

Notice of Ways and Means Motion to Amend the Income Tax Act and the Income Tax Regulations

That it is expedient to amend the *Income Tax Act* (the "Act") and the *Income Tax Regulations* (the "Regulations") as follows:

Lifetime Capital Gains Exemption

1 The Act is modified to give effect to the proposals relating to the Lifetime Capital Gains Exemption as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Canadian Entrepreneurs' Incentive

1 The Act is modified to give effect to the proposals relating to the Canadian Entrepreneurs' Incentive as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Capital Gains Inclusion Rate

1 The Act is modified to give effect to the proposals relating to the Capital Gains Inclusion Rate as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

The Volunteer Firefighters and Search and Rescue Volunteers Tax Credits

1 (1) The portion of subsection 118.06(2) of the Act before paragraph (a) is replaced by the following:

Volunteer firefighter tax credit

(2) For the purpose of computing the tax payable under this Part for a taxation year by an individual who performs eligible volunteer firefighting services in the year, there may be deducted the amount determined by multiplying \$6,000 by the appropriate percentage for the taxation year if the individual

(2) Subsection (1) applies to the 2024 and subsequent taxation years.

2 (1) The portion of subsection 118.07(2) of the Act before paragraph (a) is replaced by the following:

Search and rescue volunteer tax credit

(2) For the purpose of computing the tax payable under this Part for a taxation year by an individual who performs eligible search and rescue volunteer services in the year, there may be deducted the amount determined by multiplying \$6,000 by the appropriate percentage for the taxation year if the individual

(2) Subsection (1) applies to the 2024 and subsequent taxation years.

Mineral Exploration Tax Credit

1 (1) Paragraph (a) of the definition *flow-through mining expenditure* in subsection 127(9) of the Act is replaced by the following:

(a) that is a Canadian exploration expense incurred by a corporation after March 2024 and before 2026 (including, for greater certainty, an expense that is deemed by subsection 66(12.66) to be incurred before 2026) in conducting mining exploration activity from or above the surface of the earth for the purpose of determining the existence, location, extent or quality of a mineral resource described in paragraph (a) or (d) of the definition *mineral resource* in subsection 248(1),

(2) Paragraphs (c) and (d) of the definition *flow-through mining expenditure* in subsection 127(9) of the Act are replaced by the following:

(c) an amount in respect of which is renounced in accordance with subsection 66(12.6) by the corporation to the taxpayer (or a partnership of which the taxpayer is a member) under an agreement described in that subsection and made after March 2024 and before April 2025,

(d) that is not an expense that was renounced under subsection 66(12.6) to the corporation (or a partnership of which the corporation is a member), unless that renunciation was under an agreement described in that subsection and made after March 2024 and before April 2025, and

(3) Subsections (1) and (2) apply in respect of expenses renounced under a flow-through share agreement entered into after March 2024.

Alternative Minimum Tax

1 (1) Subparagraph 120.2(1)(b)(i) of the Act is replaced by the following:

(i) the amount that, but for this section, section 120 and subsection 120.4(2), would be the individual's tax payable under this Part for the particular year if the individual were not entitled to any deduction under section 126

(2) Paragraph 120.2(3)(b) of the Act is replaced by the following:

(b) the amount that, if this Act were read without reference to section 120, would be the individual's tax payable under this Part for the year if the individual were not entitled to any deduction under section 126, and

(3) Subsections (1) and (2) apply to taxation years that begin after December 31, 2023.

2 (1) The description of A in section 127.51 of the Act is replaced by the following:

A is 20.5%;

(2) Paragraph (a) of the description of C in section 127.51 of the Act is replaced by the following:

(a) the first dollar amount for the year referred to in paragraph 117(2)(d), in the case of an individual (other than a trust) or a qualified disability trust (as defined in subsection 122(3)); and

(3) Subsections (1) and (2) apply to taxation years that begin after December 31, 2023.

3 (1) Subparagraph 127.52(1)(d)(i) of the Act is replaced by the following:

(i) the references to the fraction applicable to the individual for the year in each of paragraphs 38(a) and (b) and section 41 were read as a reference to "1/1", and

(2) The formula in subparagraph 127.52(1)(d)(ii) of the Act is replaced by the following:

$$A \div B$$

(3) Subsection 127.52(1) of the Act is amended by adding the following after paragraph (d):

(d.1) in respect of a disposition to which paragraph 38(a.1) applies, the portion of that paragraph before subparagraph (i) were read as "a taxpayer's taxable capital gain for a taxation year from the disposition of a property is equal to 3/10 of the taxpayer's capital gain for the year from the disposition of the property if";

(4) The portion of subparagraph 127.52(1)(g)(ii) of the Act before clause (A) is replaced by the following:

(ii) the total of all amounts each of which is

(5) Clause 127.52(1)(g)(ii)(A) of the French version of the Act is replaced by the following:

(A) un montant attribué par la fiducie en application du paragraphe 104(21) pour l'année,

(6) The portion of clause 127.52(1)(g)(ii)(B) of the French version of the Act before subclause (I) is replaced by the following:

(B) la partie d'un gain en capital imposable net de la fiducie qu'il est raisonnable de considérer :

(7) Subparagraphs 127.52(1)(h)(i) to (vi) of the Act are replaced by the following:

(i) the amounts deducted under subsection 110(2),

(ii) $\frac{7}{5}$ of the amounts deducted under paragraph 110(1)(d.01) and any of subsections 110.6(2) and (2.1),

(iii) the amount that would be deductible under paragraph 110(1)(f) if the individual deducted $\frac{1}{2}$ of the amount the individual deducted for the year under subparagraph 110(1)(f)(v),

(iv) $\frac{1}{2}$ of the amount deducted for the year under subsection 110.7(1), and

(v) the amount deducted under paragraph 110(1)(g);

(8) Clauses 127.52(1)(i)(i)(A) and (B) of the Act before subclause (B)(I) are replaced by the following:

(A) $\frac{1}{2}$ of all amounts deducted for the year under paragraphs 111(1)(a), (c), (d) and (e), and

(B) the total of all amounts that would be deductible under those paragraphs for the year if the amount that would be deductible under paragraphs 111(1)(a), (c), (d) and (e) was $\frac{1}{2}$ of the amount that would otherwise be deductible under those paragraphs and if

(9) Clause 127.52(1)(i)(ii)(A) of the Act is replaced by the following:

(A) the total of all amounts deducted under paragraph 111(1)(b), and

(10) Clause 127.52(1)(i)(ii)(B) of the Act is amended by striking out “and” at the end of subclause (II) and by replacing subclause (III) with the following:

(III) paragraphs (c.1) and (d) of this subsection applied in computing the individual's net capital loss for any taxation year that ends after 2011 and begins before 2024, and

(IV) paragraph (c.1) of this subsection applied in computing the individual's net capital loss for any taxation year that begins after 2023; and

(11) Paragraph 127.52(1)(j) of the Act is replaced by the following:

(j) in computing the individual's income for the year, the individual deducted $\frac{1}{2}$ of the amount deducted for the year under

(i) paragraphs 8(1)(c) to (e), (g) to (l.2) and (p) to (t),

(ii) paragraphs 20(1)(c) to (f) in respect of an amount borrowed to earn income from property for the year, other than an amount described under any of paragraphs (b), (c), (c.2), (c.3) and (e.1),

(iii) paragraphs 60(e), (e.1) and (g),

- (iv) subsections 62(1) and (2),
- (v) subsections 63(1) and (2.2), and
- (vi) section 64.

(12) Subsections (1) to (11) apply to taxation years that begin after December 31, 2023.

4 (1) Paragraphs 127.531(a) and (b) of the Act are replaced by the following:

- (a) $\frac{1}{2}$ of an amount deducted under any of subsections 118(1), (2), (3) and (10), sections 118.01 to 118.07, subsections 118.3(1), (2) and (3) and sections 118.5 to 118.9 in computing the individual's tax payable for the year under this Part;
- (b) $\frac{1}{2}$ of the amount that was claimed under section 118.2 in computing the individual's tax payable for the year under this Part, determined without reference to this Division, to the extent that the amount claimed does not exceed the maximum amount deductible under that section in computing the individual's tax payable for the year under this Part, determined without reference to this Division;
- (c) $\frac{4}{5}$ of the amount that was claimed under section 118.1 in computing the individual's tax payable for the year under this Part, determined without reference to this Division, to the extent that the amount claimed does not exceed the maximum amount deductible under that section in computing the individual's tax payable for the year under this Part, determined without reference to this Division; and
- (d) an amount deducted under section 119 or subsection 127(1) in computing the individual's tax payable for the year under this Part.

(2) Subsection (1) applies to taxation years that begin after December 31, 2023.

5 (1) Paragraph (b) of the definition *foreign income* in subsection 127.54(1) of the Act is replaced by the following:

- (b) the individual's incomes for the year (as would be determined if paragraph 127.52(1)(d) were applicable) from sources in countries other than Canada in respect of which the individual has paid *non-business-income taxes*, within the meaning assigned by subsection 126(7), to governments of countries other than Canada; (*revenu de source étrangère*)

(2) The description of A in subparagraph 127.54(2)(b)(ii) of the Act is replaced by the following:

A is 20.5%, and

(3) Subsections (1) and (2) apply to taxation years that begin after December 31, 2023.

6 (1) Paragraph 127.55(f) of the Act is replaced by the following:

- (f) a taxation year of a trust throughout which the trust is
 - (i) a trust referred to in paragraph 150(1.2)(f), (g), (i), (j), (l) or (n),
 - (ii) an *investment fund* (as defined under subsection 251.2(1)) unless the trust is an investment fund throughout the taxation year as part of a transaction or event or series of transactions or events one of the main purposes of which is to avoid tax under this Division,
 - (iii) a trust
 - (A) all of the beneficiaries of which are any combination of
 - (I) persons exempt from tax under this Division, or

- (II) trusts described in this subparagraph,
- (B) under which no person (other than a person described in subclause (A)(I) or (II)) can be added as a beneficiary,
- (C) in which all interests are *fixed interests* (as defined in subsection 94(1)), and
- (D) that is irrevocable,
- (iv) a trust that is exempt from tax under this Part,
- (v) a trust described in subsection 143(1),
- (vi) a unit trust if the total fair market value of the units of the trust that are listed on a designated stock exchange represents all or substantially all of the total fair market value of all the units of the trust,
- (vii) an employee ownership trust,
- (viii) a trust if
 - (A) it is established
 - (I) under a law of Canada or a province and is for the benefit of an Indigenous group, community or people that holds rights recognized and affirmed by section 35 of the *Constitution Act, 1982*, or
 - (II) under a treaty, or a settlement agreement, between His Majesty in right of Canada, or His Majesty in right of a province, and an Indigenous group, community or people described in subclause (I), and
 - (B) all or substantially all of the contributions to the trust before the end of the taxation year are amounts paid under the law, treaty or settlement agreement described in subclauses (A)(I) or (II), or are reasonably traceable to those amounts,
- (ix) a trust, all of the beneficiaries of which are any combination of
 - (A) all of the members of an Indigenous group, community or people that holds rights recognized and affirmed by section 35 of the *Constitution Act, 1982*,
 - (B) a public body performing a function of government in Canada within the meaning of paragraph 149(1)(c) in relation to an Indigenous group, community or people that holds rights recognized and affirmed by section 35 of the *Constitution Act, 1982*,
 - (C) a person described under paragraph 149(1)(f) or (l) that is organized and operated primarily for health, education, social welfare or community improvement for the benefit of the members of an Indigenous group, community or people that holds rights recognized and affirmed by section 35 of the *Constitution Act, 1982*,
 - (D) a corporation all of the shares (except directors' qualifying shares) or of the capital of which are owned by a person described in clause (B) or clause (C), a trust described in subparagraph (viii), another corporation that is described in this clause, or a combination of these persons, or
 - (E) a trust described in subparagraph (viii).

(2) Subsection (1) applies to taxation years that begin after December 31, 2023.

Canada Child Benefit

1 (1) Section 122.62 of the Act is amended by adding the following after subsection (8):

Death of child – qualified dependant

(9) For the purposes of this Subdivision (other than subsection (4)), a person is deemed to be a qualified dependant at the beginning of a month if

- (a)** the person died in any of the six preceding months;
- (b)** the person’s date of birth was not 18 years or more prior to the beginning of the month; and
- (c)** the person was a qualified dependant immediately prior to their death.

Death of child – eligible individual

(10) For the purposes of this Subdivision (other than subsection (4)), a person is deemed to be an eligible individual in respect of a qualified dependant at the beginning of a month if

- (a)** that qualified dependant is a qualified dependant at the beginning of that month because of subsection (9); and
- (b)** the person was an eligible individual in respect of the qualified dependant immediately before the qualified dependant’s death.

Death of child

(11) For the purposes of paragraphs (a) and (b) of the description of E in subsection 122.61(1), if a person is deemed to be a qualified dependant at the beginning of a month because of subsection (9), the person is deemed to be the age at the beginning of that month that the person would have been at the beginning of that month had the person not died.

Death of child – disability tax credit

(12) For the purposes of paragraph (a) of the description of N in subsection 122.61(1), if a person died on or after July 1 of a particular taxation year and an amount could have been deducted in respect of that person under section 118.3 for that taxation year, an amount is deemed to be deductible under section 118.3 in respect of that person for the immediately following taxation year.

(2) Subsection (1) applies in respect of the death of a person that occurs after 2024.

Disability Supports Deduction

1 (1) Subparagraph (ii) of the description of A in paragraph 64(a) of the Act is amended by striking out “and” at the end of clause (P) and by adding the following after clause (Q):

- (R)** where the taxpayer has a severe and prolonged impairment in physical functions, for the cost of an ergonomic work chair prescribed by a medical practitioner, including related amounts paid for an ergonomic assessment to a person engaged in the business of providing such services,
- (S)** where the taxpayer has a severe and prolonged impairment in physical functions, for the cost of a bed positioning device prescribed by a medical practitioner, including related amounts paid for an ergonomic assessment to a person engaged in the business of providing such services,
- (T)** where the taxpayer has a severe and prolonged impairment in physical functions, for the cost of a mobile computer cart prescribed by a medical practitioner,
- (U)** where the taxpayer has an impairment in physical or mental functions, for the cost of an alternative input device prescribed by a medical practitioner to allow the taxpayer to use a computer,
- (V)** where the taxpayer has an impairment in physical or mental functions, for the cost of a digital pen device prescribed by a medical practitioner to allow the taxpayer to use a computer,
- (W)** where the taxpayer has a vision impairment, for the cost of a navigation device for low vision that is prescribed by a medical practitioner,
- (X)** where the taxpayer has an impairment in mental functions, for the cost of memory or organizational aids that are prescribed by a medical practitioner, and

(Y) where the taxpayer is blind or profoundly deaf or has severe autism, severe diabetes, severe epilepsy, severe mental impairment or a severe and prolonged impairment that markedly restricts the use of the taxpayer's arms or legs, for the cost of goods, services and expenses described in subparagraphs 118.2(2)(I)(i) to (iv) if the references in those subparagraphs to the "patient" were read as references to the "taxpayer" and the animal described in subparagraph 118.2(2)(I)(i) is prescribed by a medical practitioner,

(2) Subsection (1) applies to the 2024 and subsequent taxation years.

Employee Ownership Trust Tax Exemption

1 The Act is modified to give effect to the proposals relating to the Employee Ownership Trust Tax Exemption as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Charities and Qualified Donees

1 (1) Subsection 149.1(1) of the Act is amended by adding the following in alphabetical order:

registered foreign charity means a person described in subparagraph (a)(v) of the definition *qualified donee* in this subsection; (*organisme de bienfaisance étranger enregistré*)

(2) Subsection 149.1(6.3) of the Act is replaced by the following:

Designation as public foundation, etc.

(6.3) The Minister may, by notice sent by registered mail, or electronically if authorized in accordance with subsection 244(14.3), to a registered charity, on the Minister's own initiative or on application made to the Minister in prescribed form, designate the charity to be a charitable organization, private foundation or public foundation and the charity shall be deemed to be registered as a charitable organization, private foundation or public foundation, as the case may be, for taxation years commencing after the day of mailing or sending of the notice unless and until it is otherwise designated under this subsection or its registration is revoked under subsection (2), (3), (4), (4.1) or 168(2).

(3) Section 149.1 of the Act is amended by adding the following after subsection (14.1):

Information returns

(14.2) Every registered foreign charity must, within six months from the end of each taxation year of the charity and without notice or demand, file with the Minister a public information return for the year in prescribed form and containing prescribed information.

(4) Paragraph 149.1(15)(a) of the Act is replaced by the following:

(a) the information contained in a public information return referred to in subsection (14), (14.1) or (14.2), and the filing status of information returns required by that subsection, must be communicated or otherwise made available to the public by the Minister in such manner as the Minister considers appropriate;

(5) Subsection 149.1(22) of the Act is replaced by the following:

Refusal to register

(22) The Minister may by mail, or electronically if authorized in accordance with subsection 244(14.3), give notice to a person that the application of the person for registration as a qualified donee referred to in subparagraph (a)(i) or (iii) or any of paragraphs (b) to (c) of the definition *qualified donee* in subsection (1) is refused.

(6) Subsection 149.1(23) of the Act is replaced by the following:

Annulment of registration

(23) The Minister may by registered mail, or electronically if authorized in accordance with subsection 244(14.3), give notice to a person that the registration of the person as a registered charity is annulled and deemed not to have been so registered, if the person was so registered by the Minister in error or the person has, solely as a result of a change in law, ceased to be a charity.

(7) The portion of subsection 149.1(26) of the Act before paragraph (a) is replaced by the following:

Foreign charities

(26) For the purposes of subparagraph (a)(v) of the definition *qualified donee* in subsection (1), the Minister may register, in consultation with the Minister of Finance, a foreign charity for a 36-month period that includes the time at which His Majesty in right of Canada has made a gift to the foreign charity, if

(8) Subsections (1) and (3) are deemed to have come into force on the day after Budget Day and apply to taxation years that begin after that day.

(9) Subsection (7) applies to registrations after Budget Day.

2 (1) The portion of subsection 168(1) of the Act before paragraph (a) is replaced by the following:

Notice of intention to revoke registration

168 (1) The Minister may by registered mail, or electronically if authorized in accordance with subsection 244(14.3), give notice to a person described in any of paragraphs (a) to (c) of the definition *qualified donee* in subsection 149.1(1) that the Minister proposes to revoke its registration if the person

(2) Paragraph 168(1)(c) of the Act is replaced by the following:

(c) in the case of a registered charity, registered foreign charity, registered Canadian amateur athletic association or registered journalism organization, fails to file an information return as and when required under this Act or a regulation;

(3) Subsection 168(2) of the Act is replaced by the following:

Revocation of registration

(2) If the Minister gives notice under subsection (1) to a registered charity, a registered Canadian amateur athletic association or a registered journalism organization,

(a) if it has applied to the Minister in writing for the revocation of its registration, the Minister shall, forthwith after the mailing or sending of the notice, publish a copy of the notice on an internet webpage of the Government of Canada, and on that publication of a copy of the notice, the registration is revoked;

(b) in any other case, the Minister may, after the expiration of 30 days from the day of mailing or sending of the notice, or after the expiration of such extended period from the day of mailing or sending of the notice as the Federal Court of Appeal or a judge of that Court, on application made at any time before the determination of any appeal pursuant to subsection 172(3) from the giving of the notice, may fix or allow, publish a copy of the notice on an internet webpage of the Government of Canada, and on that publication of a copy of the notice, the registration is revoked; and

(c) the Minister shall maintain a permanent record of the notice and make the notice available to the public in such manner as the Minister considers appropriate.

(4) The portion of subsection 168(4) of the Act before paragraph (a) is replaced by the following:

Objection to proposal or designation

(4) A person may, on or before the day that is 90 days after the day on which the notice was mailed or sent, serve on the Minister a written notice of objection in the manner authorized by the Minister, setting out the reasons for the objection and all the relevant facts, and the provisions of subsections 165(1), (1.1) and (3) to (7) and sections 166, 166.1 and 166.2 apply, with any modifications that the circumstances require, as if the notice were a notice of assessment made under section 152, if

3 Subsection 188.1(6) of the Act is replaced by the following:

Failure to file information returns

(6) Every registered charity, registered foreign charity, registered Canadian amateur athletic association and registered journalism organization that fails to file a return for a taxation year as and when required by subsection 149.1(14), (14.1) or (14.2) is liable to a penalty equal to \$500.

4 (1) The portion of subsection 188.2(1) of the Act before paragraph (a) is replaced by the following:

Notice of suspension with assessment

188.2 (1) The Minister shall, with an assessment referred to in this subsection, give notice by registered mail, or electronically if authorized in accordance with subsection 244(14.3), to a registered charity, registered Canadian amateur athletic association or registered journalism organization that its authority to issue an official receipt referred to in Part XXXV of the *Income Tax Regulations* is suspended for one year from the day that is seven days after the day on which the notice is mailed or sent, if the Minister has assessed the charity, association or organization for a taxation year for

(2) The portion of subsection 188.2(2) of the Act before paragraph (a) is replaced by the following:

Notice of suspension – general

(2) The Minister may give notice by registered mail, or electronically if authorized in accordance with subsection 244(14.3), to a person referred to in any of paragraphs (a) to (c) of the definition *qualified donee* in subsection 149.1(1) that the authority of the person to issue an official receipt referred to in Part XXXV of the *Income Tax Regulations* is suspended for one year from the day that is seven days after the day on which the notice is mailed or sent

(3) Subsection 188.2(2.1) of the Act is replaced by the following:

Suspension – failure to report

(2.1) If a registered charity, a registered foreign charity, a registered Canadian amateur athletic association or a registered journalism organization fails to report information that is required to be included in a return filed under subsection 149.1(14), (14.1) or (14.2) the Minister may give notice by registered mail, or electronically if authorized in accordance with subsection 244(14.3), to the charity, association or organization that its authority to issue an official receipt referred to in Part XXXV of the *Income Tax Regulations* is suspended from the day that is seven days after the day on which the notice is mailed or sent until such time as the Minister notifies the charity, association or organization that the Minister has received the required information in prescribed form.

(4) Paragraph 188.2(3)(a) of the English version of the Act is replaced by the following:

(a) the qualified donee is deemed, in respect of gifts made and property transferred to the qualified donee within the one-year period that begins on the day that is seven days after the day on which the notice is mailed or sent, not to be a qualified donee for the purposes of subsections 110.1(1) and 118.1(1) and Part XXXV of the *Income Tax Regulations*; and

5 Subsection 189(8) of the Act is amended by striking out “and” at the end of paragraph (a) and by replacing paragraph (b) with the following:

(b) the reference in each of subsections 165(2) and 166.1(3) to the expression “Chief of Appeals in a District Office or a Taxation Centre” is to be read as a reference to the expression “Appeals Branch”; and

(c) despite subsections 165(2) and 166.1(3), a person may serve a notice of objection under subsection 165(1) or make an application under subsection 166.1(1) in any manner authorized by the Minister.

6 Section 244 of the Act is amended by adding the following after subsection (14.2):

Electronic notice — qualified donees

(14.3) Despite subsection (14.2), a notice issued under any of subsections 149.1(6.3), (22) or (23), subsection 168(1) or subsections 188.2(1), (2) or (2.1) that is made available in electronic format such that it can be read or perceived by an individual or a computer system or other similar device, and that refers to the business number, trust account number or registration number of a person, is presumed to be sent to the person and received by the person on the date that it is posted by the Minister in the secure electronic account in respect of a business number, trust account number or registration number of the person, if the person has authorized that notices may be made available in that manner and has not at least 30 days before that date revoked that authorization in a manner specified by the Minister.

7 (1) Paragraph 3501(1)(d) of the Regulations is repealed.

(2) Paragraph 3501(1)(e.1) of the Regulations is amended by adding “and” at the end of subparagraph (i), by removing “and” at the end of subparagraph (ii) and by repealing subparagraph (iii).

(3) Paragraph 3501(1)(g) of the Regulations is replaced by the following:

(g) the name and address of the donor including, in the case of an individual, the individual’s first name;

(4) Paragraph 3501(1)(j) of the Regulations is replaced by the following:

(j) the name and Internet webpage of the Canada Revenue Agency.

(5) Paragraph 3501(1.1)(c) of the Regulations is repealed.

(6) Paragraph 3501(1.1)(e) of the Regulations is amended by adding “and” at the end of subparagraph (i), by removing “and” at the end of subparagraph (ii) and by repealing subparagraph (iii).

(7) Paragraph 3501(1.1)(g) of the Regulations is replaced by the following:

(g) the name and address of the donor including, in the case of an individual, the individual’s first name;

(8) Paragraph 3501(1.1)(j) of the Regulations is replaced by the following:

(j) the name and Internet webpage of the Canada Revenue Agency.

(9) Subsection 3501(2) of the Regulations is replaced by the following:

(2) Except as provided in subsection (3), (3.1) or (3.2), every official receipt shall be signed personally by an individual referred to in paragraph (1)(i) or (1.1)(i).

(10) Section 3501 of the Regulations is amended by adding the following after subsection (3.1):

(3.2) Where an official receipt is electronically issued, it may contain a digital signature if

(a) it has a unique serial number; and

(b) it is issued and sent in a secure and non-editable format.

(11) Subsection 3501(5) of the Regulations is replaced by the following:

(5) A spoiled official receipt form shall be marked “cancelled” or “void” and such form shall be retained by the registered organization or the other recipient of a gift as part of its records.

Home Buyers' Plan

1 The Act is modified to give effect to the proposals relating to the Home Buyers' Plan as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Indigenous Child and Family Services Settlement

1 (1) The portion of subparagraph 81(1)(g.3)(i) of the Act before clause (A) is replaced by the following:

(i) the taxpayer is a trust established under

(2) Subparagraph 81(1)(g.3)(i) of the Act is amended by striking out “or” at the end of clause (D), by replacing “and” at the end of clause (E) with “or” and by adding the following after clause (E):

(F) the Settlement Agreement entered into by His Majesty in right of Canada, dated effective as of April 19, 2023, in respect of the class actions relating to the First Nations Child and Family Services, Jordan's Principle and Trout Class, and

(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2024.

Clean Electricity Investment Tax Credit

1 The Act is modified to give effect to the proposals relating to the Clean Electricity Investment Tax Credit as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Polymetallic Extraction and Processing

1 The Act is modified to give effect to the proposals relating to the Polymetallic Extraction and Processing as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Accelerated Capital Cost Allowance for Productivity – Enhancing Assets

1 The Act is modified to give effect to the proposals relating to the Accelerated Capital Cost Allowance for Productivity – Enhancing Assets as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Accelerated Capital Cost Allowance for Purpose-Built Rental Housing

1 The Act is modified to give effect to the proposals relating to the Accelerated Capital Cost Allowance for Purpose-Built Rental Housing as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Canada Carbon Rebate for Small Businesses

1 The Act is modified to give effect to the proposals relating to the Canada Carbon Rebate for Small Businesses as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Interest Deductibility Limits – Purpose-Built Rental Housing

1 The Act is modified to give effect to the proposals relating to the Interest Deductibility Limits – Purpose-Built Rental Housing as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Non-Compliance with Information Requests

1 (1) The portion of subsection 231.1(1) of the Act before paragraph (a) is replaced by the following:

Information gathering

231.1 (1) An authorized person may, at all reasonable times, for any purpose related to the administration or enforcement of this Act (including the collection of any amount payable under this Act by any person), of a listed international agreement or, for greater certainty, of a tax treaty with another country,

(2) Subsection 231.1(1) of the Act is amended by striking out “and” at the end of paragraph (d), by adding “and” at the end of paragraph (e) and by adding the following after paragraph (e):

(f) subject to subsection (4), require a taxpayer or any other person to provide and deliver, in a reasonable manner, within a reasonable period of time and without cost to His Majesty in right of Canada,

(i) any information or additional information, including a return of income or a supplementary return, or

(ii) any document.

(3) Section 231.1 of the Act is amended by adding the following after subsection (3):

Not applicable to unnamed persons

(4) An authorized person shall not impose on a taxpayer or any other person a requirement under paragraph (1)(f) to provide information or any document relating to one or more unnamed persons for which an application under subsection 231.2(3) would be required if the information or document was sought under a notice of requirement under section 231.2.

2 (1) The portion of subsection 231.2(1) of the Act before paragraph (a) is replaced by the following:

Requirement to provide documents or information

231.2 (1) Notwithstanding any other provision of this Act, the Minister may, subject to subsection (2), for any purpose related to the administration or enforcement of this Act (including the collection of any amount payable under this Act by any person), of a listed international agreement or, for greater certainty, of a tax treaty with another country, by notice sent or served in accordance with subsection (1.1), require that any person provide, within such reasonable time and in such reasonable manner as is stipulated in the notice, without cost to His Majesty in right of Canada,

(2) Paragraph 231.2(3)(b) of the Act is replaced by the following:

(b) the requirement is made to verify compliance by the person or persons in the group with any duty or obligation under this Act, a listed international agreement or, for greater certainty, a tax treaty with another country.

3 The Act is amended by adding the following after section 231.4:

Documents and information – oath or affirmation

231.41 A requirement or notice sent or served on a person under section 231.1, 231.2 or 231.6 may require that the person provide any answers to questions, information or documents sought by the Minister under those sections orally, under oath or affirmation, or by affidavit.

4 Section 231.5 of the Act is replaced by the following:

Copies

231.5 If any document is seized, inspected, audited, examined or provided under any of sections 231.1 to 231.4 and 231.6, the person by whom it is seized, inspected, audited or examined or to whom it is provided or any officer of the Canada Revenue Agency may make, or cause to be made, one or more copies thereof and, in the case of an electronic document, make or cause to be made, a print-out of the electronic document, and any document purporting to be

certified by the Minister or an authorized person to be a copy of the document, or to be a print-out of an electronic document, made pursuant to this section is evidence of the nature and content of the original document and has the same probative force as the original document would have if it were proven in the ordinary way.

Compliance

231.51 No person shall, physically or otherwise, interfere with, hinder or molest an official (in this section having the meaning assigned by subsection 241(10)) doing anything that the official is authorized to do under this Act or attempt to interfere with, hinder or molest any official doing or prevent or attempt to prevent an official from doing, anything that the official is authorized to do under this Act, and every person shall, unless the person is unable to do so, do everything that the person is required to do by or under sections 231.1 to 231.6.

5 (1) Subsections 231.6(1) and (2) of the Act are replaced by the following:

Definition of foreign-based information or document

231.6 (1) For the purposes of this section, *foreign-based information or document* means any information or document that is available or located outside Canada and that may be relevant to the administration or enforcement of this Act, of a listed international agreement or, for greater certainty, of a tax treaty with another country, including the collection of any amount payable under this Act by any person.

Requirement to provide foreign-based information

(2) Notwithstanding any other provision of this Act, the Minister may, by notice sent or served in accordance with subsection (3.1), require that a person resident in Canada or a non-resident person carrying on business in Canada provide and deliver, within such reasonable time and in such reasonable manner as is stipulated in the notice, without cost to His Majesty in right of Canada, any foreign-based information or document.

(2) Paragraph 231.6(3)(a) of the Act is replaced by the following:

(a) a reasonable period of time of not less than 90 days after the notice is sent or served for the production of the information or document;

(3) Subsection 231.6(5) of the Act is amended by adding “or” at the end of paragraph (a) and by replacing paragraphs (b) and (c) with the following:

(b) vary or set aside the requirement if the judge determines that the requirement is unreasonable.

(4) Subsection 231.6(8) of the Act is replaced by the following:

Consequence of failure

(8) If a person fails to comply substantially with a notice sent or served under subsection (2) and if the notice is not set aside by a judge pursuant to subsection (5), any court having jurisdiction in a civil proceeding relating to the administration or enforcement of this Act, of a listed international agreement or, for greater certainty, of a tax treaty with another country, shall, on motion of the Minister, prohibit the introduction by that person of any foreign-based information or document covered by that notice.

6 (1) Subsection 231.7(1) of the Act is replaced by the following:

Compliance order

231.7 (1) On summary application by the Minister, a judge may, notwithstanding subsection 238(2), order a person to provide any access, assistance, information or document sought by the Minister under section 231.1, 231.2 or 231.6, and answer all questions either orally or in writing as required by paragraph 231.1(1)(d), if the judge is satisfied that

(a) the person was required under

(i) section 231.1, 231.2 or 231.6 to provide the access, assistance, information or document and did not do so, or

(ii) paragraph 231.1(1)(d) to answer questions orally or in writing and the person did not do so; and

(b) in the case of information, a document or an answer to a question, the information, document or answer is not protected from disclosure by solicitor-client privilege.

(2) Section 231.7 of the Act is amended by adding the following after subsection (5):

Penalties

(6) If an order under subsection (1) is issued in respect of a taxpayer's failure to comply, the taxpayer is, in addition to any penalty otherwise provided, liable to a penalty of 10% of the aggregate amount of tax payable by the taxpayer under this Act for each taxation year of the taxpayer in respect of which the order relates.

Threshold amount of tax

(7) Subsection (6) does not apply if the amount of tax payable by the taxpayer under this Act for each taxation year in respect of which the order under subsection (1) relates is less than \$50,000.

Make application at any time

(8) The Minister may apply for a compliance order under subsection (1) before or after sending a notice described under subsection 231.9(1).

Assessment

(9) The Minister may at any time assess any amount payable under subsection (6) by any person and, if the Minister makes such an assessment, the provisions of Divisions I and J apply, with such modifications as the circumstances require, in respect of the assessment as though it had been made under section 152.

7 Section 231.8 of the Act is replaced by the following:

Time period not to count

231.8 (1) The following periods of time shall not be counted in the computation of the period of time within which an assessment may be made for a taxation year of a taxpayer under subsection 152(4):

(a) if the taxpayer, or a person that does not deal at arm's length with the taxpayer, is sent or served with a requirement under subsection 231.1(1), the period of time between the day on which an application for judicial review in respect of the requirement is made and the day on which the application is finally disposed of;

(b) if the taxpayer, or a person that does not deal at arm's length with the taxpayer, is sent or served with a notice of a requirement under subsection 231.2(1), the period of time between the day on which an application for judicial review in respect of the requirement is made and the day on which the application is finally disposed of;

(c) if the taxpayer, or a person that does not deal at arm's length with the taxpayer, is sent or served with a notice of requirement under subsection 231.6(2), the period of time between the day on which the taxpayer or the non-arm's length person applies to a judge for review under subsection 231.6(4) and the day on which the application is finally disposed of;

(d) if an application is commenced by the Minister under subsection 231.7(1) to order the taxpayer, or a person that does not deal at arm's length with the taxpayer, to provide any access, assistance, information or document, the period of time between the day on which the taxpayer or the non-arm's length person files a notice of appearance, or otherwise opposes the application, and the day on which the application is finally disposed of;

(e) if the taxpayer, or a person that does not deal at arm's length with the taxpayer, is sent or served with a notice of non-compliance under subsection 231.9(1), the period of time that the notice of non-compliance is outstanding; and

(f) if, under subsection 231.9(7), a judge has vacated a notice of non-compliance sent to, or served on, the taxpayer, or a person that does not deal at arm's length with the taxpayer, the period of time between the day on which the taxpayer or the non-arm's length person applies to a judge for review under subsection 231.9(6) and the day on which the application is finally disposed of.

When finally disposed of

(2) For the purposes of subsection (1), an application is finally disposed of when the application is disposed of and the time to appeal the application has expired and, in the case of an appeal, when the appeal and any further appeal is disposed of or the time for filing any further appeal has expired.

Notice of non-compliance

231.9 (1) The Minister may, at any time, send to a person or serve a person with a notice of non-compliance if the Minister determines that the person has not complied in full or in part with

(a) a requirement under paragraph 231.1(1)(d) or (f);

(b) a requirement under paragraph 231.1(1)(e) to provide an authorized person with all reasonable assistance necessary to allow the authorized person to do anything the authorized person is authorized to do under paragraphs 231.1(1)(a) to (c); or

(c) a notice sent or served under subsection 231.2(1) or 231.6(2).

Contents of notice of non-compliance

(2) A notice of non-compliance under subsection (1) shall set out, in respect of each taxation year of the taxpayer under review, the manner in which the person that has been sent or served with the notice of non-compliance has failed to comply with a requirement or notice described in any of paragraphs (1)(a) to (c).

Notice

(3) A notice of non-compliance referred to in subsection (1) may be

(a) served personally;

(b) sent by registered or certified mail; or

(c) sent electronically to a bank or credit union that has provided written consent to receive notices of non-compliance under subsection (1) electronically.

Request for review

(4) A person who is sent or served with a notice of non-compliance under subsection (1) may, within 90 days after the day on which the notice of non-compliance is sent or served, request in writing to the Minister that the notice of non-compliance be reviewed and make a representation or submission to the Minister in that regard.

Minister's review

(5) Within 180 days from the date of receipt by the Minister of a request by a person under subsection (4), the Minister shall

(a) confirm, vary or vacate the notice of non-compliance sent or served under subsection (1); and

(b) notify the person in writing of the Minister's decision.

When required to set aside

(6) A notice of non-compliance shall be vacated under subsection (5) if the Minister determines that it was unreasonable to issue the notice of non-compliance, or that the person had, prior to the issuance of the notice of non-compliance, done

everything reasonably necessary to comply with each requirement or notice in respect of which the notice of non-compliance was issued.

Application for review of decision

(7) A person may, within 90 days after the day on which the person is notified of the Minister's decision under subsection (5), apply to a judge for a review of that decision.

Powers on review

(8) On hearing an application under subsection (7) in respect of a decision by the Minister, a judge may

(a) confirm the decision; or

(b) vary or vacate the notice of non-compliance if the judge determines that the Minister's decision was not reasonable.

When notice vacated

(9) If a notice of non-compliance is vacated under subsection (5) or (8), it is deemed to have never been sent or served.

When notice outstanding

(10) For the purposes of subsection (11) and paragraph 231.8(1)(e), a notice of non-compliance is outstanding from the day that it is sent to, or served on, a person until the day on which the person has, to the satisfaction of the Minister, complied, or demonstrated that they have done everything reasonably necessary to comply, with each requirement or notice in respect of which the notice of non-compliance was issued.

Penalty

(11) A person sent or served a notice of non-compliance under subsection (1) is liable to a penalty of \$50 for each day the notice of non-compliance is outstanding, to a maximum of \$25,000.

Assessment

(12) The Minister may at any time assess any amount payable under subsection (11) by any person and, if the Minister makes such an assessment, the provisions of Divisions I and J apply, with such modifications as the circumstances require, in respect of the assessment as though it had been made under section 152.

Avoidance of Tax Debts

1 (1) The portion of subsection 160(5) of the Act before paragraph (a) is replaced by the following:

Anti-avoidance rules

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

(2) Section 160 of the Act is amended by adding the following after subsection (5):

Deemed transfer - conditions

(6) Subsection (7) applies in respect of a transaction or series of transactions if, as part of the transaction or series of transactions,

(a) a person (in this subsection referred to as the "planner") has transferred property, either directly or indirectly, by means of a trust or by any other means whatever, to a person (in this subsection referred to as the "transferee") or a person not dealing at arm's length with the transferee, pursuant to the direction of, or with the concurrence of the transferee;

(b) another person (in this subsection referred to as the “transferor”) has transferred a property (in this subsection referred to as the “particular property”), either directly or indirectly, by means of a trust or by any other means whatever, to the planner or any other person; and

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

Deemed transfer

(7) If this subsection applies in respect of a transaction or series of transactions, for the purposes of this section, the transferor (within the meaning of subsection (6)) is deemed to have transferred the particular property to the transferee (within the meaning of subsection (6)) as part of the transaction or series of transactions.

(8) If a transaction or series of transactions is a *section 160 avoidance transaction* (as defined in subsection 160.01(1)), in determining the amount the transferee and transferor are jointly and severally, or solidarily, liable to pay under this section, the fair market value of the consideration given, if any, by the transferee for any transferred property is deemed to be nil if

(a) the transaction or series of transactions is described in paragraph (a) or (c) of the definition *section 160 avoidance transaction* in subsection 160.01(1); or

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

(3) Subsections (1) and (2) apply in respect of a transaction or series of transactions that occurs on or after Budget Day.

2 (1) The definition “section 160 avoidance transaction” in subsection 160.01(1) of the Act is amended by striking out “or” at the end of paragraph (a), by adding “or” at the end of paragraph (b) and by adding the following after paragraph (b):

(c) subsection 160(7) deems there to have been a transfer of property from the transferor to the transferee.

(2) The definition *transferee* in subsection 160.01(1) of the Act is replaced by the following:

transferee has the meaning assigned by subsections 160(1), (5) and (7). (*bénéficiaire du transfert*)

(3) The definition *transferor* in subsection 160.01(1) of the Act is replaced by the following:

transferor has the meaning assigned by subsections 160(1), (5) and (7). (*auteur du transfert*)

(4) Subsections (1) to (3) apply in respect of a transaction or series of transactions that occurs on or after Budget Day.

Reportable and Notifiable Transactions Penalty

1 (1) The portion of subsection 238(1) of the Act before paragraph (a) is replaced by the following:

Offences and punishment

238 (1) Every person who has failed to file or make a return — other than a return under section 237.3 or 237.4 — as and when required by or under this Act or a regulation or who has failed to comply with subsection 116(3), 127(3.1) or (3.2), 147.1(7) or 153(1), any of sections 230 to 232, 244.7 and 267 or a regulation made under subsection 147.1(18) or with an order made under subsection (2) is guilty of an offence and, in addition to any penalty otherwise provided, is liable on summary conviction to

(2) Subsection (1) is deemed to have come into force on June 22, 2023.

Mutual Fund Corporations

1 (1) The portion of subsection 131(8) of the Act before paragraph (a) is replaced by the following:

Meaning of *mutual fund corporation*

(8) Subject to subsections 131(8.1) to (8.3), a corporation is, for the purposes of this section, a mutual fund corporation at any time in a taxation year if, at that time, it was a prescribed labour-sponsored venture capital corporation or

(2) Section 131 of the Act is amended by adding the following after subsection (8.1):

Substantial interest

(8.2) A corporation (other than a prescribed labour-sponsored venture capital corporation) is deemed not to be a mutual fund corporation after a particular time if, at that time,

(a) a person or partnership, or any combination of persons or partnerships that do not deal with each other at arm's length (in either case, referred to in this subsection and subsection (8.3) as "specified persons") own, in the aggregate, shares of the capital stock of the corporation having a fair market value of more than 10% of the fair market value of all of the issued and outstanding shares of the capital stock of the corporation; and

(b) the corporation is controlled by or for the benefit of one or more specified persons.

Exception

(8.3) Subsection (8.2) does not apply to a corporation if, at the particular time referred to in subsection (8.2),

(a) the corporation was incorporated not more than two years before the particular time; and

(b) the aggregate fair market value of the shares of the capital stock of the corporation owned by specified persons does not exceed \$5,000,000.

(3) Subsections (1) and (2) apply to taxation years that begin after 2024.

Synthetic Equity Arrangements

1 The Act is modified to give effect to the proposals relating to the Synthetic Equity Arrangements as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Manipulation of Bankrupt Status

1 (1) Paragraph (i) of the description of B of the definition *forgiven amount* in subsection 80(1) of the Act is replaced by the following:

(i) if the debtor is an individual who is a bankrupt at that time, the principal amount of the obligation,

(2) Subsection (1) applies in respect of bankruptcy proceedings that are commenced on or after Budget Day.

2 (1) Subsection 128(1) of the Act is amended by adding "and" at the end of subparagraph (e)(ii), by striking out "and" at the end of paragraph (f) and by repealing paragraph (g).

(2) Subsection (1) applies in respect of bankruptcy proceedings that are commenced on or after Budget Day.

Crypto-Asset Reporting Framework and the Common Reporting Standard

1 The Act is modified to give effect to the proposals relating to the Crypto-Asset Reporting Framework and the Common Reporting Standard as described in the budget documents tabled by the Minister of Finance in the House of Commons on Budget Day.

Withholding for Non-Resident Service Providers

1 (1) Section 153 of the Act is amended by adding the following after subsection (7):

Non-resident service providers

(8) The Minister may

(a) waive the requirement under subsection (1) to deduct or withhold amounts from payments described in paragraph (1)(g) to a non-resident during a period of time specified by the Minister if the Minister is satisfied that

(i) the payments

(A) are income of a treaty-protected business of the non-resident, or

(B) would not be included in computing the income of the non-resident because of paragraph 81(1)(c), and

(ii) the conditions established by the Minister are met; and

(b) revoke a waiver made under paragraph (a) if the Minister is no longer satisfied that the conditions referred to in paragraph (a) are met.