Explanatory Notes Relating to the Income Tax Act, Excise Tax Act, Excise Act, Excise Act, 2001 and Related Legislation

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Preface

These explanatory notes describe proposed amendments to the *Income Tax Act*, *Excise Tax Act*, *Excise Act*, *Excise Act, 2001* and related legislation. These explanatory notes describe these proposed amendments, 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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Clause 2

Canadian Forces Members and Veterans Income Replacement Benefits

ITA
6(1)(f.1)

Section 6 of the *Income Tax Act* (the "Act") provides for the inclusion in an employee's income of most employment-related benefits. Paragraph 6(1)(f.1) provides for the inclusion in income of certain amounts provided under the *Canadian Forces Members and Veterans Re-establishment and Compensation Act*.

Paragraph 6(1)(f.1) is amended consequential on the name of the *Canadian Forces Members and Veterans Re-establishment and Compensation Act* being changed to the *Veterans Well-being Act*.

This amendment comes into force on April 1, 2018.

Clause 3

Limitation respecting prepaid expenses

ITA
18(9)

Subsection 18(9) of the Act defers the deduction of certain prepaid expenses to the taxation year to which they relate.

Consequential on the elimination of the investment tax credit for the creation of child care spaces, paragraph 18(9)(f) is repealed with respect to expenditures incurred on or after March 22, 2017, except that the repeal of paragraph 18(9)(f) does not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Clause 4

Recapture of investment tax credits – child care space amount

ITA
20(1)(nn.1)

Paragraph 20(1)(nn.1) of the Act permits the deduction of amounts that are recaptured (other than an amount recaptured because of the disposition of a depreciable property) and included in a taxpayer's Part I tax in a preceding taxation year under subsection 127(27.1) or (28.1) of the Act in respect of a child care space amount.

Consequential on the elimination of the investment tax credit for the creation of child care spaces, paragraph 20(1)(nn.1) is repealed with respect to expenditures incurred on or after March 22, 2017, except that the repeal of paragraph 20(1)(nn.1) does not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Clause 5

Interest on loans for home purchase or relocation

ITA
80.4(4)

Subsection 80.4(4) of the Act provides a special rule in computing the benefit in respect of a home purchase loan or a home relocation loan. Subsection 80.4(4) also provides that this special rule applies for the purpose of determining the offsetting deduction for home relocation loans set out in paragraph 110(1)(j) of the Act.

Consequential on the repeal of the deduction for home relocation loans, subsection 80.4(4) is amended to remove the reference to paragraph 110(1)(j).

This amendment comes into force on January 1, 2018.

Clause 6

Canadian Forces members and veterans amounts

ITA
81(1)(d.1)

Paragraph 81(1)(d.1) of the Act specifically excludes from the computation of a taxpayer's income certain payments made under the *Canadian Forces Members and Veterans Re-establishment and Compensation Act.*

Paragraph 81(1)(d.1) is amended consequential on the name of the *Canadian Forces Members and Veterans Re-establishment and Compensation Act* being changed to the *Veterans Well-being Act*.

Paragraph 81(1)(d.1) is also amended to provide that payments received on account of the new caregiver recognition benefit, which is intended to replace the family caregiver relief benefit, under the *Veterans Well-being Act* are exempt from income tax.

The amendment to paragraph 81(1)(d.1) to include a reference to the caregiver recognition benefit applies as of April 1, 2018. The amendment to paragraph 81(1)(d.1) to remove the reference to the family caregiver relief benefit applies in respect of the 2020 and subsequent taxation years.

Members of Legislative Assemblies' expense allowance

ITA
81(2)

Subsection 81(2) of the Act provides that allowances received by an elected member of a provincial legislature, for expenses related to the discharge of the member's duties, are not

required to be included in computing the member's income to the extent that they do not exceed one-half the amount payable by way of salary, indemnity and other remuneration.

Subsection 81(2) is repealed for the 2019 and subsequent taxation years.

Municipal officers' expense allowance

ITA
81(3)

Subsection 81(3) of the Act provides that allowances received by certain elected officials of municipalities, school boards and certain other municipal boards, commissions and corporations for expenses related to the discharge of the official's duties, are not required to be included in computing the official's income to the extent that they do not exceed one-half the amount payable by way of salary or other remuneration.

Subsection 81(3) is repealed for the 2019 and subsequent taxation years.

Clause 7

Definitions

ITA
89(1)

Subsection 89(1) of the Act contains the definition "taxable Canadian corporation", which is relevant for many purposes of the Act.

Taxable Canadian corporation

ITA
89(1)

Paragraph (b) of the definition "taxable Canadian corporation" in subsection 89(1) contains a reference to paragraph 149(1)(t), which provides a tax exemption for farming and fishing insurers. As a consequence of the repeal of paragraph 149(1)(t), the reference to this paragraph is no longer required.

Paragraph (b) of the definition "taxable Canadian corporation" in subsection 89(1) is amended to remove the reference to paragraph 149(1)(t).

This amendment applies in respect of taxation years that begin after 2018.

Clause 8

Home relocation loan

ITA
110(1)(j)

Subsection 80.4(1) of the Act requires the benefit received by a taxpayer as the result of a low-interest employer loan to be included in income. Paragraph 110(1)(j) of the Act provides for an offsetting deduction from taxable income where the benefit is in respect of a qualifying home relocation loan.

Paragraph 110(1)(j) is repealed.

This repeal comes into force on January 1, 2018.

Replacement of home relocation loan

ITA
110(1.4)

For the purposes of the deduction from taxable income with respect to home relocation loans that is set out in paragraph 110(1)(j), subsection 110(1.4) provides that a loan received by a taxpayer to repay a home relocation loan is deemed to be the same loan as the relocation loan and to have been made on the same day as the relocation loan.

Consequential on the repeal of the deduction for home relocation loans set out in paragraph 110(1)(j), subsection 110(1.4) is repealed.

This repeal comes into force on January 1, 2018.

Clause 9

Gifts of medicine

ITA
110.1(1)(a.1)

Paragraph 110.1(1)(a) of the Act provides a deduction to corporations in respect of charitable gifts. Paragraph 110.1(1)(a.1) provides corporations with an additional deduction in respect of eligible gifts of medicine made to an eligible charity.

Paragraph 110.1(1)(a.1) is repealed in respect of gifts made on or after March 22, 2017.

Eligible medical gift

ITA
110.1(8) and (9)

Paragraph 110.1(1)(a.1) of the Act provides corporations with an additional deduction in respect of eligible gifts of medicine made to an eligible charity. Subsections 110.1(8) and (9) set out

additional criteria for the purpose of determining the eligibility of a gift for this additional deduction.

Subsections 110.1(8) and (9) are repealed, consequential on the repeal of the additional deduction available to corporations for gifts of medicine in paragraph 110.1(1)(a.1), in respect of gifts made on or after March 22, 2017.

Clause 10

Definitions – "non-capital loss"

ITA
111(8)

Subsection 111(8) of the Act sets out the definitions that apply for the purpose of loss carryovers.

Consequential on the repeal of the deduction for home relocation loans set out in paragraph 110(1)(j), paragraph (b) of variable E in the definition "non-capital loss" in subsection 111(8) is amended to remove the reference to paragraph 110(1)(j).

This amendment comes into force on January 1, 2018.

Clause 11

Adjustment of certain amounts

ITA
117.1(1.1)

Subsection 117.1(1.1) of the Act provided transitional rules for indexation with respect to subsection 118(1) for the 2000 taxation year. Consequential on the amendments being made to subsection 118(1), and given that subsection 117(1.1) is no longer necessary, subsection 117.1(1.1) is repealed. For more information, see the commentary under subsection 118(1).

This amendment applies to the 2017 and subsequent taxation years.

Clause 12

Married or common-law partner statusITA
118(1)B(a)

Paragraph (a) of the description of B in the formula in subsection 118(1) of the Act provides a tax credit to individuals who are married or in a common-law partnership. Consequential on the introduction of the new Canada caregiver credit, clause (A) of the description of C in the formula in subparagraph (a)(ii) is amended to replace the amount of $2,000 with the amount of $2,150.

This amendment applies to the 2017 and subsequent taxation years, with indexing for inflation applying to the 2018 and subsequent taxation years.

Wholly dependent person

ITA
118(1)B(b)

Paragraph (b) of the description of B in the formula in subsection 118(1) provides a tax credit to individuals who are single and have a wholly dependent relative. Consequential on the introduction of the new Canada caregiver credit, clause (A) of the description of D in the formula in subparagraph (b)(iv) is amended to replace the amount of $2,000 with the amount of $2,150.

This amendment applies to the 2017 and subsequent taxation years, with indexing for inflation applying to the 2018 and subsequent taxation years.

Caregiver amount for infirm child

ITA
118(1)B(b.1)

Paragraph (b.1) of the description of B in subsection 118(1) provides the caregiver amount for a child. Consequential on the introduction of the new Canada caregiver credit, paragraph (b.1) is amended to replace the amount of $2,000 with the amount of $2,150.

This amendment applies to the 2017 and subsequent taxation years, with indexing for inflation applying to the 2018 and subsequent taxation years.

Canada caregiver credit

ITA
118(1)B(d)

Paragraph (c.1) of the description of B in the formula in subsection 118(1) provides a 15-per-cent non-refundable tax credit for individuals providing in-home care to family members who are either parents or grandparents 65 years of age or over, or certain adult family members who are dependent on the caregiver by reason of infirmity. The maximum credit amount is $4,732 (all amounts shown are for 2017), or $6,882 if the dependant is infirm. This credit is reduced dollar-for-dollar by the dependant's net income above $16,163 and is completely phased out at an income of $23,045 for an infirm dependant, and $20,895 for a non-infirm dependant.

Paragraph (d) of the description of B in the formula in subsection 118(1) provides a 15-per-cent non-refundable tax credit for individuals supporting an adult dependant who is dependent on the caregiver by reason of physical or mental infirmity. The maximum credit amount is $6,883. The credit is reduced dollar-for-dollar by the dependant's net income above $6,902 and is completely phased out at a net income of $13,785.

Paragraphs (c.1) and (d) of the description of B in the formula in subsection 118(1) are replaced by the new Canada caregiver credit in paragraph (d). This will provide a 15-per-cent non-refundable tax credit for individuals who are caregivers for dependants who have an infirmity and are dependent on the caregiver for support by reason of that infirmity. The credit will be available in respect of infirm dependants who are parents/grandparents, brothers/sisters,

aunts/uncles, nieces/nephews or adult children of the claimant. There is no requirement that the dependant live with the claimant. The maximum credit amount is $6,883. The credit will be reduced dollar-for-dollar by the dependant's net income above $16,163.

This amendment applies to the 2017 and subsequent taxation years, with indexing for inflation applying to the 2018 and subsequent taxation years.

Additional amount

ITA
118(1)B(e)

An individual may qualify in respect of another individual for both the new Canada caregiver credit and either the married or common-law status credit under paragraph 118(1)B(a) or the equivalent-to-married credit under paragraph 118(1)B(b). In such circumstances, the rules in paragraph 118(4)(c) (as amended) restrict the individual to claiming a credit under paragraph 118(1)B(a) or 118(1)B(b), as the case may be. For more information, see the commentary under subsection 118(4).

It is possible that, in certain circumstances, the new Canada caregiver credit available under paragraph 118(1)B(d) could exceed the married or common-law status credit or the equivalent-to-married credit for an individual claimant. In order to ensure that, in these cases, the individual claimant is not penalized by having to claim a lesser credit under either of these two credits than would be available under the Canada caregiver credit, paragraph 118(1)B(e) is amended to provide that the amount available under the married or common-law status credit or the equivalent-to-married credit, as the case may be, will be increased by the amount necessary to offset this difference.

This amendment applies to the 2017 and subsequent taxation years.

Limitations re: subsection (1)

ITA
118(4)(c)-(e)

Paragraph 118(4)(c) provides that, where an individual is entitled to the credit under paragraph 118(1)B(b) in respect of a person, neither that individual nor any other individual may claim a credit under paragraph 118(1)B(c.1) or 118(1)B(d) in respect of that person.

Paragraph 118(4)(c) is amended consequential on the introduction of the Canada caregiver credit in paragraph 118(1)B(d). This amendment provides that, where an individual is entitled to the married or common-law status credit under paragraph 118(1)B(a) or the equivalent-to-married credit under paragraph 118(1)B(b), no claim under the Canada caregiver credit under paragraph 118(1)B(d) (as amended) may be made in respect of the same person.

Paragraph 118(4)(d) provides that, where an individual is entitled to a credit under paragraph 118(1)B(c.1) in respect of a person, neither that individual nor any other individual may claim a credit under paragraph 118(1)B(d) in respect of that person.

Paragraph 118(4)(e) provides that, where more than one individual is entitled to a credit under paragraph 118(1)B(c.1) or (d) in respect of the same person, the total amounts claimed by those individuals cannot exceed the maximum amount that would be allowed if only one individual were claiming the person as a dependant.

Paragraphs 118(4)(d) and (e) are amended, consequential on the introduction of the Canada caregiver tax credit, by replacing paragraph (d) with former paragraph (e) (and by renumbering it as paragraph (d)) and by removing the reference to paragraph 118(1)B(c.1). This amendment ensures that, where more than one individual is entitled to the Canada caregiver tax credit in respect of the same person, the total amounts claimed cannot exceed the maximum amount that would be allowed if only one individual were claiming the credit.

This amendment applies to the 2017 and subsequent taxation years.

Definition of "dependant"

ITA
118(6)

Subsection 118(6) defines the term "dependant" for the purposes of paragraphs (d) and (e) of the description B in subsection 118(1) and for the purposes of paragraph 118(4)(e). Consequential on the introduction of the new Canada caregiver credit, subsection 118(6) is amended to remove references to paragraphs 118(1)B(e) and 118(4)(e). For more information, see the commentary under those paragraphs.

This amendment applies to the 2017 and subsequent taxation years.

Clause 13

Transit pass tax credit

ITA
118.02

Section 118.02 of the Act provides an individual with a non-refundable tax credit in respect of the cost of eligible public transit passes attributable to the use, by the individual or a qualifying relation in respect of the individual, of public transit in a taxation year. The credit is calculated by reference to that cost multiplied by the appropriate percentage for that taxation year (15% in 2017). Subsection 118.02(2) of the Act provides the formula for that calculation.

The description of C in the formula in subsection 118.02(2) is amended to limit the calculation of the credit for 2017 so that only amounts attributable to the use of public commuter transit services from the start of January 2017 to the end of June 2017 are eligible.

Section 118.02 is repealed for the 2018 and subsequent taxation years.

Clause 14

Definition of "eligible individual"

ITA
118.041(1)

Subsection 118.041(1) of the Act sets out definitions for the purposes of the home accessibility tax credit. Consequential on the introduction of the new Canada caregiver credit, clause (c)(i)(B) of the definition "eligible individual" in subsection 118.041(1) is amended to remove the reference to paragraph (c.1) of the description of B in subsection 118(1). For more information, see the commentary under subsection 118(1).

This amendment applies to the 2017 and subsequent taxation years.

Clause 15

Medical expense credit

ITA
118.2

Section 118.2 of the Act provides rules for determining the amount which may be claimed, as a tax credit, in respect of an individual's medical expenses. Subsection 118.2(2) contains a list of expenditures that qualify as medical expenses for the purpose of claiming the medical expense tax credit in section 118.2.

Fertility expenses

ITA
118.2(2.2)

New subsection 118.2(2.2) deems an amount to be a qualifying medical expense for the purposes of the medical expense tax credit if it:

- is paid for the purpose of an individual conceiving a child; and
- would be a medical expense, within the meaning of subsection 118.2(2), if the individual were incapable of conceiving a child because of a medical condition.

The first condition is intended to allow certain amounts paid for the purpose of an individual conceiving a child to qualify as medical expenses for the purposes of the medical expense tax credit where the individual does not have an existing illness or condition (such as the medical condition of infertility) but nonetheless requires medical intervention to conceive a child. The second condition is intended to ensure that new subsection (2.2) deems an amount to be a medical expense only if the amount would already qualify as a medical expense under subsection (2) in respect of a person with a medical condition.

New subsection (2.2) applies to the 2017 and subsequent taxation years.

However, if an individual makes a request for a refund to the Minister of National Revenue in respect of an earlier taxation year and the request is made within the time limit specified in paragraph 164(1.5)(a) of the Act (i.e., on or before the day that is ten calendar years after the end of the taxation year) new subsection (2.2) will apply in respect of that earlier taxation year.

Clause 16

Credit for Mental or Physical Impairment

ITA
118.3(1)(a.2)

Paragraphs 118.3(1)(a.1) and (a.2) provide conditions that must be met to be eligible for the disability tax credit. Paragraph 118.3(1)(a.2) sets out the types of medical practitioners that are eligible to certify the effects of various impairments for the purposes of paragraph 118.3(1)(a.1).

Paragraph 118.3(1)(a.2) is amended to authorize nurse practitioners to certify that an individual has severe and prolonged impairments in mental or physical functions the effects of which are to markedly restrict an individual's ability to perform a basic activity of daily living (or would be to markedly restrict the individual's ability to perform a basic activity of daily living but for certain life supporting therapy).

This amendment applies to certifications made on or after March 22, 2017.

ITA
118.3(1)(a.3)

Paragraph 118.3(1)(a.3) applies with respect to the certification of eligibility for the disability tax credit as a result of the cumulative effects of multiple restrictions (i.e., severe and prolonged impairments in mental or physical functions the effects of which are significant (but not marked) restrictions in more than one basic activity of daily living, if the cumulative effect of the restrictions is equivalent to having a single marked restriction in one basic activity of daily living).

Subparagraphs 118.3(1)(a.3)(i) and (ii) are amended to authorize nurse practitioners to make such certifications.

This amendment applies to certifications made on or after March 22, 2017.

ITA
118.3(2)(a)(i)(B)

Subsection 118.3(2) of the Act provides the criteria for determining the entitlement of a supporting individual of a disabled person to claim that person’s unused disability tax credit.

Consequential on the introduction of the new Canada caregiver credit, clause 118.3(2)(a)(i)(B) is amended to remove the reference to paragraph (c.1) of the description of B in subsection 118(1).

This amendment applies to the 2017 and subsequent taxation years.

Clause 17

Reference to Medical Practitioners, etc.

ITA
118.4(2)

Subsection 118.4(2) contains interpretive rules relating to references to certain medical practitioners in section 63 (relating to childcare expenses), section 118.2 (referring to medical expenses) section 118.3 (relating to the disability tax credit) and section 118.6 (which provides various education-related definitions for a number of purposes, including of the child care expense deduction, the disability supports deduction and, the exemption for scholarships, fellowships, bursaries and prizes).

This provision is amended, consequential on the amendments to paragraphs 118.3(1)(a.2) and (a.3), which authorize nurse practitioners to certify eligibility for the disability tax credit.

This amendment applies to certifications made on or after March 22, 2017.

Clause 18

Tuition credit

ITA
118.5(1)(a)(ii.1)Subsection 118.5(1) of the Act provides a tax credit in respect of tuition fees paid to certain educational institutions. Paragraph 118.5(1)(a) permits a student to deduct tuition fees paid to certain Canadian educational institutions.

Subparagraph 118.5(1)(a)(ii.1) is amended to provide that any tuition fees paid in respect of courses that are not at the post-secondary school level to an educational institution in Canada — that is a university, college or other educational institution providing courses at a post-secondary school level — will be eligible for the credit if

- the student is at least 16 years of age at the end of the year; and
- the purpose of the course can reasonably be regarded as to provide or improve occupational skills.

This amendment applies to the 2017 and subsequent taxation years.

Clause 19

Definitions

ITA

118.6(1)

Subsection 118.6(1) of the Act provides various education-related definitions for a number of purposes, including the child care expense deduction, the disability supports deduction and the exemption for scholarships, fellowships, bursaries and prizes.

"qualifying educational program"

The definition "qualifying educational program" in subsection 118.6(1) is relevant for the purposes of the definitions "specified educational program" and "qualifying student" in subsection 118.6(1).

The definition "qualifying educational program" in subsection 118.6(1) is amended to remove the requirement that in order to meet the definition any such programs at an institution described in the definition "designated educational institution" (other than an institution described in subparagraph (a)(ii) of that definition) must be at a post-secondary school level.

"qualifying student"

The definition "qualifying student" in subsection 118.6(1) refers to an individual who is enrolled for at least one month in the taxation year in a qualifying educational program as a full-time student at a designated educational institution or is enrolled at a designated educational institution in a specified education program (with not less than 12 hours in the month spent on courses in the program).

Paragraph (c) of the definition "qualifying student" in subsection 118.6(1) is amended to extend its applicability to individuals who are enrolled in programs at a university or college (or other institutions described in subparagraph (a)(i) of the definition "designated educational institution") where such programs are for job or skills training and are not at the post-secondary school level.

Paragraph (d) of the definition "qualifying student" in subsection 118.6(1) is added to preserve this definition's applicability — with respect to individuals who are enrolled at designated educational institutions situated in the United States to which the individuals commuted that are universities, colleges or other educational institutions providing courses at a post-secondary school level — to programs that are at the post-secondary level.

This amendment applies to the 2017 and subsequent taxation years.

Clause 20

Ordering of credits

ITA
118.92

Section 118.92 of the Act provides that tax credits allowed in computing an individual's tax payable for a taxation year are to be applied in a specific order.

For the 2018 and subsequent taxation years, this section is amended to remove references to section 118.02, consequential on the repeal of the public transit pass tax credit.

Clause 21

Overseas employment tax credit

ITA
122.3(1)(e)(iii)

Prior to 2016, section 122.3 of the Act provided a tax credit to Canadian residents employed outside Canada by a specified employer for at least six months in connection with resource, construction, installation, agricultural or engineering contracts.

Subparagraph 122.3(1)(e)(iii) is amended to remove the reference to paragraph 110(1)(j) consequential on the repeal of the deduction for home relocation loans set out in paragraph 110(1)(j).

This amendment comes into force on January 1, 2018.

Clause 22

Foreign tax deduction

ITA
126(1)(b)(ii)(A)(III)

Section 126 of the Act permits a taxpayer to claim a foreign tax credit.

Consequential on the repeal of the deduction for home relocation loans set out in paragraph 110(1)(j), subclause 126(1)(b)(ii)(A)(III) is amended to remove the reference to paragraph 110(1)(j).

This amendment comes into force on January 1, 2018.

Amount determined for purposes of paragraph (2)(b)

ITA
126(2.1)(a)(ii)(A)(III)

Subsection 126(2.1) of the Act sets out rules for determining the amount that may be deducted by a taxpayer under subsection 126(2) in respect of business carried on by the taxpayer in a country other than Canada.

Consequential on the repeal of the deduction for home relocation loans set out in paragraph 110(1)(j), subclause 126(2.1)(a)(ii)(A)(III) is amended to remove the reference to paragraph 110(1)(j).

This amendment comes into force on January 1, 2018.

Employees of international organizations

ITA
126(3)(b)(iii)

Subsection 126(3) of the Act provides a tax credit to Canadian-resident employees of international organizations other than prescribed international organizations.

Consequential on the repeal of the deduction for home relocation loans set out in paragraph 110(1)(j), subparagraph 126(3)(b)(iii) is amended to remove the reference to paragraph 110(1)(j).

This amendment comes into force on January 1, 2018.

Clause 23

Investment Tax Credit

ITA
127

Section 127 of the Act permits deductions in computing tax payable in respect of, amongst other items, the investment tax credit (ITC).

Investment tax credit

ITA
127(5)

Subsection 127(5) provides for the deduction of investment tax credits from a taxpayer's Part I tax otherwise payable for a taxation year. "Investment tax credit" is defined in subsection 127(9).

Consequential on the elimination of the investment tax credit for the creation of child care spaces, subparagraph 127(5)(a)(i) and clause 127(5)(a)(ii)(A) are amended to delete references to the taxpayer's child care space amount for the year or a preceding taxation year.

The amendments to subsection 127(5) apply in respect of expenditures incurred on or after March 22, 2017, except that these amendments do not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Expenditure base

ITA
127(8.2)(b)(i)(A.2)

Subsection 127(8.2) defines, for the purpose of the at-risk rules in subsection 127(8.1), a limited partner's expenditure base for a taxation year (its fiscal period) of a partnership.

Consequential on the elimination of the investment tax credit for the creation of child care spaces, clause 127(8.2)(b)(i)(A.2) is repealed with respect to expenditures incurred on or after March 22, 2017, except that this repeal does not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Definitions

ITA
127(9)

Subsection 127(9) provides various definitions relevant for the purposes of calculating the investment tax credits of a taxpayer.

The amendments to the definitions in subsection 127(9) (other than to the definition "flow-through mining expenditure") apply with respect to expenditures incurred on or after March 22, 2017, except to the extent that the expenditures were incurred before 2020 under a written agreement entered into before March 22, 2017.

"child care space amount" and "eligible child care space expenditure"

The definitions "child care space amount" and "eligible child care space expenditure" in subsection 127(9) are repealed consequential on the elimination of the investment tax credit for the creation of child care spaces.

"flow-through mining expenditure"

The definition "flow-through mining expenditure" in subsection 127(9) defines the expenses (eligible expenses) that qualify for the 15% ITC in respect of specified surface "grass-roots" mineral exploration. Under the existing definition, the credit is available only in respect of eligible expenses renounced under a flow-through share agreement made after March 2016 and before April 2017.

The definition is amended to include eligible expenses incurred by a corporation after March 2017 and before 2019, where the expenses are incurred under a flow-through share agreement entered into after March 2017 and before April 2018.

“investment tax credit”

The definition “investment tax credit” in subsection 127(9) provides for a carryover period in respect of investment tax credits that encompasses the three taxation years before the taxation year in which an investment tax credit is earned and ends ten taxation years after the taxation year in which the investment tax credit is earned.

Consequential on the elimination of the investment tax credit for the creation of child care spaces, paragraph (a.5) and subparagraph (e.1)(vii) of the definition “investment tax credit” in subsection 127(9) are repealed.

“specified percentage”

The definition “specified percentage” in subsection 127(9) sets out the relevant rates at which investment tax credits are earned in different circumstances.

Consequential on the elimination of the investment tax credit for the creation of child care spaces, subparagraph (f.1)(iii) of the definition “specified percentage” in subsection 127(9) is repealed.

Adjustments to qualified expenditures

ITA
127(11.1)(c.5)

Subsection 127(11.1) sets out various rules for determining amounts to be included for the purpose of the definition “investment tax credit” in subsection 127(9). These rules provide for the reduction of the capital cost of a property and the reduction of qualified expenditures by amounts that qualify as assistance or contract payments. Paragraph 127(11.1)(c.5) provides for the reduction of the amount of a taxpayer’s eligible child care space expenditure by the amount of any government or non-government assistance.

Consequential on the elimination of the investment tax credit for the creation of child care spaces, paragraph 127(11.1)(c.5) is repealed with respect to expenditures incurred on or after March 22, 2017, except that this repeal does not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Time of acquisition

ITA
127(11.2)

Subsection 127(11.2) provides that, for the purposes of claiming an investment tax credit under subsection 127(5) or allocating an investment tax credit under subsection 127(7) or (8), property is not considered to have been acquired, and expenditures are not considered to have been made, by a taxpayer until the property is considered to have become “available for use” by the taxpayer.

Consequential on the elimination of the investment tax credit for the creation of child care spaces, subsection 127(11.2) is amended to delete the reference to such expenditures with respect to expenditures incurred on or after March 22, 2017, except that this repeal does not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Recapture of investment tax credit – child care space amount

ITA
127(27.1)

Subsection 127(27.1) applies if a taxpayer has claimed a child care space amount, under the investment tax credit regime, in respect of property, and the taxpayer then disposes of the property within 60 months of acquiring it. The subsection requires a taxpayer to add an amount, determined under subsection (27.12), to the taxpayer's tax payable under Part I.

Consequential on the elimination of the investment tax credit for the creation of child care spaces, subsection 127(27.1) is repealed with respect to expenditures incurred on or after March 22, 2017, except that this repeal does not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Disposition

ITA
127(27.11)

Subsection 127(27.11) extends the meaning of "disposition" of a property for the purposes of determining the recapture amount under subsection 127(27.1).

Consequential on the repeal of subsection 127(27.1), subsection 127(27.11) is repealed with respect to expenditures incurred on or after March 22, 2017, except that this repeal does not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Amount of recapture

ITA
127(27.12)

Subsection 127(27.12) establishes the investment tax credit recapture amount that is required to be added under subsection 127(27.1) or (28.1) to the Part I tax payable by a taxpayer (including a member of a partnership) in circumstances described in subsection 127(27.11). Paragraphs 127(27.12)(a) and (b) establish the amount of the recapture.

Consequential on the repeal of subsections 127(27.1) and (27.11), subsection 127(27.12) is repealed with respect to expenditures incurred on or after March 22, 2017, except that this repeal does not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Recapture of partnership's investment tax credits – child care property

ITA
127(28.1)

Subsection 127(28.1) provides an investment tax credit recapture rule that applies where the property to which the recapture relates is partnership property. The amount calculated as the partnership's investment tax credit available for allocation under subsection 127(8) is reduced by the amount determined under subsection 127(27.12).

Consequential on the repeal of subsection 127(27.12), subsection 127(28.1) is repealed with respect to expenditures incurred on or after March 22, 2017, except that this repeal does not apply with respect to expenditures incurred before 2020 under a written agreement entered into before March 22, 2017.

Clause 24

Farmers' and fishers' insurer

ITA
149(1)(t)

Paragraph 149(1)(t) of the Act generally provides a tax exemption in respect of taxable income for a period throughout which an insurer was engaged solely in the insurance business and in which not less than 20% of the gross premium income (net of reinsurance ceded) earned by the insurer, or the insurer and certain other insurers, was from the insurance of property used in farming or fishing or residences of farmers or fishers. For more information, see the notes for subsections 149(4.1) and (4.2).

Prescribed insurers are provided preferential access to this tax exemption, as they are not required to take into account the gross premium income of affiliated insurers when determining their eligibility for the tax exemption.

Paragraph 149(1)(t) is repealed in respect of taxation years that begin after 2018.

Income exempt under 149(1)(t)

ITA
149(4.1)

Subsection 149(4.1) limits the tax exemption provided under paragraph 149(1)(t). Specifically, the exemption is limited to the portion of the insurer's taxable income for a taxation year that the insurer's gross premium income (net of reinsurance ceded) earned for the year from the insurance of property used in farming or fishing or residences of farmers or fishers is of the insurer's total gross premium income (net of reinsurance ceded) for the year.

As a result of the elimination of the tax exemption provided under paragraph 149(1)(t), subsection 149(4.1) is repealed in respect of taxation years that begin after 2018.

Idem

ITA
149(4.2)

Subsection (4.2) effectively provides that an insurer described by paragraph 149(1)(t) is exempt from tax under Part I of the Act on all of the insurer's taxable income for a taxation year and not just a portion of such income that would otherwise be determined under subsection 149(4.1) if more than 90% of the total of the gross premium income (net of reinsurance ceded) earned by it, or by the insurer together with certain other insurers, in the year is from the insurance of property used in farming or fishing or residences of farmers or fishers.

Consequential on the elimination of the tax exemption provided under paragraph 149(1)(t), subsection 149(4.2) is repealed in respect of taxation years that begin after 2018.

Computation of taxable income of insurer

ITA
149(4.3)

Subsection 149(4.3) is intended to ensure that an insurer does not accumulate or "bank" certain discretionary tax deductions in years in which it is exempt from tax on all or part of its taxable income under paragraph 149(1)(t).

Consequential on the elimination of the tax exemption provided under paragraph 149(1)(t), subsection 149(4.3) is repealed in respect of taxation years that begin after 2018.

Becoming or ceasing to be exempt

ITA
149(10)

Subsection 149(10) applies if, at a particular time, a corporation becomes or ceases to be exempt from tax under Part I of the Act on its taxable income, otherwise than by reason of the exemption for certain insurers in paragraph 149(1)(t).

Consequential on the elimination of the tax exemption provided under paragraph 149(1)(t), subsection 149(10) is amended to remove the reference to paragraph 149(1)(t). This amendment applies in respect of taxation years that begin after 2018.

Clause 25

Information may be communicated

ITA
149.1(15)

Subsection 149.1(15) of the Act authorizes the Minister of National Revenue to disclose to the public a list of registered charities for the purposes of determining eligibility of a donation for the additional deduction available to corporations for gifts of medicine under paragraph 110.1(a.1).

Paragraph 149.1(15)(d) is repealed, consequential on the repeal of the additional deduction available to corporations for gifts of medicine. This repeal applies in respect of gifts made on or after March 22, 2017.

Clause 26

Tobacco Taxation

ITA
182(1)

Subsection 182(1) of the Act imposes a surtax on a corporation's tax under Part I of the Act on profits from tobacco manufacturing. The tobacco surtax is repealed as of March 23, 2017.

Subsection 182(1) is amended, as a transitional provision, to require that a corporation with a taxation year that includes March 22, 2017 prorates the surtax on its Canadian tobacco manufacturing profits based on the number of days in the taxation year that are on or before March 22, 2017.

This amendment applies to taxation years that include March 22, 2017.

Clause 27

Tobacco Taxation

ITA
Part II

Part II of the Act imposes a surtax on a corporation's tax under Part I of the Act on profits from tobacco manufacturing.

Part II of the Act is repealed for taxation years that begin after March 22, 2017.

Clause 28

Electronic distribution of T4 information slips

ITA
221.01

New section 221.01 of the Act provides the Minister of National Revenue with the authority to specify criteria for establishing eligibility to issue T4 information returns electronically pursuant to subsection 209(5) of the *Income Tax Regulations*.

Section 221.01 applies in respect of information returns issued in the 2018 and subsequent taxation years.

Clause 29

Where Taxpayer Information may be Disclosed

ITA
241(4)(d)(viii)

Section 241 of the Act prohibits officials and other persons from using or communicating taxpayer information obtained under the Act unless they are specifically authorized to do so by one of the exceptions found in that section.

Subparagraph 241(4)(d)(viii) authorizes the communication of taxpayer information to an official of the Department of Veterans Affairs solely for the purposes of the administration of the *War Veterans Allowance Act*, the *Canadian Forces Members and Veterans Re-establishment Compensation Act* or Part XI of the *Civilian War-related Benefits Act*.

Subparagraph 241(4)(d)(viii) is amended consequential on the name of the *Canadian Forces Members and Veterans Re-establishment and Compensation Act* being changed to the *Veterans Well-being Act*.

This amendment comes into force on April 1, 2018.

Clause 30

National Child Benefit Supplement

Budget Implementation Act, 2016, No. 1
29(9)

Budget 2016 replaced the previous child benefit system, which consisted of the Canada child tax benefit, the national child benefit supplement and the universal child care benefit, with the Canada child benefit. As part of the transition to the new Canada child benefit, a reference to the national child benefit supplement was left in the Canada child benefit rules (variables C and R in subsection 122.61(1) of the Act). This reference is currently legislated to be repealed, effective July 1, 2017.

Subsection 29(9) of the *Budget Implementation Act, No. 1* is amended to delay the repeal of the national child benefit supplement reference in the Canada child benefit rules in the *Income Tax Act* until July 1, 2018.

Clause 31

Electronic distribution of T4 information slips

ITR
209(5)

New subsection 209(5) of the *Income Tax Regulations* (the "Regulations") permits the issuer to provide a T4 slip to a taxpayer electronically, without having received the taxpayer's express consent to receive the T4 slip in this format.

An issuer can provide a T4 slip electronically only if

- the issuer meets the criteria specified by the Minister of National Revenue pursuant to section 221.01 of the *Income Tax Act*;
- the taxpayer has not requested that they be provided with a paper copy of the T4 slip; and
- the taxpayer is a current employee, is not on extended leave and can reasonably be expected to have electronic access to the their T4.

Subsection 209(5) applies in respect of information returns issued for the 2017 and subsequent taxation years.

Clause 32

ITR
3505

Conditions for donating medicine from inventory

Section 3505 of the Regulations sets out prescribed conditions (for the purposes of subsection 110.1(8) of the Act) that apply in determining eligibility of a gift for the additional deduction available to corporations for gifts of medicine under paragraph 110.1(1)(a.1) of the Act.

Section 3505 is repealed, consequential on the repeal of the additional deduction available to corporation for gifts of medicine, in respect of gifts made on or after March 22, 2017.

Clause 33

Farmers' and fishers' insurer

ITR
4802(2)

Paragraph 149(1)(t) of the Act provides that in the case of "prescribed insurers", the eligibility for the exemption under that paragraph is determined without reference to the gross premium

income of any other insurer. Subsection 4802(2) of the Regulations provides a list of companies that are considered to be prescribed insurers for the purposes of paragraph 149(1)(t).

Consequential on the elimination of the tax exemption provided under paragraph 149(1)(t), subsection 4802(2) of the Regulations is repealed in respect of taxation years that begin after 2018.

Clause 34

National Child Benefit Supplement

Budget Implementation Act, 2016, No. 1
29(9)

Budget 2016 replaced the previous child benefit system, which consisted of the Canada child tax benefit, the national child benefit supplement and the universal child care benefit, with the Canada child benefit. As part of the transition to the new Canada child benefit, a reference to the national child benefit supplement was left in the Canada child benefit rules (variables C and R in subsection 122.61(1) of the Act). This reference is currently legislated to be repealed, effective July 1, 2017.

Clause 30 provides that subsection 29(9) of the *Budget Implementation Act, 2016, No. 1* is amended to delay the repeal of the national child benefit supplement reference in the Canada child benefit rules in the *Income Tax Act* until July 1, 2018.

Clause 34 provides a coordinating amendment in the event that the amendment in clause 30 does not receive royal assent before July 1, 2017.

Part 2 – Amendments to the Excise Tax Act (GST/HST Measures)

Excise Tax Act

Clause 35

Definitions

ETA
123(1)

Subsection 123(1) of the *Excise Tax Act* (the Act) defines terms used in Part IX of the Act and in the Schedules to the Act relating to the goods and services tax/harmonized sales tax (GST/HST).

Subclause 35(1)

Definition "taxi business"

ETA
123(1)

The existing definition "taxi business" in subsection 123(1) of the Act means a business carried on in Canada of transporting passengers by taxi for fares that are regulated under the laws of Canada or a province. This definition is mainly relevant for purposes of subsection 240(1.1) of the Act, which requires all small suppliers carrying on a taxi business to register for GST/HST purposes.

The definition "taxi business" is amended to also include a business carried on in Canada by a person of transporting passengers for fares by motor vehicle within a municipality and its environs if the transportation is arranged or coordinated through an electronic platform or system (e.g., a mobile application). For the purpose of this definition, a motor vehicle means an automobile as defined in subsection 248(1) of the *Income Tax Act* – being generally a motor vehicle designed primarily to carry individuals on highways and streets and having a seating capacity of not more than nine people (including the driver) and a motor vehicle that would be such an automobile if that definition did not exclude motor vehicles acquired primarily for use as a taxi and, in certain circumstances described in its paragraph (e), motor vehicles of a type commonly called a van or pick-up truck.

This new inclusion does not apply to the part of the business that does not involve the making of taxable supplies by the person or that is the operation of a sightseeing service or the school transportation of elementary or secondary students. In addition, this new inclusion does not apply to a business, or an activity of a business, prescribed by regulations. Currently, no business or activity of a business is proposed to be prescribed.

For example, the amended definition "taxi business" will include commercial ride-sharing services facilitated by web applications that provide passenger transportation services that are similar to taxi services.

The English version of the definition "taxi business" is also amended to ensure greater consistency between the French and English versions of that definition.

This amendment comes into force, or is deemed to have come into force, on July 1, 2017.

Subclause 35(2)

Definition "short-term accommodation"

ETA
123(1)

The definition "short-term accommodation" in subsection 123(1) of the Act means a residential complex or a residential unit that is supplied to a recipient by way of lease, licence or similar arrangement for the purpose of its occupancy by an individual as a place of residence or lodging, where the period throughout which the individual is given continuous occupancy of the complex or unit is less than one month. In addition, for the purposes of the rebates provided for under sections 252.1, 252.2 and 252.4 of the Act, the definition provides further inclusions (e.g., most types of overnight shelter) and exclusions (e.g., units supplied under a timeshare arrangement).

The definition "short-term accommodation" is amended to delete the references to sections 252.1 and 252.2. This amendment is consequential to the repeal of section 252.1, which provides for a rebate to non-residents in respect of accommodation included in a tour package, and the consequential amendments to section 252.2.

This amendment comes into force on January 1, 2018 but does not apply in respect of any rebate under section 252.1 in respect of a supply made before that day.

Clause 36

Deduction for rebate in respect of supplies to non-residents

ETA
234(2) and (2.1)

Subsection 234(2) of the Act allows a registrant that has paid or credited an amount to a person on account of a rebate in respect of supplies to non-residents in circumstances described under subsection 252(3), 252.1(8) or 252.4(2) or (4) of the Act to deduct that amount in determining the registrant's net tax. Subsection 234(2.1) requires a registrant to add an amount in determining its net tax if the prescribed information, under subsection 252.1(10), in respect of that amount is filed late or not filed within a specified period of time.

Subsections 234(2) and (2.1) are amended to delete the references to subsections 252.1(8) and 252.1(10) relating to the rebate to non-residents in respect of accommodation included in a tour package provided for under section 252.1. These amendments are consequential to the repeal of section 252.1.

These amendments come into force on January 1, 2018 but do not apply in respect of any amount paid or credited on account of a rebate under section 252.1 in respect of a supply made before that day.

Clause 37

Accommodation rebate for tour packages

ETA
252.1

Existing section 252.1 of the Act provides a rebate to non-residents in respect of accommodation included in a tour package. The amendment repeals section 252.1.

This amendment is deemed to have come into force on March 23, 2017 but does not apply in respect of any supply made before that day or in respect of any supply made after March 22, 2017 but before 2018 if all of the consideration for that supply is paid before 2018.

Clause 38

Restriction – non-resident rebates

ETA
252.2

Existing section 252.2 of the Act sets out restrictions on the claiming of rebates under section 252 of the Act or subsection 252.1(2) or (3) of the Act in respect of certain supplies made to non-residents.

Section 252.2 is amended to delete, in its preamble, the reference to section 252.1 and to repeal subparagraph (a)(iii) and paragraph (g). These amendments are consequential to the repeal of section 252.1, which provides for a rebate to non-residents in respect of accommodation included in a tour package.

These amendments come into force on January 1, 2018 but do not apply in respect of any rebate under section 252.1 in respect of a supply made before that day.

Clause 39

Rebate in respect of foreign convention

ETA
252.4

Section 252.4 of the Act provides for a rebate to a sponsor or unregistered organizer of a foreign convention in respect of the GST/HST on certain property or services acquired, imported or brought into a participating province in relation to the convention. Existing subsection 252.1(1) defines terms for the purposes of sections 252.1, 252.2 and 252.4 of the Act.

Section 252.4 is amended to add new subsection (0.1), which includes the definitions currently provided for under subsection 252.1(1). This amendment is consequential to the repeal of section 252.1, which provides for a rebate to non-residents in respect of accommodation included in a tour package.

This amendment is deemed to have come into force on March 23, 2017.

Clause 40

Liability for amount paid or credited

ETA
252.5

Section 252.5 of the Act provides that, if a registrant has paid or credited an amount on account of a rebate to a person under section 252, 252.1 or 252.4 of the Act and the person was not entitled to the rebate or was paid or credited an amount in excess of the rebate, the registrant and the person are jointly and severally liable to pay to the Receiver General that amount or excess if, at the time the amount was paid or credited, the registrant knew or ought to have known that the person was not entitled to the rebate so paid or credited.

Section 252.5 is amended to delete the reference to section 252.1. This amendment is consequential to the repeal of section 252.1, which provides for a rebate to non-residents in respect of accommodation included in a tour package.

This amendment comes into force on January 1, 2018 but does not apply in respect of any rebate under section 252.1 in respect of a supply made before that day.

Clause 41

Naloxone and its salts

ETA
Sch. VI, Pt. I, subparagraph 2(e)(xi)

Paragraph 2(e) of Part I of Schedule VI to the Act enumerates a list of non-prescription drugs used to treat life-threatening conditions that are zero-rated.

Naloxone is a drug used to treat opioid overdose. Prior to March 22, 2016, supplies of the drug were zero-rated, as it was set out on the Prescription Drug List established under the *Food and Drugs Act* and could not be sold to a consumer without a prescription. As of March 22, 2016, a prescription is no longer required for naloxone under the *Food and Drug Regulations* when the drug is indicated for emergency use for opioid overdose outside hospital settings. In order to maintain the GST/HST-free status of the drug under these conditions, new subparagraph (xi) adds naloxone and its salts to the list in paragraph 2(e).

This amendment is deemed to have come into force on March 22, 2016 except that it does not apply to any supply, importation or bringing into a participating province occurring on or before March 22, 2017 if, on or before March 22, 2017, any amount as or on account of tax under Part IX of the Act was charged, collected or remitted in respect of the supply or paid in respect of the importation or bringing into the province.

Part 3 – Amendments to the Excise Act, the Excise Act, 2001 and the Economic Action Plan 2014 Act, No. 1

Excise Act

Clause 42

Inflationary adjustments - beer

EA
170.2

New section 170.2 of the *Excise Act* (the Act) sets out the manner in which the rates of duty on beer or malt liquor will be adjusted according to the Consumer Price Index for Canada going forward.

New subsection 170.2(1) defines an "inflationary adjusted year" to be 2018 and every year after that year.

New subsection 170.2(2) provides that each rate of duty set out in Part II of the schedule to the Act applicable in respect of a hectolitre of beer or malt liquor will be adjusted on April 1 of an inflationary adjusted year. The rates of duty will be adjusted according to the Consumer Price Index for Canada. The adjusted rate of duty applicable on beer or malt liquor will be equal to the greater of the result obtained by the formula accounting for annual inflation and the rate of duty applicable, as the case may be, on March 31 of the inflationary adjusted year.

New subsection 170.2(3) sets out the rounding rules for each adjusted rate determined under subsection 170.2(2). In the case of the rates set out in sections 1 and 2 of Part II of the schedule, each adjusted rate will be rounded to the nearest one-hundredth or, if the adjusted rate is equidistant from two consecutive one-hundredths, to the higher one-hundredth. In the case of the rate set out in section 3 of Part II of the schedule, each adjusted rate will be rounded to the nearest one thousandth or, if the adjusted rate is equidistant from two consecutive one-thousandths, to the higher one-thousandth.

New subsection 170.2(4) provides averaging and rounding rules for the Consumer Price Index for Canada, as published under the authority of the *Statistics Act*, to be used in determining adjusted rates under subsection 170.2(2).

This amendment is deemed to have come into force on March 23, 2017.

Clause 43

References

EA
Sch.

The references after the heading “schedule” are amended to add a reference to section 170.2 of the Act.

This amendment is deemed to have come into force on March 23, 2017.

Clause 44

Excise duty rates on beer

EA
Parts II and II.1 of the schedule

Part II of the schedule to the Act specifies the rates of duty imposed on beer and malt liquor under section 170 of the Act.

The rates of duty are increased to:

• $31.84 per hectolitre on beer or malt liquor containing more than 2.5% absolute ethyl alcohol by volume;

• $15.92 per hectolitre on beer or malt liquor containing more than 1.2% absolute ethyl alcohol by volume but not more than 2.5% absolute ethyl alcohol by volume; and

• $2.643 per hectolitre on beer or malt liquor containing not more than 1.2% absolute ethyl alcohol by volume.

These sections are also amended to be consistent with the introduction of new section 170.2 of the Act, which provides that the rates of duty on beer and malt liquor will be adjusted each inflationary adjusted year to account for inflation, starting in April 2018.

Part II.1 of the schedule to the Act specifies the rates of duty on the first 75,000 hectolitres of beer and malt liquor produced in Canada per year by a licensed brewer under section 170.1 of the Act. Sections 1 to 5 of Part II.1 of the schedule are amended to express the rates of duty on Canadian beer and malt liquor as a percentage of the adjusted rates set out in sections 1 to 3 of Part II of the schedule, to reflect the future inflationary adjustments in these rates.

New section 6 is also added to Part II.1 to introduce rounding rules for rates determined under section 5. In the case of a rate determined under paragraph 5(a) or (b), the rate will be rounded to the nearest one-thousandth or, if the rate is equidistant from two consecutive one-thousandths, to the higher one-thousandth. In the case of a rate determined under paragraph 5(c), the rate will be

rounded to the nearest ten-thousandth or, if the rate is equidistant from two consecutive ten-thousandths, to the higher ten-thousandth.

This amendment is deemed to have come into force on March 23, 2017.

Excise Act, 2001

Clause 45

Definitions

EA, 2001
58.1

Section 58.1 of the *Excise Act, 2001* (the Act) defines terms used in Part 3.1 of the Act regarding the cigarette inventory tax.

Subclause 45(1)

Definition "adjustment day"

EA, 2001
58.1

The definition "adjustment day" in section 58.1 of the Act is amended to replace the reference to February 12, 2014 by March 23, 2017, consequential to amendments to subsection 58.2(1) of the Act, which imposes a tax on taxed cigarettes held in inventory at the beginning of March 23, 2017.

This amendment is deemed to have come into force on March 23, 2017.

Subclauses 45(2) and (3)

Definition "taxed cigarettes"

EA, 2001
58.1

The definition "taxed cigarettes" in section 58.1 of the Act defines the cigarettes that are subject to the cigarette inventory tax. The definition is amended to replace the reference to February 12, 2014 by March 23, 2017. As amended, the definition includes all cigarettes that were held for resale in the domestic market at the end of March 22, 2017 and, in respect of which excise duty had been imposed before March 23, 2017, at the rate set out in paragraph 1(a) of Schedule 1 to the Act, as it read on March 22, 2017. Cigarettes that are held in vending machines or relieved from the duty on cigarettes for domestic sale under the Act are excluded from the definition.

This amendment is consistent with amendments made to subsection 58.2(1) of the Act, which imposes a tax on taxed cigarettes held in inventory at the beginning of March 23, 2017.

This amendment is deemed to have come into force on March 23, 2017.

In addition, the definition is further amended to include a reference to section 53 of the Act, which imposes a special duty on imported manufactured tobacco that is delivered to a duty free shop and that is not stamped. As amended, the definition also specifies that the duty under section 42 or 53 will be imposed at the rate applicable on the day before an adjustment day other than March 23, 2017. This amendment is consequential to the repeal of subsections 69(3) and (5) of the *Economic Action Plan 2014 Act, No. 1*.

This amendment comes into force on November 30, 2019.

Clause 46

Imposition of tax – 2017 increase

EA, 2001
58.2

Section 58.2 of the Act imposes a tax on taxed cigarettes held in inventory.

Subsection 58.2(1) is amended to replace the previous adjustment day of February 12, 2014 by March 23, 2017.

Subsection 58.2(1) imposes a tax on inventories of taxed cigarettes held at the beginning of March 23, 2017 at a rate equivalent to the increase in the excise duty rate on cigarettes.

This inventory tax ensures that the excise duty increases are applied in a consistent manner to all taxed cigarettes at different trade levels.

This amendment is deemed to have come into force on March 23, 2017.

Clause 47

Returns

EA, 2001
58.5

Section 58.5 of the Act requires every person liable to pay tax under Part 3.1 of the Act to file a return with the Minister. As amended, paragraph 58.5(1)(a) replaces April 30, 2014 by May 31, 2017. The return must be filed by May 31, 2017, in the case of the March 23, 2017 adjustment day, and in any other case, January 31 following the adjustment day.

This amendment is consistent with amendments to subsection 58.2(1) of the Act, which imposes a tax on taxed cigarettes held in inventory at the beginning of March 23, 2017.

This amendment is deemed to have come into force on March 23, 2017.

Clause 48

Payment

EA, 2001
58.6

Section 58.6 of the Act sets out the general rules on the payment of the tax. As amended, paragraph 58.6(1)(a) replaces April 30, 2014 by May 31, 2017. Subsection 58.6(1) requires every person liable for the tax under Part 3.1 of the Act to pay the total amount owing to the Receiver General by May 31, 2017, in the case of the March 23, 2017 adjustment day and in any other case, January 31 following the adjustment day.

This amendment is consistent with amendments to subsection 58.2(1) of the Act, which imposes a tax on taxed cigarettes held in inventory at the beginning of March 23, 2017.

This amendment is deemed to have come into force on March 23, 2017.

Clause 49

Inflationary adjustments - spirits

EA, 2001
123.1

New section 123.1 of the Act sets out the manner in which the rates of duty applicable in respect of a litre of absolute ethyl alcohol or in respect of a litre of spirits will be adjusted according to the Consumer Price Index for Canada going forward.

New subsection 123.1(1) defines an “inflationary adjusted year” to be 2018 and every year after that year and a “reference year” to be a 12-month period that begins on April 1 of a year and ends on March 31 of the following year.

New subsection 123.1(2) provides that each rate of duty set out in Schedule 4 to the Act applicable in respect of a litre of absolute ethyl alcohol or in respect of a litre of spirits will be adjusted on April 1 of an inflationary adjusted year. The rates of duty will be adjusted according to the Consumer Price Index for Canada. The adjusted rate of duty applicable in respect of a litre of absolute ethyl alcohol or in respect of a litre of spirits will be equal to the greater of the result obtained by the formula accounting for annual inflation and the rate of duty applicable, as the case may be, on March 31 of the inflationary adjusted year.

New subsection 123.1(3) provides that each adjusted rate determined under subsection 123.1(2) will be rounded to the nearest one thousandth or, if the adjusted rate is equidistant from two consecutive one-thousandths, to the higher one-thousandth.

New subsection 123.1(4) provides averaging and rounding rules for the Consumer Price Index for Canada, as published under the authority of the *Statistics Act*, to be used in determining adjusted rates under subsection 123.1(2).

New subsection 123.1(5) provides that if the duties on spirits are imposed in a reference year but become payable in another reference year that begins in an inflationary adjusted year, those duties are determined at the rate of duty as adjusted under subsection 123.1(2) on the first day of the other reference year.

This amendment is deemed to have come into force on March 23, 2017.

Clause 50

Inflationary adjustments - wine

EA, 2001
135.1

New section 135.1 of the Act sets out the manner in which the rates of duty applicable in respect of a litre of wine will be adjusted according to the Consumer Price Index for Canada going forward.

New subsection 135.1(1) defines an "inflationary adjusted year" to be 2018 and every year after that year and a "reference year" to be a 12-month period that begins on April 1 of a year and ends on March 31 of the following year.

New subsection 135.1(2) provides that each rate of duty set out in Schedule 6 to the Act applicable in respect of a litre of wine will be adjusted on April 1 of an inflationary adjusted year. The rates of duty will be adjusted according to the Consumer Price Index for Canada. The adjusted rate of duty applicable in respect of a litre of wine will be equal to the greater of the result obtained by the formula accounting for annual inflation and the rate of duty applicable, as the case may be, on March 31 of the inflationary adjusted year.

New subsection 135.1(3) provides that each adjusted rate determined under subsection 135.1(2) will be rounded to the nearest one thousandth or, if the adjusted rate is equidistant from two consecutive one-thousandths, to the higher one-thousandth.

New subsection 135.1(4) provides averaging and rounding rules for the Consumer Price Index for Canada, as published under the authority of the *Statistics Act*, to be used in determining adjusted rates under subsection 135.1(2).

New subsection 135.1(5) provides that if the duties on wine are imposed in a reference year but become payable in another reference year that begins in an inflationary adjusted year, those duties are determined at the rate of duty as adjusted under subsection 135.1(2) on the first day of the other reference year.

This amendment is deemed to have come into force on March 23, 2017.

Clause 51

Punishment – section 32

EA, 2001
216(2)(a)(i) to (iv) and (3)(a)(iii) and (iv)

Section 216 of the Act currently makes it an offence for a person to possess, offer to sell or sell, other than in accordance with section 32 of the Act, tobacco products that are not stamped. A person convicted of selling, offering to sell or possessing contraband tobacco products is liable to a fine determined under subsections 216(2) and (3), or to imprisonment, or to both. The minimum and maximum amounts of the fine are typically a function of the rate of duty applicable on a tobacco product.

Subclause 51(1)

Minimum amount

EA, 2001
216(2)(a)(i) to (iv)

The amounts in subparagraphs 216(2)(a)(i) to (iv) of the Act that are used to determine the minimum amount of the fine for cigarettes, tobacco sticks, manufactured tobacco other than cigarettes and tobacco sticks, and cigars are increased, consequential to the increase in the rates of duty on these tobacco products set out in Schedules 1 and 2 to the Act.

This amendment comes into force on Royal Assent.

Subclause 51(2)

Maximum amount

EA, 2001
216(3)(a)(iii) and (iv)

The amounts in subparagraphs 216(3)(a)(iii) and (iv) of the Act that are used to determine the maximum amount of the fine for manufactured tobacco other than cigarettes and tobacco sticks, and cigars are increased, consequential to the increase in the rates of duty on these tobacco products set out in Schedules 1 and 2 to the Act.

This amendment comes into force on Royal Assent.

Clause 52

Punishment for certain alcohol offences

EA, 2001
217(2)(a)(i) and (ii) and (3)(a)(i) and (ii)

Section 217 of the Act makes certain unauthorized activities involving alcohol or specially denatured alcohol an offence under the Act. A person convicted of an offence under this section is liable to a fine determined in accordance with the amounts set out in subsections 217(2) and (3), or to imprisonment, or to both. The amounts of the fines are a function of the rates of duty on alcohol products.

Subclause 52(1)

Minimum amount

EA, 2001
217(2)(a)(i) and (ii)

The amounts in subparagraphs 217(2)(a)(i) and (ii) of the Act that are used to determine the minimal amount of the fine are increased, consequential to the increase in the rates of duty on spirits and wine set out in Schedules 4 and 6 to the Act respectively.

This amendment comes into force on Royal Assent.

Subclause 52(2)

Minimum amount

EA, 2001
217(2)(a)(i) and (ii)

The amounts in subparagraphs 217(2)(a)(i) and (ii) of the Act that are used to determine the minimum amount of the fine for absolute ethyl alcohol in the spirits and for wine will be expressed as a function of the rates set out in section 1 of Schedule 4 and in paragraph (c) of Schedule 6 to the Act respectively, to reflect the future inflationary adjustments in these rates.

This amendment is consistent with new sections 123.1 and 135.1 of the Act and the amendments to Schedules 4 and 6 to the Act.

This amendment comes into force on April 1, 2018.

Subclause 52(3)

Maximum amount

EA, 2001
217(3)(a)(i) and (ii)

The amounts in subparagraphs 217(3)(a)(i) and (ii) of the Act that are used to determine the maximum amount of the fine are increased, consequential to the increase in the rates of duty on spirits and wine set out in Schedules 4 and 6 to the Act respectively.

This amendment comes into force on Royal Assent.

Subclause 52(4)

Maximum amount

EA, 2001
217(3)(a)(i) and (ii)

The amounts in subparagraphs 217(3)(a)(i) and (ii) of the Act that are used to determine the maximum amount of the fine for absolute ethyl alcohol in the spirits and for wine will be expressed as a function of the rates set out in section 1 of Schedule 4 and in paragraph (c) of Schedule 6 to the Act respectively, to reflect the future inflationary adjustments in these rates.

This amendment is consistent with new sections 123.1 and 135.1 of the Act and the amendments to Schedules 4 and 6 to the Act.

This amendment comes into force on April 1, 2018.

Clause 53

Punishment for more serious alcohol offences

EA, 2001
218(2)(a)(i) and (ii) and (3)(a)(i) and (ii)

Section 218 of the Act deals with more serious alcohol-related offences. A person convicted of an offence under this section is liable to a fine determined in accordance with the amounts set out in paragraphs 218(2)(a) and (3)(a), or to imprisonment, or to both. The amounts of the fines are a function of the rates of duty on alcohol products.

Subclause 53(1)

Minimum amount

EA, 2001
218(2)(a)(i) and (ii)

The amounts in subparagraphs 218(2)(a)(i) and (ii) of the Act that are used to determine the minimal amount of the fine are increased consequential to the increase in the rates of duty on spirits and wine set out in Schedules 4 and 6 to the Act respectively.

This amendment comes into force on Royal Assent.

Subclause 53(2)

Minimum amount

EA, 2001
218(2)(a)(i) and (ii)

The amounts in subparagraphs 218(2)(a)(i) and (ii) of the Act that are used to determine the minimum amount of the fine for absolute ethyl alcohol in the spirits and wine will be expressed as a function of the rates set out in section 1 of Schedule 4 and in paragraph (c) of Schedule 6 to the Act respectively, to reflect the future inflationary adjustments in these rates.

This amendment is consistent with new sections 123.1 and 135.1 of the Act and the amendments to Schedules 4 and 6 to the Act.

This amendment comes into force on April 1, 2018.

Subclause 53(3)

Maximum amount

EA, 2001
218(3)(a)(i) and (ii)

The amounts in subparagraphs 218(3)(a)(i) and (ii) of the Act that are used to determine the maximum amount of the fine are increased, consequential to the increase in the rates of duty on spirits and wine set out in Schedules 4 and 6 to the Act respectively.

This amendment comes into force on Royal Assent.

Subclause 53(4)

Maximum amount

EA, 2001
218(3)(a)(i) and (ii)

The amounts in subparagraphs 218(3)(a)(i) and (ii) of the Act that are used to determine the maximum amount of the fine for absolute ethyl alcohol in the spirits and wine will be expressed as a function of the rates set out in section 1 of Schedule 4 and in paragraph (c) of Schedule 6 to the Act respectively, to reflect the future inflationary adjustments in these rates.

This amendment is consistent with new sections 123.1 and 135.1 of the Act and the amendments to Schedules 4 and 6 to the Act.

This amendment comes into force on April 1, 2018.

Clause 54

Contravention of subsection 50(5)

EA, 2001
240(a) to (c)

Section 240 of the Act imposes a penalty on a tobacco licensee who removes from the licensee's excise warehouse for export in a calendar year unstamped manufactured tobacco in excess of the 1.5% limit on exports established in subsection 50(5) of the Act. The penalty is based on the rates of duty on tobacco products.

The amounts in paragraphs 240(a) to (c) are amended, consequential to the increase in the rates of duty on tobacco products set out in Schedule 1 to the Act.

This amendment comes into force on Royal Assent.

Clause 55

Contravention of section 72

EA, 2001
242

Section 242 of the Act imposes a penalty on any person who provides bulk wine to a person other than a wine licensee. The penalty is equal to an amount per litre of wine to which the contravention relates that is 200% of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 to the Act.

Subclause 55(1)

Contravention of section 72

EA, 2001
242

Consequential to the increase in the rates of duty on wine set out in Schedule 6 to the Act, section 242 of the Act is amended to maintain the penalty at a level that is 200% of the duty under paragraph (c) of Schedule 6 to the Act.

This amendment comes into force on Royal Assent.

Subclause 55(2)

Contravention of section 72

EA, 2001
242

The amount in section 242 of the Act that is used to determine the amount of the penalty per litre of wine to which the contravention relates will be expressed as a function of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 to the Act at the time the offence was committed, to reflect the future inflationary adjustments in these rates.

This amendment is consistent with new section 135.1 of the Act and the amendments to Schedule 6 to the Act.

This amendment comes into force on April 1, 2018.

Clause 56

Contravention of section 73, 74 or 90

EA, 2001
243(1)(b) and (2)(b)

Section 243 of the Act currently provides that a person who contravenes any of sections 73, 74 or 90 of the Act is liable to a penalty. If the contravention involves spirits, the penalty is expressed as a function of the rate of duty imposed on the spirits. If wine is involved, the penalty is expressed as a function of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 to the Act. Contraventions of these provisions relate to unauthorized activities involving persons who are either licensed or registered under the Act.

Subclause 56(1)

Contravention of section 73, 74 or 90

EA, 2001
243(1)(b)

Consequential to the increase in the rates of duty on wine set out in Schedule 6 to the Act, paragraph 243(1)(b) of the Act is amended to maintain the penalty at a level that is 200% of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6.

This amendment comes into force on Royal Assent.

Subclause 56(2)

Contravention of section 73, 74 or 90

EA, 2001
243(1)(b)

The amount in paragraph 243(1)(b) of the Act that is used to determine the amount of the penalty per litre of wine to which the contravention relates will be expressed as a function of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 to the Act at the time the offence was committed, to reflect the future inflationary adjustments in these rates.

This amendment is consistent with new section 135.1 of the Act and the amendments to Schedule 6 to the Act.

This amendment comes into force on April 1, 2018.

Subclause 56(3)

Contravention of section 73, 74 or 90

EA, 2001
243(2)(b)

Consequential to the increase in the rates of duty on wine set out in Schedule 6 to the Act, paragraph 243(2)(b) of the Act is amended to maintain the penalty at a level that is equivalent to the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6.

This amendment comes into force on Royal Assent.

Subclause 56(4)

Contravention of section 73, 74 or 90

EA, 2001
243(2)(b)

The amount in paragraph 243(2)(b) of the Act that is used to determine the amount of the penalty per litre of wine to which the contravention relates will be expressed as a function of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 to the Act at the time the offence was committed, to reflect the future inflationary adjustments in these rates.

This amendment is consistent with new section 135.1 of the Act and the amendments to Schedule 6.

This amendment comes into force on April 1, 2018.

Clause 57

Contravention of section 76, 89 or 91

EA, 2001
243.1(b)

Under section 243.1 of the Act, a person is liable to a penalty if the person contravenes any of sections 76, 89 or 91 of the Act. If the contravention involves spirits, the person is liable to a penalty equal to the duty imposed on the spirits, and if the contravention involves wine, the penalty is equivalent to the rate of duty applicable to a litre of the wine under paragraph (c) of Schedule 6 to the Act.

Subclause 57(1)

Contravention of section 76, 89 or 91

EA, 2001
243.1(b)

Consequential to the increase in the rates of duty on wine set out in Schedule 6 to the Act, paragraph 243.1(b) of the Act is amended to maintain the penalty at a level that is equivalent to the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6.

This amendment comes into force on Royal Assent.

Subclause 57(2)

Contravention of section 76, 89 or 91

EA, 2001
243.1(b)

The amount in paragraph 243.1(b) of the Act that is used to determine the amount of the penalty per litre of wine to which the contravention relates will be expressed as a function of the rate of duty applicable to a litre of wine under paragraph (c) of Schedule 6 to the Act at the time the offence was committed, to reflect the future inflationary adjustments in these rates.

This amendment is consistent with new section 135.1 of the Act and the amendments to Schedule 6.

This amendment comes into force on April 1, 2018.

Clause 58

Rate of duty on cigarettes

EA, 2001
Sch. 1, paragraph 1(a)

Schedule 1 to the Act specifies the rates of duty imposed under section 42 of the Act on Canadian-produced or imported tobacco products.

Section 1 of Schedule 1 sets out the rate for cigarettes. Paragraph 1(a) is amended to increase the rate to $0.53900 for each five cigarettes or fraction of five cigarettes (e.g., $21.56 per 200 cigarettes).

This amendment is deemed to have come into force on March 23, 2017.

Clause 59

Rate of duty on tobacco sticks

EA, 2001
Sch. 1, paragraph 2(a)

Schedule 1 to the Act specifies the rates of duty imposed under section 42 of the Act on Canadian-produced or imported tobacco products.

Section 2 of Schedule 1 sets out the rate for tobacco sticks. Paragraph 2(a) is amended to increase the rate to $0.10780 per tobacco stick (e.g., $21.56 per 200 tobacco sticks).

This amendment is deemed to have come into force on March 23, 2017.

Clause 60

Rate of duty on manufactured tobacco

EA, 2001
Sch. 1, paragraph 3(a)

Schedule 1 to the Act specifies the rates of duty imposed under section 42 of the Act on Canadian-produced or imported tobacco products.

Section 3 of Schedule 1 sets out the rate for manufactured tobacco other than cigarettes and tobacco sticks. Paragraph 3(a) is amended to increase the rate to $6.73750 per 50 grams or fraction of 50 grams of manufactured tobacco (e.g., $26.95 per 200 grams).

This amendment is deemed to have come into force on March 23, 2017.

Clause 61

Rate of duty on cigars

EA, 2001
Sch. 1, paragraph 4(a)

Schedule 1 to the Act specifies the rates of duty imposed under section 42 of the Act on Canadian-produced or imported tobacco products.

Section 4 of Schedule 1 sets out the rate for cigars. Paragraph 4(a) is amended to increase the rate to $23.46235 per 1,000 cigars.

This amendment is deemed to have come into force on March 23, 2017.

Clause 62

Additional duty on cigars

EA, 2001
Sch. 2, subparagraph (a)(i)

Schedule 2 to the Act sets out the rates of additional duty on cigars imposed under section 43 of the Act.

The additional duty on cigars is the greater of the specific rate set out in paragraph (a) of Schedule 2 and the *ad valorem* rate set out in paragraph (b) of Schedule 2.

Subparagraph (a)(i) of Schedule 2 is amended to increase the specific rate to $0.08434 per cigar.

This amendment is deemed to have come into force on March 23, 2017.

Clause 63

Additional duty on cigars

EA, 2001
Sch. 2, subparagraph (b)(i)

Schedule 2 to the Act sets out the rates of additional duty on cigars imposed under section 43 of the Act.

The additional duty on cigars is the greater of the specific rate set out in paragraph (a) of Schedule 2 and the *ad valorem* rate set out in paragraph (b) of Schedule 2.

Subparagraph (b)(i) of Schedule 2 is amended to increase the *ad valorem* rate to 84% of the sale price in the case of Canadian-manufactured cigars, and 84% of the duty-paid value in the case of imported cigars.

This amendment is deemed to have come into force on March 23, 2017.

Clause 64

Rates of duty on spirits

EA, 2001
Sch. 4

Schedule 4 to the Act specifies the rates of duty imposed on spirits under sections 122 and 123 of the Act. There are two rates: a general rate and a reduced rate for spirits not exceeding 7% absolute ethyl alcohol by volume.

Subclause 64(1)

Rates of duty on spirits

EA, 2001
Sch. 4

The rates of duty set out in Schedule 4 to the Act are increased as follows:

• the general rate is increased to $11.930 per litre of absolute ethyl alcohol contained in the spirits; and

• the rate for spirits not exceeding 7% absolute ethyl alcohol by volume is increased to $0.301 per litre of spirits.

These provisions are also amended to be consistent with the introduction of new section 123.1 of the Act which provides that the rates of duty applicable in respect of a litre of absolute ethyl alcohol or in respect of a litre of spirits will be adjusted each inflationary adjusted year to account for inflation, starting in 2018.

References to sections 123.1 and 159.1 are also added after the heading “Schedule 4”.

This amendment applies in respect of duties that become payable after March 22, 2017.

Subclause 64(2)

References

EA, 2001
Sch. 4

The references after the heading “Schedule 4” are amended to add references to sections 217 and 218 of the Act, consistent with the introduction of new section 123.1 of the Act. Section 159.1 of the Act is also added to the list of references for consistency.

This amendment comes into force on April 1, 2018.

Clause 65

Rates of duty on wine

EA, 2001
Sch. 6

Schedule 6 to the Act specifies the rates of duty imposed on wine under sections 134 and 135 of the Act.

Subclause 65(1)

Rates of duty on wine

EA, 2001
Sch. 6

The rates of duty set out in Schedule 6 to the Act are increased as follows:

• $0.0209 per litre in the case of wine that contains not more than 1.2% of absolute ethyl alcohol by volume;

• $0.301 per litre in the case of wine that contains more than 1.2% but not more than 7% of absolute ethyl alcohol by volume; and

• $0.63 per litre in the case of wine that contains more than 7% of absolute ethyl alcohol by volume.

These provisions are also amended to be consistent with the introduction of new section 135.1 of the Act which provides that the rates of duty in respect of a litre of wine will be adjusted each inflationary adjusted year to account for inflation, starting in 2018.

References to sections 135.1 and 159.1 are also added after the heading “Schedule 6”.

This amendment applies in respect of duties that become payable after March 22, 2017.

Subclause 65(2)

References

EA, 2001
Sch. 6

The references after the heading "Schedule 6" are amended to add references to sections 217, 218, 242, 243 and 243.1 of the Act, consistent with the introduction of new section 135.1 of the Act. Section 159.1 of the Act is also added to the list of references for consistency.

This amendment comes into force on April 1, 2018.

Economic Action Plan 2014 Act, No. 1

Clause 66

Definition

EAPA1 2014
69(3) and (5)

Paragraphs 69(3) and (5) of the *Economic Action Plan 2014 Act, No. 1* are repealed, consequential to the increase in the rates of duty on tobacco products set out in Schedules 1 and 2 to the Act and the re-enactment of the definition of "taxed cigarettes". (see subclause 45(3))

Application

Clause 67

Application of interest

EA : Part II and II.1 of the schedule
EA, 2001 : Sch. 1, 2, 4 and 6

This clause provides that, for the purposes of applying the provisions of the *Customs Act* and the *Excise Act* that provide for the payment of, or liability to pay interest in respect of any amount, that amount is to be determined, and interest is to be computed on it, as though clauses 44 and 58 to 63 and subclauses 64(1) and 65(1) had been assented to on March 23, 2017.

This amendment comes into force on Royal Assent.