

- (iii) made gifts, the aggregates of which are not less than 90 per cent of its income for the period, to organizations in Canada or corporations resident in Canada the incomes of which for the period are exempt from tax under this Part by virtue of paragraph (ea) or (eb).

and that subclause 3 of Clause 21 be deleted and the following substituted therefor:

- (3) For the purpose of paragraph (eb) or (ec) of subsection one
- (a) a corporation is controlled by another corporation or by a trust if more than 50 per cent of its issued share capital (having full voting rights under all circumstances) belong to
- (i) the other corporation or the trust, or
- (ii) the other corporation or the trust and persons with whom the other corporation or the trust does not deal at arms length,
- but a corporation or trust shall be deemed not to have acquired control of a corporation if it has not purchased (or otherwise acquired for a consideration) any of the shares in the capital stock of that corporation,
- (b) there shall be included in computing a corporation's or trust's income all gifts received by the corporation or trust other than gifts received subject to a trust or direction that the property given, or property substituted therefor, is to be held by the corporation or trust for the purpose of gaining or producing income therefrom, and
- (c) subsection (4) of section 58 is not applicable in determining a trust's income.

4. Page 27:

That paragraph (c) in Clause 36 be amended by deleting the words "a corporation resident in Canada exempt from tax under Part I by paragraphs (ea) or (eb)" and substituting the words "a corporation or trust resident in Canada exempt from tax under Part I by paragraph (ea), (eb) or (ec)."

It was resolved to report the Bill as amended.

At 12.30 p.m. the Committee adjourned to the call of the Chairman.

Attest.

JOHN A. HINDS,
Clerk of the Committee.