

Income Tax

am moving another amendment to this clause and I propose that we not proceed with the earlier amendment. What I will be circulating now is the new amendment which differs from the earlier one in that it extends exemption for provincial borrowings for another couple of years. They were worried about withholding tax on interest on government securities. I move:

That clause 118 of Bill C-49 be amended

(a) by striking out lines 35 and 36 on page 254 and substituting the following:

'118.(01) All that portion of clause 212(1)(b)(ii)(C) of the said Act following subclause (V) thereof is repealed and the following substituted therefor:

"issued after April 15, 1966, and before 1979,"

(1) Paragraph 212(1)(b) of the said Act is further amended by striking out the word

(b) by striking out line 3 on page 255 and substituting the following:

"1978, the interest on which is payable"

(c) by adding thereto, immediately after line 33 on page 258, the following:

'(10.1) Paragraph 212(14)(c) of the said Act is amended by adding the word "or" at the end of subparagraph (i) thereof and by repealing subparagraphs (ii) and (iii) thereof and substituting the following therefor:

"(ii) a trust or corporation established or incorporated principally in connection with, or the principal purpose of which is to administer or provide benefits under, one or more superannuation, pension or retirement funds or plans or any funds or plans established to provide employee benefits."

(d) by striking out lines 6 to 10 on page 259 and substituting the following:

"after 1971, subsections (2), (3), (5) and (6), (8) to (10) and (11) are applicable in respect of amounts paid or credited after November 18, 1974, other than an amount referred to in paragraph 212(13.1)(a) or subsection 212(13.2) of the said Act as"

and

(e) by striking out line 13 on page 259 and substituting the following:

"entered into before May 7, 1974, subsection (10.1) is applicable after 1974 and subsec."

Amendment agreed to.

Clause 118, as amended, agreed to.

Clauses 119 and 120 agreed to.

On clause 121.

Mr. Nystrom: Madam Chairman, I have a question for the minister on clause 121, which covers four pages and deals with timber royalties. I wonder if any part of that clause would be similar to clauses 4 and 6 which we stood.

Mr. Turner (Ottawa-Carleton): No, Madam Chairman.

Clause agreed to.

Clauses 122 to 132 inclusive agreed to.

On clause 133.

Mr. Turner (Ottawa-Carleton): On February 10 I circulated an amendment to clause 133 to correlate the French and English versions.

[Translation]

I move:

That clause 133 of the French version of Bill C-49 be amended by striking out line 19 on page 281 and substituting the following:

"ploitation d'une mine" est réputé comprendre et avoir toujours compris, aux fins"

[Mr. Turner (Ottawa-Carleton).]

The Assistant Deputy Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Amendment (Mr. Turner (Ottawa-Carleton)) agreed to.
Clause 133 as amended agreed to.

● (1650)

[English]

Clauses 134 to 141 inclusive agreed to.

On clause 142.

Mr. Stevens: Would the minister give us a brief explanation of clause 142?

Mr. Turner (Ottawa-Carleton): The hon. gentleman, I understand, wants to call it five o'clock after passing this clause. We could do it now, but I will give him the explanation in any event because I gave an undertaking to the hon. member for Winnipeg North Centre that at the next sitting of the House on Monday we would go back to the resource clauses.

This clause 142 applies in the first subclause to non-resident withholding tax on dividends. The second subclause applies to a life insurer's a net Canadian life investment income. Looking at subclause (1) first, section 10 of an act to amend the Income Tax Act was introduced in 1961-62 to cancel the special preferred 5 per cent rate of withholding tax which applied under Article XI (2) of the Canada-U.S. Reciprocal Tax Convention to dividends paid by a subsidiary in one country to a parent company in the other. Since December 20, 1960, such dividends have been taxed at the same rates which apply to any other dividend. By repealing this section the existing rates will continue to apply after 1975, rather than the 25 per cent rate for dividends paid to residents of non-treaty countries.

Subclause (2) is a relieving measure with respect to the coming into force of a provision of Chapter 14 of the Statutes of Canada, 1973-74, which allowed a deduction in computing the taxable investment income of a life insurer of the interest element of policies issued as registered retirement savings plans or deferred profit sharing plans. This deduction will be made available from the time of the commencement of the taxation of life insurers in 1969 rather than 1972 as provided earlier.

There was an oversight in 1969. We are repairing it as of 1969.

Mr. Munro (Esquimalt-Saanich): If we have not proceeded to wind things up, I would like to ask if it would be possible to have read into the record the numbers of the clauses which have been stood so that we might have a means of starting off on Monday with a record of those we will be discussing. Perhaps clause 142 should be dealt with first.

Mr. Turner (Ottawa-Carleton): I think it would be a good idea to put the committee on notice for Monday. Is the committee ready for the question to be put on clause 142?

Clause 142 agreed to.