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c 22 Corporations Tax Amendment Act, 1990

Ontario

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CHAPTER 22

An Act to amend the Corporations Tax Act

Assented to December 20th, 1990

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1.—(1) Subclause 1 (1) (aa) (i) of the *Corporations Tax Act*, as re-enacted by the Statutes of Ontario, 1985, chapter 11, section 1, is repealed. R.S.O. 1980,
c. 97

(2) Clause 1 (1) (ja) of the Act, as enacted by the Statutes of Ontario, 1985, chapter 11, section 1, is repealed.

(3) Subsection 1 (1) of the Act, as amended by the Statutes of Ontario, 1981, chapter 37, section 1, 1983, chapter 29, section 1, 1984, chapter 29, section 1 and 1985, chapter 11, section 1, is further amended by adding the following clause:

(ab) subsection 248 (7) of the *Income Tax Act* (Canada) does not apply for the purposes of this Act. R.S.C. 1952,
c. 148

(4) Sub-subclause 1 (2) (d) (iv) (A) of the Act, as enacted by the Statutes of Ontario, 1988, chapter 42, section 1, is repealed and the following substituted:

(A) the other provision shall be deemed to apply for the purposes of the application of sections 12 and 12.2, subsection 13 (7), paragraph 13 (7.1) (e), subparagraph 13 (21) (f) (vii), subsection 14 (3), section 20, paragraphs 37 (1) (d) and (e), subparagraphs 53 (2) (c) (vi), (vii) and (viii) and 53 (2) (h) (ii), (iii) and (iv), sections 56 and 60, subparagraph 66.1 (6) (b) (xi), section 66.8, paragraph 67.1 (2) (d), paragraph 84 (1) (c.3), section 88, paragraph 95 (1) (f), subsection 96 (2.1), paragraphs 110 (1) (k), 111 (1) (e) and 127.2 (6) (a), subsections 127.2 (8) and 127.3 (6), paragraph 133 (8) (b), subsection 137 (4.3), section 138, paragraph 138.1 (1) (k), section 248 and subsection

258 (5) of the *Income Tax Act* (Canada) for the purposes of this Act.

(5) Subsection 1 (7) of the Act, as enacted by the Statutes of Ontario, 1986, chapter 39, section 1, is amended by adding at the end “and regulations related to this subsection may have retroactive application if they so state”.

(6) Section 1 of the Act, as amended by the Statutes of Ontario, 1981, chapter 37, section 1, 1983, chapter 29, section 1, 1984, chapter 29, section 1, 1985, chapter 11, section 1, 1986, chapter 39, section 1 and 1988, chapter 42, section 1, is further amended by adding the following subsections:

Private
corporation
year-end
election

(1a) Section 194 of *An Act to amend the Income Tax Act, the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977 and certain related Acts*, being the Statutes of Canada, 1988, chapter 55, applies for the purposes of this Act with respect to the end of taxation years of private corporations and in the application thereof,

- (a) references therein to “the said Act” shall be read as references to the *Income Tax Act* (Canada);
- (b) any election made thereunder by a private corporation shall be deemed,
 - (i) to be an election made under the *Income Tax Act* (Canada) for the purposes of the application of subsection 1 (4), and
 - (ii) to have been made under both that Act and this Act; and
- (c) any fiscal period referred to therein shall be the same for the purposes of the *Income Tax Act* (Canada) and this Act.

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Deemed
delivery by
registered
mail

(8) Where a receipt is obtained from the addressee on the delivery of anything required or permitted by this Act to be delivered by registered mail, the delivery shall be deemed to have been made by registered mail for the purposes of this Act, and a “registered letter” includes any letter deemed by this subsection to have been delivered by registered mail.

2. The Act is amended by adding the following section:

5a.—(1) In this section and in subsection 73 (2a),

Definitions

“avoidance transaction” means any transaction,

- (a) that, but for this section, would result directly or indirectly in a tax benefit, unless the transaction may reasonably be considered to have been undertaken or arranged in good faith primarily for purposes other than to obtain the tax benefit, or
- (b) that is part of a series of transactions which would result directly or indirectly in a tax benefit but for this section, unless the transaction may reasonably be considered to have been undertaken or arranged in good faith primarily for purposes other than to obtain the tax benefit;

“tax benefit” means a reduction, avoidance or deferral of tax or other amount payable by a corporation under this Act or under the *Income Tax Act* (Canada) or an increase in a refund of tax or other amount under this Act or under the *Income Tax Act* (Canada);

R.S.C. 1952,
c. 148

“tax consequences”, to a corporation, means the amount of,

- (a) the corporation’s income, taxable income, taxable income earned in a jurisdiction other than Ontario, taxable income earned in Canada or taxable income earned in Canada in a jurisdiction other than Ontario,
- (b) the corporation’s paid-up capital, taxable paid-up capital, taxable paid-up capital that is deemed to be used by the corporation in a jurisdiction outside Ontario, paid-up capital employed in Canada, taxable paid-up capital employed in Canada or taxable paid-up capital employed in Canada that is deemed to be used by the corporation in a jurisdiction outside Ontario,
- (c) any gross premium referred to in Part IV that is payable to the corporation or its agent or agents,
- (d) any amount, other than an amount referred to in clause (a), (b) or (c), payable by or refundable to the corporation under this Act or that is relevant for the purposes of determining any other amount referred to in this subsection;

“transaction” includes an arrangement or event.

Determina-
tion of tax
consequences

(2) If a transaction is an avoidance transaction, the tax consequences to a corporation shall be determined in a manner that is reasonable in the circumstances in order to deny the tax benefit under this Act that would otherwise result directly or indirectly from the transaction, or from a series of transactions that includes the transaction.

Saving

(3) Subsection (2) does not apply to a transaction if it is reasonable to consider that the transaction would not result directly or indirectly in a misuse or abuse of the provisions of this Act, having regard to the provisions of this Act, other than this section, read as a whole.

Nature of
determination

(4) Without restricting the generality of subsection (2), in any determination thereunder of the tax consequences of a transaction to a corporation,

- (a) any deduction in computing an amount referred to in clause (a), (b), (c) or (d) of the definition of "tax consequences" in subsection (1) may be allowed or disallowed in whole or in part;
- (b) any deduction referred to in clause (a), any income or loss or other amount used in the determination of any amount payable or refundable under this Act may be allocated to any person;
- (c) the nature of any payment or other amount may be recharacterized; and
- (d) the tax effects that would otherwise result from the application of other provisions of this Act may be ignored.

Consequential
adjustments

(5) If a notice of assessment, reassessment or additional assessment involving the application of subsection (2) with respect to a transaction has been sent to a corporation, or a notice of determination under subsection 73 (2a) has been sent to the corporation, any other corporation is entitled, within 180 days after the day of mailing of the notice, to request in writing that the Minister make an assessment, reassessment or additional assessment applying subsection (2), or make a determination under subsection 73 (2a), with respect to the transaction.

Duty of the
Minister

(6) On receipt of a request by a corporation under subsection (5), the Minister shall consider the request and make an assessment or a determination under subsection 73 (2a) with respect to the corporation, despite the expiry of any time limit under subsection 73 (7), except that an assessment or determi-

nation may be made under this subsection only to the extent that it may be reasonably regarded as relating to a transaction referred to in subsection (5).

(7) The tax consequences to any corporation after the application of this section shall be determined only through a notice of assessment, reassessment or additional assessment, or through a notice of determination under subsection 73 (2a), involving the application of this section.

Notice of assessment, etc.

3. Section 7 of the Act is repealed and the following substituted:

7. The taxable income of a corporation for a taxation year is its income for the taxation year plus the additions required by Division C and less the deductions permitted by Division C.

Interpretation

4.—(1) Subsection 12 (2) of the Act is repealed and the following substituted:

(2) In the application of section 10 of the *Income Tax Act* (Canada) for the purposes of this Act, the amount determined by a corporation for the purposes of that Act as the value of property described in an inventory shall apply for the purposes of this Act, except that if the Minister is of the opinion that the value has been incorrectly determined by the corporation, the Minister may determine the value under section 10 of that Act for the purposes of this Act.

Inventory
R.S.C. 1952,
c. 148

(2) Subsection 12 (6) of the Act, as re-enacted by the Statutes of Ontario, 1985, chapter 11, section 6, is repealed and the following substituted:

(6) Every corporation shall include in its income from a business or property for a taxation year an amount equal to 5/15.5 of all payments deducted in computing its income for the taxation year that are paid or payable to a non-resident person with whom the corporation was not dealing at arm's length in respect of,

Management fees, rents, royalties and similar payments to non-residents

- (a) a management or administration fee or charge;
- (b) a rent, royalty or similar payment; or
- (c) a right in or to the use of,
 - (i) a motion picture film,

- (ii) a film or video tape for use in connection with television, other than solely in connection with and as part of a news program produced in Canada, or
- (iii) where the amount is paid or payable after the 31st day of December, 1988, any other means of reproduction for use in connection with television, other than solely in connection with and as part of a news program produced in Canada.

Saving

(6aa) Subsection (6) does not apply in respect of a payment paid or payable to a non-resident person if the non-resident person is a corporation liable for tax imposed by this Act and the amount of the payment has been included in computing the corporation's taxable income earned in Canada.

(3) Subsection 12 (7) of the Act is amended by striking out that portion before clause (a) and substituting the following:

Deductions allowed

(7) Paragraphs 20 (1) (a) and (v.1) of the *Income Tax Act* (Canada) are not applicable in computing the income of a corporation for a taxation year from a business or property for the purposes of this Act, and in lieu thereof there may be deducted such of the following amounts as are applicable:

(4) Clause 12 (7) (c) of the Act is repealed.

(5) Clause 12 (7) (d) of the Act is repealed and the following substituted:

Resource allowance

- (d) such amount as is allowed to the corporation by the regulations in respect of oil or gas resources in Canada or mineral resources in Canada.

(6) Subsection 12 (9b) of the Act, as enacted by the Statutes of Ontario, 1984, chapter 29, section 2, is repealed and the following substituted:

Banks

(9b) In the application of section 26 of the *Income Tax Act* (Canada) for the purposes of this Act,

- (a) despite subclause 1 (2) (d) (vi), the amounts referred to in subparagraphs 26 (1) (c) (i) and 26 (2) (c) (i) of the *Income Tax Act* (Canada) shall

be the amounts that were deductible under subsection 26 (2) of that Act in computing the income of the bank for the taxation years referred to in those subparagraphs for the purposes of that Act, and not the amounts that were deductible under subsection 26 (2) of that Act as that subsection applied for the purposes of this Act in computing the bank's income for those years for the purposes of this Act;

- (b) no amount shall be deducted under paragraph 26 (2) (a), (b), (c) or (e) of that Act, for the purpose of computing the income of a bank for a taxation year for the purposes of this Act, in excess of the amount deducted by the bank under that paragraph for the purposes of computing its income for the taxation year for the purposes of that Act, unless all amounts deductible by the bank under that paragraph have been deducted in computing its income for a previous taxation year or years for the purposes of that Act; and
- (c) the reference to subsections 26 (1) and (2) of that Act in subsection 26 (4) of that Act shall be deemed not to be a reference to those subsections as they applied for the purposes of this Act under the predecessor of this subsection.

(7) Subsections 12 (14) and (15) of the Act, as enacted by the Statutes of Ontario, 1984, chapter 29, section 2, are repealed.

(8) Section 12 of the Act, as amended by the Statutes of Ontario, 1981, chapter 37, section 3, 1982, chapter 19, section 1, 1983, chapter 29, section 2, 1984, chapter 29, section 2, 1985, chapter 11, section 6 and 1986, chapter 39, section 2, is further amended by adding the following subsections:

(6c) In the application of paragraph 18 (1) (s) of the *Income Tax Act* (Canada) for the purposes of this Act, the reference therein to "this Part" shall be read as a reference to Part II of this Act. Loans or
lending assets

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(9c) In the application of section 12.3 and subsection 20 (26) of the *Income Tax Act* (Canada) for the purposes of this Act, the prescribed amount of a corporation's net reserve inclusion referred to in section 12.3 and the prescribed amount of a corporation's net reserve adjustment referred to Net reserve
adjustment
and inclusion

in subsection 20 (26) are the amounts prescribed by the regulations under this Act.

R.S.C. 1952,
c. 148, s.
33.1 not
applicable

(10a) Section 33.1 of the *Income Tax Act* (Canada) is not applicable in computing the income of a corporation for a taxation year for the purposes of this Act.

Interest and
property tax
transition
rule

(18) In the application of subsection 18 (2) of the *Income Tax Act* (Canada) for the purposes of this Act, subsection 10 (23) of the Statutes of Canada, 1988, chapter 55, as it applies for the purposes of the application of subsection 10 (6) of that Act (which repealed and re-enacted subsection 18 (2) of the *Income Tax Act* (Canada)), applies for the purposes of this Act.

Idem

(19) In the application of subsections 18 (2.3) and (2.4) of the *Income Tax Act* (Canada) for the purposes of this Act, any reference therein to "the Minister" shall be read as a reference to the Minister of National Revenue.

5. The Act is further amended by adding the following sections:

Definitions

12a.—(1) In this section,

R.S.C. 1952,
c. 148

"amalgamated corporation" means a corporation that is a new corporation for the purposes of section 87 of the *Income Tax Act* (Canada);

"base period", of a corporation for a particular taxation year, means the three previous taxation years of the corporation or, where the corporation has had fewer than three previous taxation years, the period commencing on the first day of its first taxation year and ending immediately before the particular taxation year, except that,

- (a) if the corporation is an amalgamated corporation that, after the amalgamation, has had fewer than three taxation years ending before the particular taxation year, the base period,
 - (i) shall commence on the earliest day within the thirty-six-month period immediately before the particular taxation year on which a taxation year of a predecessor corporation commenced, and

- (ii) shall end immediately before the particular taxation year, or
- (b) if the corporation was a parent corporation in a winding-up to which subsection 88 (1) of the *Income Tax Act* (Canada) applied and has had fewer than three taxation years ending before the particular taxation year, the base period,
 - (i) shall commence on the earliest day within the thirty-six-month period immediately before the particular taxation year on which a taxation year of the parent corporation or of a subsidiary corporation commenced, and
 - (ii) shall end immediately before the particular taxation year;

“contract payment” has the meaning given to that expression by subsection 127 (9) of the *Income Tax Act* (Canada);

“eligible qualified expenditure” means a qualified expenditure made after the 20th day of April, 1988;

“eligible research property” means research property acquired after the 20th day of April, 1988;

“expenditure base”, of a corporation for a particular taxation year, means the ratio of the number of days in the taxation year after the 20th day of April, 1988, to the number of days in the corporation’s base period for the particular taxation year, multiplied by the amount if any by which the aggregate of,

- (a) all qualified expenditures made by the corporation during the base period, and
- (b) all amounts paid by the corporation during the base period that may reasonably be considered to be repayments of amounts referred to in clause (d) received by the corporation before or during the base period,

exceeds the aggregate of,

- (c) all amounts each of which was deducted by the corporation under subsection 127 (5) of the *Income Tax Act* (Canada) in determining the amount of tax payable for a taxation year if,

- (i) the amount deducted is reasonably attributable to a qualified expenditure made by the corporation in or before the base period, and
 - (ii) the amount deducted was included under paragraph 12 (1) (t) of that Act, as applicable for the purposes of this Act, in computing the corporation's income for a taxation year ending in the base period or was first required to be included in an amount determined under paragraph 13 (7.1) (e), subparagraph 13 (21) (f) (vii) or paragraph 37 (1) (e) of that Act, as applicable for the purposes of this Act, for a taxation year ending in the base period, and
- (d) all amounts received or receivable by the corporation in the base period as government assistance, non-government assistance or a contract payment, to the extent that each amount may reasonably be considered to relate to a qualified expenditure made by the corporation;

“government assistance” and “non-government assistance” have the meanings given to those expressions by subsection 127 (9) of the *Income Tax Act* (Canada);

“net eligible qualifying expenditures” of a corporation for a taxation year means that amount, if any, by which,

- (a) the aggregate of,
 - (i) all eligible qualified expenditures made by the corporation in the taxation year, and
 - (ii) all payments made by the corporation in the taxation year that may reasonably be considered to be repayments of amounts described in subclause (b) (i) in respect of the taxation year or a prior taxation year,

exceeds,

- (b) the aggregate of,
 - (i) all amounts received or receivable by the corporation in the taxation year as government assistance, non-government assistance or a contract payment, to the extent that each amount may reasonably be considered to

relate to an eligible qualified expenditure made by the corporation,

- (ii) all amounts deducted by the corporation under subsection 127 (5) of the *Income Tax Act* (Canada) in computing tax payable under that Act for the previous taxation year, to the extent that the amounts deducted may reasonably be attributable to eligible qualified expenditures made by the corporation, and
- (iii) any amount by which the aggregate determined under this clause in respect of the immediately preceding taxation year exceeds the aggregate determined under clause (a) for the immediately preceding taxation year;

“Ontario allocation factor”, of a corporation for a taxation year, means the fraction equal to “A/B” where,

- (a) “A” equals the amount of taxable income of the corporation, or the taxable income of the corporation earned in Canada if the corporation is a corporation to which subsection 2 (2) applies, that would be determined for the taxation year if no amount were deductible under this section or section 12b and that would not be considered for the purposes of section 31 to have been earned in jurisdictions other than Ontario, except that the taxable income or the taxable income earned in Canada shall be deemed to be \$1 if there would otherwise be no taxable income or taxable income earned in Canada, and
- (b) “B” equals the taxable income of the corporation, or the taxable income of the corporation earned in Canada if the corporation is a corporation to which subsection 2 (2) applies, that would be determined for the taxation year if no amount were deductible under this section or section 12b, except that the taxable income or the taxable income earned in Canada shall be deemed to be \$1 if there would otherwise be no taxable income or taxable income earned in Canada;

“parent corporation” means a corporation that is a “parent” under subsection 88 (1) of the *Income Tax Act* (Canada);

“predecessor corporation” means a corporation that was a predecessor corporation referred to in section 87 of the

Income Tax Act (Canada) and includes any corporation in respect of which a predecessor corporation was an amalgamated corporation;

“qualified expenditure” means an expenditure made by a corporation in respect of scientific research and experimental development carried on in Ontario that is a qualified expenditure for the purposes of section 127 of the *Income Tax Act* (Canada), or that would have been a qualified expenditure for the purposes of that section but for the corporation previously specifying the expenditure for the purposes of clause 194 (2) (a) (ii) (A) of that Act, but does not include an expenditure of the type described in subparagraph 37 (7) (f) (i), (ii) or (iii) of that Act;

“research property” means property of a corporation referred to in subparagraph 37 (1) (b) (i) of the *Income Tax Act* (Canada);

“scientific research and experimental development” has the meaning prescribed by regulation made under the *Income Tax Act* (Canada) for the purposes of paragraph 37 (7) (b) of that Act;

“specified percentage”, in respect of a particular research property, is the percentage represented by the ratio of all amounts deducted under this section in respect of the research property to the capital cost of the research property;

“subsidiary corporation” means a corporation that is a “subsidiary” under subsection 88 (1) of the *Income Tax Act* (Canada).

Research and
development
super
allowance

(2) A corporation may deduct a research and development super allowance in computing its income from a business for a taxation year in an amount calculated according to the following formula:

$$A = \frac{(B \times C) + (D \times E)}{F}$$

Where:

“A” is the research and development super allowance for the corporation for the taxation year;

“B” is 0.35 if the corporation is a Canadian-controlled private corporation throughout the taxation year, or 0.25 otherwise;

“C” is the lesser of the net eligible qualifying expenditures of the corporation for the taxation year or the expenditure base of the corporation for the taxation year;

“D” is 0.525 if the corporation is a Canadian-controlled private corporation throughout the taxation year, or 0.375 otherwise;

“E” is the amount, if any, by which the net eligible qualifying expenditures of the corporation for the taxation year exceed the expenditure base of the corporation for the taxation year;

“F” is the corporation’s Ontario allocation factor for the taxation year unless the Ontario allocation factor is 0, in which case “F” is 1.

(3) In determining the amount of the expenditure base of an amalgamated corporation for a particular taxation year, each amount determined under clauses (a) to (d) in the definition of “expenditure base” in subsection (1) includes all amounts described under those clauses in respect of any predecessor corporation in respect of all of its taxation years commencing in the base period of the amalgamated corporation.

Expenditure
base after
amalgamation

(4) If subsection 88 (1) of the *Income Tax Act* (Canada) applies with respect to a winding-up of a subsidiary corporation, the amount of the expenditure base of the parent corporation for a particular taxation year includes in each amount determined under clauses (a) to (d) in the definition of “expenditure base” in subsection (1), all amounts described under those clauses in respect of the subsidiary corporation in respect of its taxation years commencing in the base period of the parent corporation.

Expenditure
base after
winding-up
into parent

(5) The expenditure base for a taxation year of a corporation that is associated with one or more other corporations during the taxation year shall be determined according to the following formula:

Associated
corporations

$$B = A \times C / D$$

Where:

“B” is the expenditure base for the corporation for the particular taxation year;

“A” is the aggregate of,

- (a) the expenditure base of the corporation that would be determined, but for this subsection, for the particular taxation year, and
- (b) the expenditure base, as determined without reference to this subsection, of each corporation with which the corporation was associated at any time during the particular taxation year, for each taxation year of each associated corporation ending in the same calendar year as the particular taxation year;

“C” is the net eligible qualifying expenditures of the corporation for the particular taxation year; and

“D” is the aggregate of “C” and the net eligible qualifying expenditures of each corporation with which the corporation was associated at any time during the particular taxation year for each taxation year of each associated corporation ending in the same calendar year as the particular taxation year.

Recapture on
disposition of
eligible
research
property

(6) Except as provided in subsections (7) and (8), if a corporation has disposed of an eligible research property at any time in a particular taxation year, there shall be included in computing the income of the corporation for the particular taxation year an amount equal to the lesser of,

- (a) the specified percentage of the lesser of the fair market value of the property at the time of the disposition or the capital cost to the corporation of the property immediately before the disposition; or
- (b) the amount, if any, by which the aggregate of,
 - (i) all amounts deducted under this section by the corporation in computing its income for any taxation year commencing before the disposition and by any corporation associated with the corporation in the particular taxation year in computing its income for any taxation year ending in or before the particular taxation year,

exceeds the aggregate of,

- (ii) all amounts included by virtue of this subsection in respect of any other eligible research property in computing the income of the corporation for any taxation year commencing

before the disposition, or in computing the income of any corporation associated with the corporation in the particular taxation year, for any taxation year ending in or before the particular taxation year.

(7) If subsection 85 (1) or 88 (1) of the *Income Tax Act* (Canada) is applicable with respect to the disposition of eligible research property by a corporation to another corporation that is associated with the corporation in the taxation year in which the disposition occurs, ^{Idem}

- (a) the property shall be deemed to be eligible research property of the other corporation; and
- (b) if the capital cost of the eligible research property to the corporation exceeds the proceeds of disposition, the capital cost of the eligible research property to the other corporation shall be deemed to be the amount that was the capital cost thereof to the corporation.

(8) If section 87 or subsection 88 (1) of the *Income Tax Act* (Canada) is applicable with respect to an amalgamation of two or more corporations or to a winding-up of a subsidiary corporation, the amalgamated corporation or the parent corporation, as applicable, shall be deemed, ^{Idem}

- (a) to have deducted, in computing its income for a taxation year commencing before the amalgamation or winding-up, all amounts deducted under this section by any predecessor corporation or subsidiary corporation, as applicable, in computing its income for a taxation year; and
- (b) to have included, in computing its income for any taxation year commencing before the amalgamation or winding-up, all amounts included under this section by any predecessor corporation or subsidiary corporation, as applicable, in computing its income for a taxation year.

(9) If section 87 of the *Income Tax Act* (Canada) is applicable in respect of an amalgamation of two or more corporations, the capital cost to the amalgamated corporation of any property that was eligible research property of a predecessor corporation and that becomes the property of the amalgamated corporation because of the amalgamation shall be deemed to be the capital cost thereof to the predecessor cor- ^{Capital cost after amalgamation}

poration and the property shall be deemed to be eligible research property of the amalgamated corporation.

Eligible
qualified
expenditures
to associated
corporation

(10) If a corporation has in a taxation year ending in a particular calendar year made a payment to another corporation associated with the corporation in the taxation year, the following rules apply:

1. If the payment would, but for this subsection, be a qualified expenditure made by the corporation in the taxation year, such portion of the payment as may reasonably be regarded as a payment for or on account of a scientific research and experimental development expenditure to be made by the other corporation, in a taxation year of the other corporation ending after the particular calendar year, shall be deemed, for the purposes of this section, not to have been paid at the time at which it was actually paid, but to have been paid on the last day of the taxation year of the other corporation in which the expenditure was made by that other corporation.
2. If the payment is received by the other corporation in a taxation year ending in a calendar year preceding the particular calendar year, the payment shall be deemed for the purposes of this section, if it may reasonably be regarded as a payment for or on account of a scientific research and experimental development expenditure to be made by the other corporation in a taxation year following the year in which the payment was received by it, not to have been paid to the other corporation in the taxation year in which it was actually paid, but to have been paid on the last day of the taxation year of the other corporation in which the expenditure was made by that other corporation.

Where
previously
associated

(11) If another corporation was not associated with a particular corporation in a taxation year, but was associated with the particular corporation at any time during the particular corporation's base period for the taxation year, and all or substantially all of the property of the previously associated corporation that was used by it in carrying on any business during the base period was acquired in any manner by the particular corporation, or by one or more corporations associated with the particular corporation in the taxation year, the following rules apply for the purposes of this section:

1. The previously associated corporation shall be deemed to continue to exist, if it has ceased to exist.
2. The previously associated corporation shall be deemed to be associated with the particular corporation in the taxation year.
3. The previously associated corporation shall be deemed to have had taxation years ending on the same day in each year as the last day of its taxation year in which it was last associated with the particular corporation.

(12) Subsection (11) does not apply if,

Exception

- (a) the previously associated corporation was a predecessor corporation of the particular corporation, or of a corporation associated with the particular corporation in the taxation year; or
- (b) the previously associated corporation was a subsidiary corporation that was wound up before the taxation year and whose parent corporation was either the particular corporation or a corporation associated with the particular corporation in the taxation year.

(13) If a corporation is a member of a partnership, the following rules apply for the purposes of this section:

Corporate partners

1. If the partnership makes, during a fiscal period of the partnership, an expenditure that would be a qualified expenditure if made by a corporation, an amount equal to the proportion of the expenditure that the corporation's share of the income or loss of the partnership for the fiscal period bears to the total income or loss of the partnership for the fiscal period shall be deemed to be a qualified expenditure made by the corporation in the taxation year of the corporation in which that fiscal period ends.
2. If the partnership disposes of a property that would be an eligible research property of the partnership if the partnership were a corporation, an amount equal to the proportion of the amount that would be included under this section, as a result of the disposition, in the income of the partnership, if the partnership were a corporation, that the corporation's share of the income or loss of the partnership

for the fiscal period in which the property was disposed of bears to the total income or loss of the partnership in the fiscal period shall be included in computing the income of the corporation for the taxation year in which the fiscal period ends.

Maximum
deduction by
limited
partner

(14) If a corporation is a limited partner in a limited partnership at any time in a taxation year and is deemed by subsection (13) to have made a qualified expenditure that is an eligible qualified expenditure, the following rules apply:

1. The maximum amount deductible under subsection (2) by the corporation in the taxation year in respect of the corporation's share of a qualified expenditure made by the limited partnership shall not exceed the aggregate of,
 - i. the share of the income, if any, of the limited partnership included in the computation of income of the corporation for the taxation year, and
 - ii. any amount included in the income of the corporation for the taxation year under paragraph 2 of subsection (13).
2. If the amount determined under paragraph 1 is less than the amount that would have been otherwise deductible under this section for the taxation year by the corporation in respect of its share of the eligible qualified expenditure made by the limited partnership, the amount of the difference shall be included in the determination of the corporation's limited partnership loss for the taxation year in respect of the limited partnership as otherwise determined under subsection 96 (2.1) of the *Income Tax Act* (Canada), as applicable for the purposes of this Act.

Anti-
avoidance

(15) A corporation is not entitled to a deduction under this section during a year with respect to any expenditure made by it if, as a result of a transaction or an event, or a series of transactions or events, it is reasonable for the Minister to believe that one of the principal purposes of the carrying out of such a transaction or event or series of transactions or events is to enable the corporation to claim a deduction under this section that would not otherwise be allowed.

Definitions

12b.—(1) In this section,

“amalgamated corporation” means a corporation that is a “new corporation” for the purposes of section 87 of the *Income Tax Act* (Canada);

R.S.C. 1952,
c. 148

“eligible asset”, of a corporation, means prescribed manufacturing and processing machinery or equipment acquired by the corporation after the 31st day of December, 1988 and before the 1st day of January, 1992, or prescribed pollution control equipment acquired by the corporation after the 17th day of May, 1989, that,

- (a) has not been used by any person for any purpose before being acquired by the corporation,
- (b) is first used by the corporation in Ontario, and
- (c) is used by the corporation for the purpose of earning income from a business;

“eligible asset pool”, of a corporation for a taxation year, means the amount, if any, by which the aggregate of,

- (a) the eligible cost to the corporation at the end of the taxation year of the eligible assets of the corporation for the taxation year or a prior taxation year,
- (b) the eligible cost to the corporation immediately before disposition of the eligible assets of the corporation for the taxation year or a prior taxation year that were acquired and disposed of by the corporation at any time before the end of the taxation year, and
- (c) all amounts each of which is an amount in respect of an eligible asset included under subparagraph 13 (21) (f) (ii.1) of the *Income Tax Act* (Canada) in the determination of the undepreciated capital cost to the corporation at the end of the taxation year of depreciable property of a prescribed class,

exceeds,

- (d) the aggregate of,
 - (i) all amounts each of which is an amount in respect of an eligible asset included under subparagraph 13 (21) (f) (vii) or (viii) of the *Income Tax Act* (Canada) in determining the undepreciated capital cost to the corporation

at the end of the taxation year of depreciable property of a prescribed class,

- (ii) all amounts each of which is an amount included in the income of the corporation, or of a subsidiary corporation or a predecessor corporation, for the taxation year, or for a prior taxation year, under paragraph 12 (1) (t) of the *Income Tax Act* (Canada), as made applicable for the purposes of this Act, in respect of an eligible asset, and
- (iii) all amounts each of which is the amount of the eligible asset pool of the corporation for a prior taxation year in respect of which the corporation was entitled under this section to deduct an amount in computing its income;

“eligible assets of the corporation for the taxation year” means the eligible assets that were acquired by the corporation in the taxation year or a prior taxation year and in respect of which,

- (a) the taxation year is the first taxation year in which the corporation may include an amount under subparagraph 13 (21) (f) (i) of the *Income Tax Act* (Canada) in respect of those assets in the determination of the undepreciated capital cost of depreciable property of a prescribed class, and
- (b) no amount has been included under subparagraph 13 (21) (f) (i) of the *Income Tax Act* (Canada) by a subsidiary corporation or predecessor corporation in the determination of the undepreciated capital cost of depreciable property of a prescribed class of the corporation for a taxation year;

“eligible cost”, to a corporation at a particular date of eligible assets of the corporation for a taxation year, means,

- (a) in respect of eligible assets that are prescribed manufacturing and processing machinery or equipment, the capital cost to the corporation of the assets at that date, and
- (b) in respect of eligible assets that are prescribed pollution control equipment acquired in a particular taxation year by the corporation, or by a subsidiary corporation or predecessor corporation, the lesser of,

- (i) the capital cost to the corporation of the assets at that date, or
- (ii) the amount by which,

(A) \$20,000,000 multiplied by the ratio of the number of days in the particular taxation year to 365, or, if the particular taxation year commenced before the 18th day of May, 1989, by the ratio of the number of days in that taxation year after the 17th day of May, 1989, to 365,

exceeds,

(B) the capital cost to the corporation of the eligible assets acquired in the particular year that have been included in the eligible asset pool of the corporation for a prior taxation year;

“Ontario allocation factor”, of a corporation for a taxation year, has the same meaning as in subsection 12a (1);

“parent corporation” means a corporation that is a “parent” under subsection 88 (1) of the *Income Tax Act* (Canada);

“predecessor corporation” means a corporation that was a predecessor corporation referred to in section 87 of the *Income Tax Act* (Canada) and includes a corporation in respect of which a predecessor corporation was an amalgamated corporation;

“specified rate”, of a corporation for a taxation year, means the rate calculated according to the following formula:

$$A = 0.1 \times (B / E) + 0.15 \times (C / E) + 0.3 \times (D / E)$$

Where:

“A” is the specified rate of the corporation for the taxation year,

“B” is the eligible cost to the corporation of all eligible assets of the corporation for the taxation year acquired by the corporation before the 1st day of January, 1990,

“C” is the eligible cost to the corporation of all eligible assets of the corporation for the taxation year

acquired by the corporation after the 31st day of December, 1989 and before the 1st day of January, 1991,

“D” is the eligible cost to the corporation of all eligible assets of the corporation for the taxation year acquired by the corporation after the 31st day of December, 1990,

“E” is the aggregate of “B”, “C” and “D”;

“subsidiary corporation” means a corporation that is a “subsidiary” under subsection 88 (1) of the *Income Tax Act* (Canada).

Current cost
adjustment
deduction

(2) A corporation may deduct in computing its income from a business for a taxation year a current cost adjustment deduction calculated according to the following formula:

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

Where:

“A” is the current cost adjustment deduction for the taxation year;

“B” is the corporation’s eligible asset pool for the taxation year;

“C” is the corporation’s Ontario allocation factor for the taxation year unless the Ontario allocation factor is 0, in which case “C” is 1; and

“D” is the corporation’s specified rate for the taxation year.

Date of
acquisition

(3) If the Minister believes, reasonably, that the corporation has delayed the acquisition of an asset primarily for the purposes of either claiming a deduction under this section or claiming a deduction at a higher specified rate, the Minister may, for the purposes of determining a deduction under this section, deem the acquisition to have occurred on another date.

Corporate
partners

(4) If a corporation is a member of a partnership that has acquired property in a particular fiscal period that would be an eligible asset under this section if acquired by a corporation on the date of acquisition by the partnership, the following rules apply for the purposes of this section:

1. The property shall be deemed to have been acquired jointly by the partners, not by the partnership, on the date the property was acquired by the partnership.
2. The capital cost to the corporation of its interest in the property for the purposes of this section is that proportion of the capital cost of the property to the partnership at the end of the fiscal period of the partnership during which the property was acquired that the corporation's share of the income or loss of the partnership for the fiscal period bears to the total income or loss of the partnership for the fiscal period.
3. The property shall be deemed to be an eligible asset of the corporation for the taxation year in which the fiscal period of the partnership ends in which the partnership may first include an amount under subparagraph 13 (21) (f) (i) of the *Income Tax Act* (Canada) in respect of the property in the determination of the undepreciated capital cost of depreciable property of a prescribed class.
4. The amount of the corporation's eligible asset pool for a taxation year is increased by an amount equal to the proportion of any repaid assistance, included under subparagraph 13 (21) (f) (ii.1) of the *Income Tax Act* (Canada) in determining the undepreciated capital cost to the partnership of depreciable property of a prescribed class at the end of the fiscal period of the partnership ending in the taxation year, that is the corporation's share of the income or loss of the partnership for the fiscal period and reduced by the same proportion of any amount included by the partnership under subparagraph 13 (21) (f) (viii) of that Act for the fiscal period in determining the undepreciated capital cost of the partnership's depreciable property of a prescribed class.

(5) If a corporation claiming a deduction under this section is an amalgamated corporation or a parent corporation, the following rules apply for the purposes of this section:

Amalgamations and winding-up

1. Each eligible asset acquired on a particular date by a subsidiary corporation or a predecessor corporation shall be deemed to have been acquired by the corporation on the same date.

2. The capital cost of the asset to the corporation shall be deemed to be the capital cost thereof to the predecessor corporation or the subsidiary corporation.
3. An eligible asset pool of a subsidiary corporation or a predecessor corporation for a prior taxation year shall be deemed to be an eligible asset pool of the corporation for a prior taxation year.

Anti-
avoidance

(6) A corporation is not entitled to a deduction under this section with respect to an asset if the acquisition or use of the asset was part of or related to a series of transactions or events and it is reasonable for the Minister to believe that one of the principal purposes for the acquisition of the asset was for use by another person or for use outside Ontario.

6. Subsection 13 (4) of the Act is amended by adding the following clause:

- (e) if the property is an interest in a partnership,
 - (i) there shall be deducted in respect of each fiscal period of the partnership ending before that time all amounts deducted by the corporation for a taxation year commencing before that time,
 - (A) under section 12a in respect of the corporation's share of the qualified expenditures made by the partnership in the fiscal period, and
 - (B) under section 12b in respect of the portion of the property of the partnership deemed to be eligible assets acquired by the corporation, and
 - (ii) there shall be added in respect of each fiscal period of the partnership ending before that time all amounts included in the income of the corporation for a taxation year commencing before that time under subsection 12a (14),

except to the extent that all or a portion of any such amounts may reasonably be considered to have been included in the corporation's limited partnership loss in respect of the partnership for the taxation year in which the fiscal period of the partnership ended.

7. The Act is further amended by adding the following section:

16a. For the purposes of this Act, a reference in this Act or in the *Income Tax Act* (Canada) to section 64 of the *Income Tax Act* (Canada) shall be deemed to be a reference to subsections 16 (1) and (1a) of this Act as they read on the 31st day of December, 1986 with respect to dispositions made by a corporation before the 1st day of January, 1987.

Reserve on disposition of resource property
R.S.C. 1952, c. 148

8.—(1) Subsection 18 (5) of the Act, as re-enacted by the Statutes of Ontario, 1981, chapter 37, section 6, is repealed.

(2) Subsection 18 (7) of the Act, as re-enacted by the Statutes of Ontario, 1983, chapter 29, section 7, is repealed and the following substituted:

(7) Subsections 66 (11) and (11.3) of the *Income Tax Act* (Canada), except paragraph 66 (11) (e), are applicable for the purposes of this Act.

Change in control
R.S.C. 1952, c. 148

(7a) Subsections 66 (11.4) and (11.5) of the *Income Tax Act* (Canada) are applicable for the purposes of this Act with respect to acquisitions of Canadian resource properties.

Idem

(3) Subsection 18 (14) of the Act, as re-enacted by the Statutes of Ontario, 1981, chapter 37, section 6 and amended by 1983, chapter 29, section 7 and 1988, chapter 42, section 4, is further amended by striking out “in sections 18a and 18b” in the amendment of 1988 and substituting “in sections 18a, 18b and 18c”.

(4) Subsection 18 (14) of the Act, as re-enacted by the Statutes of Ontario, 1981, chapter 37, section 6 and amended by 1983, chapter 29, section 7 and 1988, chapter 42, section 4, is further amended by relettering clause (ia) as clause (ic) and by adding the following clauses:

- (ga) “original owner”, of a Canadian resource property, means the person who would be the “original owner” of that property under paragraph 66 (15) (g.11) of the *Income Tax Act* (Canada) if that paragraph were read without the references therein to “foreign resource property”, “foreign exploration and development expenses” and to subsections 66 (2), (3) and (4) and 66.7 (2) and (13) of that Act;

(ha) “predecessor owner”, of a Canadian resource property, means the person who would be the “predecessor owner” of that property under paragraph 66 (15) (g.4) of the *Income Tax Act* (Canada) if that paragraph were read without the references therein to “foreign resource property” and to subsections 66.7 (2) and (15) of that Act;

.

(ia) “production”, from a Canadian resource property, has the meaning given to that expression by paragraph 66 (15) (h.01) of the *Income Tax Act* (Canada), except that with respect to iron ore, the production from a Canadian resource property means the iron ore produced from the property processed to any stage that is not beyond the prime metal stage or its equivalent;

(ib) “reserve amount” has the meaning given to that expression by paragraph 66 (15) (h.02) of the *Income Tax Act* (Canada).

9.—(1) Clause 18a (b) of the Act, as enacted by the Statutes of Ontario, 1981, chapter 37, section 7, is amended by adding at the beginning “subject to section 18d”.

(2) Subclause 18a (b) (iii) of the Act, as enacted by the Statutes of Ontario, 1981, chapter 37, section 7, is amended by inserting after “(xi)” in the second line “and (xiii)”.

(3) Section 18a of the Act, as enacted by the Statutes of Ontario, 1981, chapter 37, section 7, is amended by striking out “and” at the end of clause (b), by adding “and” at the end of clause (c) and by adding the following clause:

(d) the reference to the Minister in clause 66.1 (6) (a) (ii.1) (D) of the *Income Tax Act* (Canada) shall be read as a reference to the Minister of National Revenue.

R.S.C. 1952,
c. 148

10.—(1) Section 18b of the Act, as enacted by the Statutes of Ontario, 1988, chapter 42, section 5, is amended by striking out “to (12.73)” in the first line and substituting “to (12.74)”.

(2) Clause 18b (a) of the Act, as enacted by the Statutes of Ontario, 1988, chapter 42, section 5, is amended by striking out “(12.69) and (12.73)” in the second line and substituting “(12.69), (12.73) and (12.74)”.

(3) Section 18b of the Act is further amended by striking out “and” at the end of clause (b), by adding “and” at the end of clause (c) and by adding the following clause:

- (d) expenditures described in subparagraph 66.1 (6) (a) (i) or (ii.1) of that Act renounced before the 14th day of October, 1988 shall be deemed to have been renounced within ninety days after the 31st day of December, 1987.

11. The Act is further amended by adding the following sections:

18c. Section 66.7 of the *Income Tax Act* (Canada), other than subsections (2), (8), (13) and (15) and paragraphs (10) (f) and (h), is applicable for the purposes of this Act, except that in the application thereof,

Successor
rules
R.S.C. 1952,
c. 148

- (a) references to “Canadian exploration and development expenses” shall be read as references to only Canadian exploration and development expenses incurred before the 20th day of May, 1981; and
- (b) the section shall be read without the references to “foreign exploration and development expenses”, “foreign resource property” and “foreign resource properties”.

18d. Subsection 66 (13.1) of the *Income Tax Act* (Canada) is applicable for the purposes of this Act and in the application thereof the reference to paragraph 66.2 (2) (c) of that Act shall be deemed to include a reference to clause 18a (b).

Proration of
“CDE” and
“COGPE”
for short
taxation
years
R.S.C. 1952,
c. 148

18e. Section 66.8 of the *Income Tax Act* (Canada) is applicable for the purposes of this Act and in the application thereof the foreign exploration and development expenses referred to in clause (1) (a) (i) (D) of that Act shall be limited to only those foreign exploration and development expenses that are deductible.

Limited
partnership
resource
expenditures
R.S.C. 1952,
c. 148

12. Section 20 of the Act is amended by adding the following subsections:

(3) In the application of section 67.3 of the *Income Tax Act* (Canada) for the purposes of this Act, references in paragraphs (c) and (d) thereof to “this Act” shall be read as references to the *Income Tax Act* (Canada).

Application
of
R.S.C. 1952,
c. 148,
s. 67.3

Treatment of
foreign
resource
properties on
amalgamation

(4) In the application of subsection 69 (13) of the *Income Tax Act* (Canada) for the purposes of this Act, the proceeds of disposition of a foreign resource property shall be deemed to be the cost amount to the corporation of the foreign resource property immediately before the amalgamation or merger.

13. Section 21 of the Act, as amended by the Statutes of Ontario, 1988, chapter 42, section 7, is repealed and the following substituted:

Benefit
conferred on
corporation

21.—(1) If a person at any time confers a benefit on a corporation either directly or indirectly by any means, the amount of the benefit shall be included in computing the corporation's income or taxable income earned in Canada for the taxation year in which the benefit is conferred, to the extent that,

- (a) the amount of the benefit is not otherwise included in the corporation's income or taxable income earned in Canada; and
- (b) the amount of the benefit would be so included if the amount were a payment made directly by the person to the corporation and the corporation were resident in Canada.

Arm's length

(2) If it is established that a transaction was entered into by persons dealing at arm's length, in good faith and not pursuant to or as part of any other transaction, and not to effect payment, in whole or in part, of an existing or future obligation, no party to the transaction shall be regarded for the purpose of this section as having conferred a benefit on a party with whom he or she was dealing.

14. Section 25 of the Act, as amended by the Statutes of Ontario, 1983, chapter 29, section 9, 1985, chapter 11, section 10, 1986, chapter 39, section 7 and 1988, chapter 42, section 10, is further amended by adding the following subsection:

Limited
partnership
losses
R.S.C. 1952,
c. 148

(7) In the application of subsection 96 (2.1) of the *Income Tax Act* (Canada) for the purposes of this Act, in determining the amount otherwise determined under paragraph 96 (2.1) (a) of that Act,

- (a) there shall be added all amounts deducted by the corporation for the taxation year,
- (i) under section 12a in respect of the corporation's share of the qualified expenditures

made by the partnership in the fiscal period,
and

- (ii) under section 12b in respect of the portion of the property of the partnership deemed to be eligible assets acquired by the corporation; and

- (b) there shall be deducted all amounts included in the income of the corporation for the taxation year under subsection 12a (14) in respect of dispositions made by the partnership.

15. The Act is further amended by adding the following section:

26a.—(1) A corporation that is required under paragraph 132.1 (1) (d) of the *Income Tax Act* (Canada) to include an amount in its income for a taxation year for the purposes of that Act shall include the amount in its income for the taxation year for the purposes of this Act.

Application
of
R.S.C. 1952,
c. 148,
s. 132.1

(2) In computing the adjusted cost base to the corporation of a unit in a mutual fund trust, there shall be included any amount added to the adjusted cost base of the unit under subsection 132.1 (2) of that Act for the purposes of that Act.

Mutual fund
trust unit

16.—(1) Subsection 27 (2) of the Act, as re-enacted by the Statutes of Ontario, 1983, chapter 29, section 10, is repealed and the following substituted:

(2) In the application of subsections 110.1 (2) and (3) of the *Income Tax Act* (Canada) for the purposes of this Act, a “receipt” includes a photostatic reproduction of the receipt.

Receipts for
gifts to
charities, etc.
R.S.C. 1952,
c. 148

(2) Subsection 27 (3) of the Act is repealed and the following substituted:

(3) In the application of the definition of “registered Canadian amateur athletic association” and “registered charity” in subsection 248 (1) of the *Income Tax Act* (Canada) for the purposes of this Act, the references therein to “Minister” shall be read as references to the Minister of National Revenue.

Interpretation

(3) Section 27 of the Act, as amended by the Statutes of Ontario, 1983, chapter 29, section 10, 1984, chapter 29, section 8, 1985, chapter 11, section 11, 1986, chapter 39, section 8 and 1988, chapter 42, section 11, is further amended by adding the following subsections:

Idem

(10) In the application of paragraph 111 (4) (e) of the *Income Tax Act* (Canada) for the purposes of this Act,

- (a) the reference therein to the Minister shall be read as a reference to the Minister of National Revenue; and
- (b) the paragraph shall be read without reference to the words "under this Part".

Idem

(11) In the application of subsections 111 (5.1), (5.2) and (5.3) of the *Income Tax Act* (Canada) for the purposes of this Act, the references therein to "this Part" shall be read as references to Part II of this Act.

Limited
partnership
losses

(12) In the application of paragraph 111 (1) (e) of the *Income Tax Act* (Canada) for the purposes of this Act, in determining the amount otherwise determined under clause 111 (1) (e) (ii) (B) of that Act,

- (a) there shall be included all amounts deducted by the corporation for the taxation year under,
 - (i) section 12a in respect of the corporation's share of the qualified expenditures made by the partnership in that fiscal period, and
 - (ii) section 12b in respect of the portion of the property of the partnership deemed to be eligible assets acquired by the corporation; and
- (b) there shall be deducted all amounts included in the income of the corporation for the taxation year under subsection 12a (14) with respect to dispositions made by the partnership.

17. The Act is further amended by adding the following section:

Reduction of
non-capital
loss
deductible
R.S.C. 1952,
c. 148

27a.—(1) The Minister may direct that the maximum amount that may be deducted by a corporation in a taxation year under paragraph 111 (1) (a) of the *Income Tax Act* (Canada), as applicable for the purposes of this Act, in respect of a non-capital loss incurred in a particular taxation year, shall not exceed the amount determined under subsection (2) if,

- (a) the corporation deducted an amount under section 12a or 12b, or both, in determining the amount of its non-capital loss for the particular taxation year and the Ontario allocation factor of the corporation

for the taxation year in which an amount in respect of the loss is to be deducted is greater than 120 per cent of the Ontario allocation factor for the particular taxation year in which the loss was incurred; or

- (b) the Minister has directed the maximum amount deductible in respect of the loss for a prior taxation year.

(2) If the Minister makes a direction under subsection (1) in respect of a loss to be deducted in a taxation year of a corporation, the maximum amount that may be deducted by the corporation in respect of a non-capital loss incurred in a particular taxation year shall be determined according to the following formula:

Maximum
amount

$$D = (A + B) - C$$

Where:

“D” is the maximum amount deductible by the corporation in the taxation year in respect of the non-capital loss incurred in the particular taxation year;

“A” is the amount by which the non-capital loss for the particular taxation year exceeds the total of any amounts deducted under section 12a or 12b or both sections for the particular taxation year;

“B” is the allocation adjustment as determined under clause (3) (c); and

“C” is the aggregate of all amounts, each of which is the amount by which the non-capital loss deducted under paragraph 111 (1) (a) of the *Income Tax Act* (Canada), as applicable for the purposes of this Act, in computing the taxable income of the corporation for a prior taxation year, exceeds the allocation adjustment in respect of the loss for the prior taxation year.

- (3) For the purposes of this section,

Idem

- (a) “Ontario allocation factor” has the same meaning as in subsection 12a (1);
- (b) the allocation factor for the taxation year in which the loss arose is the allocation factor of the corporation that incurred the loss in that year;

- (c) the allocation adjustment is the product obtained where the amount of a non-capital loss incurred in a particular taxation year attributable to amounts deducted under section 12a or 12b is multiplied by the ratio of the Ontario allocation factor for the particular taxation year to the Ontario allocation factor for the year for which the allocation adjustment is being determined; and
- (d) the amount of a non-capital loss incurred in a particular taxation year which is attributable to amounts deducted under section 12a or 12b is the amount by which the lesser of,
 - (i) the non-capital loss for the particular taxation year, or
 - (ii) the total of all amounts, each of which is an amount deducted under section 12a or 12b, exceeds,
 - (iii) the aggregate of all amounts, each of which is the amount deducted under paragraph 111 (1) (a) of the *Income Tax Act* (Canada), as applicable for the purposes of this Act, in computing its taxable income for a taxation year prior to the taxation year for which the allocation adjustment is being determined, in respect of the non-capital loss incurred in the particular taxation year, multiplied by the ratio of the Ontario allocation factor for the taxation year in which the amount in respect of the loss was deducted to the Ontario allocation factor for the particular taxation year in which the loss was incurred.

18. Section 29 of the Act, as amended by the Statutes of Ontario, 1981, chapter 37, section 8, 1985, chapter 11, section 12 and 1988, chapter 42, section 12, is further amended by adding the following subsection:

- (4) Section 115.1 of the *Income Tax Act* (Canada) is applicable for the purposes of this Act where the purchaser referred to therein is not a non-resident individual or a non-resident partnership and, in the application thereof, references therein to the "Minister" shall be read as references to the Minister of National Revenue.

19. Section 32 of the Act, as amended by the Statutes of Ontario, 1984, chapter 29, section 9 and 1985, chapter 11, section 15, is further amended by adding the following subsection:

(4) In this section, "foreign investment income" of a corporation for a taxation year does not include interest income attributable to a loan for any period in the year during which the loan was an "eligible loan" as defined in subsection 33.1 (1) of the *Income Tax Act* (Canada). Idem

20. Subsection 33a (1) of the Act, as re-enacted by the Statutes of Ontario, 1985, chapter 11, section 17, is repealed and the following substituted:

(1) There may be deducted from the tax otherwise payable by a corporation under this Part for the corporation's first, second or third taxation year ending after the date of its incorporation an amount equal to 15.5 per cent of the amount determined under subsection 33 (2), if, New
enterprise
incentive

- (a) the corporation was incorporated after the 13th day of May, 1982 and before the 21st day of April, 1988;
- (b) the corporation commenced carrying on an active business in Canada before the 21st day of April, 1988; and
- (c) the corporation is eligible to claim and has claimed a deduction under section 125 of the *Income Tax Act* (Canada) from the tax otherwise payable by the corporation under that Act for the taxation year.

(2) For the purposes of subsection (1), a corporation incorporated after the 20th day of April, 1988 and before the 1st day of May, 1988 shall be deemed to have been incorporated before the 21st day of April, 1988 and to have commenced carrying on an active business in Canada before the 21st day of April, 1988 if, Incorporation
before the
1st day of
May, 1988

- (a) arrangements for the incorporation of the corporation were substantially advanced and application for the incorporation of the corporation had been prepared and sent to the appropriate government authority prior to the 21st day of April, 1988;
- (b) one or more persons commenced carrying on an active business prior to the 21st day of April, 1988, in trust for the corporation to be incorporated; and

- (c) all agreements entered into before the date of incorporation of the corporation by the person or persons carrying on active business in trust for it were adopted by the corporation after its incorporation.

21.—(1) Clause 40 (2) (b) of the Act, as enacted by the Statutes of Ontario, 1985, chapter 11, section 19, is repealed and the following substituted:

- (b) the percentage referred to in subparagraph (a) (i) thereof shall be read as,
 - (i) 10 1/3 per cent in its application to taxation years ending after the 30th day of June, 1988 and before the 1st day of January, 1990, and
 - (ii) 11 5/8 per cent in its application to taxation years ending after the 31st day of December, 1989.

(2) Clauses 40 (2) (c) and (d) of the Act, as re-enacted by the Statutes of Ontario, 1988, chapter 42, section 13, are repealed and the following substituted:

- (c) the reference to “paragraph 152 (4) (b) or (c)” in paragraph (b) thereof shall be read as “clause 73 (7) (b) or (c)”.

(3) Subsection 40 (4) of the Act, as amended by the Statutes of Ontario, 1983, chapter 29, section 15 and 1985, chapter 11, section 19, is repealed and the following substituted:

Idem

(4) In the application of clauses 131 (6) (a) (i) (A) and 131 (6) (b) (ii) (C) of the *Income Tax Act* (Canada) for the purposes of this Act, the multiplication factor referred to therein shall be read as,

- (a) “9 21/31 times” for taxation years ending after the 30th day of June, 1988 and before the 1st day of January, 1990; and
- (b) “8 56/93 times” for taxation years ending after the 31st day of December, 1989.

22. Section 45 of the Act is amended by adding the following subsection:

- (3) Paragraph 138 (3) (g) of the *Income Tax Act* (Canada) is not applicable for the purposes of this Act.

23.—(1) Clause 49 (1) (a) of the Act, as re-enacted by the Statutes of Ontario, 1988, chapter 42, section 14, is amended by striking out “(o.2) or (o.3)” in the third line and substituting “(o.2), (o.3), (o.4) or (t)”, and by adding at the end “or”.

(2) Clause 49 (1) (b) of the Act is amended by striking out “or” at the end.

(3) Clause 49 (1) (c) of the Act is repealed.

(4) Subsection 49 (4) of the Act, as re-enacted by the Statutes of Ontario, 1983, chapter 29, section 16, is repealed and the following substituted:

(4) The rules in subsections 149 (2), (3), (4), (4.1), (4.2), (6), (8), (9), (10) and (11) of the *Income Tax Act* (Canada) are applicable for the purposes of this section.

Application
of rules in
R.S.C. 1952,
c. 148,
s. 149

(4a) In the application of paragraph 149 (1) (t) and subsection 149 (4.1) of the *Income Tax Act* (Canada), references to the Superintendent of Financial Institutions shall be read as references to the Superintendent of Financial Institutions for Canada.

Idem

(5) Subsection 49 (6) of the Act, as enacted by the Statutes of Ontario, 1984, chapter 29, section 14, is repealed and the following substituted:

(6) In the application of subsection 149 (10) of the *Income Tax Act* (Canada) for the purposes of this Act, the reference therein to “this Part” shall be read as a reference to Part II of this Act and paragraph 149 (10) (b) of that Act, including any predecessor of that paragraph, shall be read without reference to “foreign resource property”.

Idem

24.—(1) Subsection 53 (3) of the Act is amended by striking out the portion before clause (a) and substituting the following:

(3) Despite subsection (1), the taxable paid-up capital for a taxation year of a corporation registered under the *Loan and Trust Corporations Act*, 1987, or that is a bank mortgage subsidiary as defined in section 1 of that Act, is its taxable paid-up capital as it stood at the close of the taxation year, and includes,

Loan and
trust
companies,
bank
mortgage
subsidiaries
1987, c. 33

(2) Subsection 53 (5) of the Act, as enacted by the Statutes of Ontario, 1982, chapter 19, section 3, is repealed and the following substituted:

Computation
of bank's
paid-up
capital

(5) In computing its taxable paid-up capital under subsection (2), a bank shall include all dividends, other than stock dividends, received from other corporations and shall exclude its share of all accumulated earnings and losses of other corporations.

(3) Subsection 53 (6) of the Act, as enacted by the Statutes of Ontario, 1982, chapter 19, section 3, is repealed and the following substituted:

Computation
of paid-up
capital of
loan and
trust
companies,
bank
mortgage
subsidiaries

(6) In computing its taxable paid-up capital, a corporation referred to in subsection (3) shall include all dividends received from other corporations, other than stock dividends, and shall exclude its share of all accumulated earnings or losses of other corporations.

25. Subclause 54 (1) (c) (iv) of the Act, as re-enacted by the Statutes of Ontario, 1983, chapter 29, section 18 and amended by 1986, chapter 39, section 12, is repealed and the following substituted:

(iv) loans and advances that have been issued for a term of less than 120 days or that have been held by the corporation for a period of less than 120 days before the end of the taxation year are deemed not to be loans and advances to other corporations if the loans and advances are to a corporation, whether or not incorporated in Canada, that is,

(A) carrying on the business of a bank,

(B) a corporation registered under the *Loan and Trust Corporations Act, 1987*, or that would be required to be registered under that Act if it were carrying on business in Ontario, or

(C) a bank mortgage subsidiary as defined in section 1 of the *Loan and Trust Corporations Act, 1987*.

26.—(1) Subsection 58 (3) of the Act is amended by striking out “registered under the *Loan and Trust Corporations Act*” in the second line and substituting “referred to in subsection 53 (3)”.

(2) Subsection 58 (3) of the Act is further amended by striking out “three-fifths of 1 per cent” in the fifth line and substituting “four-fifths of 1 per cent”.

27.—(1) Subsection 59 (3) of the Act is amended by striking out “registered under the *Loan and Trust Corporations Act*” in the second and third lines and in the sixth and seventh lines and substituting in each instance “referred to in subsection 53 (3)”.

(2) Subsection 59 (3) of the Act is further amended by striking out “three-fifths of 1 per cent” in the fourth line and substituting “four-fifths of 1 per cent”.

28. Section 60 of the Act, as amended by the Statutes of Ontario, 1985, chapter 11, section 26, is repealed and the following substituted:

60. Despite subsections 58 (1) and 59 (1), no tax is payable under this Part for a taxation year by a corporation, other than a bank or a corporation referred to in subsection 53 (3), where neither the corporation’s total assets at the end of the taxation year nor its gross revenue for the taxation year, as recorded in its books and records, exceeds \$1,000,000.

Where no
tax payable

29.—(1) Subsections 61 (1) and (2) of the Act, as amended by the Statutes of Ontario, 1983, chapter 29, section 19, are repealed and the following substituted:

(1) For the purposes of this section and section 60,

Definitions

“gross revenue”, of a corporation for a taxation year, includes, where the corporation was a member of a partnership during the taxation year, the same proportion of the gross revenue of the partnership, as recorded in the books and records of the partnership for all fiscal periods of the partnership ending in or coinciding with the taxation year, as the proportion of the profits of the partnership to which the corporation is entitled as a partner in the partnership;

“total assets”, of a corporation at the end of a taxation year, includes, where the corporation was a member of a partnership during the taxation year, the same proportion of the total assets of the partnership at the end of the partnership’s last fiscal period ending in or coinciding with the taxation year of the corporation, as recorded in the books and records of the partnership for the fiscal period, as the pro-

portion of the profits of the partnership to which the corporation is entitled as a partner in the partnership.

Flat tax

(2) Despite subsections 58 (1) and 59 (1), and except as provided in subsections 63 (1) and (2), the tax payable under this Part for a taxation year by a corporation, other than a bank or a corporation referred to in subsection 53 (3), is,

- (a) the lesser of \$100 and the tax that would otherwise be payable under this Part, but for this subsection, where,
 - (i) the corporation's total assets at the end of the taxation year or its gross revenue for the taxation year, as recorded in its books and records, exceeds \$1,000,000, and
 - (ii) the corporation's taxable paid-up capital determined under Division B of this Part for the taxation year does not exceed \$1,000,000;
- (b) the lesser of \$200 and the tax that would otherwise be payable under this Part, but for this subsection, where,
 - (i) the corporation's total assets at the end of the taxation year or its gross revenue for the taxation year, as recorded in its books and records, exceeds \$1,000,000, but neither its total assets nor its gross revenue exceed \$1,500,000, and
 - (ii) the corporation's taxable paid-up capital determined under Division B of this Part for the taxation year exceeds \$1,000,000 but does not exceed \$2,000,000;
- (c) the lesser of \$500 and the tax that would otherwise be payable under this Part, but for this subsection, where,
 - (i) the corporation's total assets at the end of the taxation year or its gross revenue for the taxation year, as recorded in its books and records, exceeds \$1,500,000, and
 - (ii) the corporation's taxable paid-up capital as determined under Division B of this Part for the taxation year does not exceed \$2,000,000; and

(d) where the taxable paid-up capital of the corporation as determined under Division B of this Part for the taxation year exceeds \$2,000,000 but does not exceed \$2,300,000, the lesser of,

(i) the tax that would otherwise be payable under this Part, but for this subsection, and

(ii) the amount by which the tax that would otherwise be payable under this Part if no deduction was made under subsection 59 (1) exceeds 1.83 per cent of the amount by which \$2,300,000 exceeds the taxable paid-up capital.

(2) Subsection 61 (4) of the Act, as re-enacted by the Statutes of Ontario, 1988, chapter 42, section 16, is repealed and the following substituted:

(4) Section 60 and subsection (2) do not apply to a corporation if,

Associated
corporations,
partnerships

(a) the corporation is associated with one or more other corporations and the aggregate of the taxable paid-up capital of the corporation and of each corporation with which it is associated exceeds \$2,000,000; or

(b) the corporation is a member of a partnership or a connected partnership and the aggregate of,

(i) the taxable paid-up capital of the corporation, and

(ii) the aggregate of the shares of the taxable paid-up capital of the partnership or of the connected partnership that are allocated under subsection 53 (4) to each person related to the corporation, to the extent that such amounts are not already included in the taxable paid-up capital of the corporation by virtue of clause 53 (4) (c) or clause (a) of this subsection,

exceeds \$2,000,000.

(3) Subsections 61 (5) and (6) of the Act, as enacted by the Statutes of Ontario, 1983, chapter 29, section 19, are repealed.

30.—(1) Sub-subclause 61a (2) (a) (ii) (A) of the Act, as enacted by the Statutes of Ontario, 1988, chapter 42, section 17, is amended by striking out “subsection 61 (1) or (2)” in the second and third lines and substituting “section 60 or subsection 61 (2)”.

(2) Sub-subclause 61a (2) (b) (i) (B) of the Act, as enacted by the Statutes of Ontario, 1988, chapter 42, section 17, is amended by inserting after “section” in the third line “60 or”.

31.—(1) Subsection 63 (1) of the Act, as re-enacted by the Statutes of Ontario, 1984, chapter 29, section 18, is amended by striking out “section 58 or 60” in the tenth line and substituting “this Part”.

(2) Subsection 63 (2) of the Act, as re-enacted by the Statutes of Ontario, 1984, chapter 29, section 18 and amended by 1985, chapter 11, section 28, is repealed and the following substituted:

Family
fishing and
family farm
corporations
R.S.C. 1952,
c. 148

(2) Except as provided in section 60 and subsection (3), a family farm corporation, a family fishing corporation and every corporation referred to in sections 39 and 43 of this Act and paragraph 149 (1) (m) of the *Income Tax Act* (Canada) shall, in lieu of any tax otherwise payable under this Part, pay a tax of \$100.

32. Section 64 of the Act is amended by striking out “Subject to section 60” in the first line.

33. Section 65 of the Act is amended by striking out “except that the tax payable under this Part as reduced by this section shall in no case be less than \$50” in the sixth, seventh and eighth lines.

34. Subsection 66 (9) of the Act is repealed.

35.—(1) Subsection 67 (1), as re-enacted by the Statutes of Ontario, 1985, chapter 11, section 29, and subsection (1a), as enacted by the Statutes of Ontario, 1985, chapter 11, section 29 and amended by 1986, chapter 39, section 14, of the Act are repealed and the following substituted:

Annual tax
return

(1) Every corporation shall deliver to the Minister on or before the last day of the sixth month following the end of the taxation year a return sufficient for the purposes of carrying out this Act.

(1a) Subsection (1) does not apply to a corporation that is exempt under subsection (1d) from the requirement to deliver a return for the taxation year. Exception

(1b) Every corporation that is not required under subsection (1) to deliver a return for a taxation year shall deliver the return within the time required under subsection (1) if, by reason of a loss sustained by the corporation in the taxation year, the corporation is delivering an amended return for a prior taxation year for the purposes of subsection 73 (8). Amended return for prior taxation year

(1c) Every corporation upon receipt of a notice or demand in writing from the Minister, or from any officer of the Ministry of Revenue authorized by the Minister to make such a demand, shall deliver to the Minister a return for each taxation year specified in the notice or demand, sufficient for the purposes of carrying out this Act. Notice or demand

(1d) A corporation, other than a bank, a corporation referred to in subsection 53 (3) or an insurance corporation to which Part IV applies, is exempt from the requirement to deliver a return for a taxation year to the Minister under subsection (1) if, Exception to requirement to deliver a return

(a) the corporation was a Canadian-controlled private corporation throughout the taxation year;

(b) the corporation has filed a return for the taxation year with the Minister of National Revenue under Part I of the *Income Tax Act* (Canada);

R.S.C. 152,
c. 148

(c) the corporation had no taxable income under this Act for the taxation year; and

(d) no tax was payable under this Act by the corporation for the taxation year.

(2) Subsection 67 (3) of the Act, as re-enacted by the Statutes of Ontario, 1985, chapter 11, section 29, is amended by striking out “Notwithstanding subsection (1)” in the first line and substituting “Despite subsection (1a)”.

36.—(1) Subsection 68 (1) of the Act is repealed and the following substituted:

(1) Every corporation or person who fails to deliver a return for a taxation year as and when required under section 67 shall pay a penalty of, Penalty for failure to deliver return

- (a) an amount equal to 10 per cent of the tax unpaid when the return is required to be delivered, if the amount of unpaid tax payable by the corporation for the taxation year is less than \$10,000; and
- (b) \$1,000, if at the time the return is required to be delivered the amount of unpaid tax payable by the corporation for the taxation year is \$10,000 or more.

(2) Subsections 68 (2), (3) and (4) of the Act are repealed and the following substituted:

Saving

(2) No corporation is liable to a penalty under subsection (1) for failing to file a return as and when required under subsection 67 (1) if it is reasonable at the time when the corporation would otherwise be required to deliver a return under subsection 67 (1) to consider the corporation to be exempt under subsection 67 (1d) from the requirement to file the return.

Offence,
false
statements

(3) Every person is guilty of an offence who,

- (a) makes, participates in, assents to or acquiesces in the making of, false or deceptive statements in a return, certificate, statement or answer delivered or made as required by or under this Act or the regulations;
- (b) to evade the payment of a tax imposed by this Act, destroys, alters, mutilates, hides or otherwise disposes of records or books of account;
- (c) makes, assents to or acquiesces in the making of, false or deceptive entries or omits, or assents to or acquiesces in the omission, to enter a material particular in records or books of account; or
- (d) wilfully, in any manner, evades or attempts to evade compliance with this Act or the payment of taxes imposed by this Act.

Penalty

(3a) Every person who is guilty of an offence under subsection (3) is, in addition to any penalty otherwise provided by this Act, liable on conviction to a fine of not less than the greater of \$500 and 50 per cent of the tax payable under this Act and sought to be evaded and not more than double the amount of such tax, or to imprisonment for a term of not more than two years, or to both the fine and the imprisonment.

(4) Where a person, acting or purporting to act on behalf of a corporation, knowingly, or under circumstances amounting to gross negligence in the carrying out of any duty or obligation imposed by or under this Act, makes, or participates in, assents to or acquiesces in the making of, an incorrect statement or omission (in this subsection referred to as a "false statement") in a return, certificate, statement or answer (in this subsection referred to as a "return") delivered or made in respect of a taxation year as required by or under this Act or the regulations, the corporation is liable to a penalty of the greater of \$100 and 50 per cent of the amount, if any, by which,

Penalty for
false
statements

- (a) the tax for the year that would be payable by it under this Act if its taxable income or other subject of tax for the year were computed by adding to the taxable income for the year, or other subject of tax reported by it in its return for the year, that portion of the understatement of income, or of any other subject of tax, for the year, as applicable, that is reasonably attributable to the false statement, and if the tax payable for the year under this Act were computed by subtracting from the deductions from tax otherwise payable by the corporation for the year such portion of any such deduction that may reasonably be attributable to the false statement,

exceeds,

- (b) the tax for the year that would be payable by the corporation under this Act had the tax payable for the year been assessed on the basis of the information provided in the return for the taxation year.

(4a) Subsection (4) does not apply if the person has been convicted of an offence under subsection (3) for an offence related to the same evasion of or attempt to evade the payment of tax, unless a penalty is imposed upon the corporation under subsection (4) before the commencement of proceedings against the person under subsection (3).

Application
of subs. (4)

(3) Section 68 of the Act, as amended by the Statutes of Ontario, 1985, chapter 11, section 30, is further amended by adding the following subsections:

(6) Every corporation that fails to report an amount required to be included in computing its income or other subject of tax in a return delivered under section 67 for a taxation year, and that has failed to report an amount required to be so included in any return delivered under section 67 for any of

Penalty for
repeated
failure to
report an
amount

the preceding three taxation years is liable to a penalty equal to 25 per cent of the amount, if any, by which,

- (a) the tax for the taxation year that would be payable by the corporation under this Act if its taxable income or other subject of tax for the taxation year were computed by including the amount the corporation failed to report,

exceeds,

- (b) the tax for the taxation year that would be payable by the corporation under this Act had the tax been assessed on the basis of only the information provided in the return for the taxation year.

Idem

(7) Subsection (6) does not apply if the corporation has been assessed a penalty under subsection (4) with respect to a false statement concerning the same amount.

37.—(1) Sub-subclause 70 (2) (a) (i) (A) of the Act, as enacted by the Statutes of Ontario, 1982, chapter 19, section 5, is repealed and the following substituted:

(A) the tax payable for the taxation year, or

.

(2) Sub-subclause 70 (2) (a) (ii) (A) of the Act, as enacted by the Statutes of Ontario, 1982, chapter 19, section 5, is repealed and the following substituted:

(A) the tax payable for the taxation year under sub-subclause (i) (A), or

.

(3) Subclause 70 (2) (b) (i) of the Act, as re-enacted by the Statutes of Ontario, 1985, chapter 11, section 31, is repealed and the following substituted:

- (i) subject to subsection (2a), on or before the last day of the third month following the taxation year if,

(A) the corporation was a Canadian-controlled private corporation throughout the taxation year, and

- (B) its taxable income for the taxation year immediately before that taxation year did not exceed \$200,000, or

.

38. Subsection 72 (5a) of the Act, as re-enacted by the Statutes of Ontario, 1985, chapter 11, section 32, is repealed and the following substituted:

(5a) Subsection (5) does not apply if the tax payable by the corporation by virtue of the reassessment is greater than the tax previously assessed and the corporation has failed to submit, in the return required by subsection 67 (1), (1b) or (1c), the information required by subsection 67 (2). Application of subs. (5)

39.—(1) Clause 73 (1) (b) of the Act, as re-enacted by the Statutes of Ontario, 1985, chapter 11, section 33, is repealed and the following substituted:

- (b) assess the tax for the taxation year and the interest and penalties payable, if any, on the basis of the corporation's return for the taxation year; and

.

(2) Subsection 73 (3) of the Act, as amended by the Statutes of Ontario, 1984, chapter 29, section 20 and 1988, chapter 42, section 18, is repealed and the following substituted:

(3) Paragraphs 56 (1) (*l*) and 60 (*o*) of the *Income Tax Act* (Canada), as those paragraphs apply by virtue of sections 14 and 15, respectively, of this Act, and this Part, as they relate to an assessment or reassessment and to assessing tax and reassessing tax, apply with necessary modifications to a determination or redetermination and to determining and redetermining amounts under this Part, except that subsections (1) and (5) do not apply to determinations made under subsection (2) or (2a) and, for greater certainty, an original determination of a corporation's non-capital loss, net capital loss, restricted farm loss, farm loss or limited partnership loss for a taxation year may be made by the Minister only at the request of the Corporation. Provisions applicable R.S.C. 1952, c. 148

(3) Sub-subclause 73 (7) (a) (iv) (A) of the Act, as enacted by the Statutes of Ontario, 1988, chapter 42, section 18, is repealed and the following substituted:

- (A) the expiry of the normal reassessment period for the corporation in respect of the taxation year, and
-

(4) Subsection 73 (7) of the Act, as amended by the Statutes of Ontario, 1984, chapter 29, section 20, 1988, chapter 42, section 18 and subsection (3) of this section, is further amended by striking out the portion before clause (b) and substituting the following:

When
assessment
may issue

(7) The Minister may at any time assess tax, interest or penalties, or notify in writing any person who has delivered a return for a taxation year that no tax is payable for the taxation year, and may,

- (a) at any time, if the corporation, or a person delivering a return for the taxation year or acting on its behalf,
- (i) has made any misrepresentation that is attributable to neglect, carelessness or wilful default or has committed any fraud in filing a return or in supplying any information under this Act,
- (ii) has failed to deliver any return for the taxation year required to be delivered under section 67 or has failed to file financial statements with the return,
- (iii) has been negligent in supplying or in failing to supply any information required under this Act,
- (iv) has filed with the Minister a waiver in the prescribed form on or before the later of,
- (A) the expiry of the normal re-assessment period for the corporation in respect of the taxation year, and
- (B) the latest day such a waiver could be filed under this Act for any previous taxation year,
- (v) has filed a waiver under the *Income Tax Act* (Canada) within the time and in the form required by subsection 152 (4) of that Act, or

- (vi) has claimed a deduction under paragraph 20 (1) (s) of the *Income Tax Act* (Canada) as made applicable by section 12 of this Act.

(5) Clause 73 (7) (b) of the Act, as re-enacted by the Statutes of Ontario, 1984, chapter 29, section 20 and amended by 1988, chapter 42, section 18, is repealed and the following substituted:

- (b) within seven years from the day of mailing of a notice of the original assessment or a notification that no tax is payable for the taxation year where,
 - (i) the corporation has claimed a deduction for the taxation year under section 41 or section 111 of the *Income Tax Act* (Canada), as applicable for the purposes of this Act,
 - (ii) as a consequence of a transaction involving the corporation and a non-resident person with whom it was not dealing at arm's length, there is reason to assess or reassess the corporation's tax for any relevant taxation year, or
 - (iii) as a consequence of an additional payment or reimbursement of any income or profits tax to or by the government of a country other than Canada, there is reason to assess or reassess the corporation's tax for any relevant taxation year; and

.

(6) Clause 73 (7) (b) of the Act, as re-enacted by subsection (5) of this section, is amended by striking out the portion before subclause (i) and substituting the following:

- (b) before the day that is three years after the expiration of the normal re-assessment period for the corporation in respect of the taxation year where,

.

(7) Subclause 73 (7) (c) (i) of the Act, as re-enacted by the Statutes of Ontario, 1988, chapter 42, section 18, is repealed and the following substituted:

- (i) the expiry of the normal reassessment period for the corporation in respect of the taxation year, and

.

(8) Section 73 of the Act, as amended by the Statutes of Ontario, 1983, chapter 29, section 22, 1984, chapter 29, section 20, 1985, chapter 11, section 33 and 1988, chapter 42, section 18, is further amended by adding the following subsections:

Notice of
determination

(2a) Where at any time the Minister ascertains the tax consequences to a corporation under section 5a with respect to a transaction, the Minister may determine any amount that is relevant for the purposes of computing the amount of the tax consequences and send to the corporation with all due dispatch a notice of determination stating the amount so determined.

No determi-
nation for
prior years

(2b) A determination of an amount shall not be made under subsection (2a) at a time where the amount is relevant only for the purposes of computing the tax consequences to a corporation for a taxation year ending before the time.

Determi-
nation
binding

.

(4a) Subject to the corporation's rights of objection and appeal in respect of the determination and to any redetermination made by the Minister, a determination made by the Minister under subsection (2a) with respect to a corporation is binding on both the Minister and the corporation for the purpose of calculating the tax consequences to the corporation for any taxation year.

(9) Section 73 of the Act is further amended by adding the following subsection:

Normal re-
assessment
period

(6a) For the purposes of subsection (7), the normal reassessment period for a corporation in respect of a taxation year is,

- (a) if at the end of the year the corporation is a mutual fund corporation or a corporation other than a Canadian-controlled private corporation, the period that ends five years after the day of mailing of a notice of an original assessment in respect of the corporation for the year or the day of mailing of a notification that no tax is payable by the corporation for the year; or

- (b) in any other case, the period that ends four years after the day of mailing of a notice of an original assessment in respect of the corporation for the year or the day of mailing of a notification that no tax is payable by the corporation for the year.

(10) Section 73 of the Act is further amended by adding the following subsections:

(7b) Where a corporation is exempt under subsection 67 (1d) from the requirement to deliver a return under subsection 67 (1) for the taxation year, an original notice of assessment shall be deemed, for the purposes of subsection (7), to be sent to the corporation on the day that is six months after the end of the taxation year. Deemed assessment

(7c) Subsection (7b) does not apply if the Minister sends an original notice of assessment to the corporation for the taxation year within fifty-four months after the end of the taxation year. Exception

(11) Section 73 of the Act is further amended by adding the following subsection:

(7d) A reassessment, an additional assessment or an assessment may be made under clause (7) (b) after the normal reassessment period for the corporation in respect of the taxation year only to the extent that it may reasonably be regarded as relating to, Limitation

- (a) the deductions referred to in subclause (7) (b) (i);
- (b) the transaction referred to in subclause (7) (b) (ii);
or
- (c) the additional payment or reimbursement referred to in subclause (7) (b) (iii).

40.—(1) Subsection 75 (1) of the Act, as amended by the Statutes of Ontario, 1985, chapter 11, section 34, is further amended by striking out the portion before clause (a) and substituting the following:

(1) If a return required to be delivered by a corporation under section 67 for a taxation year is delivered within four years from the end of the taxation year, the Minister, Refunds

(2) Clause 75 (1) (b) of the Act is repealed and the following substituted:

- (b) shall make such a refund after mailing the notice of assessment if application therefor has been made in writing by the corporation within the period determined under clause 73 (7) (b) or (c), as the case may be, within which the Minister may reassess tax payable by the corporation for the year.

41. Subsection 77 (1) of the Act, as amended by the Statutes of Ontario, 1984, chapter 29, section 21, is repealed and the following substituted:

Notice of
Objection

- (1) Subject to subsection 85 (3), a corporation that objects to an assessment may within 180 days from the day of mailing of the notice of assessment serve on the Minister a notice of objection in duplicate in the prescribed form setting out the reasons for the objection and all relevant facts.

Assessment
includes
determination

- (1a) For the purposes of this section and sections 78 to 85, an assessment includes a determination made by the Minister under subsection 73 (2a) and a notice of assessment includes a notice of determination, a reassessment includes a redetermination by the Minister and an additional assessment includes an additional determination.

42.—(1) Subsection 85 (2) of the Act, as amended by the Statutes of Ontario, 1984, chapter 29, section 23, is further amended by striking out the portion before clause (a) and substituting the following:

Corporation
and Minister
bound

- (2) The corporation and the Minister shall, with respect to a designated assessment to which this section applies or a specified assessment that has met the conditions under clause (3) (b), be bound by,

.

(2) Subsection 85 (3) of the Act is repealed and the following substituted:

Application
of ss. 77 to
83

- (3) Sections 77 to 83 do not apply,

- (a) to a reassessment referred to in subsection (2); and
(b) to a specified assessment if the corporation has served a notice of objection to the assessment or determination issued under the *Income Tax Act* (Canada), referred to in clause (5) (c), in which the

same issues have been raised as would have been raised in an objection to the specified assessment.

(3) Section 85 of the Act, as amended by the Statutes of Ontario, 1984, chapter 29, section 23, is further amended by adding the following subsection:

(5) For the purposes of this Part, an assessment in respect of a particular taxation year, or a part thereof, is a specified assessment if, Specified assessment, defined

- (a) the assessment or the part thereof, as applicable, states on its face that it is a specified assessment under this section;
- (b) the assessment or the part thereof, as applicable, is an assessment or determination involving the application of section 5a in respect of the taxation year; and
- (c) a notice of assessment or determination has been issued to the corporation under the *Income Tax Act* (Canada) involving the application of section 245 of that Act in respect of the same taxation year or transaction.

43.—(1) Subsection 86 (1) of the Act is amended by adding “and” at the end of clause (b), by striking out “and” at the end of clause (c) and by striking out clause (d).

(2) Subsection 86 (4) of the Act, as re-enacted by the Statutes of Ontario, 1984, chapter 29, section 24, is repealed.

44.—(1) Subsection 88 (1) of the Act is amended by striking out “\$25” in the fourth line and substituting “\$200”.

(2) Subsection 88 (2) of the Act is amended by striking out “\$25” in the third line and substituting “\$200”.

45. Subsections 91 (1) and (2) of the Act are repealed and the following substituted:

(1) Every person employed directly or indirectly in the administration or enforcement of this Act or in the development and evaluation of tax policy for the Government of Ontario shall preserve secrecy with respect to all matters related to this Act that come to his or her knowledge in the course of such employment and shall not communicate any information or material related to any such matter to any other person not legally entitled thereto except, Confidentiality

- (a) as may be required in connection with the administration or enforcement of this Act or any other Act administered by the Minister or the regulations under any of them;
- (b) as may be required in connection with the development and evaluation of tax policy by the Government of Ontario or the Government of Canada;
- (c) to his or her legal counsel; or
- (d) with the consent of the person to whom the information or material relates.

Offence and
penalty

(2) Every person who contravenes subsection (1) is guilty of an offence and on conviction is liable to a fine of not more than \$2,000.

Commence-
ment and
application

46.—(1) Except as provided in subsections (2) to (54), this Act comes into force on the day it receives Royal Assent.

Commence-
ment,
November 13,
1981

(2) Subsection 27 (11) of the Act, set out in subsection 16 (3), with respect to subsections 111 (5.1) and (5.2) of the Federal Act, shall be deemed to have come into force on the 13th day of November, 1981, and applies to acquisitions of control occurring after the 12th day of November, 1981 other than those occurring before the 1st day of January, 1983 where the arrangements therefor were substantially advanced and evidenced in writing on the 12th day of November, 1981.

Idem

(3) Subsection 49 (6) of the Act, set out in subsection 23 (5), shall be deemed to have come into force on the 13th day of November, 1981, and applies to corporations that became taxable after the 12th day of November, 1981.

Idem

(4) Subsection 63 (2) of the Act, set out in subsection 31 (2), with respect to the deletion of subsection 149 (10) of the Federal Act, shall be deemed to have come into force on the 13th day of November, 1981, and applies to corporations which became subject to tax after the 12th day of November, 1981.

Commence-
ment,
January 1,
1985

(5) Clause 1 (1) (ab) of the Act, set out in subsection 1 (3), shall be deemed to have come into force on the 1st day of January, 1985, and applies to anything sent by mail after the 31st day of December, 1984.

Idem

(6) Section 7 of the Act, set out in section 3, shall be deemed to have come into force on the 1st day of January, 1985, and applies to taxation years ending after the 31st day of December, 1984.

(7) Subsection 29 (4) of the Act, set out in section 18, shall be deemed to have come into force on the 1st day of January, 1985, and applies to taxation years commencing after the 31st day of December, 1984. Idem

(8) Subsections 12 (6) and (6aa) of the Act, set out in subsection 4 (2), shall be deemed to have come into force on the 1st day of January, 1986, and apply to amounts paid or payable after the 31st day of December, 1985. Commencement,
January 1,
1986

(9) Section 16a of the Act, set out in section 7, shall be deemed to have come into force on the 1st day of January, 1987, and applies to dispositions made by a corporation before the 1st day of January, 1987. Commencement,
January 1,
1987

(10) Clause 49 (1) (a) of the Act, set out in subsection 23 (1), with respect to the addition of the reference to paragraph 149 (1) (o.4) of the Federal Act, shall be deemed to have come into force on the 1st day of January, 1987, and applies to taxation years ending after the 31st day of December, 1986. Idem

(11) Subsection 18 (7a) of the Act, set out in subsection 8 (2), shall be deemed to have come into force on the 16th day of January, 1987, and applies to acquisitions of Canadian Resource Properties occurring after the 15th day of January, 1987 other than those occurring before the 1st day of January, 1988, where the corporation acquiring the property was obliged on the 15th day of January, 1987 to acquire the property under the terms of a written agreement entered into before the 16th day of January, 1987. Commencement,
January 16,
1987

(12) Subsection 20 (4) of the Act, set out in section 12, shall be deemed to have come into force on the 16th day of January, 1987, and applies to amalgamations and mergers occurring after the 15th day of January, 1987. Idem

(13) Subsection 27 (10) of the Act, set out in subsection 16 (3), shall be deemed to have come into force on the 16th day of January, 1987, and applies to acquisitions of control occurring after the 15th day of January, 1987 other than acquisitions of control occurring before the 1st day of January, 1988, where the persons acquiring the control were obliged on the 15th day of January, 1987 to acquire the control under the terms of agreements in writing entered into before the 16th day of January, 1987. Idem

(14) Subsection 27 (11) of the Act, set out in subsection 16 (3), with respect to subsection 111 (5.3) of the Federal Act, shall be deemed to have come into force on the 16th day of January, 1987, and applies to acquisitions of control occurring Idem

after the 15th day of January, 1987 other than acquisitions of control occurring before the 1st day of January, 1988, where the persons acquiring the control were obliged on the 15th day of January, 1987 to acquire the control under the terms of agreements in writing entered into before the 16th day of January, 1987.

Idem

(15) Section 34, which refers to subsection 66 (9) of the Act, shall be deemed to have come into force on the 16th day of January, 1987, and applies to taxation years ending after the 15th day of January, 1987.

Commence-
ment,
February 18,
1987

(16) Subsection 8 (1), which refers to subsection 18 (5) of the Act, shall be deemed to have come into force on the 18th day of February, 1987, and applies to taxation years ending after the 17th day of February, 1987.

Idem

(17) The following shall be deemed to have come into force on the 18th day of February, 1987, and apply to taxation years ending after the 17th day of February, 1987:

- (a) subsection 18 (7) of the Act, set out in subsection 8 (2);
- (b) the amendments to subsection 18 (14) of the Act, set out in subsections 8 (3) and (4);
- (c) the amendment to subclause 18a (b) (iii) of the Act, set out in subsection 9 (2); and
- (d) section 18c of the Act, set out in section 11.

Commence-
ment, March
20, 1987

(18) The amendments to section 18b of the Act, set out in subsection 10 (1), and clause 18b (a) of the Act, set out in subsection 10 (2), shall be deemed to have come into force on the 20th day of March, 1987, and apply after the 19th day of March, 1987.

Commence-
ment, April
1, 1987

(19) The amendments to clauses 18a (b) and (c) and the enactment of clause 18a (d) of the Act, set out in subsection 9 (3), shall be deemed to have come into force on the 1st day of April, 1987, and apply after the 31st day of March, 1987.

Commence-
ment, June
6, 1987

(20) The amendment to clause 18a (b) of the Act, set out in subsection 9 (1), and section 18d of the Act, as enacted in section 11, shall be deemed to have come into force on the 6th day of June, 1987, and apply to taxation years commencing after the 5th day of June, 1987.

(21) Sub-subclause 1 (2) (d) (iv) (A) of the Act, set out in subsection 1 (4), with respect to section 66.8 of the Federal Act, shall be deemed to have come into force on the 18th day of June, 1987, and applies to taxation years ending after the 17th day of June, 1987.

Commence-
ment, June
18, 1987

(22) Section 18e of the Act, set out in section 11, shall be deemed to have come into force on the 18th day of June, 1987, and applies to taxation years ending after the 17th day of June, 1987.

Idem

(23) Sub-subclause 1 (2) (d) (iv) (A) of the Act, set out in subsection 1 (4), shall be deemed to have come into force, with respect to paragraph 67.1 (2) (d) of the Federal Act, on the 18th day of June, 1987, and applies to amounts incurred after the 17th day of June, 1987 in respect of food and beverages consumed and entertainment enjoyed after the 31st day of December, 1987.

Idem

(24) The following shall be deemed to have come into force on the 18th day of June, 1987, and apply to taxation years that commence after the 17th day of June, 1987 and end after the 31st day of December, 1987:

Idem

(a) subsection 12 (9b) of the Act, set out in subsection 4 (6);

(b) subsections 12 (6c) and (9c) of the Act, set out in subsection 4 (8);

(c) subsection 20 (3) of the Act, set out in section 12; and

(d) subsection 45 (3) of the Act, set out in section 22.

(25) Sub-subclause 1 (2) (d) (iv) (A) of the Act, set out in subsection 1 (4), shall be deemed to have come into force, with respect to subsection 258 (5) of the Federal Act, on the 19th day of June, 1987, and applies after the 18th day of June, 1987.

Commence-
ment, June
19, 1987

(26) Subsection 12 (10a) of the Act, set out in subsection 4 (8), and subsection 32 (4) of the Act, set out in section 19, shall be deemed to have come into force on the 18th day of December, 1987, and apply to corporations in respect of all taxation years commencing after the 17th day of December, 1987.

Commence-
ment,
December 18,
1987

(27) Sub-subclause 1 (2) (d) (iv) (A) of the Act, set out in subsection 1 (4), with respect to paragraph 84 (1) (c.3) of the

Commence-
ment,
January 1,
1988

Federal Act, shall be deemed to have come into force on the 1st day of January, 1988, and applies with respect to conversions of contributed surplus into paid-up capital after the 31st day of December, 1987.

Idem

(28) Sub-subclause 1 (2) (d) (iv) (A) of the Act, set out in subsection 1 (4), with respect to paragraphs 13 (7.1) (e), 37 (1) (e), 110 (1) (k) and subparagraph 13 (21) (f) (vii) of the Federal Act, shall be deemed to have come into force on the 1st day of January, 1988, and applies to taxation years ending after the 31st day of December, 1987.

Idem

(29) Sub-subclause 1 (2) (d) (iv) (A) of the Act, set out in subsection 1 (4), with respect to subsection 14 (3) of the Federal Act, shall be deemed to have come into force on the 1st day of January, 1988, and applies to acquisitions of property after the 31st day of December, 1987.

Idem

(30) The following shall be deemed to have come into force on the 1st day of January, 1988, and apply to taxation years ending after the 31st day of December, 1987:

- (a) subclause 1 (1) (aa) (i) of the Act, set out in subsection 1 (1);**
- (b) subsection 12 (2) of the Act, set out in subsection 4 (1);**
- (c) subsection 12 (7) of the Act, set out in subsection 4 (3);**
- (d) clause 12 (7) (c) of the Act, set out in subsection 4 (4);**
- (e) subsections 12 (14) and (15) of the Act, set out in subsection 4 (7);**
- (f) subsections 12 (18) and (19) of the Act, set out in subsection 4 (8);**
- (g) subsections 26a (1) and (2) of the Act, set out in section 15; and**
- (h) subsections 27 (2) and (3) of the Act, set out in subsections 16 (1) and (2).**

Idem

(31) Section 18b of the Act, set out in subsection 10 (3), shall be deemed to have come into force on the 1st day of January, 1988, and applies to expenditures incurred after the 31st day of December, 1987.

(32) Clause 73 (7) (b) of the Act, set out in subsection 39 (5), shall be deemed to have come into force on the 1st day of January, 1988, and applies to assessments and reassessments relating to transactions entered into, payments paid and reimbursements received after the 31st day of December, 1987. Idem

(33) The following shall be deemed to have come into force on the 5th day of April, 1988, and apply to taxation years ending after the 4th day of April, 1988: Commencement, April 5, 1988

- (a) subsection 53 (3) of the Act, set out in subsection 24 (1);
- (b) the amendment of subsection 58 (3) of the Act, set out in subsection 26 (1); and
- (c) the amendment of subsection 59 (3) of the Act, set out in subsection 27 (1).

(34) Subclause 54 (1) (c) (iv) of the Act, set out in section 25, shall be deemed to have come into force on the 5th day of April, 1988, and applies to loans or advances issued after the 4th day of April, 1988. Idem

(35) Clause 13 (4) (e) of the Act, set out in section 6, shall be deemed to have come into force on the 21st day of April, 1988, and applies to fiscal periods ending after the 20th day of April, 1988. Commencement, April 21, 1988

(36) The amendments of subsection 58 (3) of the Act, set out in subsection 26 (2), and subsection 59 (3) of the Act, set out in subsection 27 (2), shall be deemed to have come into force on the 21st day of April, 1988, and apply to taxation years ending after the 20th day of April, 1988 except that for taxation years that commence before the 21st day of April, 1988 and end after the 20th day of April, 1988, the rate increase shall be prorated according to the number of days in the taxation year subsequent to the 20th day of April, 1988. Idem

(37) The following shall be deemed to have come into force on the 21st day of April, 1988, and apply with respect to taxation years ending after the 20th day of April, 1988: Idem

- (a) clause 1 (1) (ja) of the Act, set out in subsection 1 (2);
- (b) section 12a of the Act, set out in section 5;
- (c) subsection 25 (7) of the Act, set out in section 14;

- (d) subsection 27 (12) of the Act, set out in subsection 16 (3);
- (e) section 27a of the Act, set out in section 17;
- (f) subsections 33a (1) and (2) of the Act, set out in section 20;
- (g) section 60 of the Act, set out in section 28;
- (h) subsections 61 (1) and (2) of the Act, set out in subsection 29 (1);
- (i) subsection 61 (4) of the Act, set out in subsection 29 (2);
- (j) the repeal of subsections 61 (5) and (6) of the Act, set out in subsection 29 (3);
- (k) the amendment of sub-subclause 61a (2) (a) (ii) (A) of the Act, set out in subsection 30 (1);
- (l) the amendment of sub-subclause 61a (2) (b) (i) (B) of the Act, set out in subsection 30 (2);
- (m) the amendment of subsection 63 (1) of the Act, set out in subsection 31 (1);
- (n) the amendment of section 64 of the Act, set out in section 32;
- (o) the amendment of section 65 of the Act, set out in section 33;
- (p) subsections 67 (1), (1a), (1b), (1c) and (1d) of the Act, set out in subsection 35 (1);
- (q) the amendment of subsection 67 (3) of the Act, set out in subsection 35 (2);
- (r) subclause 70 (2) (b) (i) of the Act, set out in subsection 37 (3);
- (s) subsection 72 (5a) of the Act, set out in section 38;
- (t) clause 73 (1) (b) of the Act, set out in subsection 39 (1);
- (u) subsections 73 (7b) and (7c) of the Act, set out in subsection 39 (10); and

(v) subsection 75 (1) of the Act, set out in section 40.

(38) Subsection 63 (2) of the Act, set out in subsection 31 (2), with respect to the increase in the tax payable, shall be deemed to have come into force on the 21st day of April, 1988, and applies with respect to taxation years ending after the 20th day of April, 1988. Idem

(39) Sub-subclause 1 (2) (d) (iv) (A) of the Act, set out in subsection 1 (4), with respect to paragraph 37 (1) (d) of the Federal Act, shall be deemed to have come into force on the 1st day of May, 1988, and is effective for expenditures made after the 30th day of April, 1988. Commence-
ment, May 1,
1988

(40) Clause 40 (2) (b) of the Act, set out in subsection 21 (1), and subsection 40 (4), set out in subsection 21 (3), shall be deemed to have come into force on the 1st day of July, 1988, and apply to taxation years ending after the 30th day of June, 1988. Commence-
ment, July 1,
1988

(41) Section 5a of the Act, set out in section 2, shall be deemed to have come into force on the 13th day of September, 1988, and for transactions assessed under subsection 245 (1) of the Federal Act, applies to transactions entered into after the 12th day of September, 1988 other than for, Commence-
ment,
September
13, 1988

(a) transactions that are part of a series of transactions, determined without reference to subsection 248 (10) of the Federal Act, commencing before the 13th day of September, 1988 and completed before the 1st day of January, 1989; or

(b) any one or more transactions, one of which was entered into before the 13th day of April, 1988, that were entered into by a taxpayer in the course of an arrangement and in respect of which the taxpayer received from the Department of National Revenue (Canada), before the 13th day of April, 1988, a confirmation or opinion in writing with respect to the tax consequences thereof,

and for transactions not assessed under subsection 245 (1) of the Federal Act, section 5a applies to transactions entered into on or after the date on which this Act receives Royal Assent.

(42) Subsections 21 (1) and (2) of the Act, set out in section 13, shall be deemed to have come into force on the 13th day of September, 1988, and apply with respect to benefits conferred after the 12th day of September, 1988. Idem

- Idem** (43) Subsections 73 (2a), (2b) and (4a) of the Act, set out in subsection 39 (8), and subsection 73 (3) of the Act, set out in subsection 39 (2), shall be deemed to have come into force on the 13th day of September, 1988, and apply after the 12th day of September, 1988.
- Idem** (44) Subsections 77 (1) and (1a) of the Act, set out in section 41, shall be deemed to have come into force on the 13th day of September, 1988, and apply after the 12th day of September, 1988.
- Idem** (45) Subsection 85 (2) of the Act, set out in subsection 42 (1), shall be deemed to have come into force on the 13th day of September, 1988, and applies after the 12th day of September, 1988.
- Idem** (46) Subsection 85 (3) of the Act, set out in subsection 42 (2), shall be deemed to have come into force on the 13th day of September, 1988, and applies after the 12th day of September, 1988.
- Idem** (47) Subsection 85 (5) of the Act, set out in subsection 42 (3), shall be deemed to have come into force on the 13th day of September, 1988, and applies after the 12th day September, 1988.
- Commence-
ment,
January 1,
1989** (48) Subsection 1 (1a) of the Act, set out in subsection 1 (6), shall be deemed to have come into force on the 1st day of January, 1989, and applies to taxation years of Canadian-controlled private corporations that commence before the 1st day of January, 1988 and to taxation years of other private corporations that commence before the 1st day of July, 1988.
- Idem** (49) Clause 12 (7) (d) of the Act, set out in subsection 4 (5), and section 12b of the Act, set out in section 5, shall be deemed to have come into force on the 1st day of January, 1989, and apply to taxation years ending after the 31st day of December, 1988.
- Idem** (50) The amendment of clause 49 (1) (a) of the Act, set out in subsection 23 (1), with respect to the addition of the reference to paragraph 149 (1) (t) of the Federal Act, shall be deemed to have come into force on the 1st day of January, 1989, and applies to taxation years ending after the 31st day of December, 1988.
- Idem** (51) The amendment of clause 49 (1) (b) of the Act, set out in subsection 23 (2), and the repeal of clause 49 (1) (c) of the Act, set out in subsection 23 (3), and the enactment of subsec-

tions 49 (4) and (4a) of the Act, set out in subsection 23 (4), shall be deemed to have come into force on the 1st day of January, 1989, and apply to taxation years ending after the 31st day of December, 1988.

(52) Subsection 53 (5) of the Act, set out in subsection 24 (2), and subsection 53 (6) of the Act, set out in subsection 24 (3), shall be deemed to have come into force on the 1st day of January, 1989, and apply to taxation years ending after the 31st day of December, 1988. Idem

(53) The following shall be deemed to have come into force on the 28th day of April, 1989: Commence-
ment, April
28, 1989

- (a) the amendment of clause 40 (2) (c) of the Act, set out in subsection 21 (2);
- (b) the repeal of clause 40 (2) (d) of the Act, set out in subsection 21 (2); and
- (c) clause 75 (1) (b) of the Act, as re-enacted by subsection 40 (2).

(54) The following shall be deemed to have come into force on the 28th day of April, 1989, other than with respect to a taxation year of a corporation for which a notice of an original assessment in respect of the corporation for the taxation year, or a notification that no tax is payable by the corporation for the taxation year, was mailed before the 28th day of April, 1986, Idem

- (a) the amendment of sub-subclause 73 (7) (a) (iv) (A) of the Act, set out in subsection 39 (3);
- (b) the re-enactment of clause 73 (7) (b) of the Act, set out in subsection 39 (6);
- (c) the re-enactment of subclause 73 (7) (c) (i) of the Act, set out in subsection 39 (7);
- (d) the enactment of subsection 73 (6a) of the Act, set out in subsection 39 (9).

47. The short title of this Act is the *Corporations Tax Amendment Act, 1990*. Short title

