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# **Explanatory Notes Relating to the Digital Services Tax Act and Other Legislation**

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## **Preface**

These explanatory notes describe legislative proposals to repeal the *Digital Services Tax Act* and the *Digital Services Tax Regulations* and to make related amendments to other legislation. These explanatory notes describe these legislative proposals, clause by clause, for the assistance of Members of Parliament, taxpayers and their professional advisors.

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These notes are intended for information purposes only and should not be construed as an official interpretation of the provisions they describe.

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## Part 2 –Digital Services Tax (Repeals and Other Measures)

### Clause 126

#### Repeal of the *Digital Services Tax Act (DSTA)*

DSTA

The DSTA is retroactively repealed, effective as of June 20, 2024, the date of its original enactment.

### Clause 127

#### Repeal of the *Digital Services Tax Regulations (DSTR)*

DSTR

The DSTR are retroactively repealed, effective as of June 20, 2024, the date they were originally made.

### Clause 128

#### Refunds of Digital Services Tax Payments

For those taxpayers that have already made digital services tax payments to the Canada Revenue Agency, these payments will be refunded with interest at the rate that is generally applicable to corporate tax refunds. The rate in the DSTRs cannot apply since they are retroactively repealed. As such, these rules reference the rate determined under paragraph 2(1)(a) of the *Interest Rates (Excise Act, 2001) Regulations*. This rate is aligned with other Canadian tax statutes. Interest is payable from the day the payment was received by the Receiver General to the day that the refund is paid.

#### Amendments Consequential to the Repeal of the DSTA

### Clause 129

Access to Information Act  
Schedule II

Consequential to the repeal of the DSTA, Schedule II of the *Access to Information Act* is amended to remove the reference to the DSTA.

**Clause 130**

Bankruptcy and Insolvency Act  
Subsection 149(3)

Consequential to the repeal of the DSTA, subsection 149(3) of the *Bankruptcy and Insolvency Act* is amended to remove the reference to the DSTA.

**Clause 131**

Criminal Code  
Paragraph 462.48(2)(c)

Consequential to the repeal of the DSTA, paragraph 462.48(2)(c) of the *Criminal Code* is amended to remove the reference to the DSTA.

**Clause 132**

Excise Tax Act  
Section 77

Consequential to the repeal of the DSTA, section 77 of the *Excise Tax Act* is amended to remove the reference to the DSTA.

**Clause 133**

Excise Tax Act  
Subsection 229(2)

Consequential to the repeal of the DSTA, subsection 229(2) of the *Excise Tax Act* is amended to remove the reference to the DSTA.

**Clause 134**

Excise Tax Act  
Subsection 230(2)

Consequential to the repeal of the DSTA, subsection 230(2) of the *Excise Tax Act* is amended to remove the reference to the DSTA.

**Clause 135**

Excise Tax Act  
Subparagraph 238.1(2)(c)(iii)

Consequential to the repeal of the DSTA, subparagraph 238.1(2)(c)(iii) of the *Excise Tax Act* is amended to remove the reference to the DSTA.

**Clause 136**

Excise Tax Act  
Section 263.02

Consequential to the repeal of the DSTA, section 263.02 of the *Excise Tax Act* is amended to remove the reference to the DSTA.

**Clause 137**

Excise Tax Act  
Subsection 296(7)

Consequential to the repeal of the DSTA, subsection 296(7) of the *Excise Tax Act* is amended to remove the reference to the DSTA.

**Clause 138**

Export Development Act  
Paragraph 24.3(2)(c)

Consequential to the repeal of the DSTA, paragraph 24.3(2)(c) of the *Export Development Act* is amended to remove the reference to the DSTA.

**Clause 139**

Financial Administration Act  
Paragraph 155.2(6)(c)

Consequential to the repeal of the DSTA, paragraph 155.2(6)(c) of the *Financial Administration Act* is amended to remove the reference to the DSTA.

**Clause 140**

Tax Court of Canada Act  
Section 12

Consequential to the repeal of the DSTA, section 12 of the *Tax Court of Canada Act* is amended to remove the references to the DSTA.

**Clause 141**

Tax Court of Canada Act  
Paragraph 18.29(3)(a)

Consequential to the repeal of the DSTA, paragraph 18.29(3)(a) of the *Tax Court of Canada Act* is amended to remove the reference to the DSTA.

**Clause 142**

Tax Court of Canada Act  
Subsection 18.31(2)

Consequential to the repeal of the DSTA, subsection 18.31(2) of the *Tax Court of Canada Act* is amended to remove the reference to the DSTA.

**Clause 143**

Tax Court of Canada Act  
Subsection 18.32(2)

Consequential to the repeal of the DSTA, subsection 18.32(2) of the *Tax Court of Canada Act* is amended to remove the reference to the DSTA.

**Clause 144**

Income Tax Act  
Paragraph 18(1)(t)

Consequential to the repeal of the DSTA, paragraph 18(1)(t) of the *Income Tax Act* is amended to remove the reference to the DSTA.

**Clause 145**

Income Tax Act  
Subsection 164(2.01)

Consequential to the repeal of the DSTA, subsection 164(2.01) of the *Income Tax Act* is amended to remove the reference to the DSTA.

**Clause 146**

Income Tax Act  
Subsection 221.2(2)

Consequential to the repeal of the DSTA, subsection 221.2(2) of the *Income Tax Act* is amended to remove the reference to the DSTA.

**Clause 147**

Canada Revenue Agency Act  
Section 2

Consequential to the repeal of the DSTA, paragraph (a) of the definition “program legislation” in section 2 of the *Canada Revenue Agency Act* is amended to remove the reference to the DSTA.

**Clause 148**

Air Travellers Security Charge Act  
Subsection 40(4)

Consequential to the repeal of the DSTA, subsection 40(4) of the *Air Travellers Security Charge Act* is amended to remove the reference to the DSTA.

**Clause 149**

Excise Act, 2001  
Section 188

Consequential to the repeal of the DSTA, section 188 of the *Excise Act, 2001* is amended to remove the references to the DSTA.

**Clause 150**

Excise Act, 2001  
Subsection 189(4)

Consequential to the repeal of the DSTA, subsection 189(4) of the *Excise Act, 2001* is amended to remove the reference to the DSTA.

**Clause 151**

Underused Housing Tax Act  
Section 34

Consequential to the repeal of the DSTA, section 34 of the *Underused Housing Tax Act* is amended to remove the reference to the DSTA.

**Clause 152**

Select Luxury Items Tax Act  
Section 45

Consequential to the repeal of the DSTA, section 45 of the *Select Luxury Items Tax Act* is amended to remove the reference to the DSTA.

**Clause 153**

Select Luxury Items Tax Act  
Section 48

Consequential to the repeal of the DSTA, section 48 of the *Select Luxury Items Tax Act* is amended to remove the reference to the DSTA.

**Clause 154**

Select Luxury Items Tax Act  
Subsection 53(3)

Consequential to the repeal of the DSTA, subsection 53(3) of the *Select Luxury Items Tax Act* is amended to remove the reference to the DSTA.

**Clause 155**

Select Luxury Items Tax Act  
Subsection 57(6)

Consequential to the repeal of the DSTA, subsection 57(6) of the *Select Luxury Items Tax Act* is amended to remove the reference to the DSTA.

**Clause 156**

Select Luxury Items Tax Act  
Section 94

Consequential to the repeal of the DSTA, section 94 of the *Select Luxury Items Tax Act* is amended to remove the reference to the DSTA.

**Clause 157**

Global Minimum Tax Act  
Paragraph 67(2)(a)

Consequential to the repeal of the DSTA, the description of B in paragraph 67(2)(a) of the *Global Minimum Tax Act* is amended to remove the reference to the DSTA.

**Clause 158**

Global Minimum Tax Act  
Section 77

Consequential to the repeal of the DSTA, section 77 of the *Global Minimum Tax Act* is amended to remove the reference to the DSTA.