

INCOME TAX ACT

The Minister of Finance—In Committee of Ways and Means:—

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

1. That for 1969 and subsequent taxation years, in addition to any other tax imposed under the said Act, a social development tax be payable by an individual liable to tax under Part I of the said Act equal to the lesser of

- (a) 2% of his taxable income, or
- (b) \$120.

2. That on and after October 23, 1968

(a) the deductions and exemptions described in subsections (2) and (3) of section 112 of the said Act for the purposes of determining the aggregate taxable value of gifts made in a taxation year be replaced by new deductions and exemptions, and in particular that a taxpayer be entitled to deduct

(i) the value of any gift to his spouse other than a gift by way of a settlement under which any person other than his spouse has, during the lifetime of the spouse a right of any kind whatsoever to receive, use or enjoy any or all of the property so settled or a beneficial interest in any of the income from such property, and

(ii) the value of the aggregate of gifts (other than gifts made by settling property in a trust) made in the year by him to any one individual other than his spouse, to the extent that such value does not exceed \$2,000,

(b) the exemption described in paragraph (ba) of subsection (4) of section 112 of the said Act be restricted so that it no longer applies to transfers to a child if the spouse of the taxpayer has at any time taken advantage of the provision,

(c) gifts made by a taxpayer shall include

(i) transfers to a person other than the taxpayer's spouse pursuant to an agreement made in consideration of marriage,

(ii) the granting of powers of appointment, and the exercising or renouncing of a general power of appointment,

(iii) the act of permitting a debt owed to a taxpayer by a person with whom the taxpayer was not dealing at arm's length, to become unenforceable by virtue of the operation of any law limiting the time for bringing action thereon, and

(iv) gifts made by a corporation at the direction of, or with the concurrence of, the taxpayer,

(d) where a person has made a gift that was exempted from tax by virtue of paragraph (b) of subsection (4) of section 112 of the said Act and such gift takes effect prior to the death of that person or the