

*Income Tax*

“(13) Subsections (2), (4.1) and (11) are appli-”

That Subclause 26(4) of Bill C-139 be amended

(a) by striking out, in the English version, line 29 on page 69 and substituting the following:

“taxpayer, or both the taxpayer and”

(b) by striking out line 13 on page 70 and substituting the following:

“December 2, 1982 (other than a contract to which subsection 12.2(1) does not apply in the year by virtue of subsection 12.2 (6)),”

That Subclause 54(3) of Bill C-139 be amended

(a) by striking out line 33 on page 122 and substituting the following:

“by which the aggregate of”

(b) by striking out lines 10 to 12 on page 123 and substituting the following:

“to in clause (A), and

(ii) all amounts each of which is an amount in respect of a dividend received by the corporation on a share of the capital stock of another corporation in the period, which amount was, by virtue of subsection 83(2.1), not included in computing the income of the corporation

exceeds

(iii) the aggregate of all amounts each”

That Subclause 54(5) of Bill C-139 be amended by striking out lines 1 to 39 on page 124 and substituting the following:

Where corporation is beneficiary

“(2) For the purposes of this section,

(a) where a corporation was a beneficiary under a life insurance policy on June 28, 1982, it shall be deemed not to have been a beneficiary under such a policy on or before June 28, 1982 where at any time after December 1, 1982 a prescribed premium has been paid under the policy or there has been a prescribed increase in any benefit on death under the policy; and

(b) where a corporation becomes a beneficiary under a life insurance policy by virtue of an amalgamation or a winding-up to which subsection 87(1) or 88(1) applies, it shall be deemed to have been a beneficiary under the policy throughout the period during which its predecessor or subsidiary, as the case may be, was a beneficiary under the policy.”

That Subclause 96(1) of Bill C-139 be amended by striking out lines 8 and 9 on page 218 and substituting the following:

“all amounts each of which is an amount deductible under this subparagraph or subparagraph (iv) in computing its”

That Subclause 96(3) of Bill C-139 be amended by striking out lines 37 and 38 on page 219 and substituting the following:

“its insurance business.”

That Subclause 96(6) of Bill C-139 be amended by striking out lines 25 and 26 on page 220 and substituting the following:

“other than subparagraph 13(21)(f)(i), clause 13(21)(f)(iv)(B) and any regulation made under paragraph (12) (l), where a life insur-”

That Subclause 96(6) of Bill C-139 be amended

(a) by striking out lines 6 to 18 on page 221 and substituting the following:

Rules on deemed disposition and reacquisition

“(11.4) Where, but for this subsection, an insurer in a taxation year would, by virtue of subsection (11.3), have realized an otherwise deductible loss for the year in respect of any property, notwithstanding any other provision of this Act, that loss shall be deductible only in the taxation year in which the insurer disposes of the property otherwise than by virtue of subsection (11.3).”

(b) by striking out line 25 on page 221 and substituting the following:

“(b) has transferred all property used”

That Subclause 96(10) of Bill C-139 be amended by striking out lines 39 to 43 on page 222 and substituting the following:

“November 12, 1981, except that

(a) subparagraphs 138(5)(b)(i) and (ii) of the said Act, as enacted by subsection (3), are effective with respect to taxation years commencing after November 12, 1981; and

(b) in its application to taxation years commencing before April 1983, the expression “insurance business” in subsection 138(5.1) of the said Act, as enacted by subsection (3), shall be read as a reference to “insurance business carried on outside Canada”.”

That Subclause 96(11) of Bill C-139 be amended by striking out lines 1 to 6 on page 223 and substituting the following:

“ber 12, 1981, except that

(a) subsection 138(11.3) of the said Act, as enacted by subsection (6), is applicable with respect to changes in use of property occurring in taxation years commencing after November 12, 1981; and

(b) in its application to transfers of property made before April 1983 the reference to “all property” in paragraph 138(11.5)(b) of the said Act, as enacted by subsection (6), shall be read as a reference to “any property”.”

That Subclause 102(2) of Bill C-139 be amended by striking out lines 9 to 23 on page 235 and substituting the following:

“(d) where at any time a life insurance policy last acquired after December 1, 1982, or a life insurance policy to which subsection 12.2(9) applies by virtue of paragraph (b) thereof, ceases to be an exempt policy (otherwise than as a consequence of the death of an individual whose life is insured under the policy or at a time when that individual is totally and permanently disabled), the policyholder shall be deemed to have disposed of his interest in the policy at that time for proceeds of disposition equal to the accumulating fund with respect to the interest, as determined in prescribed manner, at that time and to have reacquired the interest immediately after that time at a cost equal to such proceeds.”

That Subclause 102(8) of Bill C-139 be amended by striking out line 33 on page 237 and substituting the following:

“12.2(1), (3) or (4) applies for the taxation year”

That Subclause 102(12) of Bill C-139 be amended by striking out lines 19 to 23 on page 239 and substituting the following:

“death benefit,”

That Subclause 102(15) of Bill C-139 be amended

(a) by striking out line 9 on page 241 and substituting the following:

“1978;”

(b) by striking out line 19 on page 241 and substituting the following:

“filed with the insurer; and

(d) except as otherwise provided, a policyholder shall be deemed not to have disposed of or acquired an interest in a life insurance policy (other than an annuity contract) as a result only of the exercise of any provision (other than a conversion into an annuity contract) of the policy.”

That the French version of Subclause 102(15) of Bill C-139 be amended by striking out lines 17 and 18 on page 241 and substituting the following:

“avoir été acquise à celle des dates suivantes survenant la dernière:”

That Subclause 102(19) of Bill C-139 be amended by striking out line 29 on page 241 and substituting the following:

“applicable after November 12, 1981, except that paragraph 148(10)(d) of the said Act, as enacted by subsection (15), is applicable after 1971.”

**Mr. Blenkarn:** Mr. Chairman, I have a number of questions for the Minister. In his interpretation of Clause 10, will the Government now be able to collect income taxes from those individuals who are presently buying Treasury bills from the Government that are purchased at a discount and have no interest on the face of them? Will the Government send out T-5 slips in those cases?

**Mr. Cosgrove:** I am advised that the answer is yes, that they go on the accrual system.

**Mr. Blenkarn:** Will the Government send every individual who purchases Treasury bills, directly or indirectly, T-5 slips