bonds of or guaranteed by the government of Canada, be repealed with respect to interest on bonds issued after December 20, 1960, other than bonds held by

(a) national governments of foreign countries and their central banks, and

(b) such international agencies as may be prescribed by regulation.

6. That the reduction from 15 per cent to 5 per cent in the rate of tax payable by a non-resident person on interest received from a Canadian resident, now granted for interest on bonds or other obligations of or guaranteed by Her Majesty in right of a province, and for interest on bonds or other obligations provision for the payment of which was made by a statute of a provincial legislature, be repealed with respect to bonds or other obligations issued after December 20, 1960, except bonds or other obligations issued after December 20, 1960 in respect of which a written agreement was formally entered into on or before that day for the purchase and sale, in specified amounts and at specified prices, of all of the bonds or other obligations included in the issue.

7. That the exemption from the 15 per cent tax payable by a non-resident person on interest received from a Canadian resident, now granted for interest payable in a currency other than Canadian currency, be repealed except for

(a) interest on any obligation where the evidence of indebtedness was issued on or before December 20, 1960,

(b) interest on any bond or similar oblispect of which a written agreement was formally entered into on or before that day for the purchase and sale, in specified amounts and at specified prices, of all of the bonds or similar obligations included in the issue, or

(c) interest on any obligation incurred in the course of carrying on a business in a country other than Canada.

8. That the reduction from 15 per cent to 5 per cent in the rate of tax payable by a non-resident person on dividends received from a Canadian resident, now granted for dividends paid to a non-resident corporation which owns all the voting shares (except directors' qualifying shares) of the Canadian resident paying corporation, be repealed with respect to dividends paid after December 20, 1960.

9. That the rate of tax payable by a non-resident corporation on dividends received from a Canadian resident, now limited to 5 per cent in accordance with paragraph 2 of article XI of the income tax convention between Canada and the United States be increased to 15 per cent with respect to dividends paid after December 20, 1960.

10. That with respect to income earned on and after January 1, 1961 a special 15 per cent tax be imposed on a non-resident corporation carrying on business in Canada, other than a bank, life insurance company, transportation company or communications company and that the tax be computed by reference to the amount remaining after deducting from its taxable income earned in Canada the aggregate of

(a) the tax payable under part I of the Income Tax Act including the tax payable under subsection (5) of section 10 of the Old Age Security Act,

(b) income taxes payable to a province which are not deductible in computing income for purposes of the Income Tax Act, and

(c) an allowance in respect of net annual increases in its capital investment in property in Canada.

11. That where the contractual rate of interest on any bond, debenture, mortgage, note, bill or similar evidence of indebtedness issued by a tax-exempt borrower including a government after December 20, 1960 is less than 5 per cent, and the evidence of indebtedness is issued at a discount which provides an effective yield to maturity, or to the earliest call-date, that exceeds the contractual rate by more than $33\frac{1}{3}$ per cent thereof, the whole of the discount shall be deemed to be income in the hands of the first Canadian resident taxable holder of the evidence of indebtedness.

12. That for the 1961 and subsequent taxation years a student in full-time attendance at a university in a course leading to a degree be permitted to deduct in computing his income the tuition fees paid by him in the year to the university, and that the said tuition fees also be deducted in computing the income of the student for purposes of determining whether the student is a dependent.

CUSTOMS TARIFF

Resolved that it is expedient to introduce a measure to amend the Customs Tariff and to provide:

1. That the said act be amended by adding thereto immediately after section 2 thereof the following section:

"2A. (1) For the purposes of this act, goods shall be deemed to be of a class or kind made or produced in Canada if

(a) in the case of goods other than goods custom-made to specifications, goods of approximately the same class or kind are made or produced in Canada; and

(b) in the case of goods custom-made to specifications adequate facilities exist in Canada for the economic production of such goods within a reasonable period of time.