ACT

**170. (1) Section 160 of the *Income Tax Act* is amended by adding the following after subsection (3):**

Fair market  
value of  
undivided  
interest

(3.1) For the purposes of this section and section 160.4, the fair market value at any time of an undivided interest in a property, expressed as a proportionate interest in that property, is, subject to subsection (4), deemed to be equal to the same proportion of the fair market value of that property at that time.

**(2) Subsection (1) applies to transfers of property made after June 4, 1999.**

**171. Subsection 166.2(2) of the Act is replaced by the following:**

How application  
made

(2) An application under subsection (1) shall be made by filing in the Registry of the Tax Court of Canada, in accordance with the provisions of the *Tax Court of Canada Act*, three copies of the documents referred to in subsection 166.1(3) and three copies of the notification, if any, referred to in subsection 166.1(5).

**172. Subsection 167(3) of the Act is replaced by the following:**

How application  
made

(3) An application made under subsection (1) shall be made by filing in the Registry of the Tax Court of Canada, in accordance with the provisions of the *Tax Court of Canada Act*, three copies of the application accompanied by three copies of the notice of appeal.

**173. (1) Subsection 182(1) of the Act is replaced by the following:**

Surtax

**182. (1)** Every corporation shall pay a tax under this Part for each taxation year equal to 40% of the corporation's Part I tax on tobacco manufacturing profits for the year.

**(2) Subsection (1) applies to taxation years that end after February 8, 2000.**

**174. (1) Subsection 183(2) of the Act is replaced by the following:**

Payment

(2) Every corporation shall pay to the Receiver General on or before its balance-due day for each taxation year its tax payable under this Part for the year.

**(2) Subsection (1) applies to taxation years that end after February 8, 2000.**

**175. (1) Paragraph 223(11.1)(a) of the English version of the Act is replaced by the following:**

(a) to be a claim that is secured by a security and that, subject to subsection 87(2) of that Act, ranks as a secured claim under that Act; and

**(2) Subsection (1) is deemed to have come into force on June 18, 1998.**

**176. The portion of subsection 231.2(1) of the Act before paragraph (a) is replaced by the following:**

Requirement to  
provide  
documents or  
information

**231.2** (1) Notwithstanding any other provision of this Act, the Minister may, subject to subsection (2), for any purpose related to the administration or enforcement of this Act, including the collection of any amount payable under this Act by any person, by notice served personally or by registered or certified mail, require that any person provide, within such reasonable time as is stipulated in the notice,

**177. Subsection 231.6(1) of the Act is replaced by the following:**

Definition of  
"foreign-based  
information or  
document"

**231.6** (1) For the purposes of this section, "foreign-based information or document" means any information or document that is available or located outside Canada and that may be relevant to the administration or enforcement of this Act, including the collection of any amount payable under this Act by any person.

R.S., c. T-2

TAX COURT OF CANADA ACT

1998, c. 19, s.  
295(2)

**178. Subsection 18.29(3) of the Tax Court of Canada Act is replaced by the following:**



Extensions of  
time

(3) The provisions referred to in subsection (1), other than section 18.23, also apply, with such modifications as the circumstances require, in respect of applications for extensions of time under section 166.2 or 167 of the *Income Tax Act*, section 304 or 305 of the *Excise Tax Act*, subsection 103(1) of the *Employment Insurance Act*, subsection 28(1) of the *Canada Pension Plan* or section 33.2 of the *Cultural Property Export and Import Act*.

Reasons for  
judgment

(4) In respect of an application for an extension of time under the provisions referred to in subsection (3), if either party to the application makes a request to the Court for reasons for its judgment, the Court shall give such reasons but those reasons need not be in writing.

R.S., c. U-1

UNEMPLOYMENT INSURANCE ACT

1991, c. 49, s.  
229(1)

**179. (1) Section 66 of the *Unemployment Insurance Act* is replaced by the following:**

Application of  
*Income Tax Act*  
provisions

**66.** Section 160, subsections 161(11) and 220(3.1), sections 221.1 and 224 to 224.3 and subsections 227(9.1) and (10) and 248(7) and (11) of the *Income Tax Act* apply to all premiums, interest, penalties and other amounts payable by a person under this Part, with such modifications as the circumstances require, and for the purposes of this section,

(a) the reference in subsection 224(1.2) of that Act to "subsection 227(10.1) or a similar provision" shall be read as a reference to "section 56 of the *Unemployment Insurance Act*"; and

(b) subsection 224(1.2) of the *Income Tax Act* shall apply to employer's premiums, employee's premiums, and related interest, penalties or other amounts, subject to subsections 69(1) and 69.1(1) of the *Bankruptcy and Insolvency Act*.

**(2) Subsection (1) is deemed to have come into force on November 30, 1992.**