

The Budget—Resolutions

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

(1) That the increase from 10 per cent to 13 per cent in the deduction from tax granted to taxpayers in a province which imposes an income tax on individuals be continued for the 1960 and 1961 taxation years.

(2) That for the 1960 and 1961 taxation years the deduction from tax allowed to corporations in respect of income earned in a province which imposes an income tax on corporations and in which arrangements exist for the replacement of federal grants to universities by additional provincial grants in accordance with the proposed amendments to the Federal-Provincial Tax-Sharing Arrangements Act be increased from 9 per cent to 10 per cent in respect of income earned after December 31, 1959.

(3) That for the 1960 and subsequent taxation years the maximum amount deductible from income on account of medical expenses be increased to \$3,000 for taxpayers who are entitled to claim the deduction for married status and \$2,500 for other taxpayers (not exceeding \$3,000 for husband and wife together) plus \$750 in respect of each dependant of the taxpayer up to a maximum of \$3,000 in respect of dependants.

(4) That for the 1960 and subsequent taxation years, where a person who formerly carried on a business in Canada the income from which was computed by the cash method has ceased to be a resident of Canada, there shall be included in computing his income from the business for the last year in which he resided in Canada the value of the accounts receivable and inventory at the time he ceased to reside in Canada.

(5) That with respect to any amalgamation after March 31, 1960 any share other than a common share of a new corporation resulting from an amalgamation shall be deemed to be a liability of the new corporation for purposes of section 105C of the act.

(6) That for the 1960 and subsequent taxation years no deduction shall be made as an allowance in respect of an oil or gas well or a mine in computing the income of a non-resident-owned investment corporation.

(7) That for the 1960 and subsequent taxation years, for purposes of calculating the amount of the credit a taxpayer may claim in respect of taxes paid to a foreign country, the limitation at present computed by reference to the tax paid to the foreign country on that part of his income from

sources in the foreign country that is also subject to tax in Canada be amended so as to be computed by reference to the income tax (other than income tax on dividends which are deductible by the taxpayer) paid to the foreign country.

(8) That for the 1960 and subsequent taxation years the rules for determining income from a source be amended to specify the deductions that shall be made in computing the income of a non-resident person from a business or employment in Canada and in computing income from sources outside Canada for the purpose of calculating the foreign tax credit allowed to a person resident in Canada.

(9) That for the 1961 and subsequent taxation years for purposes of the provision that only one of a group of associated corporations shall receive the benefit of the lower rate of tax on the first \$25,000 of taxable income the present rule for determining whether one corporation is associated with another, which is based on ownership of shares, be replaced by a rule related to control of the corporations.

(10) That the four-year period, after which the minister may not make a re-assessment of the tax payable for a taxation year unless there has been fraud or misrepresentation by the taxpayer or the person filing the return, shall commence with the date of mailing by the minister to the taxpayer of the original assessment or of a notification that no tax was payable for the year.

(11) That the four year time limit, after which the minister may not make a re-assessment unless there has been fraud or misrepresentation by the taxpayer or person filing the return, may be waived by the taxpayer by notice to the minister.

(12) That for the 1960 and subsequent taxation years the present rule in section 36 of the act for determining the tax on certain lump sum payments which the taxpayer may elect not to include with other income be changed to provide that in determining the tax the following rates shall apply:

(a) 10 per cent of the amount taxable if the amount taxable does not exceed \$1,000,

(b) \$100 plus 20 per cent of the amount by which the amount taxable exceeds \$1,000 if the amount taxable exceeds \$1,000 and does not exceed \$5,000.

(c) \$900 plus 30 per cent of the amount by which the amount taxable exceeds \$5,000 if the amount taxable exceeds \$5,000 and does not exceed \$10,000.

(d) \$2,400 plus 40 per cent of the amount by which the amount taxable exceeds \$10,000.

[Mr. Fleming (Eglinton).]