

Legislative Proposals Relating to the Income Tax Act and the Income Tax Regulations

1 (1) The description of B in subsection 6(2) of the French version of the *Income Tax Act* is replaced by the following:

B le produit obtenu en multipliant 1 667 par le quotient obtenu en divisant le nombre total de jours ci-dessus par 30, si le quotient ainsi obtenu n'est pas un nombre entier et qu'il est supérieur à un, en l'arrondissant au nombre entier le plus proche ou, si ce quotient est équidistant de deux nombres entiers consécutifs, en l'arrondissant au plus petit de ces deux nombres;

(2) The description of D in subsection 6(2) of the French version of the Act is replaced by the following:

D le nombre obtenu en divisant par 30 le nombre total de jours ci-dessus où l'employeur est propriétaire de l'automobile, si le quotient ainsi obtenu n'est pas un nombre entier et qu'il est supérieur à un, en l'arrondissant au nombre entier le plus proche ou, si ce quotient est équidistant de deux nombres entiers consécutifs, en l'arrondissant au plus petit de ces deux nombres;

2 (1) Subsection 7(1.11) of the Act is replaced by the following:

Non-arm's length relationship with trusts

(1.11) For the purposes of this section, a mutual fund trust is deemed not to deal at arm's length with a corporation only if

(a) the trust controls the corporation, or

(b) the corporation holds securities that give the corporation not less than 50% of the votes that could be cast at a meeting of the unitholders of the trust.

(2) The portion of subsection 7(1.31) of the Act before paragraph (a) is replaced by the following:

Disposition of newly-acquired security

(1.31) Where a taxpayer acquires at a particular time a particular security under an agreement referred to in subsection (1) – or acquires the particular security as consideration for the disposition of rights under the agreement – and, on a day that is no later than 30 days after the day that includes the particular time, the taxpayer disposes of a security that is identical to the particular security, the particular security is deemed to be the security that is so disposed of if

(3) Subsection (1) applies to rights exercised or disposed of after 2004 under agreements to sell or issue securities made after 2002.

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

3 (1) Subparagraph 8(1)(f)(vi) of the French version of the Act is replaced by the following:

(vi) des dépenses qui ne seraient pas, en vertu de l'alinéa 18(1)l), déductibles dans le calcul du revenu du contribuable pour l'année, si son emploi consistait en une entreprise exploitée par lui;

(2) The portion of paragraph 8(1)(g) of the French version of the Act after subparagraph (ii) is replaced by the following:

les sommes qu'il a ainsi déboursées au cours de l'année, dans la mesure où il n'a pas été remboursé et n'a pas le droit d'être remboursé à cet égard;

(3) The portion of paragraph 8(1)(i) of the French version of the Act before subparagraph (i) is replaced by the following:

Cotisations et autres dépenses liées à l'exercice de fonctions

i) dans la mesure où il n'a pas été remboursé et n'a pas le droit d'être remboursé à cet égard, les sommes payées par le contribuable au cours de l'année, ou les sommes payées pour son compte au cours de l'année si elles sont à inclure dans son revenu pour l'année, au titre :

4 (1) The definition *investment contract* in subsection 12(11) of the Act is amended by adding the following after paragraph (d.1):

(d.2) a FHSA,

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

5 (1) Section 13 of the Act is amended by adding the following after subsection (4):

COVID — time not counted

(4.01) For the purposes of subparagraph 13(4)(c)(ii), the time beginning on March 15, 2020 and ending on March 12, 2022 shall not be counted.

(2) Subsection (1) is deemed to have come into force on March 12, 2020.

6 Clause 39(1)(c)(iv)(C) of the Act is replaced by the following:

(C) a corporation referred to in section 6 of the *Winding-up and Restructuring Act* that was insolvent (within the meaning of that Act) and was a small business corporation at the time a winding-up order under that Act was made in respect of the corporation,

7 (1) Section 44 of the Act is amended by adding the following after subsection (1):

COVID — time not counted

(1.01) For the purposes of paragraphs 44(1)(c) and (d), the time beginning on March 15, 2020 and ending on March 12, 2022 shall not be counted.

(2) Subsection (1) is deemed to have come into force on March 12, 2020.

8 Subparagraph 50(1)(b)(ii) of the Act is replaced by the following:

(ii) the corporation is a corporation referred to in section 6 of the *Winding-up and Restructuring Act* that is insolvent (within the meaning of that Act) and in respect of which a winding-up order under that Act has been made in the year, or

9 (1) Paragraph (b) of the description of B of the definition *exemption threshold* in section 54 of the English version of the Act is replaced by the following:

(b) the exemption threshold of the taxpayer in respect of the flow-through share class of property immediately before that earlier time;

(2) The portion of paragraph (b) before subparagraph (i) of the definition *fresh-start date* in section 54 of the English version of the Act is replaced by the following:

(b) in the case of any other property that is included in the flow-through share class of property, the day that is the later of

10 Subparagraph 56(1)(a)(iv) of the Act is replaced by the following:

(iv) a benefit under the *Employment Insurance Act*, other than a payment relating to a course or program designed to facilitate the re-entry into the labour force of a claimant under that Act, or a benefit under Part I, VII.1, VIII or VIII.1 of the *Employment Insurance Act*,

11 (1) Subparagraph 60(j)(iv) of the Act is amended by striking out “or” at the end of clause (A), by adding “or” at the end of clause (B) and by adding the following after clause (B):

(C) to or under a registered retirement income fund under which the taxpayer is the *annuitant* (as defined in subsection 146.3(1)), other than the portion thereof designated for a taxation year for the purposes of paragraph (l),

(2) The portion of paragraph 60(n) of the Act before subparagraph (i) is replaced by the following:

Repayment of pension or benefits

(n) any amount paid by the taxpayer in the year as a repayment (otherwise than because of Part VII of the *Employment Insurance Act* or section 8 of the *Canada Recovery Benefits Act*) of any of the following amounts to the extent that the amount was included in computing the taxpayer’s income, and not deducted in computing the taxpayer’s taxable income, for the year or for a preceding taxation year, namely,

(3) Section 60 of the Act is amended by adding the following after paragraph (n.1):

(n.2) any amount paid by the taxpayer in a year (in this paragraph referred to as the “subsequent year”) that is after the year as a repayment of an amount that was included in computing the taxpayer’s income for the year under any of subparagraphs 56(1)(a)(i), (ii), (iv), (vi) or (vii) or paragraph 56(1)(r), to the extent that the amount paid

(i) exceeds the taxpayer’s taxable income for the subsequent year (determined without reference to paragraphs 60(n), 60(n.1) and 60(v.1)), and

(ii) is not deducted in computing the taxpayer’s taxable income for any other taxation year;

(4) Paragraph 60(r) of the Act is repealed.

(5) Paragraph 60(v.1) of the Act is replaced by the following:

EI benefit repayment

(v.1) any benefit repayment payable by the taxpayer under Part VII of the *Employment Insurance Act* on or before April 30 of the following year, to the extent that the amount was not deductible in computing the taxpayer’s income for any preceding taxation year;

(6) Subsection (1) is deemed to have come into force on Announcement Date.

(7) Subsection (3) applies to the 2019 and subsequent taxation years.

12 (1) Paragraph 66(12.73)(e) of the Act is replaced by the following:

(e) if a corporation fails to file the statement within the time required or fails in the statement filed to apply the excess fully to reduce one or more purported renunciations, the Minister may at any time reduce the total amount purported to be renounced by the corporation to one or more persons by the amount of the unapplied excess in which case, except for the purpose of Part XII.6, the amount purported to have been so renounced to a person is deemed, after that time, always to have been reduced by the portion of the unapplied excess allocated by the Minister in respect of that person.

(2) Subsection (1) is deemed to have come into force on Announcement Date.

13 Subparagraph 81(1)(h)(i) of the Act is replaced by the following:

(i) no allowance under a law of a province that provides for payment of an allowance similar to the special allowance provided under the *Children’s Special Allowances Act* is payable in respect of the other individual for the period in respect of which the social assistance payment is made, and

14 Section 89 of the Act is amended by adding the following after subsection (14.1):

Late designation – transitional ERDTH

(14.2) If, as a consequence of the application of subparagraph (a)(iii) of the definition *eligible refundable dividend tax on hand* in subsection 129(4), in the opinion of the Minister, the circumstances are such that it would be just and equitable to permit a designation under subsection (14) to be made before the day that is six years after the day on which the designation was required to be made, the designation is deemed to have been made at the time the designation was required to be made.

15 (1) The portion of clause 95(2)(a)(ii)(D) before subclause (III) of the English version of the Act is replaced by the following:

(D) by another foreign affiliate (referred to in this clause as the “second affiliate”) of the taxpayer — in respect of which the taxpayer has a qualifying interest throughout the year — to the extent that the amounts are paid or payable by the second affiliate, in respect of any particular period in the year, under a legal obligation to pay interest in respect of

(I) borrowed money used for the purpose of earning income from property, or

(II) an amount payable for property acquired for the purpose of gaining or producing income from property

where

(2) Subsection (1) is deemed to have come into force on Announcement Date.

16 (1) Section 108 of the Act is amended by adding the following after subsection (2):

(2.1) For the purposes of subparagraph (2)(b)(iv), if an amount included in computing the income of a trust is derived from, or from the disposition of, an agreement that can reasonably be considered to have been made by the trust to reduce its risk from fluctuations in interest rates in respect of debt incurred by the trust to acquire or refinance property described in subparagraph (2)(b)(iii), the amount is deemed to be derived from that property.

(2) Subsection (1) applies to taxation years that end after 2021.

17 (1) Paragraph 116(5)(a) of the French version of the Act is replaced by the following:

a) après enquête raisonnable, l’acheteur n’avait aucune raison de croire que la personne ne résidait pas au Canada;

(2) Paragraph 116(5.01)(a) of the French version of the Act is replaced by the following:

a) après enquête raisonnable, l’acheteur en vient à la conclusion que la personne non-résidente est, aux termes d’un traité fiscal que le Canada a conclu avec un pays donné, un résident de ce pays;

(3) Paragraph 116(5.3)(a) of the French version of the Act before subparagraph (i) is replaced by the following:

a) le contribuable, sauf si le paragraphe (5.01) s’applique à l’acquisition ou si, après enquête raisonnable, le contribuable n’avait pas de raison de croire que la personne non-résidente n’était pas un résident du Canada, est tenu de payer, au titre de l’impôt prévu par la présente partie pour l’année pour le compte de la personne non-résidente, 50 % de l’excédent du montant visé au sous-alinéa (i) sur le montant visé au sous-alinéa (ii) :

18 (1) Paragraph 118.2(2)(v) of the Act is replaced by the following:

(v) to a fertility clinic, or donor bank, in Canada as a fee or other amount paid or payable, to obtain sperm, ova or embryos to enable the conception of a child by the individual, the individual’s spouse or common-law partner or a surrogate mother on behalf of the individual.

(2) Subsection (1) is deemed to have come into force on January 1, 2022.

19 Paragraph (a) of the definition *shared-custody parent* in section 122.6 of the English version of the Act is replaced by the following:

(a) are not at that time cohabiting spouses or common-law partners of each other,

20 (1) Subsection 122.92(1) of the Act is amended by adding the following in alphabetical order:

return of income, in respect of an eligible individual for a taxation year, means the eligible individual's return of income (other than a return of income under subsection 70(2) or 104(23), paragraph 128(2)(e) or subsection 150(4)) that is required to be filed for the taxation year or that would be required to be filed if the eligible individual had tax payable under this Part for the taxation year. (*déclaration de revenu*)

(2) Subsection (1) is deemed to have come into force on January 1, 2022.

21 (1) Subsection 128(2) of the Act is amended by adding the following after paragraph (d.2):

(d.3) where, by reason of paragraph (d), a taxation year of the individual is not a calendar year,

(i) for the purposes of the application of subsections 146.6(1) and the definition *excess FHSA amount* in subsection 207.01(1) to each taxation year ending in the calendar year, references to "taxation year" are to be read as references to "calendar year", and

(ii) for the purposes of the application of subsection 146.6(5) to each taxation year ending in the calendar year, the description of A in paragraph 146.6(5)(a) shall be read as follows:

"A is the total of all amounts each of which is the taxpayer's annual FHSA limit for the calendar year that includes the taxation year and each preceding calendar year, and";

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

22 (1) Subparagraph (g)(i) of the definition *excluded right or interest* in subsection 128.1(10) of the English version of the Act is replaced by the following:

(i) the *Canada Pension Plan* or a provincial pension plan as defined in section 3 of that Act,

(2) Subsection (1) is deemed to have come into force on Announcement Date.

23 (1) The definition *eligible refundable dividend tax on hand* in subsection 129(4) is amended by striking out the word "and" from the end of subparagraph (a)(i) and by adding the following after subparagraph (a)(ii):

(iii) eligible dividends received by the particular corporation in a taxation year that began after 2018 from corporations (referred to in this subparagraph as payer corporations) that are connected with the particular corporation to the extent that such dividends

(A) caused a dividend refund to those payer corporations from their refundable dividend tax on hand at the end of their first taxation year that ended after 2018, and

(B) are not otherwise included in determining the particular corporation's eligible refundable dividend tax on hand, and

(2) Subsection (1) applies to taxation years beginning after 2018.

24 (1) Subsection 131(4.1) 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) if the old share and the new share are not shares of the same class but are shares of Capital régional et coopératif Desjardins,

(i) the old share and the new share derive their value in the same proportion from the same property or group of properties, and

(ii) the shares are recognized under securities legislation as or as part of the same investment fund.

(2) Subsection (1) applies to the exchange or other disposition of a share on or after October 25, 2018.

25 (1) Paragraphs 135.2(4)(f) and (g) of the Act are replaced by the following:

(f) any *security* (in this paragraph and paragraph (g), as defined in subsection 122.1(1)) of the trust that is held by a trust governed by a deferred profit sharing plan, FHSA, RDSP, RESP, RRIF, RRSP or TFSA (referred to in this paragraph and paragraph (g) as the *registered plan trust*) is deemed not to be a qualified investment for the registered plan trust;

(g) if a registered plan trust governed by a TFSA or FHSA acquires at any time a security of the trust, Part XI.01 applies in respect of the security as though the acquisition is an advantage

(i) in relation to the TFSA or the FHSA, as the case may be, that is extended at that time to the controlling individual of the registered plan trust, and

(ii) that is a benefit the fair market value of which is the fair market value of the security at that time; and

(2) Subsection (1) is deemed to have come into force on Announcement Date.

26 (1) Paragraph (b) of the definition *member* in subsection 137(6) of the Act is replaced by the following:

(b) a registered retirement savings plan, a registered retirement income fund, a TFSA, a FHSA or a registered education savings plan, the annuitant, holder or subscriber under which is a person described in paragraph (a). (*membre*)

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

27 (1) Subparagraph (a)(ii) of the definition *revenu gagné* in subsection 146(1) of the French version of the Act is replaced by the following:

(ii) d'une entreprise qu'il exploite soit seul, soit comme associé participant activement à l'exploitation de l'entreprise,

(2) Paragraph (c) of the definition *revenu gagné* in subsection 146(1) of the French version of the Act is replaced by the following:

c) soit son revenu, sauf un montant visé à l'alinéa 12(1)z), pour une période de l'année tout au long de laquelle il ne résidait pas au Canada tiré, selon le cas, des fonctions d'une charge ou d'un emploi qu'il remplit au Canada, compte non tenu des alinéas 8(1)c), m) et m.2), ou d'une entreprise qu'il exploite au Canada, soit seul, soit comme associé participant activement à l'exploitation de l'entreprise, sauf dans la mesure où ce revenu est exonéré de l'impôt sur le revenu au Canada par l'effet d'une disposition d'un accord ou convention fiscal conclu avec un autre pays et ayant force de loi au Canada;

(3) Subparagraph (e)(i) of the definition *revenu gagné* in subsection 146(1) of the French version of the Act is replaced by the following:

(i) d'une entreprise qu'il exploite soit seul, soit comme associé participant activement à l'exploitation de l'entreprise,

(4) Paragraph (g) of the definition *revenu gagné* in subsection 146(1) of the French version of the Act is replaced by the following:

g) soit sa perte pour une période de l'année tout au long de laquelle il n'a pas résidé au Canada, provenant d'une entreprise qu'il exploite au Canada, soit seul, soit comme associé participant activement à l'exploitation de l'entreprise;

(5) Subsection 146(8.1) of the Act is replaced by the following:

Deemed receipt of refund of premiums

(8.1) An individual and the legal representative of a deceased annuitant of a registered retirement savings plan may jointly designate in prescribed form filed with the Minister that all or a portion of a payment made out of or under the plan to the legal representative is deemed to have been received by the individual at the time it was so paid as a benefit that is a refund of premiums, and not to have been paid to the legal representative, if

(a) a payment not less than the designated amount is made from the estate of the deceased annuitant to the individual who is entitled to receive the payment

(i) as a beneficiary (as defined in subsection 108(1)) under the estate, or

(ii) under a decree, order or judgment of a competent tribunal or under a written agreement, relating to the rights or interests of a spouse or common-law partner in respect of property as a result of the breakdown of a marriage or common-law partnership; and

(b) the designated amount would have been a refund of premiums if it had been paid to the individual directly from the registered retirement savings plan.

(6) The portion of subsection 146(8.93) of the French version of the Act before paragraph (a) is replaced by the following:

Application du par. (8.92)

(8.93) À moins que le ministre n'ait renoncé par écrit à appliquer le présent paragraphe à l'égard de tout ou partie de la somme déterminée selon le paragraphe (8.92) relativement à un régime enregistré d'épargne-retraite, ce paragraphe ne s'applique pas dans l'une des circonstances suivantes :

(7) The portion of subsection 146(16) of the French version of the Act before paragraph (d) is replaced by the following:

Transfert de biens

(16) Malgré les autres dispositions du présent article, un régime enregistré d'épargne-retraite peut, à un moment donné, être révisé ou modifié de façon à prévoir le versement ou le transfert, avant son échéance, par l'émetteur de biens accumulés pour le compte du rentier du régime (appelé « cédant » au présent paragraphe) :

a) soit à un régime de pension agréé, au profit du cédant, ou à un régime enregistré d'épargne-retraite ou un fonds enregistré de revenu de retraite dont le cédant est rentier;

a.1) soit à un fournisseur de rentes autorisé afin d'acquérir une rente viagère différée à un âge avancé au profit du cédant;

b) soit à un régime enregistré d'épargne-retraite ou un fonds enregistré de revenu de retraite dont l'époux ou conjoint de fait ou ex-époux ou ancien conjoint de fait du cédant est rentier, si le cédant et son époux ou conjoint de fait ou ex-époux ou ancien conjoint de fait vivent séparément et si le versement ou le transfert est ué en vertu d'une ordonnance ou d'un jugement rendus par un tribunal compétent ou en vertu d'un accord écrit de séparation, visant à partager des biens entre le cédant et son époux ou conjoint de fait ou ex-époux ou ancien conjoint de fait, en règlement des droits découlant du mariage ou union de fait ou de son échec.

Dans le cas où un tel versement ou transfert est effectué pour le compte du cédant avant l'échéance du régime, les règles suivantes s'appliquent :

c) le montant du versement ou du transfert ne peut, en raison seulement du versement ou du transfert, être inclus dans le calcul du revenu du cédant ou de son époux ou conjoint de fait ou ex-époux ou ancien conjoint de fait;

(8) Subsection 146(21.2) of the Act is replaced by the following:

Specified pension plan — account

(21.2) For the purposes of paragraph (8.2)(b), subsection (8.21), paragraphs (16)(a) and (b) and 18(1)(u), section 60.011, subparagraph (a)(i) of the definition *excluded right or interest* in subsection 128.1(10), paragraph (b) of the definition *excluded premium* in subsection 146.01(1), paragraph (c) of the definition *excluded premium* in subsection 146.02(1), subsections 146.3(14) and 147(19), section 147.3 and paragraphs 147.5(21)(c) and 212(1)(j.1) and (m) and for the purposes of any regulations made under subsection 147.1(18), an individual's account under a specified pension plan is deemed to be a registered retirement savings plan under which the individual is the annuitant.

(9) Subsection (5) is deemed to have come into force on January 1, 2020.

(10) Subsection (8) is deemed to have come into force on Announcement Date.

28 The portion of subsection 146.3(6.4) of the French version of the Act before paragraph (a) is replaced by the following:

Application du par. (6.3)

(6.4) À moins que le ministre n'ait renoncé par écrit à appliquer le présent paragraphe à l'égard de tout ou partie de la somme déterminée selon le paragraphe (6.3) relativement à un fonds enregistré de revenu de retraite, ce paragraphe ne s'applique pas dans l'une des circonstances suivantes :

29 (1) Paragraph (c) of the definition *qualifying person* in subsection 146.4(1) of the Act before subparagraph (ii) is replaced by the following:

(c) an individual who is a qualifying family member in relation to the beneficiary if

(i) at or before that time, the beneficiary has attained the age of majority and, other than for the purposes of paragraph (4)(b.1), is not a beneficiary under a disability savings plan,

(2) Subsection 146.4(1.5) of the Act before paragraph (a) is replaced by the following:

Beneficiary replacing holder

(1.5) Any holder of a disability savings plan who was a qualifying person in relation to the beneficiary under the plan at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of paragraph (c) of the definition *qualifying person* in subsection (1), or who was a successor holder because of paragraph (4)(b.1), ceases to be a holder of the plan and the beneficiary becomes the holder of the plan if

(3) Subsection 146.4(1.6) of the Act before paragraph (a) is replaced by the following:

Entity replacing holder

(1.6) If an entity described in subparagraph (a)(ii) or (iii) of the definition *qualifying person* in subsection (1) is appointed in respect of a beneficiary of a disability savings plan and a holder of the plan was a qualifying person in relation to the beneficiary at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of paragraph (c) of that definition, or who was a successor holder because of paragraph (4)(b.1),

(4) Subsection 146.4(1.7) of the Act is replaced by the following:

Rules applicable in case of dispute

(1.7) If a dispute arises as a result of an issuer's acceptance of a qualifying family member who was a qualifying person in relation to the beneficiary at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of paragraph (c) of the definition *qualifying person* in subsection (1), or who was a successor

because of paragraph (4)(b.1), as a holder of a disability savings plan, from the time the dispute arises until the time that the dispute is resolved or an entity becomes the holder of the plan under subsection (1.5) or (1.6), the holder of the plan shall use their best efforts to avoid any reduction in the fair market value of the property held by the plan trust, having regard to the reasonable needs of the beneficiary under the plan.

(5) Subparagraph 146.4(4)(b)(iv) of the Act is replaced by the following:

(iv) a qualifying person (other than a person described in paragraph (c) of the definition *qualifying person* in subsection (1)) in relation to the beneficiary at the time the rights are acquired, or

(6) Subsection 146.4(4) of the Act is amended by adding the following after paragraph (b):

(b.1) before 2027, as a consequence of the death of a qualifying family member, who was the remaining holder of the plan immediately before death, the plan may allow one qualifying family member as described in paragraph (c) of the definition *qualifying person* in subsection (1) to acquire rights as a successor of the holder of the plan;

(7) The portion of paragraph 146.4(4)(f) of the French version of the Act before subparagraph (i) is replaced by the following:

f) le régime ne permet pas que des cotisations y soient versées, à un moment donné, dans l'une des circonstances suivantes :

(8) The portion of paragraph 146.4(4)(g) of the French version of the Act before subparagraph (i) is replaced by the following:

g) le régime ne permet pas qu'une cotisation y soit versée, à un moment donné, dans l'une des circonstances suivantes :

(9) Paragraph 146.4(13)(e) of the Act before subparagraph (i) is replaced by the following:

(e) if the issuer enters into the plan with a qualifying family member who was a qualifying person in relation to the beneficiary at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of paragraph (c) of the definition *qualifying person* in subsection (1), or who was a successor holder because of paragraph (4)(b.1),

(10) Subsection 146.4(14) of the Act is replaced by the following:

Issuer's liability

(14) If, after reasonable inquiry, an issuer of a disability savings plan is of the opinion that an individual's contractual competence to enter into a disability savings plan is in doubt, no action lies against the issuer for

(a) entering into a plan, under which the individual is the beneficiary, with a qualifying family member who was a qualifying person in relation to the beneficiary at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of paragraph (c) of the definition *qualifying person* in subsection (1); or

(b) allowing a qualifying family member to acquire rights as a successor of the holder of the plan under paragraph (4)(b.1).

30 (1) Paragraph (b) of the definition *annual FHSA limit* in subsection 146.6(1) of the Act is replaced by the following:

(b) the amount determined by the formula

$$\$8,000 + D - (E - F)$$

where

D is the amount of the FHSA carryforward for the taxation year;

- E** is the taxpayer's net RRSP-to-FHSA transfer amount at the end of the taxation year; and
- F** is the total of all amounts, each of which is an amount determined in respect of each preceding taxation year that is
- (i) if the taxpayer had not started their maximum participation period in the year, nil, or
 - (ii) in any other case, the lesser of
 - (A) the amount determined by the formula

G – H

where

G is the amount determined for E in the year, and

H is the amount determined for F in the year, and

(B) \$8,000 plus the amount of the FHSA carryforward for the year, and

(2) The definition *survivor* in subsection 146.6(1) of the Act is replaced by the following:

survivor of a holder means another individual who is, immediately before the holder's death, a spouse or common-law partner of the holder. (*survivant*)

(3) The definition *bénéficiaire* in subsection 146.6(1) of the French version of the Act is replaced by the following:

bénéficiaire Relativement à un CELIAPP, s'entend d'un particulier (y compris une succession) ou d'un donataire reconnu qui a droit à une distribution du CELIAPP après le décès du titulaire du CELIAPP. (*beneficiary*)

(4) Subsection 146.6(1) of the Act is amended by adding the following in alphabetical order:

net RRSP-to-FHSA transfer amount of a holder at a particular time is the amount by which

(a) the total of all amounts transferred under paragraph 146(16)(a.2), at or before that time, to a FHSA of the holder exceeds

(b) the total of all amounts designated by the holder under paragraph (a) of the definition *designated amount* in subsection 207.01(1) at or before that time. (*montant net de transfert de REER à CELIAPP*)

(5) Section 146.6 of the Act is amended by adding the following after subsection (3):

Amount credited to a deposit

(3.1) An amount that is credited or added to a deposit that is a FHSA as interest or other income in respect of the FHSA is deemed not to be received by the holder of the FHSA (or any other person) solely because of that crediting or adding.

(6) Subparagraph 146.6(5)(b)(ii) of the Act is replaced by the following:

(ii) the taxpayer's net RRSP-to-FHSA transfer amount as at the end of the year.

(7) The description of A in paragraph 146.6(7)(c) of the Act is replaced by the following:

A is the amount that is the total fair market value, immediately before the particular time, of all property held by a FHSA under which the last holder of the transferor FHSA is the last holder, and

(8) The description of B in paragraph 146.6(7)(c) of the Act is replaced by the following:

B is the *excess FHSA amount* (as defined in subsection 207.01(1)) of the last holder of the transferor FHSA immediately before the particular time.

(9) Paragraph 146.6(9)(a) of the Act is replaced by the following:

(a) the amount is deemed to have been received from the FHSA by the holder of the FHSA or, if there is no holder, distributed to the estate of the last holder;

(10) Subsection 146.6(13) of the Act is replaced by the following:

Successor holder

(13) If the holder of a FHSA dies and the holder's survivor is designated as the successor holder of the FHSA, the survivor is, immediately after the time of death, deemed to have entered into a new qualifying arrangement in respect of the FHSA unless

(a) the survivor is a qualifying individual at that time and

(i) no contributions or transfers are made to the FHSA by the survivor after that time,

(ii) no qualifying withdrawals are made from the FHSA after that time, and

(iii) the balance of the FHSA is transferred to a RRSP or RRIF of the survivor or distributed to the survivor in accordance with subsection (14), by the end of the year following the year of death; or

(b) the survivor is not a qualifying individual at that time, in which case the balance of the FHSA is to be transferred to a FHSA, RRSP or RRIF of the survivor, or distributed to the survivor in accordance with subsection (14), by the end of the year following the year of death.

(11) Paragraph 146.6(17)(a) of the Act is replaced by the following:

(a) subsections (3) and (3.1) do not apply in respect of that arrangement after the particular time;

(12) Subsection 146.6(17) of the Act is amended by striking out “and” at the end of paragraph (b) and by adding the following after paragraph (c):

(d) if the arrangement governs a trust,

(i) the trust is deemed to have disposed, immediately before the particular time, of each property held by the trust for proceeds equal to the property's fair market value immediately before the particular time,

(ii) the trust is deemed to have acquired, at the particular time, each such property at a cost equal to that fair market value,

(iii) the trust's last taxation year that began before the particular time is deemed to have ended immediately before the particular time, and

(iv) a taxation year of the trust is deemed to begin at the particular time; and

(e) if the arrangement is a deposit or contract,

(i) the arrangement is deemed to have been disposed of immediately before the particular time for proceeds equal to its fair market value immediately before the particular time,

(ii) if the arrangement is an annuity contract, the contract is deemed to be a separate annuity contract issued and effected at the particular time otherwise than pursuant to or as a FHSA, and

(iii) each person who has an interest or, for civil law, a right in the separate annuity contract or deposit, as the case may be, at the particular time is deemed to acquire the interest at the particular time at a cost equal to its fair market value at the particular time.

(13) Subsections (1) to (12) are deemed to have come into force on April 1, 2023.

31 (1) Paragraph 147.4(1)(c) of the Act is replaced by the following:

(c) the contract does not permit premiums to be paid at or after that time, other than

(i) a premium paid at that time out of or under the plan to purchase the contract, or

(ii) a premium paid after that time to acquire additional benefits consequential to proceedings commenced under the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act*,

(2) Subsection (1) is deemed to have come into force on January 1, 2018.

32 (1) Subsection 147.5(12) of the Act is replaced by the following:

Member's account

(12) For the purposes of paragraph 18(1)(u), section 60.011, subparagraph (a)(i) of the definition *excluded right or interest* in subsection 128.1(10), paragraph 146(8.2)(b), subsection 146(8.21), paragraphs 146(16)(a) and (b), subparagraph 146(21)(a)(i), paragraph (b) of the definition *excluded premium* in subsection 146.01(1), paragraph (c) of the definition *excluded premium* in subsection 146.02(1), subsections 146.3(14) and 147(19) to (21), section 147.3 and paragraphs 212(1)(j.1) and (m), and of regulations made under subsection 147.1(18), a member's account under a PRPP is deemed to be a registered retirement savings plan under which the member is the annuitant.

(2) Subsection (1) is deemed to have come into force on Announcement Date.

33 Subsection 149.1(14.1) of the French version of the Act is replaced by the following:

Déclarations de renseignements

(14.1) Dans les six mois suivant la fin de son année d'imposition, l'organisation journalistique enregistrée doit présenter au ministre, sans avis ni mise en demeure, une déclaration de renseignements et une déclaration publique de renseignements pour l'année, selon le formulaire prescrit et renfermant les renseignements prescrits, y compris, pour la déclaration publique de renseignements, le nom de chaque donateur dont le total des dons à l'organisation pendant l'année dépasse 5 000 \$ ainsi que le montant total des dons effectués par ce donateur.

34 (1) Subsection 150(1.2) of the Act is amended by striking out "or" at the end of paragraph (n), by adding "or" at the end of paragraph (o) and by adding the following after paragraph (o):

(p) is an *eligible trust*, as defined in subsection 135.2(1).

(2) Subsection (1) applies to taxation years that end after December 30, 2023.

35 (1) Paragraph 153(1)(d.1) of the Act is replaced by the following:

(d.1) an amount described in subparagraph 56(1)(a)(iv), (vii) or (viii),

(2) Section 153 of the Act is amended by adding the following after subsection (1.04):

Canada Emergency Wage Subsidy Claimed

(1.05) Notwithstanding subsection (1.02), an amount is not deemed to have been remitted to the Receiver General if

(a) the eligible employer made an application under subsection 125.7(2) for a qualifying period in respect of which the eligible employer was, without reference to this subsection, deemed under subsection (1.02) to have remitted the amount to the Receiver General; and

(b) the amount was not deducted under the description of B in subsection 125.7(2) for the eligible employer.

(3) Subsection (1) is deemed to have come into force on April 1, 2019.

(4) Subsection (2) is deemed to have come into force on March 18, 2020.

36 (1) The portion of subsection 164(3) of the Act before paragraph (a) is replaced by the following:

Interest on refunds and repayments

(3) If, under this section, an amount in respect of a taxation year (other than an amount, or a portion of the amount, that can reasonably be considered to arise from the operation of paragraph 60(n.2) or section 122.5, 122.61, 122.72, 122.8 or 125.7) is refunded or repaid to a taxpayer or applied to another liability of the taxpayer, the Minister shall pay or apply interest on it at the prescribed rate for the period that begins on the day that is the latest of the days referred to in the following paragraphs and that ends on the day on which the amount is refunded, repaid or applied:

(2) Subsection (1) applies to the 2019 and subsequent taxation years.

37 Subsection 204.1(4) of the French version of the Act is replaced by the following:

Renonciation

(4) Le ministre peut renoncer à l'impôt dont un particulier serait, compte non tenu du présent paragraphe, redevable pour un mois selon le paragraphe (1) ou (2.1), si celui-ci établit à la satisfaction du ministre que l'excédent ou l'excédent cumulatif qui est frappé de l'impôt fait suite à une erreur raisonnable et que des mesures adéquates sont prises pour éliminer l'excédent.

38 (1) The description of H in the formula in subsection 204.2(1.2) of the Act is replaced by the following:

H is for taxation years ending before 1992, nil, and for taxation years ending after 1991, the amount, if any, by which

- (a)** the amount of the individual's undeducted RRSP premiums at the end of the immediately preceding taxation year exceeds
- (b)** the total of the amounts, each of which is an amount that is
 - (i)** deducted in or before that preceding year, under subsections 146(5) and 146(5.1) in computing the individual's income for the immediately preceding taxation year, to the extent that each amount was deducted in respect of premiums paid under registered retirement savings plans, or
 - (ii)** contributed in the immediately preceding taxation year by the individual's employer or former employer to an account of the individual under a pooled registered pension plan,

(2) Subparagraph (a)(iii) in the description of I in subsection 204.2(1.2) of the Act is replaced by the following:

(iii) an amount transferred to the plan on behalf of the individual in accordance with any of subsections 146(16), 146.6(7), 147(19), 147.3(1) and (4) to (7) and 147.5(21) or in circumstances to which subsection 146(21) applies,

(3) Subsection (1) applies to the 2012 and subsequent taxation years.

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

39 The portion of subsection 204.91(2) of the French version of the Act before paragraph (b) is replaced by the following:

Renonciation

(2) Le ministre peut renoncer à tout ou partie de l'impôt dont le souscripteur d'un régime enregistré d'épargne-études serait redevable pour un mois selon le paragraphe (1), si ce n'était le présent paragraphe, ou l'annuler en tout ou en partie, dans le cas où il est juste et équitable de le faire compte tenu des circonstances, y compris :

a) le fait que l'impôt fasse suite à une erreur raisonnable;

40 Subsection 205(3) of the French version of the Act is replaced by the following:

Renonciation

(3) Le ministre peut renoncer à la totalité ou à une partie de l'impôt dont un particulier serait, compte non tenu du présent paragraphe, redevable pour un mois selon le paragraphe (2), ou l'annuler en tout ou en partie, si celui-ci établit à la satisfaction du ministre que l'excédent cumulatif qui est frappé de l'impôt fait suite à une erreur raisonnable et que des mesures adéquates sont prises pour éliminer l'excédent.

41 (1) Paragraph (a) of the definition *designated amount* in subsection 207.01(1) of the Act is replaced by the following:

(a) a transfer in accordance with subparagraph 146.6(7)(b)(ii), to the extent that it does not exceed the total of all amounts transferred under paragraph 146(16)(a.2) to a FHSA under which the individual is the holder on or before the date of the designation less the total of all amounts previously designated under this paragraph; or

(2) The definition *excess FHSA amount* in subsection 207.01(1) of the Act is replaced by the following:

excess FHSA amount of an individual at a particular time in a taxation year means

(a) the amount determined by the formula

$$A + B + C - D - E$$

where

A is

(a) nil, if the individual had not started their maximum participation period in the preceding taxation year, and

(b) the individual's excess FHSA amount determined at the end of the immediately preceding taxation year, in any other case;

B is the total of all amounts each of which is a contribution made to a FHSA by the individual in the taxation year at or before the particular time;

C is the total of all amounts transferred in the taxation year under paragraph 146(16)(a.2), at or before the particular time, to a FHSA under which the individual is the holder;

D is the lesser of

(a) the amount of the FHSA carryforward for the taxation year plus \$8,000, and

(b) the amount determined by the formula

$$\$40,000 - F - G$$

where

F is the total of all amounts that were deducted, or could have been deducted, by the individual under subsection 146.6(5) as at the end of the preceding taxation year; and

G is the total of all amounts, each of which is an amount determined in respect of each preceding taxation year, that is the difference between the amount that was deductible under 146.6(5) for that preceding year and the amount that would have been deductible under subsection 146.6(5) for that preceding year if

(a) no amounts were transferred under paragraph 146(16)(a.2) to a FHSA of the individual, and

(b) notwithstanding paragraph (a), an amount had been contributed by the individual to a FHSA in that preceding year that is the amount by which the individual's net RRSP-to-FHSA transfer amount at the end of that year exceeds the individual's net RRSP-to-FHSA transfer amount at the start of that year; and

E is the total of all amounts each of which is a designated amount in respect of a transfer or withdrawal made by the individual in the taxation year before the particular time or an amount required to be included in computing the income of the individual under subsection 146.6(6) or (17) in the taxation year before the particular time, or

(b) where the Minister determines that the formula in paragraph (a) does not yield an appropriate result having regard to the circumstances of the individual, a lower amount that, in the Minister's opinion, is appropriate in the circumstances. (*excédent de CELIAPP*)

(3) Paragraph (b) of the definition *swap transaction* in subsection 207.01(1) of the Act is amended by striking out “or” at the end of subparagraph (ii), by adding “or” at the end of subparagraph (iii) and by adding the following after subparagraph (iii):

(iv) an amount transferred under paragraph 146(16)(a.2) or to which subsection 146.6(8) applies;

(4) Subparagraph (d)(i) of the definition *swap transaction* in subsection 207.01(1) of the Act is replaced by the following:

(i) both registered plans are RRIFs or RRSPs,

(5) Paragraph (d) of the definition *swap transaction* in subsection 207.01(1) of the Act is amended by striking out “or” at the end of subparagraph (iii), by adding “or” at the end of subparagraph (iv) and by adding the following after subparagraph (iv):

(v) both registered plans are FHSAs;

(6) The portion of subsection 207.01(10) before paragraph (a) is replaced by the following:

Marital breakdowns or death

(10) Subsection (11) applies in respect of a property if

(7) Subsection 207.01(10) is amended by striking out “and” after paragraph (c) and by replacing paragraph (d) with the following:

(d) the transferor and the recipient — or, if the property is transferred as a consequence of the death of the transferor, the transferor's legal representative and the recipient — jointly elect in prescribed form that subsection (11) apply in respect of the property and the election is filed with the Minister on or before the day that is 90 days after the end of the

(i) recipient's taxation year that includes the transfer time, if the property is transferred as a consequence of the death of the transferor, or

(ii) transferor's taxation year that includes the transfer time, in any other case; and

(e) an amount (in subsection (11) referred to as the “designated amount”) is designated on the prescribed form described in paragraph (d) in respect of the property that

(i) is not less than the adjusted cost base to the transferor trust of the property immediately before the transfer time, and

(ii) does not exceed the greater of the amount determined under subparagraph (i) and the fair market value of the property at the transfer time.

(8) The portion of subsection 207.01(11) of the Act before paragraph (a) is replaced by the following:

Marital breakdowns or death

(11) If this subsection applies in respect of a property,

(9) Subsections (1) to (3) are deemed to have come into force on April 1, 2023.

(10) Subsections (4) and (5) are deemed to have come into force on Announcement Date.

(11) Subsections (6) to (8) are deemed to have come into force on January 1, 2020.

42 (1) The portion of subsection 207.5(2) of the Act before paragraph (a) is replaced by the following:

Election

(2) Notwithstanding the definition *refundable tax* in subsection 207.5(1), where the custodian of a retirement compensation arrangement so elects in the return under this Part for a taxation year of an RCA trust under the arrangement and all the subject property, if any, of the arrangement (other than a right to claim a refund under subsection 164(1) or 207.7(2)) at the end of the year consists only of cash, debt obligations, shares listed on a designated stock exchange, units of a mutual fund trust that are listed on a designated stock exchange, or any combination thereof, an amount equal to the total of

(2) Paragraph 207.5(2)(c) of the Act is replaced by the following:

(c) the fair market value of those shares or units at the end of the year

(3) Subsections (1) and (2) apply to elections made in respect of the 2020 and subsequent taxation years.

43 Paragraph 207.64(a) of the French version of the Act is replaced by the following:

a) le fait que l'impôt fasse suite à une erreur raisonnable;

44 Paragraph 223(1)(b.1) of the Act is repealed.

45 Subsection 227(9.1) of the Act is replaced by the following:

Penalty

(9.1) Notwithstanding any other provision of this Act, any other enactment of Canada, any enactment of a province or any other law, the penalty for failure to remit an amount required to be remitted by a person on or before a prescribed date under subsection 153(1), subsection 21(1) of the *Canada Pension Plan* and subsection 82(1) of the *Employment Insurance Act* shall, unless the person who is required to remit the amount has, knowingly or under circumstances amounting to gross negligence, delayed in remitting the amount or has, knowingly or under circumstances amounting to gross negligence, remitted an amount less than the amount required, apply only to the amount by which the total of all so required to be remitted on or before that date exceeds \$500.

46 The portion of subsection 231.2(3) of the Act before paragraph (a) is replaced by the following:

Judicial authorization

(3) A judge of the Federal Court may, on application by the Minister and subject to any conditions that the judge considers appropriate, authorize the Minister to impose on a third party a requirement under subsection (1) relating to an unnamed person or more than one unnamed person (in this subsection referred to as the “group”) if the judge is satisfied by information on oath that

47 Paragraph (a) of the description of A in section 235 of the Act is replaced by the following:

(a) 0.0005% of the corporation's taxable capital employed in Canada (within the meaning assigned in Part I.3) at the end of the taxation year, and

48 (1) Paragraph 241(1)(c) of the Act is replaced by the following:

(c) knowingly use any taxpayer information otherwise than in the course of the administration or enforcement of this Act, the *Canada Pension Plan* or the *Employment Insurance Act* or for the purpose for which it was provided under this section.

(2) Paragraph 241(3)(b) of the Act is replaced by the following:

(b) any legal proceedings relating to the administration or enforcement of this Act, the *Canada Pension Plan* or the *Employment Insurance Act* or any other Act of Parliament or law of a province that provides for the imposition or collection of a tax or duty.

(3) Paragraph 241(4)(a) of the Act is replaced by the following:

(a) provide to any person taxpayer information that can reasonably be regarded as necessary for the purposes of the administration or enforcement of this Act, the *Canada Pension Plan* or the *Employment Insurance Act*, solely for that purpose;

(4) Subparagraph 241(4)(d)(vii.10) of the Act is renumbered as subparagraph 241(4)(d)(vii.91).

(5) Paragraph 241(4)(h) of the Act is replaced by the following:

(h) use, or provide to any person, taxpayer information solely for a purpose relating to the supervision, evaluation or discipline of an authorized person by His Majesty in right of Canada in respect of a period during which the authorized person was employed by or engaged by or on behalf of His Majesty in right of Canada to assist in the administration or enforcement of this Act, the *Canada Pension Plan* or the *Employment Insurance Act*, to the extent that the information is relevant for the purpose;

(6) The definition *authorized person* in subsection 241(10) of the Act is replaced by the following:

authorized person means a person who is engaged or employed, or who was formerly engaged or employed, by or on behalf of His Majesty in right of Canada to assist in carrying out the provisions of this Act, the *Canada Pension Plan* or the *Employment Insurance Act*; (*personne autorisée*)

49 (1) Paragraph (d) of the definition *automobile* in subsection 248(1) of the Act is replaced by the following:

(d) except for the purposes of sections 6 and 15, a motor vehicle acquired to be sold, rented or leased in the course of carrying on a business of selling, renting or leasing motor vehicles or a motor vehicle used for the purpose of transporting passengers in the course of carrying on a business of arranging or managing funerals, and

(2) Subparagraph (f)(vi) of the definition *disposition* in subsection 248(1) of the Act is replaced by the following:

(vi) if the transferor is an amateur athlete trust, a cemetery care trust, an employee trust, a trust deemed by subsection 143(1) to exist in respect of a congregation that is a constituent part of a religious organization, a related segregated fund trust (in this paragraph having the meaning assigned by section 138.1), a trust described in paragraph 149(1)(o.4) or a trust governed by an eligible funeral arrangement, an employees profit sharing plan, a FHSA, a registered disability savings plan, a registered education savings plan, a registered supplementary unemployment benefit plan or a TFSA, the transferee is the same type of trust, and

(3) Paragraph 248(3.2)(d) of the Act is replaced by the following:

(d) presented as an arrangement in respect of which the corporation is to take action for the arrangement to become a FHSA, a registered disability savings plan, a registered education savings plan, a registered retirement income fund, a registered retirement savings plan or a TFSA.

(4) Subsection (1) is deemed to have come into force on Announcement Date.

(5) Subsections (2) and (3) are deemed to have come into force on April 1, 2023.

Income Tax Regulations

50 (1) The definition *remuneration* in subsection 100(1) of the *Income Tax Regulations* is amended by striking out “or” at the end of paragraph (p), by adding “or” at the end of paragraph (q) and by adding the following after paragraph (q):

(r) an amount that is required by subparagraph 56(1)(a)(viii) of the Act to be included in computing the taxpayer’s income; (*rémunération*)

(2) Subsection 100(3) of the Regulations is amended by striking out “or” at the end of paragraphs (c) and (d), by adding “or” at the end of paragraph (e) and by adding the following after paragraph (e):

(f) an amount that is deductible under paragraph 60(l) of the Act.

(3) Subsection (1) is deemed to have come into force on April 1, 2019.

(4) Subsection (2) is deemed to have come into force on Announcement Date.

51 (1) Subsection 204(3) of the Regulations is amended by striking out “or” at the end of paragraph (f), by adding “or” at the end of paragraph (g) and by adding the following after paragraph (g):

(h) governed by a FHSA.

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

52 (1) The table in subsection 205(3) of the Regulations is amended by removing the following:

Past Service Pension Adjustment (PSPA) Exempt from Certification	T215
Pension Adjustment Reversal (PAR)	T10

(2) The table in subsection 205(3) of the Regulations is amended by removing the following:

First Home Savings Account (FHSA) Annual Information Return

(3) The table in subsection 205(3) of the Regulations is amended by adding the following in alphabetical order:

Past Service Pension Adjustment (PSPA) Exempt from Certification or Permitted Corrective Contribution (PCC)	T215
Pension Adjustment Reversal (PAR) or Pension Adjustment Correction (PAC)	T10

(4) The table in subsection 205(3) of the Regulations is amended by adding the following in alphabetical order:

First Home Savings Account Statement	T4FHSA
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(5) Subsections (1) and (3) are deemed to have come into force on January 1, 2021.

(6) Subsections (2) and (4) are deemed to have come into force on April 1, 2023.

53 (1) The table in subsection 205.1(1) of the Regulations is amended by removing the following:

First Home Savings Account (FHSA) Annual Information Return

(2) The table in subsection 205.1(1) of the Regulations is amended by adding the following in alphabetical order:

(3) Subsections (1) and (2) are deemed to have come into force on April 1, 2023.

54 (1) The portion of subsection 209(5) of the Regulations before paragraph (a) is replaced by the following:

(5) A person may provide a Statement of Remuneration Paid (T4) information return, a Tuition and Enrolment Certificate, a First Home Savings Account Statement (T4FHSA) information return, a Statement of Pension, Retirement, Annuity, and Other Income (T4A) information return or a Statement of Investment Income (T5) information return, as required under subsection (1), as a single document in an electronic format (instead of the two copies required under subsection (1)) to the taxpayer to whom the return relates, on or before the date on which the return is to be filed with the Minister, unless

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

55 (1) Paragraph 304(1)(a) of the Regulations is replaced by the following:

(a) an annuity contract that is, or is issued pursuant to, an arrangement described in any of paragraphs 148(1)(a) to (b.4) and (d) of the Act;

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

56 (1) Subsection 1100(3) of the Regulations is replaced by the following:

(3) Where a taxation year is less than 12 months, the amount allowed as a deduction under this section, other than under subsection (0.1) and any of paragraphs (1)(c), (e), (f), (g), (m), (w), (x), (y) and (ya), shall not exceed that proportion of the maximum amount otherwise allowable that the number of days in the taxation year is of 365.

(2) Subsection (1) applies to taxation years that end on or after April 19, 2021.

57 (1) The definition *governing plan* in subsection 4901(2) of the Regulations is replaced by the following:

governing plan means a deferred profit sharing plan or a revoked plan, a FHSA, a registered disability savings plan, a registered education savings plan, a registered retirement income fund, a registered retirement savings plan or a TFSA; (*régime d'encadrement*)

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

58 The portion of section 5200 of the Regulations before paragraph (a) is replaced by the following:

5200 Subject to section 5201, for the purposes of subsection 125.1(3) of the Act, “Canadian manufacturing and processing profits” of a corporation for a taxation year are hereby prescribed to be that proportion of the corporation’s adjusted business income for the year that

59 (1) The portion of section 5201 of the Regulations before paragraph (a) is replaced by the following:

5201 For the purposes of subsection 125.1(3) of the Act, “Canadian manufacturing and processing profits” of a corporation for a taxation year are hereby prescribed to be equal to the corporation’s adjusted business income for the year where

(2) Paragraph 5201(c) of the Regulations is replaced by the following:

(c) the corporation was not engaged in any of the activities listed in paragraphs (a) to (k) of the definition *manufacturing or processing* in subsection 125.1(3) of the Act at any time during the year;

60 (1) The portion of paragraph (a) of the definition *qualified activities* in section 5202 of the Regulations before subparagraph (i) is replaced by the following:

qualified activities means

(a) any of the following activities, when they are performed in Canada in connection with manufacturing or processing (not including the activities listed in paragraphs (a) to (k) of the definition *manufacturing or processing* in subsection 125.1(3) of the Act) in Canada of goods for sale or lease:

(2) Paragraph (b) of the definition *qualified activities* in section 5202 of the Regulations is replaced by the following:

(b) all other activities that are performed in Canada directly in connection with manufacturing or processing (not including the activities listed in paragraphs (a) to (k) of the definition *manufacturing or processing* in subsection 125.1(3) of the Act) in Canada of goods for sale or lease, and

61 (1) Subparagraph 6204(1)(a)(iii) of the Regulations is replaced by the following:

(iii) the share cannot be converted into, or exchanged for, any other security, other than into another security of the corporation or of another corporation with which it does not deal at arm's length immediately after such conversion or exchange that is, or would be at the date of conversion or exchange, a prescribed share,

(2) Paragraph 6204(1)(b) of the Regulations is amended by striking out “or” at the end of subparagraph (ii), by replacing “and” with “or” at the end of subparagraph (iii) and by adding the following after subparagraph (iii):

(iv) a conversion or exchange of the share into another security of the corporation or of another corporation with which it does not deal at arm's length immediately after the conversion or exchange that is, or would be at the date of the conversion or exchange, a prescribed share; and

(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2023.

62 (1) Paragraph (a) of the definition *past service event* in subsection 8300(1) of the Regulations is replaced by the following:

(a) retirement benefits become provided to an individual under a defined benefit provision of a pension plan in respect of a period before the time the transaction, event or circumstance occurs, other than, if accrued retirement benefits under the provision were previously reduced in respect of a particular period, an increase to a level of retirement benefits for that particular period not exceeding the level of retirement benefits from which those benefits were previously reduced,

(2) Subsection (1) is deemed to have come into force on January 1, 2011.

63 (1) Subsection 8302(3) of the Regulations is amended by adding the following after paragraph (i):

(i.1) where the amount of the individual's lifetime retirement benefits depends on the Year's Additional Maximum Pensionable Earnings for calendar years other than the particular year, the Year's Additional Maximum Pensionable Earnings for each such year were equal to the Year's Additional Maximum Pensionable Earnings for the particular year;

(2) The portion of paragraph 8302(3)(j.1) before subparagraph (i) of the Regulations is replaced by the following:

(j.1) where the amount of the individual's lifetime retirement benefits depends on the actual amount of the pension (in this paragraph referred to as the “statutory pension”) payable to the individual under paragraphs 46(1)(a) to (c) of the *Canada Pension Plan* or a similar provision of a *provincial pension plan* (as defined in section 3 of that Act), the amount of statutory pension (expressed on an annualized basis) were equal to

(3) The description of B in subparagraph 8302(3)(j.1)(i) of the Regulations is replaced by the following:

B is

(A) for each particular year prior to 2024, the lesser of the Year's Maximum Pensionable Earnings for the year and,

(I) in the case of an individual who renders services throughout the particular year on a full-time basis to employers who participate in the plan, the aggregate of all amounts each of which is the individual's remuneration for the particular year from such an employer, and

(II) in any other case, the amount that it is reasonable to consider would be determined under subclause **(I)** if the individual had rendered services throughout the particular year on a full-time basis to employers who participate in the plan, or

(B) for each particular year after 2023, the lesser of the Year's Additional Maximum Pensionable Earnings for the year and the amount determined under subclause **(A)(I)**, as the case may be, or

(4) Paragraph 8302(3)(k) of the Regulations is replaced by the following:

(k) where the amount of the individual's lifetime retirement benefits depends on a pension (in this paragraph referred to as the "statutory pension") payable to the individual under Part I of the *Old Age Security Act*, the amount of statutory pension payable for each calendar year were equal to the aggregate of all amounts each of which is the amount of the full monthly pension payable under Part I of that Act for a month in the particular year other than an amount described in subsection 7(5) of that Act;

(5) Subsections (1) to (3) come into force on January 1, 2024.

(6) Subsection (4) applies to the 2022 and subsequent taxation years.

64 (1) Subsection 8500(1) of the Regulations is amended by adding the following in alphabetical order:

Year's Additional Maximum Pensionable Earnings for a calendar year has the meaning assigned by section 18.1 of the *Canada Pension Plan*. (*maximum supplémentaire des gains annuels ouvrant droit à pension*)

(2) Subsection (1) comes into force on January 1, 2024.

65 (1) Paragraph 8503(2)(a) of the Regulations is amended by striking out "or" at the end of subparagraph (ix), by adding "or" at the end of subparagraph (x) and by adding the following after subparagraph (x):

(xi) the amount of the benefits is reduced as permitted under the *Pension Benefits Standard Act, 1985* or a similar law of a province;

(2) The formula in subparagraph 8503(2)(b)(ii) of the Regulations is replaced by the following:

$$((A \times (D/10) + E \times (F/10)) \times (1 - .0025 \times B) \times C$$

(3) Clause (D) of the description of A in subparagraph 8503(2)(b)(ii) of the Regulations is replaced by the following:

(D) the member were entitled to that proportion, not exceeding one, of the maximum benefits payable to the member under paragraphs 46(1)(a) and (b) of the *Canada Pension Plan* (or a provincial pension plan as defined in section 3 of the *Canada Pension Plan*) that the total of the member's remuneration for the three calendar years in which the remuneration is the highest is of the total of the Year's Maximum Pensionable Earnings for those three years (or such other proportion of remuneration to Year's Maximum Pensionable Earnings as is acceptable to the Minister),

(4) Subparagraph 8503(2)(b)(ii) of the Regulations is amended by striking out "and" after the description of C and by adding the following after the description of D:

- E** is the amount (or a reasonable estimate thereof) of public pension benefits that would be payable to the member for the month in which the bridging benefits commence to be paid to the member if
- (A)** the member were 65 years of age throughout that month,
 - (B)** that month were the first month for which public pension benefits were payable to the member, and
 - (C)** the member were entitled to that proportion, not exceeding one, of the maximum benefits payable under paragraph 46(1)(c) of the *Canada Pension Plan* (or a similar provision of a provincial pension plan as defined in section 3 of the *Canada Pension Plan*) that the total of the member's remuneration in excess of the Year's Maximum Pensionable Earnings for the three calendar years in which the remuneration is the highest is of the total of the Year's Additional Maximum Pensionable Earnings in excess of the Year's Maximum Pensionable Earnings for those three years (or such other proportion that is acceptable to the Minister), and
- F** is the amount that would be determined for D if the periods of pensionable service referred to in subclause (A)(I) of the description of D only included periods after 2023;

(5) Subparagraph 8503(2)(i)(ii) of the Regulations is replaced by the following:

(ii) the aggregate of all amounts, each of which is such a single amount (other than the portion thereof, if any, that can reasonably be considered to be interest, computed at a rate not exceeding a reasonable rate, in respect of the period from the day of death of the member to the day the single amount is paid), does not exceed the present value, immediately before the death of the member or at any other time allowed under the *Pension Benefits Standards Act, 1985* or similar law of a province, of all benefits that have accrued under the provision with respect to the member to the day of the member's death;

(6) The portion of paragraph 8503(3)(b) of the Regulations before subparagraph (i) is replaced by the following:

Benefit Accruals After Pension Commencement

(b) benefits are not provided under the provision (in this paragraph referred to as the "particular provision") to a member in respect of a period that is after the day on which retirement benefits (other than retirement benefits payable as a consequence of the death of another person) commence to be paid to the member under a defined benefit provision of

(7) Subsection (1) is deemed to have come into force on January 1, 2011.

(8) Subsections (2) to (4) come into force on January 1, 2024.

(9) Subsection (5) is deemed to have come into force on January 1, 2020.

(10) Subsection (6) is deemed to have come into force on January 1, 2022.

66 (1) The portion of subsection 8504(5) before paragraph (a) of the Regulations is replaced by the following:

(5) For the purposes of subparagraph 8502(c)(i), the following conditions are applicable in respect of retirement benefits (other than retirement benefits payable as the result of the death of another member) payable under a defined benefit provision of a pension plan to a member of the plan for the period (in this subsection referred to as the "bridging period") from the time the benefits commence to be paid to the time the member attains 65 years of age:

(2) The formula in paragraph 8504(5)(a) of the Regulations is replaced by the following:

$$(A \times B) + (0.25 \times C \times (D / 35)) + (0.3333 \times E \times (F / 35))$$

(3) Paragraph 8504(5)(a) of the Regulations is amended by striking out "and" after the description of C and by replacing the description of D as follows:

D is the lesser of 35 and the amount determined for B prior to 2024,

E is

(i) for years after 2027, the average of the Year's Additional Maximum Pensionable Earnings for the calendar year in which the benefits commence to be paid and for each of the four immediately preceding years, and

(ii) for years prior to 2028, the average of the Year's Additional Maximum Pensionable Earnings for the year in which the benefits commence to be paid and for each of the immediately preceding years after 2023, and

F is the lesser of 35 and the amount determined for B for years after 2023; and

(4) Subsection (1) is deemed to have come into force on January 1, 2022.

(5) Subsections (2) and (3) come into force on January 1, 2024.

67 (1) Clause 8506(1)(e.2)(iii)(C) of the Regulations is replaced by the following:

(C) a retirement benefit that would be described in paragraph (a) if its subparagraph (ii) read as follows:

(ii) the benefits are adjusted annually, after they commence to be paid, in whole or in part to reflect increases at a rate specified under the terms of the plan not exceeding 2% per annum;

(2) Subparagraph 8506(1)(e.2)(iv) of the Regulations is replaced by the following:

(iv) the VPLA benefits are increased or decreased to the extent that

(A) the following differ from the actuarial assumptions used to determine the VPLA benefits:

(I) the amount or rate of return earned by the VPLA fund, or

(II) the rate of mortality of the members and beneficiaries who are entitled to receive the VPLA benefits, or

(B) the mortality-related actuarial assumptions in respect of the members and beneficiaries are changed;

(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2020.

68 (1) Paragraphs 8510(3)(c) and (d) of the Regulations are replaced by the following:

(c) each employer participates in the plan pursuant to one or more collective bargaining agreements or participation agreements whose contribution rates and benefits are substantially the same as under the collective bargaining agreements related to the plan,

(d) all or substantially all of the employers who participate in the plan are persons, each of whom is

(i) not exempt from tax under Part I of the Act, or

(ii) exempt from tax under Part I of the Act pursuant to paragraph 149(1)(f) or (l) of the Act and, collectively with its related persons, employs fewer than 100 full-time employees throughout the year;

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

69 (1) Section 9000 of the Regulations is amended by adding the following after paragraph (a):

(a.1) Farm Credit Canada;

(2) Subsection (1) applies to the 2016 and subsequent taxation years.

70 (1) Section 9005 of the Regulations is amended by striking out “and” at the end of paragraph (n), by adding “and” at the end of paragraph (o) and by adding the following after paragraph (o):

(p) a FHSA.

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

71 (1) Section 9006 of the Regulations is amended by striking out “and” at the end of paragraph (j), by adding “and” at the end of paragraph (k) and by adding the following after paragraph (k):

| **(l) a FHSA.**

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

