

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

Income Tax Act

## **1 Paragraph 6(1)(e.1) of the *Income Tax Act* is replaced by the following:**

### **Group sickness or accident insurance plans**

**(e.1)** the total of all amounts contributed in the year in respect of the taxpayer by the taxpayer's employer to a group sickness or accident insurance plan (including a plan that is administered or provided by an employee life and health trust), except to the extent that the contributions are attributable to benefits under the plan that, if received by the taxpayer, would be included in the taxpayer's income under paragraph (f) in the year the benefits are received if that paragraph were read without regard to its subparagraph (v);

## **2 (1) The formula in the definition *undepreciated capital cost* in subsection 13(21) of the Act is replaced by the following:**

$$(A + B + C + D + D.1) - (E + E.1 + E.2 + F + G + H + I + J + K)$$

## **(2) The definition *undepreciated capital cost* in subsection 13(21) of the Act is amended by adding the following after the description of E.1:**

**E.2** is the total of all amounts each of which is an amount by which the undepreciated capital cost to the taxpayer of depreciable property of that class is required to be reduced at or before that time because of subsection 81(6),

## **(3) Subsections (1) and (2) are deemed to have come into force on December 31, 2023.**

## **3 (1) Paragraph (b) in the description of D in the definition *adjusted taxable income* in subsection 18.2(1) of the Act is replaced by the following:**

**(b)** in any other case, the taxpayer's taxable income for the year (determined without regard to subsection (2), paragraphs 12(1)(l.2) and 111(1)(a.1) and clause 95(2)(f.11)(ii)(D) and as if the definition *taxable income* in subsection 248(1) were read without reference to "except that in no case may a taxpayer's taxable income be less than nil"), and

## **(2) Paragraph (g) in the description of B in the definition *adjusted taxable income* in subsection 18.2(1) of the Act is replaced by the following:**

**(g)** an amount deducted by the taxpayer under subsection 104(6) in computing its income for the year, except to the extent of any portion of the amount that

**(i)** has been designated under subsection 104(19) for the year, or

**(ii)** is attributable to an amount that would, in the absence of subsection (2), have been deductible in computing the taxpayer's income for the year,

## **(3) Subsections (1) and (2) apply to taxation years that end after Announcement Date.**

## **4 (1) Clause 53(1)(e)(ix)(A) of the Act is replaced by the following:**

**(A)** the taxpayer's share of the amount (other than an amount that is received as an *excluded loan* as defined in subsection 12(11)) of any assistance or benefit that the partnership received or became entitled to receive after 1971 and before that time from a government, municipality or other public authority, whether as a grant, subsidy, forgivable loan, deduction from royalty or tax, investment allowance or any other form of assistance or benefit, in respect of or related to a Canadian resource property or an exploration or development expense incurred in Canada

**(2) Subparagraph 53(2)(k)(i) of the Act is amended by striking out “or” at the end of clause (C), by replacing “and” at the end of clause (D) with “or” and by adding the following after clause (D):**

**(E)** an amount received as an *excluded loan* as defined in subsection 12(11), and

**(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2020, and apply to loans made after December 31, 2019.**

**5 (1) Subparagraph 56(1)(a)(i) of the Act is amended by striking out “and” at the end of clause (F), by adding “and” at the end of clause (G) and by adding the following after clause (G):**

**(H)** an amount paid or transferred from a registered pension plan, in respect of an unlocated individual, to an unclaimed property authority,

**(2) Subsection (1) applies in respect of amounts paid or transferred to an unclaimed property authority after 2025.**

**6 (1) Subparagraph 60(j)(i) of the Act is replaced by the following:**

**(i)** a superannuation or pension benefit (other than any amount in respect of the benefit that is deducted in computing the taxable income of the taxpayer for a taxation year because of subparagraph 110(1)(f)(i) or a benefit that is part of a series of periodic payments) payable out of or under a pension plan that is not a registered pension plan, included in computing the income of the taxpayer for the year because of subparagraph 56(1)(a)(i), if

**(A)** the superannuation or pension benefit is attributable to services rendered by the taxpayer or a spouse or common-law partner or former spouse or common-law partner of the taxpayer in a period throughout which that person was not resident in Canada, or

**(B)** the pension plan is a *foreign plan* as defined in subsection 6804(1) of the *Income Tax Regulations* and all contributions made to the plan by the taxpayer, or the taxpayer’s deceased spouse or common-law partner or deceased former spouse or common-law partner, were prescribed contributions for the purposes of paragraph 207.6(5.1)(a), or

**(2) Subsection (1) is deemed to have come into force on January 1, 2024.**

**7 (1) The definition *assistance* in subsection 66(15) of the Act is replaced by the following:**

***assistance*** means any amount, other than a prescribed amount or an *excluded loan* as defined in subsection 12(11), received or receivable at any time from a person or government, municipality or other public authority whether the amount is by way of a grant, subsidy, rebate, forgivable loan, deduction from royalty or tax, rebate of royalty or tax, investment allowance or any other form of assistance or benefit; (*montant à titre d’aide*)

**(2) Subsection (1) is deemed to have come into force on January 1, 2020, and applies to loans made after December 31, 2019.**

**8 (1) Subsection 74.5(12) of the Act is amended by adding “or” at the end of paragraph (b) and by replacing paragraphs (c) and (d) with the following:**

**(c)** to the individual’s spouse or common-law partner, while the property (or property substituted for it) is held under a TFSA or FHSA of which the spouse or common-law partner is the holder and to the extent that the spouse or common-law partner does not have

**(i)** an *excess TFSA amount* (as defined in subsection 207.01(1)), at the time of the contribution of the property under the TFSA, or

**(ii)** an *excess FHSA amount* (as defined in subsection 207.01(1)), at the time of the contribution of the property under the FHSA.

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

**9 (1) Subsection 81(1) of the Act is amended by adding the following after paragraph (c.1):**

**Ship of resident corporations — gains**

**(c.2)** the portion of a taxable capital gain of the taxpayer for the year from the disposition of a vessel, including the furniture, fittings, radiocommunication equipment and other equipment attached to the vessel, that can reasonably be considered to have accrued while the vessel

**(i)** was property of a corporation resident in Canada (if this Act were read without reference to subsection 250(4)) that satisfied the conditions set out in paragraphs 250(6)(a) and (b), and

**(ii)** was used by the corporation solely to earn income from international shipping;

**(2) Subsection 81(1) of the Act is amended by adding the following after paragraph (c.2):**

**Ship of resident corporations — excess recapture**

**(c.3)** the amount, if any, determined by the formula

$$A \times [B \div (B + C)]$$

where

**A** is an amount included under subsection 13(1), in respect of a prescribed class, in computing the taxpayer's income for the year,

**B** is the amount determined for E.2 in the definition *undepreciated capital cost* in subsection 13(21) in respect of the prescribed class at the end of the year, and

**C** is the amount determined for E in the definition *undepreciated capital cost* in subsection 13(21) in respect of the prescribed class at the end of the year;

**(3) Section 81 of the Act is amended by adding the following after subsection (5):**

**Ship of resident corporations — undepreciated capital cost**

**(6)** If, at the end of a taxation year of a taxpayer, the taxpayer owns a vessel it used in the year to earn income that would not be included in computing its income because of paragraph 81(1)(c.1), the undepreciated capital cost to the taxpayer of the prescribed class that includes the vessel is reduced, at the time that is immediately before the end of the year, by the greatest amount that the taxpayer could have deducted under paragraph 20(1)(a) in respect of property of that class in computing its income for the year, but for paragraph 18(1)(c).

**(4) Subsection (1) applies to the portion of a taxable capital gain that accrues on or after December 31, 2023.**

**(5) Subsections (2) and (3) are deemed to have come into force on December 31, 2023.**

**10 (1) Paragraph 85.1(4)(a) of the Act is replaced by the following:**

**(a)** it is the case that

**(i)** the disposition is part of a transaction or event or a series of transactions or events that includes a disposition (referred to in this paragraph as the "relevant disposition") of a property (other than a share of the capital stock of a corporation resident in Canada) that is

**(A)** the share,

**(B)** property substituted for the share, or

**(C)** property any of the fair market value of which is derived, directly or indirectly, from property referred to in clause (A) or (B), and

**(ii)** the relevant disposition is to an acquirer that, at any time during the period that begins immediately before the transaction, event or series and ends immediately after the transaction, event or series,

**(A)** deals at arm's length with the taxpayer or a person that is, at any time during the period, a particular person in respect of the taxpayer, unless

**(I)** the acquirer is a foreign affiliate of the taxpayer or of a successor corporation of the taxpayer in respect of which the taxpayer or the successor corporation, as the case may be, has a qualifying interest (within the meaning of paragraph 95(2)(m)) at the time of the transaction or event or throughout the series, as the case may be, or

**(II)** at the time of the relevant disposition, the property that is disposed of is not *excluded property* (as defined in subsection 95(1)) of a foreign affiliate of the taxpayer, of a person that is, at any time during the period, a particular person in respect of the taxpayer or of a partnership, any member of which is, at any time during the period, the taxpayer or a particular person in respect of the taxpayer, or

**(B)** is a non-resident person (other than a non-resident corporation that is a controlled foreign affiliate of the taxpayer, or of a successor corporation of the taxpayer, for the purposes of section 17 at the time of the transaction or event or throughout the series, as the case may be) that does not deal at arm's length with the taxpayer or with a person that is, at any time during the period, a particular person in respect of the taxpayer; or

## **(2) Section 85.1 of the Act is amended by adding the following after subsection (4):**

### **Interpretation – partnerships**

**(4.1)** In applying paragraph (4)(a),

**(a)** a taxpayer or a particular person in respect of the taxpayer (each of which is referred to in this subsection as a “relevant taxpayer”) and an acquirer are deemed to be dealing with each other at arm's length, at any time, for the purposes of clause (4)(a)(ii)(A) if,

**(i)** where either the relevant taxpayer or the acquirer is a partnership and the other party is not, any member of the partnership deals at arm's length, at that time, with the other party, or

**(ii)** where both the relevant taxpayer and the acquirer are partnerships, the relevant taxpayer or any member of the relevant taxpayer deals at arm's length, at that time, with the acquirer or any member of the acquirer; and

**(b)** an acquirer is deemed to be a non-resident person with whom the relevant taxpayer does not deal at arm's length, at any time, for the purposes of clause (4)(a)(ii)(B) if,

**(i)** where either the relevant taxpayer or the acquirer is a partnership and the other party is not,

**(A)** any member of the partnership does not deal at arm's length, at that time, with the other party, and

**(B)** the acquirer — or, where the acquirer is a partnership, any member of the acquirer — is a non-resident person at that time, or

**(ii)** where both the relevant taxpayer and the acquirer are partnerships,

**(A)** the relevant taxpayer or any member of the relevant taxpayer does not deal at arm's length, at that time, with the acquirer or any member of the acquirer, and

**(B)** any member of the acquirer is a non-resident person at that time.

## Definitions

**(4.2)** The following definitions apply in this subsection and subsection (4).

**particular person**, in respect of a taxpayer, at any time means a person that is at that time

- (a)** resident in Canada and not dealing at arm's length with the taxpayer;
- (b)** a successor corporation of the taxpayer; or
- (c)** resident in Canada and not dealing at arm's length with a person described in paragraph (a) or (b). (*personne déterminée*)

**successor corporation** of a particular corporation means

- (a)** a corporation of which the particular corporation is a predecessor corporation (within the meaning of subsection 87(1));
- (b)** a corporation into which the particular corporation was wound-up in a winding-up to which subsection 88(1) applied; or
- (c)** a successor corporation of a successor corporation of the particular corporation. (*société remplaçante*)

**(3) Subsections (1) and (2) apply in respect of dispositions that occur on or after Announcement Day.**

**11 (1) Paragraphs 87(8.3)(b) and (c) of the Act are replaced by the following:**

**(b)** the foreign merger is part of a transaction or event or a series of transactions or events that includes a disposition (referred to in this paragraph as the "relevant disposition") of a property (other than a share of the capital stock of a corporation resident in Canada) that is

- (i)** a share of the capital stock of the new foreign corporation,
- (ii)** property substituted for a share of the capital stock of the new foreign corporation, or
- (iii)** property any of the fair market value of which is derived, directly or indirectly, from property referred to in subparagraph (i) or (ii); and

**(c)** the relevant disposition is to an acquirer that, at any time during the period that begins immediately before the transaction, event or series and ends immediately after the transaction, event or series,

**(i)** deals at arm's length with the taxpayer or a person that is, at any time during the period, a particular person in respect of the taxpayer, unless

**(A)** the acquirer is a foreign affiliate of the taxpayer or of a successor corporation of the taxpayer in respect of which the taxpayer or the successor corporation, as the case may be, has a qualifying interest (within the meaning of paragraph 95(2)(m)) at the time of the transaction or event or throughout the series, as the case may be, or

**(B)** at the time of the relevant disposition, the property that is disposed of is not *excluded property* (as defined in subsection 95(1)) of a foreign affiliate of the taxpayer, of a person that is, at any time during the period, a particular person in respect of the taxpayer or of a partnership, any member of which is, at any time during the period, the taxpayer or a particular person in respect of the taxpayer, or

**(ii)** is a non-resident person (other than a non-resident corporation that is a controlled foreign affiliate of the taxpayer, or of a successor corporation of the taxpayer, for the purposes of section 17 at the time of the transaction or event or throughout the series, as the case may be) that does not deal at arm's length with the taxpayer or with a person that is, at any time during the period, a particular person in respect of the taxpayer.

**(2) Section 87 of the Act is amended by adding the following after subsection (8.3):**

**Interpretation — partnerships**

**(8.31)** In applying paragraph (8.3)(c),

**(a)** a taxpayer or a particular person in respect of the taxpayer (each of which is referred to in this subsection as the “relevant taxpayer”) and an acquirer are deemed to be dealing with each other at arm’s length, at any time, for the purposes of subparagraph (8.3)(c)(i) if,

**(i)** where either the relevant taxpayer or the acquirer is a partnership and the other party is not, any member of the partnership deals at arm’s length, at that time, with the other party, or

**(ii)** where both the relevant taxpayer and the acquirer are partnerships, the relevant taxpayer or any member of the relevant taxpayer deals at arm’s length, at that time, with the acquirer or any member of the acquirer;

**(b)** an acquirer is deemed to be a non-resident person with whom the relevant taxpayer does not deal at arm’s length, at any time, for the purposes of subparagraph (8.3)(c)(ii) if,

**(i)** where either the relevant taxpayer or the acquirer is a partnership and the other party is not,

**(A)** any member of the partnership does not deal at arm’s length, at that time, with the other party, and

**(B)** the acquirer — or, where the acquirer is a partnership, any member of the acquirer — is a non-resident person at that time, or

**(ii)** where both the relevant taxpayer and the acquirer are partnerships,

**(A)** the relevant taxpayer or any member of the relevant taxpayer does not deal at arm’s length, at that time, with the acquirer or any member of the acquirer, and

**(B)** any member of the acquirer is a non-resident person at that time; and

**(c)** *particular person* and *successor corporation* have the same meaning as in subsection 85.1(4.2).

**(3) Subsections (1) and (2) apply in respect of dispositions that occur on or after Announcement Day.**

**12 (1) Section 91 of the Act is amended by adding the following after subsection (4):**

**Foreign accrual tax — DMTT regime**

**(4.01)** For the purpose of the definition *foreign accrual tax* in subsection 95(1), a portion of income or profits tax paid by a particular foreign affiliate, or a shareholder affiliate (within the meaning assigned by subparagraph (a)(ii) of that definition), of a taxpayer to the government of a country under a *domestic minimum top-up tax regime* (as defined in subsection 5907(1) of the *Income Tax Regulations*) may reasonably be regarded as applicable to an amount included under subsection (1) in computing the taxpayer’s income for a taxation year of the taxpayer in respect of the particular affiliate only if that portion can reasonably be considered to be in respect of income or profits, as determined under that tax regime, of the particular affiliate or the shareholder affiliate, as the case may be, that are derived from an activity the income, profit or gains from which are included in the particular affiliate’s foreign accrual property income that is included in that amount.

**Interpretation — DMTT regime**

**(4.02)** For the purpose of subsection (4.01), the income or profits tax payable under a *domestic minimum top-up tax regime* (as defined in subsection 5907(1) of the *Income Tax Regulations*) for a *fiscal year* (as defined in subsection 5907(1) of the *Income Tax Regulations*) that can reasonably be considered to be in respect of the income or profits, as determined under that tax regime, of a foreign affiliate of a taxpayer is the amount determined under subsection 5907(1.192) of the *Income Tax Regulations*.

#### **Exception – DMTT regime**

**(4.03)** Despite any other provision of this Act, if a particular amount of income or profits tax payable under a *domestic minimum top-up tax regime* (as defined in subsection 5907(1) of the *Income Tax Regulations*) was determined taking into account any tax imposed under this Act (other than any tax imposed under Part XIII), no amount paid in respect of that particular amount is to be included in computing the foreign accrual tax applicable to an amount included under subsection (1) in computing a taxpayer's income for any taxation year of the taxpayer.

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

**13 (1) Paragraph 93.1(3)(c) of the Act is replaced by the following:**

(c) subsections 39(2.1), 40(3.6), 85.1(4.1) and 87(8.31).

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

**14 (1) Subparagraph 94.2(2)(a)(i) of the Act is replaced by the following:**

(i) that is controlled by each of the beneficiary and the particular person, unless the condition in paragraph (1)(b) is met only because the condition in subparagraph (1)(b)(i) is met in respect of one or more classes of fixed interests that are tracking interests (within the meaning assigned by subsection 95(8)) in respect of the trust, and

**(2) Section 94.2 of the Act is amended by adding the following after subsection (4):**

#### **Tracking interests**

**(5)** If the condition in subparagraph (1)(b)(i) is met at any time in a taxation year in respect of a particular class of fixed interests of a trust that are tracking interests (within the meaning assigned by subsection 95(8)) in respect of the trust, and subsection 95(11) would apply in the absence of subsection 95(13), in respect of the trust for the taxation year,

(a) despite subsection 95(13), subsection 95(11) applies in respect of the trust for the year;

(b) the separate corporation described in subsection 95(11) in respect of those tracking interests is deemed to be controlled by each of the beneficiary and the particular person referred to in subsection (1) in respect of the trust at that time; and

(c) subsection (3) applies to that separate corporation, with such modifications as the context requires, as if that separate corporation were a trust referred to in paragraph (2)(a), for the purpose of determining the amount to be included under subsection 91(1) by the beneficiary or particular person in respect of shares of the capital stock of the separate corporation for the year.

**(3) Subsections (1) and (2) apply to taxation years of trusts that begin after February 26, 2018.**

**15 (1) The portion of subsection 95(11) of the Act before paragraph (a) is replaced by the following:**

#### **Tracking class – separate corporation**

**(11)** If this subsection applies in respect of a foreign affiliate (referred to in this subsection as the “actual affiliate”), other than a controlled foreign affiliate, of a taxpayer for a taxation year of the actual affiliate, the following rules apply for the purpose of determining the amounts, if any, to be included under subsection 91(1), and to be deducted under subsection 91(4), by the taxpayer in respect of the year and for the purpose of applying section 233.4 in respect of the year:

**(2) Section 95 of the Act is amended by adding the following after subsection (12):**

#### **Exception – no avoidance purpose**

**(13)** Subsections (11) and (12) apply in respect of a foreign affiliate of a taxpayer for a taxation year only if it can reasonably be considered that one of the purposes for the creation or issuance, or for the acquisition or holding, of a tracking

interest in respect of the affiliate that is acquired or held by the taxpayer or another foreign affiliate of the taxpayer is to avoid, prevent or defer the inclusion of any amount in the income of the taxpayer under subsection 91(1).

**(3) Subsections (1) and (2) apply to taxation years of a foreign affiliate of a taxpayer that begin after February 26, 2018.**

**16 (1) Subsection 104(1) of the Act is replaced by the following:**

**Reference to trust or estate**

**104 (1)** In this Act, a reference to a trust or estate (in this Subdivision referred to as a “trust”) shall, unless the context otherwise requires, be read to include a reference to the trustee, executor, administrator, liquidator of a succession, heir or other legal representative having ownership or control of the trust property, but, except for the purposes of this subsection, subsection (1.1), subparagraph (b)(v) of the definition *disposition* in subsection 248(1) and paragraph (k) of that definition, a trust is deemed not to include an arrangement under which the trust can reasonably be considered to act as agent for all the beneficiaries under the trust with respect to all dealings with all of the trust’s property unless the trust is described in any of paragraphs (a) to (e.1) of the definition *trust* in subsection 108(1).

**(2) Subsection (1) applies to taxation years that end after December 30, 2024.**

**17 Paragraph (e) of the definition *eligible individual* in section 122.6 of the Act is amended by adding “or” at the end of subparagraph (iii) and by repealing subparagraph (iv).**

**18 (1) Subsection 122.62(10) of the Act is amended by striking out “and” at the end of paragraph (a), by adding “and” at the end of paragraph (b) and by adding the following after paragraph (b):**

(c) at the beginning of the month, the person satisfied the conditions set out in paragraphs (c) to (e) of the definition *eligible individual* in section 122.6.

**(2) Subsection (1) applies to months that begin after Announcement Date.**

**19 (1) Paragraph (b) of the definition *qualifying relation* in subsection 122.92(1) of the Act is replaced by the following:**

(b) at any time in the renovation period taxation year, is a parent, grandparent, child, grandchild, brother, sister, aunt, uncle, niece or nephew — or the spouse or common-law partner of one of those individuals — of either the qualifying individual or the *cohabiting spouse or common-law partner* (as defined in section 122.6) of the qualifying individual. (*proche admissible*)

**(2) Subsection (1) applies to the 2023 and subsequent taxation years in respect of qualifying expenditures paid after December 31, 2022 for services performed or goods acquired after that date.**

**20 (1) Section 126 of the Act is amended by adding the following after subsection (4.13):**

**Exception — DMTT regime**

**(4.14)** If a particular amount of income or profits tax payable under a domestic minimum top-up tax regime was determined taking into account any tax imposed under this Act (other than any tax imposed under Part XIII), no amount paid in respect of that particular amount is to be included in computing the taxpayer’s business-income tax or non-business-income tax for any taxation year.

**(2) Section 126 of the Act is amended by adding the following after subsection (4.6):**

**Business-income tax — DMTT regime**

**(4.7)** For the purpose of the definition *business-income tax* in subsection (7), a portion of income or profits tax paid by a taxpayer to the government of a country other than Canada under a domestic minimum top-up tax regime for a fiscal year can reasonably be regarded as tax in respect of the income of the taxpayer from a business carried on by the taxpayer in a business country (within the meaning of the definition *business-income tax* in subsection (7)) only if that

portion can reasonably be considered to be in respect of income or profits, as determined under that tax regime, of the taxpayer that are derived from an activity the income, profit or gains from which would be included in the taxpayer's income from a business carried on in the business country.

#### **Interpretation – DMTT regime**

**(4.8)** For the purposes of subsection (4.7) and paragraph (j) of the definition *non-business-income tax* in subsection (7), the income or profits tax payable under a domestic minimum top-up tax regime for a fiscal year that can reasonably be considered to be in respect of the income or profits, as determined under that tax regime, of a taxpayer that is a member of a DMTT group for the fiscal year is,

**(a)** if the tax regime determines an amount of income or profits tax payable for the fiscal year in respect of the income or profits of the taxpayer under that regime, the amount so determined; and

**(b)** in any other case, the amount determined by the formula:

$$A \times B \div C$$

where

**A** is the total amount of income or profits tax payable in respect of the DMTT group under that tax regime for the fiscal year,

**B** is the income or profits, as determined under that tax regime, of the taxpayer for the fiscal year, and

**C** is the total of all amounts, each of which is the income or profits, as determined under that tax regime, of a member of the DMTT group for the fiscal year.

**(3) The definition *non-business-income tax* in subsection 126(7) of the Act is amended by striking out “or” at the end of paragraph (g), by adding “or” at the end of paragraph (i) and by adding the following after paragraph (i):**

**(j)** that is paid to the government of the country under a domestic minimum top-up tax regime for a fiscal year and that cannot reasonably be considered to be in respect of the income or profits, as determined under that tax regime, of the taxpayer. (*impôt sur le revenu ne provenant pas d'une entreprise*)

**(4) Subsection 126(7) of the Act is amended by adding the following in alphabetical order:**

***DMTT group*** has the meaning assigned by subsection 5907(1) of the *Income Tax Regulations*. (*groupe d'ICMN*)

***domestic minimum top-up tax regime*** has the meaning assigned by subsection 5907(1) of the *Income Tax Regulations*. (*régime d'impôt complémentaire minimum national*)

***fiscal year*** has the meaning assigned by subsection 5907(1) of the *Income Tax Regulations*. (*année financière*)

**(5) Subsections (1) to (4) are deemed to come into force on Announcement Date.**

**21 (1) Subparagraph 144.1(2)(b)(iii) of the Act is replaced by the following:**

**(iii)** after the death of the last beneficiary described in subparagraph (d)(i) or (ii) (other than a key employee or an individual who is related to a key employee), His Majesty in right of Canada or a province;

**(2) The portion of paragraph 144.1(2)(d) of the Act before subparagraph (i) is replaced by the following:**

**(d)** the trust may not have any beneficiaries (other than for the purpose of receiving a payment that is from a benefit described in paragraph (b) or (e) of the definition *designated employee benefit* under subsection (1)) other than persons each of whom is

**(3) Clause 144.1(2)(e)(i)(B) of the Act is replaced by the following:**

**(B)** at least 75% of the members of the class

**(I)** are not key employees (and are not individuals related to a key employee) of any of the participating employers under the trust, or

**(II)** deal at arm's length with participating employers under the trust and are individuals in respect of whom contributions to the trust are determined in connection with a collective bargaining agreement, or

**(4) Subsection (3) comes into force on January 1, 2026.**

**22 (1) The definition *benefit* in subsection 146(1) of the Act is amended by striking out “and” at the end of paragraph (c), by adding “and” at the end of paragraph (c.1) and by adding the following after paragraph (c.1):**

**(c.2)** an amount that is paid or transferred to an unclaimed property authority in respect of an unlocated individual

**(2) The definition *issuer* in subsection 146(1) of the Act is replaced by the following:**

*issuer* means the person referred to in the definition *retirement savings plan* in this subsection

**(a)** with whom an annuitant has a contract or arrangement described in paragraph (a) or (b) of that definition; or

**(b)** that established an arrangement described in paragraph (c) of that definition; (*émetteur*)

**(3) The portion of the definition *refund of premiums* in subsection 146(1) of the Act before paragraph (a) is replaced by the following:**

*refund of premiums* means any amount paid out of or under an RRSP (other than a tax-paid amount in respect of the plan or an amount paid from an arrangement described in paragraph (c) of the definition *retirement savings plan* in this subsection) as a consequence of the death of the annuitant under the plan,

**(4) The definition *retirement savings plan* in subsection 146(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)** an arrangement established at the direction of an unclaimed property authority to receive property from an RRSP or registered pension plan in respect of an unlocated individual; (*régime d'épargne-retraite*)

**(5) The definition *spousal or common-law partner plan* in subsection 146(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)** a member's account under a pooled registered pension plan that has received a payment out of or a transfer from a spousal or common-law partner plan in relation to the taxpayer; (*régime au profit de l'époux ou conjoint de fait*)

**(6) Subsection 146(3) of the Act is amended by adding the following after paragraph (b):**

**(c)** does not meet the conditions in subsection (2), if the plan is an arrangement described in paragraph (c) of the definition *retirement savings plan* in subsection (1);

**(7) Subsection 146(16) of the French version of the Act is amended by adding the following after paragraph (a.1):**

**a.2)** soit à un CELIAPP au profit du rentier, si le paragraphe (8.3) ne s'appliquait pas à un montant relativement à un bien lorsque le rentier a plutôt reçu le bien à titre de prestations dans le cadre d'un régime enregistré d'épargne-retraite;

**(8) Section 146 of the Act is amended by adding the following after subsection (22):**

### Unclaimed property authority

**(23)** If an unclaimed property authority has established an RRSP to receive property in respect of an unlocated individual,

- (a)** subsections (8.8) to (8.93) do not apply to the unlocated individual in respect of the property (or property substituted for it) while such property is held under the RRSP;
- (b)** paragraph (4)(c) does not apply to any trust governed by the RRSP; and
- (c)** subsection (20) is to be read without reference to its paragraph (c) in respect of an amount credited or added to a deposit while the property (or property substituted for it) is held under the RRSP.

### Unclaimed property authority – transfers

**(24)** If an unclaimed property authority has established an RRSP to receive property in respect of an unlocated individual and the property (or property substituted for it) is claimed by an individual that is eligible to receive it in accordance with applicable law, the individual is deemed to be the annuitant of the RRSP for the purposes of subsection (16), provided the individual is

- (a)** the unlocated individual;
- (b)** an individual who was, immediately before the death of the unlocated individual, a spouse or common-law partner of the unlocated individual; or
- (c)** a child or grandchild of the unlocated individual who was, immediately before the death of the unlocated individual, financially dependent on the unlocated individual for support because of mental or physical infirmity.

**(9) Subsection (1) applies in respect of amounts paid or transferred to an unclaimed property authority after 2025.**

**(10) Subsection (5) is deemed to have come into force on Announcement Date.**

**(11) Subsection (7) is deemed to have come into force on June 20, 2024.**

**(12) Subsection (8) applies in respect of RRSPs established by an unclaimed property authority after 2025.**

### **23 Paragraphs 146.2(9)(b) and (c) of the Act are replaced by the following:**

**(b)** there shall be included in computing a taxpayer's income for a taxation year the total of all amounts each of which is an amount determined by the formula

$$A - B - C$$

where

**A** is the amount of a payment made out of or under the trust, in satisfaction of all or part of the taxpayer's beneficial interest in the trust, in the taxation year, after the holder's death and at or before the exemption-end time,

**B** is the amount designated in respect of the payment as an *exempt contribution* (as defined in subsection 207.01(1)), and

**C** is an amount designated by the trust not exceeding the lesser of

**(i)** the amount by which the amount of the payment exceeds the amount determined for B in respect of the payment, and

**(ii)** the amount by which the fair market value of all of the property held by the trust immediately before the holder's death exceeds the total of all amounts each of which is the amount determined for C in respect of any other payment made out of or under the trust prior to the payment; and

(c) there shall be included in computing the trust's income for its first taxation year, if any, that begins after the exemption-end time the amount determined by the formula

$$D - E - F$$

where

D is the sum of the fair market value of all of the property held by the trust at the exemption-end time and the total of all payments made out of or under the trust after the holder's death and at or before the exemption-end time,

E is the sum of the total of all amounts each of which is an amount determined for B in paragraph (b) and the total of all amounts included in a taxpayer's income under paragraph (b) in respect of the trust, and

F is the fair market value of all of the property held by the trust immediately before the holder's death.

**24 (1) The portion of the definition *designated benefit* in subsection 146.3(1) of the Act before paragraph (a) is replaced by the following:**

*designated benefit* of an individual in respect of a RRIF (other than an arrangement described in paragraph (b) of the definition *retirement income fund* in this subsection) means the total of

**(2) The definition *retirement income fund* in subsection 146.3(1) of the Act is replaced by the following:**

*retirement income fund* means an arrangement

(a) between a carrier and an annuitant under which, in consideration for the transfer to the carrier of property, the carrier undertakes to pay amounts to the annuitant (and, where the annuitant so elects, to the annuitant's spouse or common-law partner after the annuitant's death), the total of which is, in each year in which the minimum amount under the arrangement for the year is greater than nil, not less than the minimum amount under the arrangement for that year, but the amount of any such payment does not exceed the value of the property held in connection with the arrangement immediately before the time of the payment; or

(b) established at the direction of an unclaimed property authority to receive property from a RRIF, RRSP or registered pension plan in respect of an unlocated individual. (*fonds de revenu de retraite*)

**(3) The portion of the definition *carrier* after paragraph (d) in subsection 146.3(1) of the English version of the Act is repealed.**

**(4) The portion of the definition *émetteur* before paragraph (a) in subsection 146.3(1) of the French version of the Act is replaced by the following:**

*émetteur* À l'égard d'un fonds de revenu de retraite, l'une des personnes suivantes :

**(5) Section 146.3 of the Act is amended by adding the following after subsection (1.5):**

**Nil minimum amount**

(1.6) Subject to subsection (1.7), the minimum amount under a retirement income fund for a year is deemed to be nil, if at the beginning of the year the fund is held under the direction of an unclaimed property authority in respect of an unlocated individual.

**Accumulated minimum amount**

(1.7) If an unclaimed property authority directs a carrier of a retirement income fund to transfer all or part of the property held in connection with the fund to a RRIF of an individual who is entitled to claim the property in accordance with applicable law,

(a) the minimum amount under the fund for the year that includes the transfer is deemed to be equal to the total of all amounts each of which is the minimum amount that, in the absence of this subsection and subsection (1.6), would have been the minimum amount under the fund in the year of the transfer or a preceding year to which subsection (1.6) applied; and

(b) an amount that is not less than the minimum amount determined under paragraph (a) must be paid directly to the individual from the fund before the first such transfer.

**(6) Subparagraph 146.3(2)(f)(iii) of the Act is replaced by the following:**

(iii) the individual to the extent only that the amount of the consideration was an amount described in clause 60(j)(iv)(C) or subparagraph 60(l)(v),

**(7) Section 146.3 of the Act is amended by adding the following after subsection (2):**

**Idem**

(2.1) Despite subsection (2), the Minister may accept for registration for the purposes of this Act any arrangement that does not meet the conditions in subsection (2) if the arrangement is described in paragraph (b) of the definition *retirement income fund* in subsection (1).

**(8) Subsection 146.3(5) of the Act is amended by striking out “or” at the end of paragraph (c), by adding “or” at the end of paragraph (d) and by adding the following after paragraph (d):**

(e) an amount that is paid or transferred to an unclaimed property authority in respect of an unlocated individual.

**(9) Subsection 146.3(14.1) of the Act is replaced by the following:**

**Transfer to PRPP or RPP**

(14.1) An amount is transferred from a registered retirement income fund of an annuitant in accordance with this subsection if the amount is transferred at the direction of the annuitant directly to

(a) an account of the annuitant under a pooled registered pension plan;

(b) a registered pension plan of which, at any time before the transfer, the annuitant was a *member* (as defined in subsection 147.1(1)) or to a specified pension plan and is allocated to the annuitant under a *money purchase provision* (as defined in subsection 147.1(1)) of the plan;

(c) a licensed annuities provider to acquire an advanced life deferred annuity for the benefit of the annuitant; or

(d) a registered pension plan, not exceeding the amount necessary to fund additional benefits becoming provided to the annuitant under a *defined benefit provision* (as defined in subsection 147.1(1)) of the plan, as a consequence of a *past service event* (as defined in subsection 147.1(1)).

**(10) Section 146.3 of the Act is amended by adding the following after subsection (15):**

**Unclaimed property authority**

(16) If an unclaimed property authority has established a RRIF to receive property in respect of an unlocated individual,

(a) subsections (6) to (6.4) do not apply to the unlocated individual in respect of the property (or property substituted for it) while such property is held under the RRIF;

(b) subsection (3.1) does not apply to any trust governed by the RRIF; and

(c) subsection (15) is to be read without reference to its paragraph (c) in respect of an amount credited or added to a deposit while the property (or property substituted for it) is held under the RRIF.

**Unclaimed property authority – transfers**

(17) If an unclaimed property authority has established a RRIF to receive property in respect of an unlocated individual and the property (or property substituted for it) is claimed by an individual that is eligible to receive it in accordance with applicable law, the individual is deemed to be the annuitant of the RRIF for the purposes of paragraphs (2)(d) and (e) and subsection (14.1), provided the individual is

- (a) the unlocated individual;
- (b) an individual who was, immediately before the death of the unlocated individual, a spouse or common-law partner of the unlocated individual; or
- (c) a child or grandchild of the unlocated individual who was, immediately before the death of the unlocated individual, financially dependent on the unlocated individual for support because of mental or physical infirmity.

**(11) Subsection (6) is deemed to have come into force on August 4, 2023.**

**(12) Subsection (8) applies in respect of amounts paid or transferred to an unclaimed property authority after 2025.**

**(13) Subsection (9) is deemed to have come into force on January 1, 2025.**

**(14) Subsection (10) applies in respect of RRIFs established by an unclaimed property authority that receive property in respect of an amount paid or transferred to an unclaimed property authority after 2025.**

**25 (1) Subparagraph (f)(ii) of the definition *advanced life deferred annuity* in subsection 146.5(1) of the Act is replaced by the following:**

(ii) not exceed the amount, if any, determined by the formula

$$A + B - C$$

where

**A** is the total of all amounts transferred to a licensed annuities provider to acquire the annuity,

**B** is the amount of interest, if any, calculated in respect of the amount determined for A at a rate that

**(A)** is required by the *Pension Benefits Standards Act, 1985* or a similar law of a province, or

**(B)** if clause (A) does not apply, does not exceed a reasonable rate, and

**C** is the total amount of all annuity payments made under the annuity contract.

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

**26 (1) The definition *first home savings account* or *FHSA* in subsection 146.6(1) of the Act is replaced by the following:**

***first home savings account* or *FHSA*** means a qualifying arrangement registered with the Minister that has not ceased to be a FHSA under subsection 146.6(16). (*compte d'épargne libre d'impôt pour l'achat d'une première propriété* ou *CELIAPP*)

**(2) The description of C in paragraph (a) of the definition *annual FHSA limit* in subsection 146.6(1) of the Act is replaced by the following:**

**C** is the amount by which the total of all designated amounts described in paragraph (b) of the definition *designated amount* in subsection 207.01(1) for the year exceeds the total of all contributions made to a FHSA by the taxpayer after the taxpayer's first qualifying withdrawal from a FHSA,

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

**27 (1) Section 147.2 of the Act is amended by adding the following after subsection (8):**

**Former employee**

**(9)** Subsection (10) applies to a member under a defined benefit provision of a registered pension plan if

- (a) the member was an employee of a participating employer under the provision;
- (b) the participating employer has permanently ceased to make contributions under the provision;
- (c) the member is not an employee of one of the other participating employers under the provision; and
- (d) the plan is not an *individual pension plan* (as defined in subsection 8300(1) of the *Income Tax Regulations*).

(10) If this subsection applies to a member of a defined benefit provision of a registered pension plan, then for the purposes of this section and any regulations made under subsection 147.1(18) in respect of eligible contributions, the member is deemed to be a former employee of each participating employer under the provision.

**(2) Subsection (1) comes into force on Announcement Date.**

**28 (1) Section 147.4 of the Act is amended by adding the following after subsection (3):**

**Application of subsection (5)**

- (4) Subsection (5) applies to an amount transferred from an annuity contract described in subsection (1) if
- (a) the conditions set out in paragraphs (1)(a) to (e) were satisfied when the annuitant acquired an interest in the annuity contract; and
  - (b) the transfer is made as a consequence of
    - (i) an individual who is a spouse or common-law partner or former spouse or common-law partner of the annuitant becoming entitled to an interest in the annuity contract under a decree, order or judgment of a competent tribunal, or under a written agreement, relating to a division of property between the annuitant and the individual, in settlement of rights arising out of, or on a breakdown of, their marriage or common-law partnership, or
    - (ii) a provision of the *Pension Benefits Standards Act, 1985* or a similar law of a province that permits the annuitant to commute all or part of their interest in the annuity contract.

**Treatment of amount transferred**

- (5) Despite paragraph (1)(g), if this subsection applies to an amount transferred from an annuity contract described in subsection (1), the amount transferred is deemed for the purposes of section 147.3
- (a) not to be transferred from the annuity contract; and
  - (b) to be transferred from the registered pension plan described in subsection (1) to fully or partially satisfy the individual's entitlement to benefits under the *benefit provision* (as defined in subsection 8500(1) of the *Income Tax Regulations*) under which the individual's entitlement to benefits was satisfied by the acquisition of the interest in the annuity contract.

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

**29 (1) The definition *member* in subsection 147.5(1) of the Act is replaced by the following:**

*member*, of a pooled pension plan, means an individual (other than a trust) who is a member of the plan under the *Pooled Registered Pension Plans Act* or a similar law of a province. (*participant*)

**(2) Section 147.5 of the Act is amended by adding the following after subsection (13):**

**Amount included in income**

(13.1) If at any time in a taxation year a particular amount in respect of a member's account under a pooled registered pension plan that is a *spousal or common-law partner plan* (as defined in subsection 146(1)) in relation to a taxpayer is required to be included in the income of the taxpayer's spouse or common-law partner and the taxpayer is not living

separate and apart from the taxpayer's spouse or common-law partner at that time by reason of the breakdown of their marriage or common-law partnership, there shall be included at that time in computing the taxpayer's income for the year an amount equal to the lesser of

(a) the total of all amounts each of which is a *premium* (as defined in subsection 146(1)) paid by the taxpayer in the year or in one of the two immediately preceding taxation years to a registered retirement savings plan under which the taxpayer's spouse or common-law partner was the *annuitant* (as defined in subsection 146(1)) at the time the premium was paid, and

(b) the particular amount.

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

**30 (1) Paragraphs 150(1.2)(a) to (c) of the Act are replaced by the following:**

(a) had been in existence for less than three months during the year;

(b) holds assets with a total fair market value that does not exceed \$50,000 throughout the year;

(b.1) meets the following conditions:

(i) each trustee is an individual,

(ii) each beneficiary is an individual and is related to each trustee,

(iii) the total fair market value of the property of the trust does not exceed \$250,000 throughout the year and the only assets held by the trust throughout the year are one or more of

(A) money,

(B) a guaranteed investment certificate issued by a Canadian bank or trust company incorporated under the laws of Canada or of a province,

(C) a debt obligation described in paragraph (a) of the definition *fully exempt interest* in subsection 212(3),

(D) debt obligations issued by

(I) a corporation, mutual fund trust or limited partnership the shares or units of which are listed on a designated stock exchange in Canada,

(II) a corporation the shares of which are listed on a designated stock exchange outside Canada, or

(III) an authorized foreign bank that are payable at a branch in Canada of the bank,

(E) a share, debt obligation or right listed on a designated stock exchange,

(F) a share of the capital stock of a mutual fund corporation,

(G) a unit of a mutual fund trust,

(H) an interest in a related segregated fund trust (within the meaning assigned by paragraph 138.1(1)(a)),

(I) an interest as a beneficiary under a trust, all the units of which are listed on a designated stock exchange,

(J) personal-use property of the trust, or

(K) a right to receive income or gains on property described in clauses (A) to (J);

(c) is required under the relevant rules of professional conduct or the laws of Canada or a province to hold funds for the purposes of an activity that is regulated under those rules or laws, provided

(i) the trust is not maintained as a separate trust for a particular client or clients, or

(ii) the only assets held by the trust throughout the year are money with a value that does not exceed \$250,000;

**(2) Subparagraph 150(1.2)(b.1)(ii) of the Act, as enacted by subsection (1), is replaced by the following:**

(ii) each beneficiary is

(A) an individual (other than a trust) and is related to each trustee, or

(B) a graduated rate estate of an individual who was a beneficiary described in clause (A) in the year of the individual's death,

**(3) Clauses 150(1.2)(b.1)(iii)(A) and (B) of the Act, as enacted by subsection (1), are replaced by the following:**

(A) money, including deposits in a Canadian bank, trust company or credit union incorporated under the laws of Canada or of a province,

(B) a guaranteed investment certificate issued by a Canadian bank, trust company or credit union incorporated under the laws of Canada or of a province,

**(4) Subparagraph 150(1.2)(c)(ii) of the Act, as enacted by subsection (1), is replaced by the following:**

(ii) the only assets held by the trust throughout the year are assets described in clause (b.1)(iii)(A) or (B) with a total fair market value that does not exceed \$250,000;

**(5) Paragraph 150(1.2)(j) of the Act is replaced by the following:**

(j) is, for greater certainty, a graduated rate estate, or would be a graduated rate estate if the estate had filed a return for the year;

**(6) Paragraph 150(1.2)(n) of the Act is amended by striking out “or” at the end of subparagraph (x), by adding “or” at the end of subparagraph (xi) and by adding the following after subparagraph (xi):**

(xii) a retirement compensation arrangement the primary purpose of which is to provide annual or more frequent periodic retirement benefits to supplement the benefits provided out of or under one or more registered pension plans, registered retirement savings plans, deferred profit sharing plans or pooled registered pension plans;

**(7) Subsection 150(1.2) of the Act is amended by striking out “or” at the end of paragraph (o), by adding “or” at the end of paragraph (p) and by adding the following after paragraph (p):**

(q) is established for the purpose of complying with a statute of Canada or a province and the person or persons acting as trustee of the trust hold the property in trust for a specified purpose.

**(8) Subsection 150(1.2) of the Act, as enacted by subsection (7), 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) is an employee ownership trust.

**(9) Subsection 150(1.3) of the Act is repealed.**

**(10) Section 150 of the Act is amended by adding the following after subsection (1.2):**

### Deemed trust

**(1.3)** For the purpose of this section and section 204.2 of the *Income Tax Regulations*,

- (a)** a trust includes an express trust that would not otherwise be considered a trust under the Act if, under the trust,
  - (i)** one or more persons (in this subsection and subsection (1.31) referred to as a “legal owner”) have legal ownership of property that is held for the use of, or benefit of, one or more persons or partnerships, and
  - (ii)** the legal owner can reasonably be considered to act as agent for the persons or partnerships who have the use of, or benefit of, the property;
- (b)** each person that is a legal owner of a trust that is described under paragraph (a) is considered to be a trustee of the trust; and
- (c)** each person or partnership that has the use or benefit of property under a trust that is described under paragraph (a) is considered to be a beneficiary of the trust.

### Deemed trust – exceptions

**(1.31)** Subsection (1.3) does not apply to a trust for a taxation year if

- (a)** each person or partnership that is considered to be a beneficiary under paragraph (1.3)(c) at any time in the year is also a legal owner of the property referred to in that paragraph at that time and there are no legal owners that are not considered to be beneficiaries;
- (b)** the legal owners are individuals that are related persons and the property is real property or immovable that would be the principal residence of one or more of the legal owners for the year if those legal owners had designated the property for the year under the definition *principal residence* in section 54;
- (c)** the legal owner is an individual and the property is real property or immovable that
  - (i)** is held for the use of, or benefit of, the legal owner’s spouse or common-law partner during the year, and
  - (ii)** would be the legal owner’s principal residence for the year if the legal owner had designated the property for the year under the definition *principal residence* in section 54;
- (d)** under the trust
  - (i)** the property is held throughout the year solely for the use of, or benefit of, a partnership,
  - (ii)** each legal owner is a partner of the partnership, and
  - (iii)** a member of the partnership is, or but for subsection 220(2.1) would be, required under section 229 of the *Income Tax Regulations* to make an information return for a fiscal period of the partnership that includes December 31 of the taxation year;
- (e)** the legal owner holds the property as required by an order of a court;
- (f)** all or substantially all of the property under the trust is *Canadian resource property* (as defined in subsection 66(15)) that is held solely for the use of, or benefit of, one or more persons or partnerships each of which is
  - (i)** a corporation, the shares of which are listed on a designated stock exchange,
  - (ii)** a corporation that is controlled by one or more corporations described in subparagraph (i),
  - (iii)** a partnership if
    - (A)** a majority-interest partner of the partnership is a corporation described in subparagraph (i) or (ii), or

**(B)** a *majority-interest group of partners* (as defined in subsection 251.1(3)) of the partnership consists of two or more corporations described in subparagraph (i) or (ii), or

**(iv)** a partnership if

**(A)** a majority-interest partner of the partnership is a person or partnership described in subparagraphs (i) to (iii), or

**(B)** a *majority-interest group of partners* (as defined in subsection 251.1(3)) of the partnership consists of two or more persons or partnerships described in subparagraphs (i) to (iii); or

**(g)** under the trust

**(i)** property is held exclusively for the use of, or benefit of, one or more persons described under subsection 149(1),

**(ii)** each legal owner is a person described under subsection 149(1), and

**(iii)** the property consists solely of funds received from His Majesty in right of Canada or a province.

#### **Related persons**

**(1.32)** For the purposes of this section,

**(a)** a related person includes an aunt, uncle, niece and nephew; and

**(b)** a person is related to himself or herself.

**(11) Subsection 150(1.4) of the Act is replaced by the following:**

#### **Solicitor-client privilege**

**(1.4)** For greater certainty, subsections (1.1) and (1.2) do not require the disclosure of information that is subject to solicitor-client privilege.

**(12) Subsection 150(1.4) of the Act, as enacted by subsection (11), is replaced by the following:**

#### **Solicitor-client privilege**

**(1.4)** For greater certainty, subsections (1.1) to (1.3) do not require the disclosure of information that is subject to solicitor-client privilege.

**(13) Subsections (1), (5), (7), (9) and (11) apply to taxation years that end after December 30, 2024.**

**(14) Subsections (2), (3), (4), (6), (8), (10) and (12) apply to taxation years that end after December 30, 2025.**

**31 (1) Paragraph 153(1)(b) of the Act is replaced by the following:**

**(b)** a superannuation or pension benefit, other than an amount described in clause 56(1)(a)(i)(H),

**(2) Paragraph 153(1)(j) of the Act is replaced by the following:**

**(j)** a payment out of or under an RRSP or a plan referred to in subsection 146(12) as an “amended plan”, other than an amount described in paragraph (c.2) of the definition *benefit* in subsection 146(1),

**(3) Paragraph 153(1)(l) of the Act is replaced by the following:**

**(l)** a payment out of or under a RRIF or a fund referred to in subsection 146.3(11) as an “amended fund”, other than an amount described in paragraph 146.3(5)(e),

**(4) Subsections (1) to (3) apply in respect of amounts paid to an unclaimed property authority after 2025.**

**32 (1) Paragraph (c) of the definition *reorganization transaction* in subsection 183.3(1) of the Act is replaced by the following:**

(c) on a winding-up

(i) of the covered entity during which all or substantially all of the property owned by the covered entity is distributed to the equity holders of the covered entity, or

(ii) to which subsection 88(1) applies;

**(2) The portion of subsection 183.3(5) of the Act before paragraph (a) is replaced by the following:**

**Similar transactions**

(5) For the purposes of subsections (1) and (2), if a specified affiliate of a covered entity acquires equity of the covered entity, the equity is deemed to be acquired by the covered entity unless the specified affiliate is

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

**33 Subparagraphs (d)(i) to (iii) of the definition *exempt contribution* in subsection 207.01(1) of the Act are replaced by the following:**

(i) the amount by which the amount of the survivor payment exceeds the total of all other contributions designated by the survivor in relation to the survivor payment, and

(ii) if the individual had, immediately before the individual's death, an excess TFSA amount or if payments described in paragraph (b) are made to more than one survivor of the individual, nil or the greater amount, if any, allowed by the Minister in respect of the contribution. (*cotisation exclue*)

**34 (1) Section 207.04 of the Act is amended by adding the following after subsection (6):**

**Securities lending arrangements**

(7) For the purposes of this section and subsections 146(10.1), 146.1(5), 146.2(6), 146.3(9), 146.4(5) and 146.6(3), a right received by a lender under a securities lending arrangement is deemed not to be a non-qualified investment for a trust if

(a) the security lent or transferred under the arrangement is described in paragraph (d) of the definition *qualified investment* in section 204;

(b) the lender under the arrangement is the trust;

(c) the borrower under the arrangement is a registered securities dealer resident in Canada;

(d) the security lent or transferred under the arrangement (or property substituted for it) is not, while lent or transferred under the arrangement, received by a person who does not deal at arm's length with the controlling individual of the registered plan that governs the trust;

(e) the trust has a right under the arrangement to require the borrower to transfer or return an identical security (within the meaning assigned by paragraph (b) of the definition *securities lending arrangement* in subsection 260(1)) at any time throughout the period described in paragraph (c) of that definition;

(f) property that is described in paragraph (a) or (b) of the definition *qualified investment* in section 204 that is of equivalent value to the security lent under the arrangement is held in trust for the benefit of the lender and is to be distributed to the lender in the event that an identical security (within the meaning assigned by paragraph (b) of the definition *securities lending arrangement* in subsection 260(1)) is not transferred or returned to the lender under the arrangement; and

(g) the controlling individual of the registered plan that governs the trust is provided written disclosure of the arrangement and consents to the arrangement prior to the time it is entered into.

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

**35 (1) The portion of paragraph (a) of the definition *specified arrangement* in subsection 207.5(1) of the Act before subparagraph (i) is replaced by the following:**

(a) to supplement the benefits provided out of or under

**(2) Subsection (1) is deemed to come into force on March 28, 2023.**

**36 (1) The definition *superannuation or pension benefit* in subsection 248(1) of the Act is replaced by the following:**

***superannuation or pension benefit*** includes any amount received out of or under a superannuation or pension fund or plan (including, except for the purposes of subparagraph 56(1)(a)(i), a pooled registered pension plan) and, without restricting the generality of the foregoing, includes

(a) any payment made to a beneficiary under the fund or plan or to an employer or former employer of the beneficiary under the fund or plan

(i) in accordance with the terms of the fund or plan,

(ii) resulting from an amendment to or modification of the fund or plan, or

(iii) resulting from the termination of the fund or plan, and

(b) any payment made to an individual by an unclaimed property authority, if an amount in respect of the payment had been paid to the unclaimed property authority directly from a registered pension plan, an RRSP or a RRIF in respect of an unlocated individual; (*prestation de retraite ou de pension*)

**(2) Subsection 248(1) of the Act is amended by adding the following in alphabetical order:**

***unclaimed property authority*** means an entity that receives and holds assets of unlocated individuals, as authorized under the provisions of:

(a) the *Pension Benefits Standards Act, 1985*;

(b) the *Unclaimed Personal Property and Vested Property Act*, S.A. 2007, c. U-1.5;

(c) the *Unclaimed Property Act*, CQLR, c. B-5.1;

(d) the *Unclaimed Property Act*, S.B.C. 1999, c. 48; or

(e) the *Unclaimed Property Act*, S.N.B. 2020, c. 5; (*autorité des biens non réclamés*)

***unlocated individual*** means an individual that cannot be located and

(a) in respect of a registered pension plan, is the *member* (as defined in subsection 147.1(1)) or former member that is deceased;

(b) in respect of a RRIF, is the *annuitant* (as defined in subsection 146.3(1)) or former annuitant that is deceased; or

(c) in respect of an RRSP, is the *annuitant* (as defined in subsection 146(1)) or former annuitant that is deceased. (*particulier introuvable*)

**(3) Subsection (1) applies in respect of amounts paid to an individual by an unclaimed property authority if an amount in respect of the payment was transferred to the unclaimed property authority after 2025.**

**37 (1) The definition *specified provision* in subsection 256.1(1) of the Act is replaced by the following:**

*specified provision* means any of subsections 10(10) and 13(24), paragraph 37(1)(h), subsections 66(11.4) and (11.5), 66.7(10) and (11), 69(11) and 111(4), (5), (5.01), (5.1) and (5.3), paragraphs (j) and (k) of the definition *investment tax credit* in subsection 127(9), subsections 181.1(7) and 190.1(6), section 251.2 and any provision of similar effect. (*dispositions déterminées*)

**(2) Subsection (1) is deemed to have come into force on August 9, 2022.**

Income Tax Regulations

**38 (1) The portion of subsection 204.2(1) of the *Income Tax Regulations* before paragraph (b) is replaced by the following:**

**(1) Every trust, other than a trust described in any of paragraphs 150(1.2)(a) to (q) of the Act, that is required to file a return of income under subsection 150(1) of the Act, shall provide information that includes the name, address, date of birth (in the case of an individual other than a trust), jurisdiction of residence and *TIN* (as defined in subsection 270(1) of the Act) for each person or partnership who, in the year,**

**(a)** is a trustee, beneficiary (subject to subsection (2)) or settlor of the trust; or

**(2) The portion of subsection 204.2(1) of the Regulations before paragraph (a), as amended by subsection (1), is replaced by the following:**

**(1) Every trust, other than a trust described in any of paragraphs 150(1.2)(a) to (r) of the Act, that is required to file a return of income under subsection 150(1) of the Act, shall provide information that includes the name, address, date of birth (in the case of an individual other than a trust), jurisdiction of residence and *TIN* (as defined in subsection 270(1) of the Act) for each person or partnership who, in the year,**

**(3) Subsection 204.2(2) of the Regulations is amended by striking out “and” at the end of paragraph (c), by adding “and” at the end of paragraph (d) and by adding the following after paragraph (d):**

**(e)** in respect of a trust that is an alter ego trust or a joint spousal or common-law partner trust, the person making the return provides the required information regarding the beneficiaries of the trust, other than those beneficiaries who are contingent beneficiaries.

**(4) Section 204.2 of the Regulations is amended by adding the following after subsection (2):**

**Definition of *settlor***

**(3)** For the purpose of subsection (1), a *settlor* of a trust at any time means any person or partnership that has directly or indirectly, in any manner whatever, transferred property to the trust at or before that time, other than a transfer made by the person or partnership to the trust for fair market value consideration or pursuant to a legal obligation to make the transfer.

**(5) Subsections (1) and (4) apply to taxation years that end after December 30, 2024.**

**(6) Subsections (2) and (3) apply to taxation years that end after December 30, 2025.**

**39 (1) Paragraph 600(c) of the Regulations is replaced by the following:**

(c) paragraphs 12(2.2)(b), 66.7(7)(c), (d) and (e) and (8)(c), (d) and (e), (e) of the definition *excluded interest* and (b) of the definition *specified pre-regime loss* in subsection 18.2(1), 80.01(4)(c), 86.1(2)(f) and 128.1(4)(d), (6)(a) and (c), (7)(d) and (g) and (8)(c) of the Act;

(c.1) subclause 95(2)(f.11)(ii)(E)(III) of the Act;

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

**40 (1) Section 1101 of the Regulations is amended by adding the following after subsection (2c):**

**International Shipping Vessel**

**(2d)** A separate class is prescribed for each vessel of a taxpayer described in Class 7 in Schedule II, including the furniture, fittings, radiocommunication equipment and other equipment attached to the vessel, that has been used by the taxpayer to earn income that would not be included in computing the income of the taxpayer because of paragraph 81(1)(c.1) of the Act.

**(2) Subsection (1) is deemed to have come into force on December 31, 2023.**

**41 (1) Subparagraph 3100(1)(b)(i) of the Regulations is replaced by the following:**

(i) as a form of assistance from a government, municipality or other public authority, whether as a grant, a subsidy, a forgivable loan, a deduction from tax (other than an amount described in clause (b)(i)(B) of the definition *tax shelter* in subsection 237.1(1) of the Act) or an investment allowance, or as any other form of assistance, other than an *excluded loan* as defined in subsection 12(11) of the Act, or

**(2) Subsection 3100(3) of the Regulations is amended by striking out “or” at the end of paragraph (b), by adding “or” at the end of paragraph (c) and by adding the following after paragraph (c):**

(d) where the amount is an *excluded loan* as defined in subsection 12(11) of the Act.

**(3) Subsections (1) and (2) are deemed to have come into force on January 1, 2022.**

**42 (1) Subsection 5907(1) of the Regulations is amended by adding the following in alphabetical order:**

**DMTT group** means one or more entities that are members of the same MNE group (as defined in subsection 10(1) of the *Global Minimum Tax Act*) and subject to a country’s domestic minimum top-up tax regime. (*groupe d’ICMN*)

**domestic minimum top-up amount**, for a fiscal year, of a foreign affiliate of a corporation resident in Canada that is subject to a domestic minimum top-up tax regime of a country, means the total of all amounts, each of which is a portion of the income or profits tax paid to the government of the country under that tax regime for the fiscal year that can reasonably be considered to be in respect of income or profits, as determined under that regime, of the affiliate that are derived from an activity the income, profit or gains from which would be included in computing the affiliate’s exempt earnings, hybrid surplus or taxable earnings, as the case may be. (*montant complémentaire minimum national*)

**domestic minimum top-up tax regime** means any provisions under the tax laws of a country that can reasonably be considered to have been enacted or otherwise brought into effect by the country with the intention of implementing a “Qualified Domestic Minimum Top-up Tax” within the meaning of the *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two)*, published by the Organisation for Economic Co-operation and Development. (*régime d’impôt minimum national complémentaire*)

**fiscal year** means, in respect of income or profits tax paid under a domestic minimum top-up tax regime, the accounting period for which the income or profits subject to tax under that regime are determined. (*année financière*)

**(2) Paragraph (a) of the definition *exempt deficit* in subsection 5907(1) of the Regulations is replaced by the following:**

(a) the total of all amounts each of which is an amount determined at that time under any of subparagraphs (i) to (vii) of the description of B in the definition *exempt surplus* in this subsection

**(3) Subparagraph (vi) of the description of A in the definition *exempt surplus* in subsection 5907(1) of the Regulations is replaced by the following:**

(vi) an amount added to the exempt surplus of the subject affiliate or deducted from its exempt deficit in the period and before the particular time under subsection (1.092), (1.1), (1.14), (1.17) or (1.2),

**(4) The description of B in the definition *exempt surplus* in subsection 5907(1) of the Regulations is amended by striking out “or” at the end of subparagraph (v) of the description of B and by replacing subparagraph (vi) by the following:**

(vi) an amount, in the period and before the particular time, deducted from the exempt surplus of the subject affiliate or added to its exempt deficit under subsection (1.092), (1.1), (1.14), (1.17) or (1.2), or

(vii) the portion of any income or profits tax paid, in the period and before the particular time, to the government of a country by the subject affiliate under a domestic minimum top-up tax regime if that portion can reasonably be considered to be in respect of income or profits, as determined under that tax regime, of the subject affiliate that are derived from an activity the income, profit or gains from which would be included in computing the subject affiliate’s exempt earnings; (*surplus exonéré*)

**(5) Paragraph (a) of the definition *hybrid deficit* in subsection 5907(1) of the Regulations is replaced by the following:**

(a) the total of all amounts each of which is an amount determined at that time under any of subparagraphs (i) to (viii) of the description of B in the definition *hybrid surplus*

**(6) Subparagraph (v) of the description of A in the definition *hybrid surplus* in subsection 5907(1) of the Regulations is replaced by the following:**

(v) an amount added to the hybrid surplus of the subject affiliate or deducted from its hybrid deficit in the period and before the particular time under subsection (1.092), (1.1), (1.14), (1.17) or (1.2), and

**(7) The description of B in the definition *hybrid surplus* in subsection 5907(1) of the Regulations is amended by striking out “or” at the end of subparagraph (vi) and replacing subparagraph (vii) by the following:**

(vii) an amount deducted from the hybrid surplus of the subject affiliate or added to its hybrid deficit in the period and before the particular time under subsection (1.092), (1.1), (1.14), (1.17) or (1.2), or

(viii) the portion of any income or profits tax paid, in the period and before the particular time, to the government of a country by the subject affiliate under a domestic minimum top-up tax regime if that portion can reasonably be considered to be in respect of income or profits, as determined under that tax regime, of the subject affiliate that are derived from an activity the income, profit or gains from which would be included in computing the subject affiliate’s hybrid surplus; (*surplus hybride*)

**(8) The description of A in the definition *hybrid underlying tax* in subsection 5907(1) of the Regulations is amended by striking out “or” at the end of subparagraph (iii) and replacing subparagraph (iv) by the following:**

(iv) the amount by which the subject affiliate’s hybrid underlying tax is required to be increased in the period and before the particular time under subsection (1.092), (1.1), (1.17) or (1.2), or

(v) the portion of any income or profits tax referred to in subparagraph (viii) of the description of B in the definition *hybrid surplus* in this subsection,

**(9) Subparagraph (iv) of the description of B in the definition *hybrid underlying tax* in subsection 5907(1) of the Regulations is replaced by the following:**

(iv) the amount by which the subject affiliate's hybrid underlying tax is required to be decreased in the period and before the particular time under subsection (1.092), (1.1), (1.17) or (1.2); (*montant intrinsèque d'impôt hybride*)

**(10) Paragraph (a) of the definition *taxable deficit* in subsection 5907(1) of the Regulations is replaced by the following:**

(a) the total of all amounts each of which is an amount determined at that time under any of subparagraphs (i) to (vii) of the description of B in the definition *taxable surplus* in this subsection

**(11) Subparagraph (iv) of the description of A in the definition *taxable surplus* in subsection 5907(1) of the Regulations is replaced by the following:**

(iv) an amount added to the taxable surplus of the subject affiliate or deducted from its taxable deficit in the period and before the particular time under subsection (1.092), (1.1), (1.14), (1.17) or (1.2),

**(12) The description of B in the definition *taxable surplus* in subsection 5907(1) of the Regulations is amended by striking out “or” at the end of subparagraph (v) and replacing subparagraph (vi) with the following:**

(vi) an amount, in the period and before the particular time, deducted from the taxable surplus of the subject affiliate or added to its taxable deficit under subsection (1.092), (1.1), (1.14), (1.17) or (1.2), or

(vii) the portion of any income or profits tax paid, in the period and before the particular time, to the government of a country by the subject affiliate under a domestic minimum top-up tax regime if that portion can reasonably be considered to be in respect of income or profits, as determined under that tax regime, of the subject affiliate that are derived from an activity the income, profit or gains from which would be included in computing the subject affiliate's taxable earnings; (*surplus imposable*)

**(13) The description of A in the definition *underlying foreign tax* in subsection 5907(1) of the Regulations is amended by striking out “or” at the end of subparagraph (iv) and replacing subparagraph (v) with the following:**

(v) the amount by which the subject affiliate's underlying foreign tax is required to be increased in the period and before the particular time under subsection (1.092), (1.1), (1.17) or (1.2), or

(vi) the portion of any income or profits tax referred to in subparagraph (vii) of the description of B in the definition *taxable surplus* in this subsection,

**(14) Subparagraph (iv) of the description of B in the definition *underlying foreign tax* in subsection 5907(1) of the Regulations is replaced by the following:**

(iv) the amount by which the subject affiliate's underlying foreign tax is required to be decreased in the period and before the particular time under subsection (1.092), (1.1), (1.17) or (1.2); (*montant intrinsèque d'impôt étranger*)

**(15) Section 5907 of the Regulations is amended by adding the following after subsection (1.01):**

**(1.011)** Except as otherwise expressly provided in this Part, no income or profits tax paid under a domestic minimum top-up tax regime is to be taken into account in determining any amounts referred to in the definitions *exempt earnings*, *exempt surplus*, *hybrid surplus*, *hybrid underlying tax*, *net earnings*, *taxable earnings*, *taxable surplus* and *underlying foreign tax* in subsection (1).

**(16) Section 5907 of the Regulations is amended by adding the following after subsection (1.13):**

**(1.14)** For the purposes of this Part, if a foreign affiliate (referred to in this subsection as the “primary affiliate”) of a corporation resident in Canada pays income or profits tax to the government of a country under a domestic minimum top-up tax regime for a fiscal year on behalf of itself and other foreign affiliates (referred to in this subsection as the “secondary affiliates”) of the corporation resident in Canada that are, together with the primary affiliate, members of a DMTT group, the following rules apply:

(a) in respect of the primary affiliate,

(i) any of the income or profits tax paid by the primary affiliate for the fiscal year that exceeds the primary affiliate's domestic minimum top-up amount for the fiscal year is deemed, other than for the purposes of this subsection and paragraph (1.18)(b), not to have been paid by the primary affiliate, and

(ii) the domestic minimum top-up amount of a secondary affiliate is, at the end of the fiscal year,

(A) to the extent that the income or profits tax would be, if it were paid to the government by the secondary affiliate, taken into account in determining the secondary affiliate's exempt surplus or exempt deficit because of subparagraph (vii) of the description of B in the definition *exempt surplus*, to be deducted from the exempt surplus or added to the exempt deficit, as the case may be, of the primary affiliate,

(B) to the extent that the income or profits tax would be, if it were paid to the government by the secondary affiliate, taken into account in determining the secondary affiliate's hybrid surplus or hybrid deficit because of subparagraph (viii) of the description of B in the definition *hybrid surplus*, to be deducted from the hybrid surplus or added to the hybrid deficit, as the case may be, of the primary affiliate, and

(C) to the extent that the income or profits tax would be, if it were paid to the government by the secondary affiliate, taken into account in determining the secondary affiliate's taxable surplus or taxable deficit because of subparagraph (vii) of the description of B in the definition *taxable surplus*, to be deducted from the taxable surplus or added to the taxable deficit, as the case may be, of the primary affiliate; and

(b) if, because the primary affiliate pays income or profits tax under the domestic minimum top-up tax regime for the fiscal year on behalf of the secondary affiliates, an amount is paid to the primary affiliate by a secondary affiliate in respect of the domestic minimum top-up amount of the secondary affiliate for the fiscal year,

(i) in respect of the secondary affiliate, the amount so paid is deemed to be a payment of that income or profits tax to the government of a country by the secondary affiliate under that tax regime for the fiscal year, and

(ii) in respect of the primary affiliate,

(A) the portion of the amount so paid that is taken into account in determining the secondary affiliate's exempt surplus or exempt deficit because of subparagraph (vii) of the description of B in the definition *exempt surplus* is, at the end of the fiscal year, to be added to the exempt surplus or deducted from the exempt deficit, as the case may be, of the primary affiliate,

(B) the portion of the amount so paid that is taken into account in determining the secondary affiliate's hybrid surplus or hybrid deficit because of subparagraph (viii) of the description of B in the definition *hybrid surplus* is, at the end of the fiscal year, to be added to the hybrid surplus or deducted from the hybrid deficit, as the case may be, of the primary affiliate, and

(C) the portion of the amount so paid that is taken into account in determining the secondary affiliate's taxable surplus or taxable deficit because of subparagraph (vii) of the description of B in the definition *taxable surplus* is, at the end of the fiscal year, to be added to the taxable surplus or deducted from the taxable deficit, as the case may be, of the primary affiliate.

(1.15) For the purposes of this subsection and subsections (1.14) and (1.16) to (1.192),

(a) a non-resident corporation is deemed to be, at any time, a foreign affiliate (referred to in this subsection as a "deemed affiliate") of a particular corporation resident in Canada if at that time

(i) the deemed affiliate and the particular corporation are both members of the same MNE group (as defined in subsection 10(1) of the *Global Minimum Tax Act*), and

(ii) the deemed affiliate is a member of the same DMTT group referred to in subsection (1.14) as a foreign affiliate (other than a deemed affiliate) of the particular corporation; and

**(b)** for any taxation year, any activities of a deemed affiliate that, in the absence of paragraph (a), would not be a foreign affiliate of a corporation resident in Canada are deemed to be activities the income, profit or gains from which would be included in computing the deemed affiliate's exempt earnings.

**(1.16)** Subsection (1.17) applies in respect of income or profits tax paid under a domestic minimum top-up tax regime of a country by a foreign affiliate (in this subsection and subsection (1.17) referred to as the "shareholder affiliate") of a corporation resident in Canada for a fiscal year of the shareholder affiliate if

**(a)** the shareholder affiliate pays the income or profits tax in respect of its income or profits, as determined under that domestic minimum top-up tax regime, for the fiscal year;

**(b)** the income or profits tax is paid to the government of that country;

**(c)** the shareholder affiliate has an equity percentage in another foreign affiliate (in this subsection and subsection (1.17) referred to as the "transparent affiliate") of the taxpayer; and

**(d)** a portion of the *financial accounting income* (as defined in subsection 17(1) of the *Global Minimum Tax Act*) of the transparent affiliate for the fiscal year is taken into account in determining the shareholder affiliate's income or profits, as determined under that tax regime.

**(1.17)** If this subsection applies in respect of income or profits tax paid by a shareholder affiliate for a fiscal year

**(a)** in respect of the shareholder affiliate,

**(i)** despite subparagraph (1.14)(b)(i), any of the income or profits tax paid by the shareholder affiliate that exceeds the shareholder affiliate's domestic minimum top-up amount for the fiscal year is deemed not to have been paid by the shareholder affiliate, and

**(ii)** the portion of the income or profits tax deemed not to have been paid by the shareholder affiliate under subparagraph (i) for the fiscal year is, at the end of the fiscal year,

**(A)** to the extent that the portion can reasonably be considered to be in respect of income or profits, as determined under the tax regime referred to in subsection (1.16), that are derived from an activity the income, profit or gains from which would be included in computing the transparent affiliate's exempt earnings, to be deducted from the exempt surplus or added to the exempt deficit, as the case may be, of the shareholder affiliate,

**(B)** to the extent that the portion can reasonably be considered to be in respect of income or profits, as determined under the tax regime referred to in subsection (1.16), that are derived from an activity the income, profit or gains from which would be included in computing the transparent affiliate's hybrid surplus,

**(I)** to be deducted from the hybrid surplus or added to the hybrid deficit, as the case may be, of the shareholder affiliate, and

**(II)** to be added to the hybrid underlying tax of the shareholder affiliate, and

**(C)** to the extent that the portion can reasonably be considered to be in respect of income or profits, as determined under the tax regime referred to in subsection (1.16), that are derived from an activity the income, profit or gains from which would be included in computing the transparent affiliate's taxable earnings,

**(I)** to be deducted from the taxable surplus or added to the taxable deficit, as the case may be, of the shareholder affiliate, and

**(II)** to be added to the underlying foreign tax of the shareholder affiliate; and

**(b)** where an amount is paid to the shareholder affiliate by the transparent affiliate in respect of the portion of income or profits tax referred to in subparagraph (a)(i), as a result of the shareholder affiliate paying income or profits tax under the tax regime referred to in subsection (1.16) for the fiscal year because a portion of the *financial accounting income* (as defined in subsection 17(1) of the *Global Minimum Tax Act*) of the transparent affiliate for the fiscal year

is taken into account in determining the shareholder affiliate's income or profits, as determined under that tax regime,

**(i)** in respect of the transparent affiliate, the amount so paid is deemed to be a payment of income or profits tax to the government of a country by the transparent affiliate under the tax regime referred to in subsection (1.16) for the fiscal year, and

**(ii)** in respect of the shareholder affiliate,

**(A)** the portion of the amount so paid that is taken into account in determining the transparent affiliate's exempt surplus or exempt deficit because of subparagraph (vii) of the description of B in the definition *exempt surplus* in subsection (1) is, at the end of the fiscal year, to be added to the exempt surplus or deducted from the exempt deficit, as the case may be, of the shareholder affiliate,

**(B)** the portion of the amount so paid that is taken into account in determining the transparent affiliate's hybrid surplus or hybrid deficit because of subparagraph (viii) of the description of B in the definition *hybrid surplus* in subsection (1) is, at the end of the fiscal year,

**(I)** to be added to the hybrid surplus or deducted from the hybrid deficit, as the case may be, of the shareholder affiliate, and

**(II)** to be deducted from the hybrid underlying tax of the shareholder affiliate, and

**(C)** the portion of the amount so paid that is taken into account in determining the transparent affiliate's taxable surplus or taxable deficit because of subparagraph (vii) of the description of B in the definition *taxable surplus* in subsection (1) is, at the end of the fiscal year,

**(I)** to be added to the taxable surplus or deducted from the taxable deficit, as the case may be, of the shareholder affiliate, and

**(II)** to be deducted from the underlying foreign tax of the shareholder affiliate.

**(1.18)** Subsection (1.19) applies in respect of a particular foreign affiliate of a corporation resident in Canada that is a secondary affiliate (within the meaning of subsection (1.14)) and in respect of a foreign affiliate of the corporation that is the primary affiliate (within the meaning assigned by subsection (1.14)) in respect of the particular affiliate if

**(a)** the particular affiliate has an equity percentage in another foreign affiliate (in this subsection and subsection (1.19) referred to as the "transparent affiliate");

**(b)** the primary affiliate pays income or profits tax under the domestic minimum top-up tax regime referred to in subsection (1.14) for the fiscal year on behalf of the particular affiliate; and

**(c)** a portion of the *financial accounting income* (as defined in subsection 17(1) of the *Global Minimum Tax Act*) of the transparent affiliate for the fiscal year is taken into account in determining the particular affiliate's income or profits, as determined under that tax regime.

**(1.19)** If this subsection applies in respect of the particular foreign affiliate and the primary affiliate referred to in subsection (1.18), the following rules apply:

**(a)** for the purposes of subparagraphs (1.14)(a)(ii) and (b)(i), any portion (referred to in this subsection as the "relevant portion") of the income or profits tax paid for the fiscal year under the domestic minimum top-up tax regime referred to in subsection (1.18) in respect of the particular affiliate's income or profits, as determined under that tax regime, that are derived from an activity the income, profit or gains from which would be included in computing the transparent affiliate's exempt earnings, hybrid surplus or taxable earnings is deemed to be included in the particular affiliate's domestic minimum top-up amount for the fiscal year;

**(b)** to the extent that the relevant portion is in respect of an activity the income, profit or gains from which would be included in computing the transparent affiliate's exempt earnings, it is deemed to be an amount that

**(i)** for the purpose of subparagraph (1.14)(a)(ii), would, if it were paid by the particular affiliate, be taken into account in determining the particular affiliate's exempt surplus or exempt deficit, as the case may be, because of subparagraph (vii) of the description of B in the definition *exempt surplus* in subsection (1), and

**(ii)** for the purpose of subparagraph (1.14)(b)(ii), is taken into account in determining the particular affiliate's exempt surplus or exempt deficit, as the case may be, because of subparagraph (vii) of the description of B in the definition *exempt surplus* in subsection (1);

**(c)** to the extent that the relevant portion is in respect of an activity the income, profit or gains from which would be included in computing the transparent affiliate's hybrid surplus, it is deemed to be an amount that

**(i)** for the purpose of subparagraph (1.14)(a)(ii), would, if it were paid by the particular affiliate, be taken into account in determining the particular affiliate's hybrid surplus or hybrid deficit, as the case may be, because of subparagraph (viii) of the description of B in the definition *hybrid surplus* in subsection (1), and

**(ii)** for the purpose of subparagraph (1.14)(b)(ii), is taken into account in determining the particular affiliate's hybrid surplus or hybrid deficit, as the case may be, because of subparagraph (viii) of the description of B in the definition *hybrid surplus* in subsection (1); and

**(d)** to the extent that the relevant portion is in respect of an activity the income, profit or gains from which would be included in computing the transparent affiliate's taxable earnings, it is deemed to be an amount that

**(i)** for the purpose of subparagraph (1.14)(a)(ii), would, if it were paid by the particular affiliate, be taken into account in determining the particular affiliate's taxable surplus or taxable deficit, as the case may be, because of subparagraph (vii) of the description of B in the definition *taxable surplus* in subsection (1), and

**(ii)** for the purpose of subparagraph (1.14)(b)(ii), is taken into account in determining the particular affiliate's taxable surplus or taxable deficit, as the case may be, because of subparagraph (vii) of the description of B in the definition *taxable surplus* in subsection (1).

**(1.191)** For the purposes of subparagraph (vii) of the description of B in the definition *exempt surplus* in subsection (1), subparagraph (viii) of the description of B in the definition *hybrid surplus* in subsection (1), subparagraph (vii) of the description of B in the definition *taxable surplus* in subsection (1), subparagraph (v) of the description of A in the definition *hybrid underlying tax* in subsection (1) and subparagraph (vi) of the description of A in the definition *underlying foreign tax* in subsection (1), the income or profits, as determined under a domestic minimum top-up tax regime, for a fiscal year of a foreign affiliate of a corporation resident in Canada includes the income or profits, as determined under that tax regime, for the fiscal year of another entity that is not a foreign affiliate of the corporation to the extent that the income or profits, as determined under that tax regime, of the other entity are derived from an activity the income, profit or gains from which would be included in computing the affiliate's exempt earnings, hybrid surplus or taxable earnings, as the case may be.

**(1.192)** For the purposes of this Part, the income or profits tax payable under a domestic minimum top-up tax regime for a fiscal year that can reasonably be considered to be in respect of the income or profits, as determined under that tax regime, of a foreign affiliate of a taxpayer that is a member of the DMTT group for the fiscal year is the amount determined under that tax regime to be the income or profits tax payable for the fiscal year in respect of those income or profits.

**(1.193)** Despite any other provision of these Regulations, if a particular amount of income or profits tax payable under a domestic minimum top-up tax regime was determined taking into account any tax imposed under the Act (other than any tax imposed under Part XIII of the Act), no amount paid in respect of that particular amount is to be included in determining any amounts referred to in the definitions *hybrid underlying tax* and *underlying foreign tax* in subsection (1).

**(17) Subsection 5907(1.3) of the Regulations is amended by adding striking the “and” at the end of paragraph (a), adding “and” at the end of paragraph (b) and by adding the following after paragraph (b):**

**(c)** if paragraph (1.14)(b) applies (or would apply, if the taxpayer were a corporation resident in Canada) in respect of an amount paid by the particular affiliate, or a shareholder affiliate of the particular affiliate, to a primary affiliate (within the meaning of subsection (1.14)), then the amount paid by the particular affiliate, or the shareholder affiliate, to the primary affiliate is prescribed to be foreign accrual tax applicable to a particular amount that is included under subsection 91(1) of the Act in computing the taxpayer’s income for a taxation year of the taxpayer to the extent that the amount can reasonably be considered to be in respect of income or profits, as determined under the domestic minimum top-up tax regime referred to in subsection (1.14), of the particular affiliate or the shareholder affiliate, as the case may be, that are derived from an activity the income, profit or gains from which are included in the particular affiliate’s foreign accrual property income that is included in the particular amount.

**(18) Subsections (1) to (17) are deemed to come into force on Announcement Date.**

**43 Section 6803 of the Regulations is replaced by the following:**

**6803** For the purposes of the definition *foreign retirement arrangement* in subsection 248(1) of the Act, a prescribed plan or arrangement is a plan or arrangement to which subsection 401(k) or 408(a), (b) or (h) of the United States’ *Internal Revenue Code of 1986*, as amended from time to time, applies.

**44 (1) Subparagraph 8303(6)(a)(i) of the Regulations is replaced by the following:**

**(i)** in accordance with any of subsections 146(16), 146.3(14) and (14.1), 147(19) and 147.3(2), (5) and (7) of the Act, or

**(2) Subsection (1) is deemed to have come into force on January 1, 2025.**

**45 (1) Subsection 8304(11) of the Regulations is replaced by the following:**

**(11)** Subsection (10) does not apply to a past service event in relation to an individual pension plan if the provisional PSPA of the member determined under subsections 8303(3) and 8304(5) would be nil if no qualifying transfers were made in connection with the past service event.

**(2) Subsection (1) is deemed to have come into force on January 1, 2024.**

**46 (1) Paragraph 8503(4)(f) of the Regulations is replaced by the following:**

**(f)** if lifetime retirement benefits are provided under the provision to a member in respect of a period of disability of the member, the benefits, to the extent that they would not be in accordance with paragraph (3)(a) if that paragraph were read without reference to its subparagraph (iv), are not paid before the plan administrator has received from a medical doctor, a nurse practitioner or a psychologist, who is licensed to practise under the laws of a province or of the place where the member resides a written report providing the information on the medical condition of the member taken into account by the administrator in determining that the period is a period of disability.

**(2) Subsection (1) is deemed to have come into force on January 1, 2025.**

**47 (1) Subsection 8506(1) of the Regulations is amended by striking out “and” at the end of paragraph (h), by adding “and” at the end of paragraph (i) and by adding the following after paragraph (i):**

## Capital Guarantee

**(j)** the payment with respect to one or more beneficiaries of one or more single amounts after the death of the last annuitant, if

**(i)** the payments are the last payments to be made under the annuity contract, and

(ii) the aggregate amount to be paid does not exceed the amount determined by the formula

$$A + B - C$$

where

**A** is the total of all amounts transferred to a licensed annuities provider to acquire the annuity,

**B** is the amount of interest, if any, calculated in respect of the amount determined for A at a rate that

(A) is required by the *Pension Benefits Standards Act, 1985* or a similar law of a province, or

(B) if clause (A) does not apply, does not exceed a reasonable rate, and

**C** is the total amount of all annuity payments made under the annuity contract.

**(2) Paragraph 8506(13)(a) of the Regulations is amended by striking out “or” at the end of subparagraph (i), by adding “or” at the end of subparagraph (ii) and by adding the following after subparagraph (ii):**

(iii) transferred to the arrangement from a VPLA fund under another registered pension plan (in this subparagraph a “transferor fund”), at the discretion of the administrator of the transferor fund, to replace VPLA benefits of one or more of the participants of the transferor fund by benefits provided under the arrangement;

**(3) Subsection (1) is deemed to have come into force on August 12, 2024.**

**(4) Subsection (2) is deemed to have come into force on January 1, 2024.**

**48 (1) Subsection 8514(2) of the Regulations is amended by striking out “or” at the end of paragraph (e), by adding “or” at the end of paragraph (f) and by adding the following after paragraph (f):**

(g) except in the case of an individual pension plan, a share of the capital stock of, an interest in, or a debt (in this paragraph referred to as the “investment”) of a person or partnership that does not deal at arm’s length with a participating employer if

(i) the investment is a prohibited investment solely because a person described in any of paragraphs (a) to (d) of the definition *restricted financial institution* in subsection 248(1) of the Act, or a person affiliated with that person, participates in the registered pension plan, and

(ii) no person receives a benefit that it is reasonable to consider, having regard to all the circumstances, is attributable, directly or indirectly, to the registered pension plan holding the investment, if holding the investment

(A) would not have occurred in a normal commercial or investment context in which parties deal with each other at arm’s length and act prudently, knowledgeably and willingly, and

(B) had as one of its main purposes to enable a person or partnership to benefit from the exemption from tax under Part I of the Act of any amount in respect of the registered pension plan.

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

**49 (1) Subsection 8516(1) of the Regulations is replaced by the following:**

**8516 (1)** For the purposes of subsection 147.2(2) of the Act, a contribution described in subsection (2), (3) or (4) is a prescribed contribution.

**(2) Section 8516 of the Regulations is amended by adding the following after subsection (3):**

**Transfer deficiency — designated plan**

(4) A contribution that is made by an employer to a registered pension plan is described in this subsection if

(a) the plan is not an individual pension plan; and

(b) the contribution

(i) complies with the conditions in subparagraphs 8516(3)(a)(ii) and (iii),

(ii) is made in connection with a settlement of a member's entitlement, or a beneficiary's entitlement, to benefits at a time when the transfer ratio of the provision is less than 1.0 (determined in accordance with the pension standards legislation that applies to the plan), and

(iii) does not exceed the amount determined by the formula

$$A \times (1 - B)$$

where

A is the present value of the benefits that are transferred or paid on behalf of the member, and

B is the transfer ratio of the defined benefit provision as determined in the last actuarial valuation report that was prepared before the transfer date.

**(3) Subsections (1) and (2) are deemed to have come into force on Announcement Date.**

**50 (1) Section 8517 of the Regulations is amended by adding the following after subsection (7):**

**(8)** For the purposes of this section, if subsection 147.4(5) of the Act deems an amount to be transferred under a *defined benefit provision* (as defined in subsection 147.1(1) of the Act) of a registered pension plan, the benefits payable under the annuity contract are deemed to be benefits payable under the provision.

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

