

or deemed to have been received on the giving of a policy, exceeds the cost of the policy to the taxpayer, and the cost of the policy to the taxpayer shall be deemed to be

- (a) in the case of a policy written after October 2, 1968,
 (i) premiums paid on the policy,

minus

- (ii) dividends paid or credited on the policy,
 (b) in the case of a policy written before October 23, 1968, the aggregate of

- (i) the greater of the cash surrender value of the policy at the first anniversary date of the policy after October 22, 1968 or the total premiums paid on the policy prior to the said first anniversary date less dividends paid or credited on the policy up to and including that date, and
 (ii) premiums paid on the policy on and after the said first anniversary date,

minus

- (iii) dividends paid or credited on the policy after the said first anniversary date, or

- (c) in the case of an existing policy acquired by the taxpayer after October 22, 1968, whether written before or after that date, the aggregate of

- (i) the price paid by him or on his behalf to acquire the policy, and
 (ii) premiums paid on the policy after such acquisition,

minus

- (iii) dividends paid or credited on the policy after such acquisition.

7. That with effect January 1, 1969, a life insurance corporation (including a mutual corporation or a fraternal benefit society) shall be required to pay an investment income tax at the rate of 15% upon its taxable investment income, and that in determining the taxable investment income of a life insurance corporation there may be deducted from the portion of its investment income that is attributable to its life insurance business in Canada, an amount equal to the aggregate of

- (a) the expenses, not including commissions to salesmen, incurred by it in earning investment income that is attributable to its life insurance business in Canada,
 (b) the portion of its investment income that is attributable to its non-participating life insurance business in Canada on October 22, 1968, calculated by reference to non-participating policies in force on that day,
 (c) the aggregate of
 (i) the portion of its taxable income for the year, as determined for purposes of Part I of the said Act, that is attributable to its participating life insurance business in Canada, and