

Income Tax Act

not afflicted by this condition. Is this provision only to describe the bed?

• (4:00 p.m.)

Mr. Benson: Mr. Chairman, we have not heard of this bed being used for other purposes. The primary purpose is to describe the type of bed so that it is not confused with other kinds of beds. We shall be looking at this matter to see if we need changes in the wording. I think it is a matter of administration. The section really tries to describe certain beds which are to be used for certain purposes.

Clause agreed to.

Clauses 8 to 14 inclusive agreed to.

On clause 15—*Mutual insurance corporations.*

Mr. Benson: I have a rather long amendment to have moved here, Mr. Chairman. It seeks to determine the income of insurance companies to be taxed. There has been consultation on this matter and agreement has been reached.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Chairman, does the amendment represent any change in policy from that inherent in the original, unamended clause.

Mr. Benson: No, Mr. Chairman. It does not.

Mr. McIlraith: I move:

That Bill C-191 be further amended

(a) by striking out lines 13 and 14 on page 17 and substituting the following:

"the immediately following year under its participating"

(b) by striking out line 44 on page 17 and substituting the following:

"holder or would be so required to be included therein but for the exception contained in that paragraph with respect to a registered retirement savings plan or a registered pension fund or plan, and"

(c) by striking out line 30 on page 20 and substituting the following:

"dividends or stock dividends in respect of shares in the"

(d) by striking out the word "and" in line 39 on page 20, and by striking out line 2 on page 21 and substituting the following:

"insurance policies in Canada,

(d) $\frac{1}{2}$ the aggregate of amounts that, by virtue of this subsection, have been added to the taxable income of the insurer otherwise computed under this Part in computing its taxable income for taxation years before the year,

(e) if the insurer has made an election under subsection (9) in respect of the year, the lesser of

(i) the aggregate of dividends and stock dividends in respect of shares in the capital stock of

[Mr. Ritchie.]

the insurer paid by it in the year out of property other than property used by the insurer in the year in, or held by it in the year the course of, carrying on an insurance business in Canada, or

(ii) the amount of tax for the year paid by the insurer to the government of a country other than Canada under the income tax laws of that country out of property other than property used by the insurer in the year in, or held by it in the year in the course of, carrying on an insurance business in Canada,

(f) if the insurer has not made an election under subsection (9) in respect of the year, the lesser of

(i) that proportion of the aggregate of dividends and stock dividends in respect of shares in the capital stock of the insurer paid by it in the year that

(A) the insurer's gross investment revenue for the year (except such part thereof as is required by subsection (9) to be included in computing its income for the year) is of

(B) the insurer's gross investment revenue for the year, or

(ii) the amount of tax for the year paid by the insurer to the government of a country other than Canada under the income tax laws of that country, and

(g) the aggregate of all amounts determined under paragraphs (e) and (f) in respect of the insurer for taxation years before the year."

(e) by striking out lines 35 to 39 on page 21 and substituting the following:

"for the year, the amounts required by paragraphs (b) and (c) of subsection (4) to be included in computing such income, and the amounts determined under subparagraphs (ii) and (iv) of paragraph (p) of subsection (12) for the period ending with the year shall be determined in accordance with prescribed rules."

(f) by striking out lines 45 to 47 on page 22 and substituting the following:

"assets and liabilities (including reserves of any kind)

(i) as of the end of any taxation year before its 1968 taxation year, were the amounts thereof determined for the purposes of the relevant authority, and

(ii) as of the end of its 1968 taxation year, were,

(A) in respect of depreciable property as defined in section 20, the capital cost thereof as of the first day of its 1969 taxation year,

(B) in respect of policy reserves, the insurer's maximum tax actuarial reserves for its 1968 taxation year for life insurance policies issued by it in the course of carrying on its life insurance business in Canada, and

(C) in respect of other assets and liabilities, the amounts thereof determined as of the end of that year for the purpose of computing its income for its 1969 taxation year;"

(g) by striking out lines 1 and 2 on page 24 and substituting the following:

Life insurance policy

"(f) 'life insurance policy' includes an annuity contract and a contract all or any part of the insurer's reserves for which vary in amount depending upon the fair market value of a specified group of assets;"