Income Tax Act

(*a*) subparagraph (*a*)(i) thereof were read as follows:

"(i) the greatest amount that the corporation's outstanding debts to specified non-residents was at any time in the year, less the amount, if any, by which

(A) the least amount that the corporation's outstanding debts to specified non-residents was at any time in the last taxation year of the corporation commencing before June 19, 1971 (in this subparagraph referred to as the corporation's "base year")

exceeds 3 times the aggregate of

(B) the paid-up capital of the corporation at the end of its taxation year immediately preceding its base year in respect of all of the shares of its capital stock, and

(C) the corporation's undistributed income on hand (within the meaning assigned by this Act as it read in its application to the 1971 taxation year) at the end of its taxation year immediately preceding its base year,", and

(*b*) paragraph (*b*) thereof were read as follows:

"(b) the greatest amount that the corporation's outstanding debts to specified non-residents was at any time in the year".'

Clause 23 (*page 617*)

That clause 23 of the said Bill be amended by striking out lines 15 to 19 on page 617 and substituting the following:

'(ii) in respect of each such partnership the adjusted cost base to the taxpayer of his interest in the partnership immediately after the end of the fiscal period of the partnership ending in the year;'

Clause 26 (*pages 619, 621, 622, 623, 624, 625, 626, 627 and 628*)

That clause 26 of the said Bill be amended

(*a*) by adding thereto, immediately after subclause (1) on page 619, the following subclause:

'Principal amount of certain obligations

(1.1) For the purposes of subsection 39(3) and section 80 of the amended Act, the principal amount of any debt or other obligation of a taxpayer to pay an amount that was outstanding on January 1, 1972 (in this subsection referred to as an "obligation") shall be deemed to be the lesser of

(a) the principal amount, otherwise determined for the purposes of the amended Act, of the obligation, and

(b) the fair market value, on valuation day, of the obligation,

and in its application to any obligation, paragraph 39(3)(*a*) of the amended Act shall be read as if the reference therein to "the amount for which the obligation was issued" were read as a reference to "the lesser of the principal amount of the obligation and the amount for which the obligation was issued".'

(*b*) by striking out lines 24 to 27 on page 621 and substituting the following:

'January 1, 1972 shall be deemed to be the amount that was its actual cost or its amortized cost on January 1, 1972, as the case may be, to the original owner; and'

(*c*) by striking out lines 30 to 39 on page 621 and substituting the following:

'(i) there shall be added the amount, if any, by which
(A) the actual cost to the subsequent owner of the property

exceeds

(B) the cost to the original owner of the property, determined under the provisions of this section, and'

(*d*) by striking out lines 1 to 13 on page 622 and substituting the following:

'Idem

(5.1) For the purposes of subsection (5), an amalgamation (within the meaning assigned by section 87 of the amended Act) of two or more Canadian corporations shall be deemed to be a transaction between persons not dealing at arm's length.

Reacquired property

(6) Where a taxpayer has, at any time after June 18, 1971 and before 1972, disposed of any property owned by him on that day and has, within 30 days after that time, reacquired the same property or acquired a substantially identical property, for the purposes of this section

(a) he shall be deemed to have owned the property so reacquired or the substantially identical property so acquired, as the case may be, on June 18, 1971 and thereafter without interruption until the time when he so reacquired or acquired it, as the case may be;
(b) where the property was property so reacquired, its actual cost or its amortized cost on January 1, 1972, as the case may be, to him shall be determined as if he had not so disposed of and so reacquired it; and