LEGISLATIVE PROPOSALS RELATING TO INCOME TAX AND SALES TAX

PART 1

INCOME TAX

INCOME TAX ACT

1. (1) The definition "investor" in subsection 125.4(1) of the *Income Tax Act* is repealed.

(2) The definitions "assistance" and "salary or wages" in subsection 125.4(1) of the Act are replaced by the following:

"assistance" « *montant d'aide* »

"assistance" means an amount, other than a prescribed amount or an amount deemed under subsection (3) to have been paid, that would be included under paragraph 12(1)(*x*) in computing a taxpayer's income for any taxation year if that paragraph were read without reference to

(*a*) subparagraphs 12(1)(*x*)(v) to (viii), if the amount were received

(i) from a person or partnership described in subparagraph 12(1)(*x*)(ii), or

(ii) in circumstances where clause 12(1)(*x*)(i)(C) applies; and

(*b*) subparagraphs 12(1)(*x*)(v) to (vii), in any other case.

"salary or wages" « *traitement ou salaire* »

"salary or wages" does not include an amount

(*a*) described in section 7;

(*b*) determined by reference to profits or revenues; or

(*c*) paid to a person in respect of services rendered by the person at a time when the person was non-resident, unless the person was at that time a Canadian citizen.

(3) The definition "Canadian film or video production certificate" in subsection 125.4(1) of the Act is replaced by the following:

"Canadian film or video production certificate" « *certificat de production cinématographique ou magnétoscopique canadienne* »

"Canadian film or video production certificate" means a certificate issued in respect of a production by the Minister of Canadian Heritage certifying that the production is a Canadian film or video production in respect of which that Minister is satisfied that, except where the production is a treaty co-production (as defined in subsection 1106(3) of the *Income Tax Regulations*), an acceptable share of revenues from the exploitation of the production in non-Canadian markets is, under the terms of any agreement, retained by

(*a*) a qualified corporation that owns or owned an interest in, or for civil law a right in, the production;

(*b*) a prescribed taxable Canadian corporation related to the qualified corporation; or

(*c*) any combination of corporations described in paragraph (*a*) or (*b*).

(4) The portion of the definition "labour expenditure" in subsection 125.4(1) of the Act before subparagraph (*b*)(i) is replaced by the following:

"labour expenditure" « *dépense de main-d'œuvre* »

"labour expenditure", of a corporation for a taxation year in respect of a Canadian film or video production, means, in the case of a corporation that is not a qualified corporation for the taxation year, nil, and in the case of a corporation that is a qualified corporation for the taxation year, subject to subsection (2), the total of the following amounts to the extent that they are reasonable in the circumstances and included in the cost to, or in the case of depreciable property the capital cost to, the corporation, or any other person or partnership, of the production:

(*a*) the salary or wages directly attributable to the production that are incurred after 1994 and in the taxation year, or the preceding taxation year, by the corporation for the stages of production of the property, from the production commencement time to the end of the post-production stage, and paid by it in the taxation year or within 60 days after the end of the taxation year (other than amounts incurred in that preceding taxation year that were paid within 60 days after the end of that preceding taxation year),

(*b*) that portion of the remuneration (other than salary or wages and other than remuneration that relates to services rendered in the preceding taxation year and that was paid within 60 days after the end of that preceding taxation year) that is directly attributable to the production of property, that relates to services rendered after 1994 and in the taxation year, or that preceding taxation year, to the corporation for the stages of production, from the production commencement time to the end of the post-production stage, and that is paid by it in the taxation year or within 60 days after the end of the taxation year to

(5) The portion of the definition "qualified labour expenditure" in subsection 125.4(1) of the Act before paragraph (*a*) is replaced by the following:

"qualified labour expenditure" « *dépense de main-d'œuvre admissible* »

"qualified labour expenditure", of a corporation for a taxation year in respect of a Canadian film or video production, means the lesser of

(6) The portion of the description of A in paragraph (*b*) of the definition "qualified labour expenditure" in subsection 125.4(1) of the Act before subparagraph (ii) is replaced by the following:

A is 60% of the amount by which

(i) the total of all amounts each of which is an expenditure by the corporation in respect of the production that is included in the cost to, or in the case of depreciable property the capital cost to, the corporation or any other person or partnership of the production at the end of the taxation year,

exceeds

(7) Subsection 125.4(1) of the Act is amended by adding the following in alphabetical order:

"production commencement time" « *début de la production* »

"production commencement time", in respect of a Canadian film or video production, means the earlier of

(*a*) the time at which principal photography of the production begins, and

(*b*) the latest of

(i) the time at which a qualified corporation that has an interest in, or for civil law a right in, the production, or the parent of the corporation, first makes an expenditure for salary or wages or other remuneration for activities, of scriptwriters, that are directly attributable to the development by the corporation of script material of the production,

(ii) the time at which the corporation or the parent of the corporation acquires a property, on which the production is based, that is a published literary work, screenplay, play, personal history or all or part of the script material of the production, and

(iii) two years before the date on which principal photography of the production begins.

"script material" « *texte* »

"script material", in respect of a production, means written material describing the story on which the production is based and, for greater certainty, includes a draft script, an original story, a screen story, a narration, a television production concept, an outline or a scene-by-scene schematic, synopsis or treatment.

(8) The portion of subsection 125.4(2) of the Act before paragraph (*b*) is replaced by the following:

Rules governing labour expenditures of corporation

(2) For the purposes of the definitions "labour expenditure" and "qualified labour expenditure" in subsection (1),

(*a*) remuneration does not include remuneration

(i) determined by reference to profits or revenues, or

(ii) in respect of services rendered by a person at a time when the person was non-resident, unless the person was at that time a Canadian citizen;

(9) Subsection 125.4(2) of the Act is amended by striking out "and" at the end of paragraph (*b*), by adding "and" at the end of paragraph (*c*) and by adding the following after paragraph (*c*):

(*d*) an expenditure incurred in respect of a film or video production by a qualified corporation (in this paragraph referred to as the "co-producer") in respect of goods supplied or services rendered by another qualified corporation to the co-producer in respect of the production is not a labour expenditure to the co-producer or, for the purpose of applying this section to the co-producer, a cost or capital cost of the production.

(10) Subsection 125.4(4) of the Act is replaced by the following:

Exception

(4) This section does not apply to a Canadian film or video production if the production — or an interest in a person or partnership that has, directly or indirectly, an interest in, or for civil law a right in, the production — is a tax shelter investment for the purpose of section 143.2.

(11) Subsection 125.4(6) of the Act is replaced by the following:

Revocation of a certificate

(6) If an omission or incorrect statement was made for the purpose of obtaining a Canadian film or video production certificate in respect of a production, or if the production is not a Canadian film or video production,

(*a*) the Minister of Canadian Heritage may

(i) revoke the certificate, or

(ii) if the certificate was issued in respect of productions included in an episodic television series, revoke the certificate in respect of one or more episodes in the series;

(*b*) for greater certainty, for the purposes of this section, the expenditures and cost of production in respect of productions included in an episodic television series that relate to an episode in the series in respect of which a certificate has been revoked are not attributable to a Canadian film or video production; and

(*c*) for the purpose of subparagraph (3)(*a*)(i), a certificate that has been revoked is deemed never to have been issued.

(12) Section 125.4 of the Act is amended by adding the following after subsection (6):

Guidelines

(7) The Minister of Canadian Heritage shall issue guidelines respecting the circumstances under which the conditions in the definition of "Canadian film or video production certificate" in subsection (1) are satisfied. For greater certainty, these guidelines are not statutory instruments as defined in the *Statutory Instruments Act*.

(13) Subsections (1) and (10) apply

(*a*) to taxation years that end after November 14, 2003; and

(*b*) in respect of a film or video production in respect of which a corporation has, in a return of income filed before November 14, 2003, claimed an amount under subsection 125.4(3) of the Act in respect of a labour expenditure incurred after 1997.

(14) Subsections (2) and (4) to (9) apply

(*a*) to film or video productions for which the production commencement time of the corporation (or, if there is more than one qualified corporation in respect of the production, of all such corporations) is on or after November 14, 2003; and

(*b*) to a corporation in respect of a film or video production for which the production commencement time of any corporation is before November 14, 2003

(i) if the earliest labour expenditure of the corporation (or, if there is more than one qualified corporation in respect of the production, of all such corporations) in respect of the production is made after 2003, or

(ii) if the corporation elects (or, if there is more than one qualified corporation in respect of the production, all such corporations jointly elect), in writing, and the election is filed with the Minister of National Revenue on or before the earliest filing-due date of any qualified corporation in respect of the production for that corporation's taxation year that includes the day on which this Act receives royal assent, and the earliest labour expenditure of all such qualified corporations in respect of the production is made

(A) after the last taxation year of any such corporation that ended before November 14, 2003, or

(B) if the first taxation year of all such corporations includes November 14, 2003, in that taxation year.

(15) The earliest labour expenditure referred to in subsection (14) is to be determined under the provisions of subsections 125.4(1) and (2) of the Act that would apply if subsections (2) and (4) to (9) had not been enacted.

(16) Subsection (3) applies in respect of film or video productions in respect of which certificates are issued by the Minister of Canadian Heritage after December 20, 2002, except that, in respect of those film or video productions in respect of which certificates are issued by the Minister of Canadian Heritage before 2004, the definition "Canadian film or video production certificate" in subsection 125.4(1) of the Act, as enacted by subsection (3), is to be read as follows:

"Canadian film or video production certificate" means a certificate issued in respect of a production by the Minister of Canadian Heritage

(*a*) certifying that the production is a Canadian film or video production in respect of which that Minister is satisfied that, except where the production is a treaty co-production (as defined in subsection 1106(3) of the *Income Tax Regulations*), an acceptable share of revenues from the exploitation of the production in non-Canadian markets is, under the terms of any agreement, retained by

(i) a qualified corporation that owns or owned an interest in, or for civil law a right in, the production,

(ii) a prescribed taxable Canadian corporation related to the qualified corporation, or

(iii) any combination of corporations described in subparagraph (i) or (ii); and

(*b*) estimating amounts relevant for the purpose of determining the amount deemed under subsection (3) to have been paid in respect of the production.

(17) Subsection (11) is deemed to have come into force on November 15, 2003.

(18) Subsection (12) applies in respect of film or video productions in respect of which certificates are issued by the Minister of Canadian Heritage after December 20, 2002.

2. (1) Section 241 of the Act is amended by adding the following after subsection (3.2):

Information may be communicated

(3.3) The Minister of Canadian Heritage may communicate or otherwise make available to the public, in any manner that that Minister considers appropriate, the following taxpayer information in respect of a Canadian film or video production certificate (as defined under subsection 125.4(1)) that has been issued or revoked:

(*a*) the title of the production for which the Canadian film or video production certificate was issued;

(*b*) the name of the taxpayer to whom the Canadian film or video production certificate was issued;

(*c*) the names of the producers of the production;

(*d*) the names of the individuals in respect of whom and places in respect of which that Minister has allotted points in respect of the production in accordance with regulations made for the purpose of section 125.4;

(*e*) the total number of points so allotted; and

(*f*) any revocation of the Canadian film or video production certificate.

(2) Paragraph 241(4)(*d*) of the Act is amended by striking out "or" at the end of subparagraph (xiii) and by adding the following after subparagraph (xiv):

(xv) to a person employed or engaged in the service of an office or agency, of the Government of Canada or of a province, whose mandate includes the provision of assistance (as defined in subsection 125.4(1) or 125.5(1)) in respect of film or video productions or film or video production services, solely for the purpose of the administration or enforcement of the program under which the assistance is offered, or

(xvi) to an official of the Canadian Radio-television and Telecommunications Commission, solely for the purpose of the administration or enforcement of a regulatory function of that Commission;

INCOME TAX REGULATIONS

3. (1) The portion of subsection 1106(3) of the *Income Tax Regulations* before paragraph (*a*) is replaced by the following:

(3) For the purposes of this Division and the definition "Canadian film or video production certificate" in subsection 125.4(1) of the Act, "treaty co-production" means a film or video production whose production is contemplated under any of the following instruments, and to which the instrument applies:

(2) Subsection (1) applies after December 20, 2002.

PART 2

SALES TAX

EXCISE TAX ACT

4. (1) The definition "substantial renovation" in subsection 123(1) of the *Excise Tax Act* is replaced by the following:

"substantial renovation" « *rénovations majeures* »

"substantial renovation" of a residential complex means the renovation or alteration of the whole or that part of a building, as described in whichever of paragraphs (*a*) to (*e*) of the definition "residential complex" is applicable to the residential complex, in which one or more residential units are located to such an extent that all or substantially all of the building or part, as the case may be, other than the foundation, external walls, interior supporting walls, floors, roof, staircases and, in the case of that part of a building described in paragraph (*b*) of that definition, the common areas and other appurtenances, that existed immediately before the renovation or alteration was begun has been removed or replaced if, after completion of the renovation or alteration, the building or part, as the case may be, is, or forms part of, a residential complex;

(2) Paragraph (*a*) of the definition "builder" in subsection 123(1) of the Act is amended by adding "and" at the end of subparagraph (i) and by repealing subparagraph (ii).

(3) Subsections (1) and (2) apply in respect of

(*a*) any supply by way of sale of a residential complex made after Announcement Date;

(*b*) any supply by way of sale (other than a taxable supply deemed to have been made under section 191 of the Act) of a residential complex made by a person on or before Announcement Date if

(i) the supply would have been a taxable supply had the definitions "substantial renovation" and "builder" in subsection 123(1) of the Act, as amended by subsections (1) and (2), applied in respect of the supply, and

(ii) an amount as or on account of tax in respect of the supply was charged, collected or remitted under Part IX of the Act on or before that day; and

(*c*) any taxable supply of a residential complex that would have been deemed under section 191 of the Act to have been made by a person at a particular time on or before Announcement Date if the definitions "substantial renovation" and "builder" in subsection 123(1) of the Act, as amended by subsections (1) and (2), had applied at that time, provided that the person has reported an amount as or on account of tax, as a result of the person applying section 191 of the Act in respect of the complex, in the person's return under Division V of Part IX of the Act

(i) for any reporting period the return for which is filed on or before Announcement Date or is required under that Division to be filed on or before a day that is on or before Announcement Date, or

(ii) for any reporting period that begins on or before Announcement Date the return for which

(A) is required under that Division to be filed on or before a particular day that is after Announcement Date, and

(B) is filed on or before the particular day referred to in clause (A).

(4) For the purposes of Part IX of the Act, if a person

(*a*) makes, at a particular time that is after Announcement Date, a supply by way of sale of a residential complex that is a taxable supply, but that would not be a taxable supply if the definitions "substantial renovation" and "builder" in subsection 123(1) of the Act applied as they read before this Act receives royal assent, and

(*b*) has not claimed or deducted an amount (in this subsection referred to as an "unclaimed credit") in respect of property or a service in determining the net tax for any reporting period of the person the return for which is filed on or before Announcement Date or is required under Division V of Part IX of the Act to be filed on or before a day that is on or before Announcement Date and

(i) the property or service, in a particular reporting period that ends on or before Announcement Date,

(A) was acquired, imported or brought into a participating province for consumption or use in making the taxable supply, or

(B) was, in relation to the complex, acquired, imported or brought into a participating province and would have been acquired, imported or brought into the participating province for consumption or use in making the taxable supply if the definitions "substantial renovation" and "builder" in subsection 123(1) of the Act were read as amended by subsection (1) and (2), and

(ii) the unclaimed credit is, or would be if the definitions "substantial renovation" and "builder" in subsection 123(1) of the Act were read as amended by subsections (1) and (2), an input tax credit of the person,

the unclaimed credit of the person is deemed to be an input tax credit of the person for the reporting period of the person that includes Announcement Date and not to be an input tax credit of the person for any other reporting period.

5. (1) Paragraph 191.1(2)(*e*) of the Act is replaced by the following:

(*e*) the amount determined by the formula

$$A + B + C + D$$

where

A is the total of all amounts each of which is an amount determined by the formula

$$E \times (F/G)$$

where

E is an amount of tax, calculated at a particular rate, that was payable under subsection 165(1) or section 212, 218 or 218.01 by the builder in respect of an acquisition of real property that forms part of the complex or addition or in respect of an acquisition or importation of an improvement to real property that forms part of the complex or addition,

F is the rate set out in subsection 165(1) at the time referred to in paragraph (*a*), and

G is the particular rate,

B is the total of all amounts each of which is an amount determined by the formula

$$H \times (I/J)$$

where

H is an amount (other than an amount referred to in the description of E) that would have been payable as tax, calculated at a particular rate, under subsection 165(1) or section 212, 218 or 218.01 by the builder in respect of an acquisition or importation of an improvement to real property that forms part of the complex or addition but for the fact that the improvement was acquired or imported for consumption, use or supply exclusively in the course of commercial activities of the builder,

I is the rate set out in subsection 165(1) at the time referred to in paragraph (*a*), and

J is the particular rate,

C is

(i) if the complex or addition is situated in a participating province, the total of all amounts each of which is an amount determined by the formula

$$K \times (L/M)$$

where

K is an amount of tax, calculated at a particular rate, that was payable under subsection 165(2), 212.1(2) or 218.1(1) or Division IV.1 by the builder in respect of an acquisition of real property that forms part of the complex or addition or in respect of an acquisition, importation or bringing into the participating province of an improvement to real property that forms part of the complex or addition,

L is the tax rate for the participating province at the time referred to in paragraph (*a*), and

M is the particular rate, and

(ii) in any other case, zero, and

D is

(i) if the complex or addition is situated in a participating province, the total of all amounts each of which is an amount determined by the formula

$$N \times (O/P)$$

where

N is an amount (other than an amount referred to in the description of K) that would have been payable as tax, calculated at a particular rate, under subsection 165(2), 212.1(2) or 218.1(1) or Division IV.1 by the builder in respect of an acquisition, importation or bringing into the participating province of an improvement to real property that forms part of the complex or addition but for

the fact that the improvement was acquired, imported or brought into the participating province for consumption, use or supply exclusively in the course of commercial activities of the builder,

O is the tax rate for the participating province at the time referred to in paragraph (*a*), and

P is the particular rate, and

(ii) in any other case, zero.

(2) Subsection (1) applies in respect of any supply of a residential complex, or of an addition to a residential complex, deemed under any of subsections 191(1) to (4) of the Act to have been made on or after April 1, 2013 except that, if the construction or last substantial renovation of the complex or addition began on or before Announcement Date, the amount determined under paragraph 191.1(2)(*e*) of the Act in respect of the supply is equal to the lesser of the amount determined under that paragraph as amended by subsection (1) and the amount that would be determined under that paragraph if subsection (1) had not come into force.

(3) If, in assessing the net tax of a person under section 296 of the Act for a reporting period of the person, an amount was taken into consideration as tax deemed to have been collected under any of subsections 191(1) to (4) of the Act in respect of a supply of a residential complex or of an addition to a residential complex and by reason of the application of paragraph 191.1(2)(*e*), as amended by subsection (1), the amount or part of the amount is not deemed, under whichever of subsections 191(1) to (4) of the Act is applicable, to have been collected as tax in respect of the supply, the person is entitled until the day that is one year after the day on which this Act receives royal assent to request in writing that the Minister of National Revenue make an assessment, reassessment or additional assessment for the purpose of taking into account that the amount or the part of the amount, as the case may be, is not deemed to have been collected by the person as tax and, on receipt of the request, the Minister must with all due dispatch

(*a*) consider the request; and

(*b*) under section 296 of the Act, assess, reassess or make an additional assessment of the net tax of the person for any reporting period of the person and of any interest, penalty or other obligation of the person, but only to the extent that the assessment, reassessment or additional assessment may reasonably be regarded as relating to the amount or the part of the amount, as the case may be.

6. (1) Section 259 of the Act is amended by adding the following after subsection (4.1):

Rebate for health care facility

(4.11) Despite subsections (3), (4) and (4.1), if a person (other than a person that is a qualifying non-profit organization or a selected public service body described in any of paragraphs (*a*) to (*d*) of the definition "selected public service body" in subsection (1)) is a charity for the purposes of this section only because the person is a non-profit organization

that operates, otherwise than for profit, one or more health care facilities within the meaning of paragraph (*c*) of the definition of that expression in section 1 of Part II of Schedule V, no amount in respect of property or a service is to be included in determining a rebate to be paid under this section to the person in respect of the property or service except to the extent to which the person intended, at the relevant time, to consume, use or supply the property or service

(*a*) in the course of activities engaged in by the person in the course of operating those health care facilities; or

(*b*) if the person is designated to be a municipality for the purposes of this section in respect of activities specified in the designation, in the course of those activities.

Extent of consumption, use or supply — relevant time

(4.12) Where reference is made to a relevant time in subsection (4.11) for the purposes of determining the extent to which a person intended to consume, use or supply property or a service in the course of certain activities in relation to an amount in respect of the property or service, the relevant time is

(*a*) in the case of an amount of tax in respect of a supply made to, or an importation or bringing into a participating province by, the person at any time, that time;

(*b*) in the case of an amount deemed to have been paid or collected at any time by the person, that time;

(*c*) in the case of an amount required to be added under subsection 129(7) in determining the person's net tax as a result of a branch or division of the person becoming a small supplier division at any time, that time; and

(*d*) in the case of an amount required to be added under paragraph 171(4)(*b*) in determining the person's net tax as a result of the person ceasing, at any time, to be a registrant, that time.

(2) Subsection (1) applies for the purposes of determining a rebate under section 259 of the Act for which an application is filed on or after the day that is ten years before Announcement Date.

7. (1) Part V of Schedule VI to the Act is amended by adding the following after section 6.2:

6.3 A supply made to a non-resident person that is not registered under Subdivision d of Division V of Part IX of the Act of

(*a*) a service of refining a metal to produce a precious metal; or

(*b*) an assaying, gem removal or similar service supplied in conjunction with the service referred to in paragraph (*a*).

(2) Subsection (1) applies to

(*a*) any supply made after Announcement Date; and

(*b*) any supply made on or before that day if the supplier did not, on or before that day, charge or collect an amount as or on account of tax under Part IX of the Act in respect of the supply.

(3) If, in determining the net tax of a person as reported in a return under Division V of Part IX of the Act filed on or before Announcement Date for a reporting period that ended after 2010, an amount was taken into account by the person as tax that became collectible by the person in respect of a supply and, by reason of the application of subsection (1), no tax was collectible by the person in respect of the supply, then

(*a*) for the purposes of section 261 of the Act, the amount is deemed to have been paid by the person; and

(*b*) subsections 261(2) and (3) of the Act do not apply to a rebate under section 261 of the Act in respect of the amount if the person files an application for the rebate before the later of the day that is one year after the day on which this Act receives royal assent and the day that is two years after the day on which the return was filed.

NON-TAXABLE IMPORTED GOODS (GST/HST) REGULATIONS

8. (1) Section 2 of the *Non-Taxable Imported Goods (GST/HST) Regulations* is amended by adding the following in alphabetical order:

"tax-relieved supply" means a supply of goods

(*a*) included in Part V of Schedule VI to the Act;

(*b*) in respect of which the recipient was entitled to claim a rebate under subsection 252(1) or 260(1) of the Act; or

(*c*) made outside Canada except if the recipient subsequently imported the goods and it is the case that none of the following apply in respect of that importation of the goods:

(i) tax under section 212 of the Act was payable and was calculated on a value determined under the *Value of Imported Goods (GST/HST) Regulations* (other than under sections 7, 8, 12 and 13 of those Regulations),

(ii) tax under section 212 of the Act was payable by a person that was entitled to obtain a rebate, refund or remission of that tax under any Act of Parliament only because the goods were subsequently exported, and

(iii) tax under section 212 of the Act was not payable as a consequence of section 213 of the Act only because the goods were subsequently exported. ("*fourniture dégrevée*")

(2) Subsection (1) is deemed to have come into force on Announcement Date.

9. (1) Paragraph 3(*h*) of the Regulations is amended by adding "or" at the end of subparagraph (iii) and by repealing subparagraph (iv).

(2) Section 3 of the Regulations is amended by adding the following after paragraph (*h*):

(*h.1*) railway passenger, baggage or freight cars (in this paragraph referred to as "imported cars") if

(i) the imported cars are imported temporarily for use in the transportation of passengers, baggage or freight from a place in Canada to another place in Canada,

(ii) railway cars of the same kind and number as the imported cars could not have been acquired from Canadian production or other Canadian sources at a reasonable cost or could not have been delivered or made available in Canada when needed, and

(iii) the imported cars are exported on or before the earlier of the day that is one year after the importation and the day on or before which railway cars of the same kind and number as the imported cars could be delivered or made available in Canada after having been acquired from Canadian production or other Canadian sources at a reasonable cost;

(3) Section 3 of the Regulations is amended by striking out "and" at the end of paragraph (*l*), by adding "and" at the end of paragraph (*m*) and by adding the following after paragraph (*m*):

(*n*) goods that are classified under tariff item No. 9813.00.00 or 9814.00.00 of Schedule I to the *Customs Tariff*, or that would be so classified in the absence of Notes 11(a) and (b) to Chapter 98 of that Schedule, if

(i) in the case where the goods are being imported for the first time since the goods were last supplied and delivered or made available to the recipient of that last supply,

(A) the supply was made in Canada and was not included in Part V of Schedule VI to the Act and the recipient was not entitled to claim a rebate under subsection 252(1) of the Act in respect of the supply,

(B) the supply was made by way of sale and the recipient is returning the goods to the supplier because

(I) under the agreement for the supply, or as a consequence of the termination of that agreement, ownership of the goods is never transferred to the recipient or is transferred back to the supplier,

(II) the goods are defective or not as ordered by the recipient, or

(III) the recipient exported the goods for sale and did not sell the goods, or

(C) the supply was made outside Canada by way of lease, licence or similar arrangement by the importer of the goods and the importer

(I) exported the goods at a time when the importer was the owner of the goods for the sole purpose of making the supply, and

(II) is importing the goods after the termination of the lease, licence or similar arrangement, and

(ii) in any other case, the goods were not imported previously or were not last imported in circumstances in which tax, calculated on a value determined under the *Value of*

Imported Goods (GST/HST) Regulations (other than under sections 7, 8 and 12 of those Regulations), was payable.

(4) The portion of paragraph 3(*n*) of the Regulations before subparagraph (i), as enacted by subsection (3), is replaced by the following:

(*n*) goods that are classified under tariff item No. 9813.00.00 or 9814.00.00 in the List of Tariff Provisions set out in the schedule to the *Customs Tariff*, or that would be so classified in the absence of paragraphs (*a*) and (*b*) of those tariff items, if

(5) Clause 3(*n*)(i)(A) of the Regulations, as enacted by subsection (3), is replaced by the following:

(A) the supply of the goods was not a tax-relieved supply,

(6) The portion of clause 3(*n*)(i)(B) of the Regulations before subclause (I), as enacted by subsection (3), is replaced by the following:

(B) the supply of the goods was made by way of sale by a supplier that did not acquire the goods by way of a tax-relieved supply and the recipient is returning the goods to the supplier because

(7) Clause 3(*n*)(i)(C) of the Regulations, as enacted by subsection (3), is amended by adding the following before subclause (I) and by renumbering subclauses (I) and (II) as subclauses (II) and (III) respectively:

(I) did not acquire the goods by way of a tax-relieved supply,

(8) Subparagraph 3(*n*)(ii) of the Regulations, as enacted by subsection (3), is replaced by the following:

(ii) in any other case, the goods were not imported previously or were not last imported in circumstances in which tax, calculated on a value determined under the *Value of Imported Goods (GST/HST) Regulations* (other than under sections 7, 8, 12 and 13 of those Regulations), was payable.

(9) Subparagraph 3(*n*)(ii) of the Regulations, as enacted by subsection (8), is replaced by the following:

(ii) in any other case, the goods were either not imported previously or it is the case that none of the following apply in respect of the last importation of the goods:

(A) tax under section 212 of the Act was payable and was calculated on a value determined under the *Value of Imported Goods (GST/HST) Regulations* (other than under sections 7, 8, 12 and 13 of those Regulations),

(B) tax under section 212 of the Act was payable by a person that was entitled to obtain a rebate, refund or remission of that tax under any Act of Parliament only because the goods were subsequently exported, and

(C) tax under section 212 of the Act was not payable as a consequence of section 213 of the Act only because the goods were subsequently exported.

(10) Subsections (1) and (2) are deemed to have come into force on January 1, 1998.

(11) Subsection (3) is deemed to have come into force on December 31, 1990.

(12) Subsection (4) applies to goods imported on or after January 1, 1998 and to goods imported before that day that were not accounted for under section 32 of the *Customs Act* before that day.

(13) Subsections (5) to (7) and (9) apply to goods imported on or after Announcement Date and to goods imported before that day that are, on or after that day, accounted for under subsection 32(1), paragraph 32(2)(*a*) or subsection 32(5) of the *Customs Act* or released in the circumstances set out in paragraph 32(2)(*b*) of that Act.

(14) Subsection (8) applies to goods that are released after March 1991.

TAXES, DUTIES AND FEES (GST/HST) REGULATIONS

10. (1) Subparagraph 3(*a*)(xvii) of the *Taxes, Duties and Fees (GST/HST) Regulations* is replaced by the following:

(xvii) the *City of St. John's Municipal Taxation Act*, S.N.L. 2006, c. C-17.1;

(2) Subparagraph 3(*c*)(xiii) of the Regulations is replaced by the following:

(xiii) section 28 of the *City of St. John's Municipal Taxation Act*, S.N.L. 2006, c. C-17.1, and

(3) Paragraph 3(*c*) of the Regulations, as amended by subsection (2), is amended by adding "and" at the end of subparagraph (xii) and by repealing subparagraph (xiii).

(4) Subsections (1) and (2) are deemed to have come into force on January 1, 2007.

(5) Subsection (3) comes into force on the first day of the first calendar month that begins on or after the day that is 60 days after Announcement Date.

PUBLICATIONS SUPPLIED BY A REGISTRANT (GST/HST) REGULATIONS

11. (1) The definition "registration number" in section 2 of the *Publications Supplied by a Registrant (GST/HST) Regulations* is replaced by the following:

"registration number" means a registration number assigned under section 241 of the Act. ("*numéro d'inscription*")

(2) Subsection (1) is deemed to have come into force on July 1, 2010.

CREDIT NOTE AND DEBIT NOTE INFORMATION (GST/HST) REGULATIONS

12. (1) Paragraph 3(*b*) of the *Credit Note and Debit Note Information (GST/HST) Regulations* is replaced by the following:

(*b*) the name of the supplier or an intermediary in respect of the supply, or the name under which the supplier or the intermediary does business, and the registration number assigned under section 241 of the Act to the supplier or the intermediary, as the case may be;

(2) Subsection (1) is deemed to have come into force on July 1, 2010.

13. (1) Subparagraph 3(*b*)(i) of the *Input Tax Credit Information (GST/HST) Regulations* is replaced by the following:

(i) the name of the supplier or the intermediary in respect of the supply, or the name under which the supplier or the intermediary does business, and the registration number assigned under section 241 of the Act to the supplier or the intermediary, as the case may be,

(2) Subsection (1) is deemed to have come into force on July 1, 2010.