

Income Tax Act

cannot anticipate what is coming. Therefore I cannot rule that there is to follow a budget presentation.

In the light of that, therefore, I rule that the first portion of standing order 58 will apply and I have no alternative but to leave the chair; and that is what I propose to do.

The house in committee of ways and means, Mr. Chown in the chair.

INCOME TAX ACT

Resolved,—that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1962 and subsequent taxation years the amount deductible in computing taxable income in respect of a child qualified for family allowance be increased to \$300 and the amount deductible in respect of other dependants be increased to \$550 each.

2. That with respect to income earned after March 31, 1962 a corporation whose principal business is manufacturing or processing (not including a corporation whose principal business is ship-building, mining, logging or the operation of oil or gas wells) be allowed to deduct from its tax otherwise payable an amount equal to 50 per cent of the tax on the first \$50,000, of its taxable income attributable to increased sales and an amount equal to 25 per cent of the tax on the remainder of its taxable income so attributable.

3. That with respect to its first taxation year ending after April 10, 1962 and the next succeeding four taxation years a corporation be permitted to deduct in computing income 150 per cent of the amount by which expenditures of a current and capital nature on scientific research in Canada incurred by it in the year exceed expenditures of a current and capital nature on scientific research in Canada incurred by it in its last taxation year ending on or before April 10, 1962.

4. That for the 1962 to 1966 taxation years both inclusive the deduction from tax allowed to corporations in respect of taxable income earned in a province be increased from 9 per cent to 10 per cent in a prescribed province in which arrangements exist for the replacement of federal grants to universities by additional provincial grants in accordance with the proposed amendments to the Federal-Provincial Fiscal Arrangements Act.

5. That with respect to taxation years commencing in 1962 a taxpayer be allowed a deduction from tax of an amount equal to the lesser of two-thirds of the amount payable for the year to a province as a tax on income from logging operations or $\frac{3}{4}$ of 10 per cent of the taxpayer's income from logging operations in the province, and the right to deduct in computing income amounts paid to a province as tax on income from logging operations be repealed.

6. That with respect to expenses incurred after April 10, 1962 any corporation be allowed to deduct in computing income the drilling and exploration expenses, including all general geological and geophysical expenses, incurred by it on or in respect of exploring or drilling for petroleum or natural gas in Canada and the prospecting, exploration and development expenses incurred by it in searching for minerals in Canada not exceeding its income for the year from oil or gas wells in Canada.

7. That with respect to expenses incurred after April 10, 1962 an individual be allowed to deduct in computing income the drilling and exploration ex-

penses, including all general geological and geophysical expenses, incurred by him on or in respect of exploring or drilling for petroleum or natural gas in Canada not exceeding his income for the year from oil or gas wells in Canada.

8. That with respect to acquisitions after April 10, 1962 amounts paid by

(a) a corporation whose principal business is production, refining or marketing of petroleum, petroleum products or natural gas, or exploring or drilling for petroleum or natural gas, or mining or exploring for minerals,

(b) an association, partnership or syndicate formed for the purpose of exploring or drilling for petroleum or natural gas,

(c) a corporation (other than a corporation that qualifies under (a)), or

(d) an individual for a right, licence or privilege to explore for, drill for or take petroleum or natural gas in Canada shall be classed as drilling or exploration expenses for purposes of computing deductions from income.

9. That with respect to sales of property acquired after April 10, 1962 there shall be included in the income of a taxpayer any amount received as consideration for the disposition of a right, licence or privilege to explore for, drill for or take petroleum or natural gas except where the right, licence or privilege was acquired by inheritance or bequest.

10. That the right of a successor corporation to deduct drilling, exploration, prospecting and development expenses incurred by a predecessor corporation from the income of the successor corporation attributable to the production of petroleum or natural gas from wells, or the production of minerals from mines, situated on property acquired from the predecessor corporation shall not be lost by reason of the fact that the successor corporation assumed liabilities of the predecessor corporation.

11. That a joint exploration corporation may renounce an appropriate share of the drilling, exploration, prospecting and development expenses incurred by it after 1956 in searching for oil, gas or minerals in Canada in favour of a shareholder corporation whose principal business is

(a) production, refining or marketing of petroleum, petroleum products or natural gas, or exploring or drilling for petroleum or natural gas,

(b) mining or exploring for minerals,

(c) processing mineral ores for the purpose of recovering metals therefrom,

(d) a combination of

(i) processing mineral ores for the purpose of recovering metals therefrom, and

(ii) processing metals recovered from the ores so processed, or

(e) fabricating metals,

and in such case the expenses renounced shall be deductible by the shareholder corporation and not by the joint exploration corporation.

12. That the right of a successor corporation to deduct drilling, exploration, prospecting and development expenses incurred by a predecessor corporation from the income of the successor corporation attributable to the production of petroleum or natural gas from wells, or the production of minerals from mines, situated on property acquired from the predecessor corporation be extended to a second successor corporation which has acquired the property from a predecessor corporation which was itself a successor corporation.

13. That for the 1962 and subsequent taxation years income earned in Canada by a non-resident corporation whose principal business is mining iron ore in Canada, be exempt from the additional 15 per cent tax imposed by Part IIIA on profits earned in Canada by non-resident corporations.

14. That where an employee who is a member of one deferred profit sharing plan becomes a member

[Mr. Speaker.]