

The Budget—Resolutions

be computed on a straight line basis at a prescribed rate not exceeding 50 per cent per annum.

3. That with effect for 1964 and subsequent taxation years section 40A of the act, which provides for a deduction from the tax otherwise payable by a manufacturing and processing corporation, be repealed.

4. That with respect to expenses incurred after April 10, 1962 a corporation whose principal business is operating a pipeline for the transmission of oil or natural gas be allowed to deduct in computing income the drilling and exploration expenses, including all general geological and geophysical expenses, incurred by it on or in respect of exploring for petroleum or natural gas in Canada and the prospecting, exploration and development expenses incurred by it in searching for minerals in Canada.

5. That for the 1963 and subsequent taxation years a dividend received by a person resident in Canada from a corporation that throughout its taxation year in which the dividend is paid or credited

(a) is taxable as a non-resident corporation carrying on business in Canada,

(b) derives substantially all of its income from sources in Canada, and

(c) has its shares listed on a recognized stock exchange in Canada
be deemed to be a dividend from sources in Canada paid or credited by a taxable corporation within the meaning of section 38 of the act.

6. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be reduced to 10 per cent with respect to dividends paid or credited after June 13, 1963 by a corporation that at the time the dividend is paid or credited has a degree of Canadian ownership or control within the meaning of paragraph 1.

7. That the 15 per cent rate of tax payable by a non-resident person on dividends paid or credited to him by a person resident in Canada be increased to 20 per cent with respect to dividends paid or credited after December 31, 1964 by a corporation that at the time the dividend is paid or credited does not have a degree of Canadian ownership or control within the meaning of paragraph 1.

8. That where a corporation resident in Canada that on June 13, 1963 was not a corporation that had a degree of Canadian ownership and control, within the meaning of paragraph 1, becomes a corporation that throughout a subsequent taxation year ending before January 1, 1967 has such a degree of Canadian ownership and control, a non-resident person shall be entitled to a refund equal to

(a) 5 per cent of any dividends paid or credited by the corporation to him after June 13, 1963 and before January 1, 1965, in respect of which he has paid a tax of 15 per cent to Canada, and

(b) 10 per cent of any dividends paid or credited by the corporation to him after December 31, 1964 and before January 1, 1967, in respect of which he has paid a tax of 20 per cent to Canada.

9. That where a corporation (other than a non-resident-owned investment corporation)

(a) during the period commencing on June 14, 1963 and ending on December 31, 1964 did not have a degree of Canadian ownership and control within the meaning of paragraph 1; and

(b) in the period commencing on June 14, 1963 and ending on December 31, 1964 paid or credited dividends in an amount in excess of the amount of dividends paid or credited by the corporation in the period of 567 days that ended on June 13, 1963, the corporation shall, on or before January 31, 1965, pay a special tax equal to 5 per cent of the amount of the excess described in subparagraph (b).

10. That with respect to income earned after December 31, 1964 the 15 per cent tax imposed by Part IIIA of the act on a non-resident corporation carrying on business in Canada be 20 per cent.

11. That with respect to income of a non-resident-owned investment corporation earned after December 31, 1964 the present 15 per cent rate of tax be 20 per cent.

12. That any amount paid or credited after June 13, 1963, by a person resident in Canada to a non-resident person, as or on account of a management or administration fee or charge, be subject to the 15 per cent tax on income from Canada of non-resident persons.

13. That with respect to interest paid by a person resident in Canada to a non-resident person on any obligation issued after June 13, 1963, if the non-resident person

(a) is exempt from income tax in the country in which that person is resident; and

(b) has obtained a certificate of exemption from the minister,
the non-resident person be exempt from the 15 per cent rate of tax imposed in respect of such payment.

14. That for the taxation years ending after November, 1965 a corporation shall during the 12 months period ending four months after the close of each taxation year, pay to the Receiver General of Canada

(a) on or before the last day of each of the first 10 months in that period, an amount equal to one twelfth of the tax as estimated by it at the rate for the taxation year