

PART II.

EXPLANATORY NOTES.

1. Section 7 of *The Canadian Vessel Construction Assistance Act* enables shipowners to make deductions for income tax purposes of amounts set aside as a reserve for expenses to be incurred by reason of quadrennial or other special surveys of ships required by the *Canada Shipping Act* or the rules of a classification society. The purpose of the amendment is to include the aggregate amount of these deductions in computing the taxpayer's income for the taxation year in which the survey is completed or the taxation year in which the vessel is sold, lost or destroyed or where the circumstances are such that the survey will not likely be completed.