1970

c 69 The Corporations Tax Amendment Act, 1970

Ontario
CHAPTER 69

An Act to amend The Corporations Tax Act

Assented to June 26th, 1970
Session Prorogued November 13th, 1970

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

1.—(1) Paragraph 21 of subsection 1 of section 1 of The Corporations Tax Act, as re-enacted by section 1 of The Corporations Tax Amendment Act, 1968-69 (No. 2), is amended by inserting after “corporation” in the second line “with or without share capital”, so that the paragraph shall read as follows:

21. “insurance corporation” or “insurer” means a corporation, with or without share capital, that carries on an insurance business.

(2) Paragraph 32 of subsection 1 of the said section 1, as amended by subsection 3 of section 1 of The Corporations Tax Amendment Act, 1968, is repealed and the following substituted therefor:

32. “registered pension fund or plan” means an employees’ superannuation or pension fund or plan accepted for registration by the Minister of National Revenue for purposes of the Income Tax Act (Canada) in respect of its constitution and operations for the fiscal year under consideration.

2.—(1) Subsection 10a of section 4 of The Corporations Tax Act, as enacted by subsection 2 of section 3 of The Corporations Tax Amendment Act, 1968-69 (No. 2), is amended by adding at the end thereof “that are included in computing its income”, so that the subsection shall read as follows:

(10a) Notwithstanding subsection 5, the proportion of the taxable income of an insurance corporation, other than an insurance corporation to which subsection 10 applies, that shall be deemed to have been earned
earned in a fiscal year in a province or territory of Canada, outside Ontario, is that proportion of its taxable income for the fiscal year that the aggregate of,

(a) its net premiums for the year in respect of insurance on properties situated in that province or territory of Canada, outside Ontario; and

(b) its net premiums for the year in respect of insurance, other than on property, from contracts from persons resident in that province or territory of Canada, outside Ontario,

is of the total net premiums for the fiscal year in respect of insurance on properties situated in Canada and with respect to contracts with persons resident in Canada that are included in computing its income.

(2) Subsection 35 of the said section 4, as re-enacted by subsection 1 of section 1 of The Corporations Tax Amendment Act, 1962-63 and amended by subsection 2 of section 2 of The Corporations Tax Amendment Act, 1967, is repealed and the following substituted therefor:

Foreign tax credits

(35) Where a corporation has a permanent establishment in Ontario and has received income in the fiscal year in the form of dividends, interest, rents or royalties that was derived from sources within a jurisdiction outside Canada or is deemed to have received income in the form of dividends and interest from a country outside Canada by virtue of the provisions of subsection 5 of section 79D of the Income Tax Act (Canada), hereinafter in this subsection referred to as "foreign investment income", or where a corporation having received foreign investment income in the fiscal year from sources within a jurisdiction outside Canada also received income in the fiscal year from a business carried on by it in that jurisdiction, hereinafter in this subsection referred to as "foreign business income", and where, for the purposes of subsection 1a of section 41 of the Income Tax Act (Canada), such foreign investment income has not been included as part of such foreign business income, and, for the purposes of subsections 5, 17, 18, 20, 22, 23 and 33, or such of those subsections as are applicable, has been excluded when calculating its gross revenue, or any
part thereof, and where the corporation is entitled to a deduction under section 41 of the *Income Tax Act* (Canada), hereinafter in this subsection referred to as "foreign tax credit", with respect to any income or profits tax paid to such jurisdiction on such foreign investment income or on such foreign investment income and foreign business income or is deemed to have been paid as income or profits tax to such jurisdiction by virtue of the provisions of subsection 5 of section 79D of the *Income Tax Act* (Canada), the corporation may deduct from the tax otherwise payable under this section an amount equal to the lesser of,

(a) 10 per cent of that part of such foreign investment income that is included in that portion of taxable income that remains after deducting from such taxable income the portions thereof deemed to have been earned in jurisdictions other than Ontario measured in accordance with subsections 5 to 34; or

(b) the proportion of the deficiency between the foreign tax credit that would be allowed if no provincial tax abatement under section 40 of the *Income Tax Act* (Canada) were applicable and the foreign tax credit that is allowed when the provincial tax abatement provided by section 40 of the *Income Tax Act* (Canada) has been applied which,

(i) the amount of that portion of its taxable income for the fiscal year that is deemed to have been earned in Ontario measured in accordance with subsection 2 of section 40 of the *Income Tax Act* (Canada),

bears to,

(ii) the total amount of the portions of its taxable income for the fiscal year that are deemed to have been earned in the provinces of Canada measured in accordance with subsection 2 of section 40 of the *Income Tax Act* (Canada).

(3) Subsection 37 of the said section 4, as amended by subsections 3 and 4 of section 3 of *The Corporations Tax Amendment Act, 1961-62* and subsections 3 and 4 of section 3
of The Corporations Tax Amendment Act, 1968, is further amended by striking out "No tax is payable under this section by a corporation for a fiscal year when that corporation was" in the first and second lines and inserting in lieu thereof "No tax is payable under this section upon the taxable income of a corporation for a period when that corporation was".

(4) Subclause ii of clause a of subsection 37 of the said section 4, as re-enacted by subsection 3 of section 3 of The Corporations Tax Amendment Act, 1968, is repealed and the following substituted therefor:

(ii) from bonds, debentures or other securities issued or guaranteed by,

(A) the International Bank for Reconstruction and Development established by the Agreement for an International Bank for Reconstruction and Development approved by subsection 1 of section 2 of the Bretton Woods Agreements Act, or

(B) the Inter-American Development Bank,

the income from which securities is payable in Canadian currency, or

3. Section 5a of The Corporations Tax Act, as enacted by section 5 of The Corporations Tax Amendment Act, 1968-69 (No. 2), is repealed and the following substituted therefor:

5a. Where a corporation has a fiscal year of less than 365 days, the tax otherwise payable by it under section 5, 7, 8, 9, 10 or 11 shall be in the proportion thereof that the number of days of such fiscal year bears to 365, except that this section does not apply,

(a) to any corporation to which subsection la, 17 or 18 of section 5 applies; or

(b) to any corporation the fiscal year of which does not end on the same date each year, but that has been accepted for purposes of assessment under this Act.
4. Section 17 of *The Corporations Tax Act* is amended by R.S.O. 1960, c. 73, s. 17,
adding thereto the following clauses:

*(ia)* amounts that the corporation became entitled to receive in the fiscal year upon the disposition of an interest in a life insurance policy, to the extent provided by section 53b;

*(ib)* amounts allocated to the corporation in the fiscal year by an insurer as provided by section 53b.

5.—(1) Subsection 2 of section 18 of *The Corporations Tax Act*, as enacted by section 6 of *The Corporations Tax Amendment Act, 1961-62*, is amended by striking out “and” in the forty-third line and inserting in lieu thereof “that”.

(2) Clause *c* of subsection 5 of the said section 18, as enacted by section 3 of *The Corporations Tax Amendment Act, 1964*, is repealed and the following substituted therefor:

*(c)* in satisfaction of the rights of the corporation under a life annuity contract, as defined by regulation, that was entered into before the 14th day of June, 1963, except to the extent that the amount so received exceeds the aggregate of,

(i) the value of its rights under the contract on the second anniversary date of the contract to occur after the 22nd day of October, 1968, and

(ii) the aggregate of premiums paid by the corporation under the contract after the said second anniversary date.

6.—(1) Subclauses *i* and *ii* of clause *a* of subsection 1 of section 22 of *The Corporations Tax Act*, as amended by subsection 1 of section 11 of *The Corporations Tax Amendment Act, 1968*, are repealed and the following substituted therefor:

*(i)* borrowed money used for the purpose of earning income from a business or property, other than borrowed money used to acquire property the income from which would be exempt or to acquire an interest in a life insurance policy,

*(ii)* an amount payable for property acquired for the purpose of gaining or producing income therefrom or for the purpose of gaining or producing income from
from a business, other than property the income from which would be exempt or property that is an interest in a life insurance policy, or

(2) Clause _n_ of subsection _1_ of the said section _22_ is repealed.

(3) Subsection _7_ of the said section _22_ is repealed and the following substituted therefor:

(7) For greater certainty, it is hereby declared that where a corporation has used borrowed money,

(a) to repay money previously borrowed; or

(b) to pay an amount payable for property described in subclause _ii_ of clause _a_ of subsection _1_ previously acquired,

the borrowed money shall, for the purposes of section _66a_ and for clause _a_ or _g_ of subsection _1_, be deemed to have been used for the purpose for which the money previously borrowed was used or was deemed by this subsection to have been used, or to acquire the property in respect of which the said amount was so payable, as the case may be.

7. Section 28 of _The Corporations Tax Act_, as enacted by section 7 of _The Corporations Tax Amendment Act, 1965_, is amended by adding thereto the following subsections:

(3) Where an amount in respect of a deductible outlay or expense that was owing by a corporation to a person as salary, wages or other remuneration in respect of an office or employment is unpaid at the end of the first fiscal year following the fiscal year in which the outlay or expense was incurred,

(a) the amount so unpaid shall be included in computing the corporation's income for the second fiscal year following the fiscal year in which the outlay or expense was incurred; or

(b) where the corporation and that person have filed an agreement in prescribed form on or before the day on or before which the corporation is required by section 71 to file its return of income for the first fiscal year following
following the fiscal year in which the outlay or expense was incurred, for the purposes of this Act the following rules apply,

(i) the amount so unpaid shall be deemed to have been paid by the corporation and received by that person on the first day of the said second fiscal year, and

(ii) that person shall be deemed to have made a loan to the corporation on the first day of the said second fiscal year in an amount equal to the amount so unpaid minus the amount, if any, deducted or withheld therefrom by the corporation on account of that person’s tax for the said second fiscal year.

(4) Where an amount in respect of a deductible outlay or expense described in subsection 3 that was owing by a corporation is unpaid at the time when the corporation is wound up, and the corporation is wound up before the end of the first fiscal year following the fiscal year in which the outlay or expense was incurred, the amount so unpaid shall be included in computing the corporation’s income for the fiscal year in which it is wound up.

(5) Subsection 1 does not apply in any case where subsection 3 applies and subsection 2 does not apply in any case where subsection 4 applies.

(6) Where, in respect of an amount described in subsection 1 or 3 that was owing by a corporation to a person, an agreement in prescribed form for the purposes of this section is filed after the day on or before which the agreement is required to be filed for purposes of clause b of subsection 1 or clause b of subsection 3, as the case may be, both clauses a and b of subsection 1 or clauses a and b of subsection 3, as the case may be, apply in respect of the said amount, except that clause a of subsection 1 or clause a of subsection 3, as the case may be, shall be read and construed as requiring 25 per cent only of the said amount to be included in computing the corporation’s income.

8.—(1) Clause a of subsection 13 of section 31 of The Corporations Tax Act, as enacted by subsection 5 of section 14 of The Corporations Tax Amendment Act, 1968, is repealed and the following substituted therefor:
(a) subsection 1 does not apply to the proceeds of disposition,

(i) if an amount at least equal to the proceeds of disposition is used by the corporation, before 1974 and during the fiscal year of the corporation in which the vessel is disposed of or within four months from the end of that fiscal year, under conditions satisfactory to the Minister, either for replacement or to incur any conversion cost with respect to a vessel owned by the corporation, or

(ii) if the Minister certifies that the corporation has, on satisfactory terms, deposited,

(A) on or before the day on which it is required to file a return of its income for the fiscal year in which the vessel was disposed of, or

(B) on or before such day subsequent to the day referred to in subclause A, as the Minister may specify in respect of the corporation,

an amount at least equal to the tax that would, but for this subsection, be payable by the corporation under this Act in respect of the proceeds of disposition, or satisfactory security therefor, as a guarantee that the proceeds of disposition will be used before 1974 for replacement; and

(2) Subsection 17 of the said section 31, as enacted by subsection 5 of section 14 of The Corporations Tax Amendment Act, 1968, is repealed and the following substituted therefor:

(17) All or any part of a deposit made under subclause ii of clause a of subsection 13 may be paid out to or on behalf of any corporation which, under conditions satisfactory to the Minister and as a replacement for the vessel disposed of, acquires a vessel before 1974,

(a) that was constructed in Canada and is registered in Canada or is registered under conditions satisfactory to the Minister in any country or territory to which the British Commonwealth
Commonwealth Merchant Shipping Agreement (signed at London on the 10th day of December, 1931) applies; and

(b) in respect of the capital cost of which no allowance has been made to any other corporation under this Act or the Canadian Vessel Construction Assistance Act (Canada) or the Income Tax Act (Canada),

or incurs any conversion cost with respect to a vessel owned by the corporation that is registered in Canada or is registered under conditions satisfactory to the Minister in any country or territory to which the said British Commonwealth Merchant Shipping Agreement applies, but the ratio of the amount paid out to the amount of the deposit shall not exceed the ratio of the capital cost to it of the vessel or the conversion cost to it of the vessel, as the case may be, to the proceeds of disposition of the vessel disposed of; and any deposit or part of a deposit not so paid out before 1974 or not paid out pursuant to subsection 18 shall be paid to the Treasurer of Ontario.

(3) The said section 31 is amended by adding thereto the following subsection:

(18) Notwithstanding any other provision of this section, where a deposit was made by a corporation under subclause ii of clause a of subsection 13 and the proceeds of disposition in respect of which the deposit was made are not used by any corporation before 1974 under conditions satisfactory to the Minister as a replacement for the vessel disposed of,

(a) to acquire a vessel described in clauses a and b of subsection 17; or

(b) to incur any conversion cost with respect to a vessel owned by that corporation that is registered in Canada or is registered under conditions satisfactory to the Minister in any country or territory to which the British Commonwealth Merchant Shipping Agreement applies,

the Minister may refund to the corporation the deposit, or the part thereof not paid out to the corporation under subsection 17, as the case may be,
in which case there shall be added, in computing the income of the corporation for the fiscal year of the corporation in which the vessel was disposed of, that proportion of the amount that would have been included in computing its income by virtue of subsection 1 had the deposit not been made under subclause ii of clause a of subsection 13, that the portion of the proceeds of disposition not so used before 1974 as such a replacement is of the proceeds of disposition; and notwithstanding any other provision of this Act such reassessments of tax, interest or penalties shall be made as are necessary to give effect to this subsection.

9. Subsection 3 of section 39 of The Corporations Tax Act is repealed and the following substituted therefor:

(3) Paragraph 3 of subsection 1 does not apply to permit a corporation to deduct, for the purpose of computing its taxable income for a fiscal year, such part of a loss from farming sustained by it in another fiscal year as was not by virtue of section 24, deductible in computing its income for that other fiscal year, except to the extent of its income, if any, for the fiscal year from farming.

10.—(1) Subsection 1 of section 43 of The Corporations Tax Act, as re-enacted by section 12 of The Corporations Tax Amendment Act, 1968-69 (No. 2), is repealed and the following substituted therefor:

(1) For the purpose of this section, an “insurance corporation” or “insurer” means any corporation with or without share capital, to which section 68A of the Income Tax Act (Canada) applies.

(2) Subsection 2 of the said section 43 is amended by inserting after “that” in the seventh line “for the purpose of section 4”, so that the subsection shall read as follows:

(2) Notwithstanding any other provision of this Act and in order that insurance corporations or insurers may be dealt with under this Act as they will be dealt with under Part I of the Income Tax Act (Canada) for fiscal years commencing or ending in 1969 and for subsequent fiscal years, it is hereby declared that for the purpose of section 4, the taxable incomes of such corporations for the purposes of this Act shall be the same as the taxable incomes of such corporations as determined for the purposes of Part I of the Income Tax Act (Canada).
11. Section 44 of The Corporations Tax Act is repealed and the following substituted therefor:

44. Where a life insurance corporation that is incorporated under the laws of a province has applied an amount in payment for shares of the corporation purchased by it under the authority of a law of the province that provides for the conversion of the corporation into a mutual corporation by the purchase of its shares in accordance with the provisions of such law,

(a) section 19 does not apply to require the inclusion, in computing the income of a shareholder of the corporation, of any part of that amount; and

(b) no part of that amount shall be deemed for the purposes of subsection 2 of section 43 to have been paid to shareholders or, for the purposes of section 54, to have been received as a dividend.

12. Section 49 of The Corporations Tax Act is repealed.

13. Section 53 of The Corporations Tax Act, as re-enacted by section 25 of The Corporations Tax Amendment Act, 1968, is amended by adding thereto the following subsections:

(1a) The Minister shall be deemed to have accepted for registration as a supplementary unemployment benefit plan under this Act every supplementary unemployment benefit plan that is accepted for registration by the Minister of National Revenue for Canada as a supplementary unemployment benefit plan under section 79A of the Income Tax Act (Canada).

(4) There shall be included in computing the income for a fiscal year of a corporation that, as an employer, has made any payment to a trustee under a supplementary unemployment benefit plan, any amount received by the corporation in the year as a result of an amendment to or modification of the plan or as a result of the termination or winding up of the plan.

14. The Corporations Tax Act is amended by adding thereto the following section:
53b. Where a corporation to which the provisions of section 79D of the Income Tax Act (Canada) apply, it is hereby declared that the amount to be included in its income for the purposes of this section shall be the same as is required to be included for the purposes of section 79D of the Income Tax Act (Canada).

15.—(1) Subsection 4c of section 57 of The Corporations Tax Act, as re-enacted by subsection 3 of section 9 of The Corporations Tax Amendment Act, 1966, is amended by inserting after “1962” in the fourth line “and before the 23rd day of October, 1968”.

(2) Subsections 4d and 4e of the said section 57, as enacted by subsection 6 of section 8 of The Corporations Tax Amendment Act, 1962-63, are repealed and the following substituted therefor:

4ca) Where a right, licence or privilege described in subsection 4c was disposed of after the 22nd day of October, 1968,

(a) by a corporation described in subsection 3b; or

(b) by a corporation, other than a corporation described in subsection 3b, that was at the time of acquisition of such right, licence or privilege a corporation described in subsection 3b,

the amount receivable by the corporation as consideration for the disposition thereof shall be included in computing its income for its fiscal year in which the disposition was made, notwithstanding that the amount or any part thereof may not be received until a subsequent fiscal year.

4d) Where a right, licence or privilege to explore for, drill for or take in Canada petroleum, natural gas or other related hydrocarbons, except coal, that was acquired after the 10th day of April, 1962, by a corporation other than a corporation described in subsection 3b is subsequently disposed of,

(a) before the 23rd day of October, 1968, any amount received by the corporation as consideration for the disposition thereof shall be included in computing its income for the fiscal year of the corporation in which the amount was received; or
(b) after the 22nd day of October, 1968, the amount receivable by the corporation as consideration for the disposition thereof shall be included in computing its income for the fiscal year of the corporation in which the disposition was made, notwithstanding that the amount or any part thereof may not be received until a subsequent fiscal year.

(4c) Subsections 4c, 4ca, and 4d do not apply to any disposition by a corporation of any right, licence or privilege described in subsection 4b or 4c unless such right, licence or privilege was acquired by the corporation under an agreement, contract or arrangement described in subsection 4b.

(3) Subsection 4f of the said section 57, as enacted by subsection 6 of section 8 of The Corporations Tax Amendment Act, 1962-63, is amended by inserting after “4c” in the first line “4ca”.

16.—(1) Subsection 1 of section 60 of The Corporations Tax Act, as amended by subsection 1 of section 20 of The Corporations Tax Amendment Act, 1961-62, is further amended by striking out “and” at the end of clause d, by striking out clause e, and by adding thereto the following clauses:

(da) where pursuant to subsection 4ca or 4d of section 57, an amount has been included in computing the corporation’s income for the fiscal year or for a previous fiscal year in respect of the disposition after the 22nd day of October, 1968, of a right, licence or privilege described in that subsection and that amount or a part thereof is not receivable until a day that is after the end of the fiscal year, there may be deducted as a reserve in respect of that amount the part thereof that is not receivable until a day that is after the end of the fiscal year, and no deduction may be made in respect of that amount by virtue of clause d; and

(e) there shall be included the amounts deducted under clauses c, d and da in computing the income of the corporation for the immediately preceding fiscal year.

(2) Subsection 5 of the said section 60, as re-enacted by subsection 2 of section 20 of The Corporations Tax Amendment Act, 1961-62, is repealed.
(3) The said section 60 is amended by adding thereto the following subsection:

Idem

(7aa) Clause da of subsection 1 does not apply to allow a deduction in computing the income of a corporation for a fiscal year where the corporation, at any time in the fiscal year or in the immediately following fiscal year,

(a) ceases to have a permanent establishment in Canada;

(b) becomes exempt from tax under any provision of this Act; or

(c) if incorporated outside Canada ceases to be liable for the income taxes imposed under the Act.

17. Section 64 of The Corporations Tax Act, as re-enacted by section 10 of The Corporations Tax Amendment Act, 1966, is repealed and the following substituted therefor:

64. In computing the income for a fiscal year of a corporation whose business includes the lending of money on the security of a mortgage, hypothec or agreement of sale of real property,

(a) there shall be deducted and allowed as a reserve the same amount as is deducted and allowed for each fiscal year under clause a of section 85G of the Income Tax Act (Canada); and

(b) there shall be included the same amount as is included for each fiscal year under clause b of section 85G of the Income Tax Act (Canada).

18. The Corporations Tax Act is amended by adding thereto the following section:

66a.—(1) Where in a fiscal year a corporation has acquired property in respect of which it is entitled to a deduction under regulations made under clause a of subsection 2 of section 22 in computing its income for that fiscal year, hereinafter in this section referred to as “depreciable property”, if it so elects in a manner prescribed on or before the day on or before which it is required by section 71 to file its return of income for the year,

(a)
(a) in computing its income for the fiscal year and for such of the three immediately preceding fiscal years as the corporation had, if any, clauses a, e and f of subsection 1 of section 22 do not apply to the amount or to the part of the amount specified by it in its election that, but for this subsection, would have been deductible in computing its income, other than exempt income, for the fiscal year and for those immediately preceding fiscal years, if any, by virtue of those clauses in respect of borrowed money used to acquire the depreciable property or the amount payable for the depreciable property acquired by it; and

(b) the amount or the part of the amount, as the case may be, described in clause a shall be added to the capital cost to it of the depreciable property so acquired by it.

(2) Where in a fiscal year a corporation has used borrowed money for the purpose of exploration, prospecting or development, and the expenses incurred by it in respect of the exploration, prospecting or development are deductible in computing its income for the fiscal year by virtue of section 57 or would be so deductible by virtue of that section if the corporation had sufficient income for the fiscal year to permit such a deduction to be made, if it so elects in prescribed manner on or before the day on or before which it is required by section 71 to file its return of income for the fiscal year,

(a) in computing its income for the fiscal year and for such of the three immediately preceding fiscal years as the corporation had, if any, clauses a, e and f of subsection 1 of section 22 do not apply to the amount or to the part of the amount specified by it in its election that, but for this subsection, would have been deductible in computing its income, other than exempt income, for the fiscal year and for those immediately preceding fiscal years, if any, by virtue of those clauses in respect of the borrowed money used for the exploration, prospecting and development; and

(b) the amount or the part of the amount, as the case may be, described in clause a shall
shall be deemed to be exploration, prospecting and development expenses incurred by it in the fiscal year.

(3) In computing the income of a corporation for a fiscal year, where the corporation,

(a) in any preceding fiscal year made an election under subsection 1 in respect of borrowed money used to acquire depreciable property or an amount payable for depreciable property acquired by it; and

(b) in each fiscal year, if any, after that preceding fiscal year and before the fiscal year, made an election under this subsection covering the total amount that, but for this subsection, would have been deductible in computing its income, other than exempt income, for each such fiscal year by virtue of clauses a, e and f of subsection 1 of section 22 in respect of the borrowed money used to acquire the depreciable property or the amount payable for the depreciable property acquired by it, if it so elects in prescribed manner on or before the day on or before which it is required by section 71 to file its return of income for the fiscal year, clauses a, e and f of subsection 1 of section 22 do not apply to the amount or to the part of the amount specified by it in its election that, but for this subsection, would have been deductible in computing its income, other than exempt income, for the fiscal year by virtue of those clauses in respect of the borrowed money used to acquire the depreciable property or the amount payable for the depreciable property acquired by it, and the said amount or part of the amount, as the case may be, shall be added to the capital cost to it of the depreciable property so acquired by it.

(4) In computing the income of a corporation for a fiscal year, where the corporation,

(a) in any preceding fiscal year made an election under subsection 2 in respect of borrowed money used for the purpose of exploration, prospecting or development; and

(b)
(b) in each fiscal year, if any, after that preceding fiscal year and before the fiscal year, made an election under this subsection covering the total amount that, but for this subsection, would have been deductible in computing its income, other than exempt income, for each such fiscal year by virtue of clauses a, e and f of subsection 1 of section 22 in respect of the borrowed money used for the exploration, prospecting and development,

if it so elects in prescribed manner on or before the day on or before which it is required by section 71 to file its return of income for the fiscal year, clauses a, e and f of subsection 1 of section 22 do not apply to the amount or to the part of the amount specified by it in its election that, but for this subsection, would have been deductible in computing its income, other than exempt income, for the fiscal year by virtue of those clauses in respect of the borrowed money used for the exploration, prospecting and development, and the said amount or part of the amount, as the case may be, shall be deemed to be exploration, prospecting and development expenses incurred by it in the fiscal year.

(3) Notwithstanding any other provision of this Act, where a corporation has made an election in accordance with the provisions of subsection 1 or 2, such reassessments of tax, interest or penalties shall be made as are necessary to give effect thereto.

(6) This section does not apply to a co-operative corporation for the period during which it was exempt by section 48 from payment of tax under this Act.

19. Subsection 4 of section 76 of The Corporations Tax Act, as amended by subsection 3 of section 38 of The Corporations Tax Amendment Act, 1968, is repealed and the following substituted therefor:

(4) The Minister may at any time assess tax, interest or penalties, or notify in writing any person by whom a return of income or other subject of tax for a fiscal year has been filed that no tax is payable for the fiscal year, and may,

(a) at any time, if the corporation or person filing the return,
(i) has made any misrepresentation or committed any fraud in filing the return or supplying any information under this Act, or

(ii) has failed to file financial statements with the return required to be filed under section 71, or

(iii) has been negligent in supplying any information under this Act, or

(iv) has filed with the Minister a waiver in a prescribed form within six years from the day of mailing of a notice of an original assessment or of a notification that no tax is payable for a fiscal year, or

(v) has claimed a deduction under section 51; and

(b) within six years from the day referred to in subclause iv of clause a, in any other case, reassess or make additional assessments or assess tax, interest or penalties, as the circumstances require.

20. The Corporations Tax Act is amended by adding thereto the following section:

89a. An information in respect of an offence against this Act shall be laid within six years of the time when the matter of the information arose.

21.—(1) Section 18 applies with respect to the 1968 and subsequent fiscal years.

(2) Subsection 1 of section 1, subsection 1 of section 2, sections 6, 10, 11 and 12, and subsection 2 of section 16 apply with respect to the 1969 and subsequent fiscal years.

(3) Subsection 2 of section 2, section 4, subsection 2 of section 5, section 14 and section 19 apply with respect to the 1970 and subsequent fiscal years.

(4) Subsections 3, 4, 5 and 6 of section 28 of the Act, as enacted by section 7 of this Act, are applicable to an outlay or expense incurred in a fiscal year ending after the 22nd day of October, 1968.
22. This Act comes into force on the day it receives Royal Assent.

23. This Act may be cited as The Corporations Tax Amendment Act, 1970.