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# NATIONAL ASSEMBLY OF QUÉBEC

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FIRST SESSION

FORTY-THIRD LEGISLATURE

Bill 27  
(2023, chapter 19)

**An Act to amend the Taxation Act,  
the Act respecting the Québec sales  
tax and other provisions**

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**Introduced 30 May 2023  
Passed in principle 6 June 2023  
Passed 26 September 2023  
Assented to 26 September 2023**

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## EXPLANATORY NOTES

*The purpose of this Act is to give effect to measures announced in the Budget Speech delivered on 21 March 2023 and in various Information Bulletins published by the Ministère des Finances in 2021, 2022 and 2023.*

*For the purpose of introducing or modifying measures specific to Québec, the Act amends the Taxation Act and the Act respecting the sectoral parameters of certain fiscal measures to, in particular,*

*(1) reduce by one percentage point each of the rates applicable to the first two income tax brackets for individuals;*

*(2) enhance the refundable tax credit for senior assistance and abolish the refundable tax credit for seniors' activities;*

*(3) broaden eligibility for the additional deduction for transportation costs incurred by remote small and medium-sized businesses and for the income-averaging mechanism of forest producers;*

*(4) renew the refundable tax credits aimed at encouraging the creation of new financial services corporations; and*

*(5) strengthen tax compliance as regards cryptoassets.*

*The Act constituting Capital régional et coopératif Desjardins is amended to ensure that certain investments made to increase the supply of affordable housing are recognized for the purposes of the investment requirement provided for in that Act.*

*The Tobacco Tax Act is amended to increase the specific tax rates on tobacco products.*

*The Act respecting the Régie de l'assurance maladie du Québec is amended to increase the exemption amounts used in computing the premium payable by a person subject to the public prescription drug insurance plan.*

*In addition, the Taxation Act and the Act respecting the Québec sales tax, among others, are amended to make amendments similar to those made to the Income Tax Act and the Excise Tax Act by federal bills assented to in 2022. More specifically, the amendments deal with*

- (1) the tax-free first home savings account;*
- (2) the tax credit for first-time home buyers;*
- (3) the flipping of residential immovable property;*
- (4) the eligibility for the deduction granted to small businesses; and*
- (5) the computation of the income of insurers following the adoption of the International Financial Reporting Standards for insurance contracts (IFRS 17).*

*Lastly, the Act makes various technical amendments as well as consequential and terminology-related amendments.*

**LEGISLATION AMENDED BY THIS ACT:**

- Tax Administration Act (chapter A-6.002);
- Act constituting Capital régional et coopératif Desjardins (chapter C-6.1);
- Act respecting international financial centres (chapter C-8.3);
- Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (chapter F-3.1.2);
- Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1);
- Tobacco Tax Act (chapter I-2);
- Taxation Act (chapter I-3);
- Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);

- Act respecting the Régie de l'assurance maladie du Québec (chapter R-5);
- Act respecting the Québec sales tax (chapter T-0.1).

**REGULATIONS AMENDED BY THIS ACT:**

- Regulation respecting fiscal administration (chapter A-6.002, r. 1);
- Regulation respecting the Taxation Act (chapter I-3, r. 1).

## Bill 27

### AN ACT TO AMEND THE TAXATION ACT, THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER PROVISIONS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### TAX ADMINISTRATION ACT

**I.** (1) Section 38 of the Tax Administration Act (chapter A-6.002) is amended, in the second paragraph,

(1) by replacing subparagraphs *a* and *b* by the following subparagraphs:

“(a) audit or examine any document, including supporting documents and registers, of a person that may be relevant in determining the obligations or entitlements of a person under a fiscal law, or any things that may relate to a prohibition set out in section 34.2, and copy, print out or photograph such documents or things;

“(b) examine any property, process or matter an examination of which may, in the authorized person’s opinion, assist the authorized person in determining the obligations or entitlements of a person under a fiscal law;”;

(2) by replacing subparagraph *c* by the following subparagraph:

“(c) oblige any person to give the authorized person all reasonable assistance in the audit or examination and to answer all proper questions relating to the administration or enforcement of a fiscal law and, for that purpose, the person so authorized may oblige the person

i. to attend with the authorized person, at a place designated by the authorized person, by videoconference or by any other technological means, and to answer the authorized person’s questions orally, and

ii. to answer the authorized person’s questions in writing, in any form specified by the authorized person; and”;

(3) by adding the following subparagraph at the end:

“(e) oblige any person to give the authorized person all reasonable assistance with anything the authorized person is authorized to do under a fiscal law.”

(2) Subsection 1 has effect from 15 December 2022.

**2.** Section 39 of the Act is amended by inserting “made” after “may be” in the portion of the second paragraph before subparagraph *a*.

### ACT CONSTITUTING CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

**3.** (1) Section 19 of the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) is amended

(1) by replacing subparagraph 10 of the fifth paragraph by the following subparagraph:

“(10) investments made by the Société after 10 November 2011 in Fonds Relève Québec, s.e.c. or, taking into account the change of name of the fund on 12 June 2018, in Fonds de transfert d’entreprise du Québec, s.e.c.;”;

(2) by adding the following subparagraph at the end of the fifth paragraph:

“(14) investments made by the Société in an entity for the carrying out of a project for the acquisition, construction or renovation of affordable housing situated in Québec, provided that the Fédération des caisses Desjardins du Québec participates in the financing of the project through the payment of a portion of the financial contribution granted to it by the Gouvernement du Québec under an agreement aimed at increasing the supply of affordable housing and setting out the terms and conditions for granting the contribution, and that the investments are not already taken into account as eligible investments for the purposes of the second paragraph.”;

(3) by replacing subparagraph 1 of the sixth paragraph by the following subparagraph:

“(1) investments entailing a security that are made by the Société in an enterprise that is a partnership or a legal person pursuing economic objectives and whose assets are less than \$100,000,000 or whose net equity is less than \$50,000,000, provided those investments are part of a financing package, in which Fonds Relève Québec, s.e.c. or, taking into account the change of name of the fund on 12 June 2018, Fonds de transfert d’entreprise du Québec, s.e.c. participates, for the succession of the enterprise;”;

(4) by replacing “in subparagraph 5” in subparagraph 2.2 of the tenth paragraph by “in subparagraph 5 or 14”.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 12 June 2018.

(3) Paragraphs 2 and 4 of subsection 1 apply to a fiscal year that begins after 31 December 2022.

## ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

**4.** (1) The Act respecting international financial centres (chapter C-8.3) is amended by inserting the following section after section 4:

**“4.1.** For the purposes of the definition of “qualified establishment” in section 4, an employee of a corporation in respect of whom a certificate recognizing the employee as a specialist is issued to the corporation, for all or part of a calendar year, is deemed to be an eligible employee of the corporation for all or part of the taxation year that includes all or part of the calendar year.”

(2) Subsection 1 applies to a taxation year that ends after 30 June 2021.

**5.** (1) Section 6 of the Act is amended by striking out the second paragraph.

(2) Subsection 1 applies to a taxation year that ends after 30 June 2021.

## ACT TO ESTABLISH FONDACTION, LE FONDS DE DÉVELOPPEMENT DE LA CONFÉDÉRATION DES SYNDICATS NATIONAUX POUR LA COOPÉRATION ET L'EMPLOI

**6.** (1) Section 19 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (chapter F-3.1.2) is amended

(1) by replacing subparagraph 10 of the fifth paragraph by the following subparagraph:

“(10) investments made by the Fund after 10 November 2011 in Fonds Relève Québec, s.e.c. or, taking into account the change of name of the fund on 12 June 2018, in Fonds de transfert d'entreprise du Québec, s.e.c.”;

(2) by replacing the sixth paragraph by the following paragraph:

“For the purposes of this section, investments entailing a security that are made by the Fund in an enterprise whose assets are less than \$100,000,000 or whose net equity is less than \$50,000,000 are also eligible investments, provided those investments are part of a financing package, in which Fonds Relève Québec, s.e.c. or, taking into account the change of name of the fund on 12 June 2018, Fonds de transfert d'entreprise du Québec, s.e.c. participates, for the succession of the enterprise.”

(2) Subsection 1 has effect from 12 June 2018.

ACT TO ESTABLISH THE FONDS DE SOLIDARITÉ DES  
TRAVAILLEURS DU QUÉBEC (F.T.Q.)

**7.** (1) Section 15 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1) is amended

(1) by replacing subparagraph 13 of the sixth paragraph by the following subparagraph:

“(13) investments made by the Fund after 10 November 2011 in Fonds Relève Québec, s.e.c. or, taking into account the change of name of the fund on 12 June 2018, in Fonds de transfert d’entreprise du Québec, s.e.c.”;

(2) by replacing the seventh paragraph by the following paragraph:

“For the purposes of this section, investments entailing a security that are made by the Fund in an enterprise whose assets are less than \$100,000,000 or whose net equity is less than \$50,000,000 are also eligible investments, provided those investments are part of a financing package, in which Fonds Relève Québec, s.e.c. or, taking into account the change of name of the fund on 12 June 2018, Fonds de transfert d’entreprise du Québec, s.e.c. participates, for the succession of the enterprise.”

(2) Subsection 1 has effect from 12 June 2018.

TOBACCO TAX ACT

**8.** (1) Section 8 of the Tobacco Tax Act (chapter I-2) is amended

(1) by replacing paragraphs *a* to *b.1* by the following paragraphs:

“(a) \$0.189 per cigarette;

“(b) \$0.189 per gram of any loose tobacco;

“(b.1) \$0.189 per gram of any leaf tobacco;”;

(2) by replacing paragraph *d* by the following paragraph:

“(d) \$0.2907 per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco or cigars. However, if the quantity of tobacco contained in a tobacco stick, a roll of tobacco or any other pre-rolled tobacco product designed for smoking is such that the consumer tax payable under this paragraph is less than \$0.189 per tobacco stick, roll of tobacco or other pre-rolled tobacco product, the consumer tax is \$0.189 per tobacco stick, roll of tobacco or other pre-rolled tobacco product designed for smoking.”

(2) Subsection 1 has effect from 9 February 2023.



(3) In addition, not later than 10 March 2023, the following persons must make a report to the Minister of Revenue, in the prescribed form, on the inventory of tobacco products to which subsection 1 refers that they have in stock at 24:00 on 8 February 2023 and, at the same time, remit to the Minister of Revenue the amount equal to the tobacco tax, computed at the rate in effect on 9 February 2023 in respect of the tobacco products, after deduction of the amount equal to the tobacco tax computed at the rate in effect on 8 February 2023, if remittance has not otherwise been made to the Minister of Revenue:

(1) a person who has not made an agreement under section 17 of the Act and who, in Québec, sells tobacco products in respect of which the amount equal to the tobacco tax has been collected in advance or should have been collected; and

(2) a collection officer who has made an agreement under section 17 of the Act and who, in Québec, sells tobacco products in respect of which the amount equal to the tobacco tax has been paid in advance or is required to be paid.

(4) For the purposes of subsection 3, the tobacco products that a person has in stock at 24:00 on 8 February 2023 include any tobacco products the person has acquired but that have not been delivered to the person at that time.

**9.** Section 13.2.0.1 of the Act is amended by replacing the second paragraph by the following paragraph:

“That member may, despite section 72.4 of the Tax Administration Act (chapter A-6.002), sign and issue a statement of offence for any offence under those sections committed in that territory.”

## TAXATION ACT

**10.** (1) Section 1 of the Taxation Act (chapter I-3) is amended by inserting the following definition in alphabetical order:

““first home savings account” at any time means an arrangement accepted as a tax-free first home savings account at that time by the Minister of National Revenue for the purposes of the Income Tax Act, in accordance with section 146.6 of that Act;”.

(2) Subsection 1 has effect from 1 April 2023.

**11.** (1) Section 7.18.1 of the Act is replaced by the following section:

**“7.18.1.** For the purposes of the definition of “investment fund” in section 21.0.5, subparagraph ii of paragraph *b* of section 649, paragraph *c* of section 898.1.1, sections 905.0.11, 935.22, 935.32 and 965.0.21, subparagraphs i to iv of paragraph *c.2* of section 998, paragraph *b* of sections 1117 and 1120 and any regulations made under paragraphs *c.3* and *c.4* of section 998 and under section 1108, where a trust or corporation holds an interest as a member

of a partnership and, by operation of any law governing the arrangement in respect of the partnership, the liability of the member as a member of the partnership is limited, the member shall not, solely because of its acquisition and holding of that interest, be considered to carry on any business or other activity of the partnership.”

(2) Subsection 1 has effect from 1 April 2023.

**12.** (1) Section 8 of the Act is amended by replacing “\$10,222” in paragraph *f* by “\$12,638”.

(2) Subsection 1 applies from the taxation year 2023.

**13.** (1) Section 8.2 of the Act is amended by replacing “2017” in the portion before the formula in the first paragraph by “2023”.

(2) Subsection 1 applies from the taxation year 2024.

(3) In addition, section 8.2 of the Act does not apply to the taxation year 2023.

**14.** The Act is amended by inserting the following chapter after section 21.4.37:

#### “CHAPTER V.4

#### “USE OF CRYPTOASSETS

“**21.4.38.** In this chapter, “cryptoasset” means property that is a digital representation of value and that only exists at a digital address of a distributed ledger.

“**21.4.39.** A taxpayer or a partnership that, in a taxation year or a fiscal period, as the case may be, owns, receives or disposes of a cryptoasset, or uses a cryptoasset in the context of a transaction, shall enclose the prescribed form containing prescribed information with either of the following documents, as applicable:

(a) in the case of the taxpayer, the fiscal return the taxpayer is required to file under section 1000 for the year; or

(b) in the case of the partnership, the information return it is required to file for the fiscal period under section 1086R78 of the Regulation respecting the Taxation Act (chapter I-3, r. 1).”

**15.** Section 37.1.5 of the Act is amended by replacing subparagraph *b* of the second paragraph by the following subparagraph:

“(b) may easily be converted into cash, except a gift coupon or gift certificate, including a smart card and an electronic gift card, that must be used to purchase a property or a service from one or more designated merchants; or”.

**16.** (1) The Act is amended by inserting the following sections after section 91.1:

“**91.2.** For the purposes of this Act, where, in the absence of this section and section 271, a taxpayer would have a gain from the disposition, after 31 December 2022, of a flipped property, the following rules apply throughout the period that the taxpayer owned the flipped property:

(a) the taxpayer is deemed to carry on a business that is an adventure or concern in the nature of trade with respect to the flipped property;

(b) the flipped property is deemed to be a property described in the inventory of the taxpayer’s business; and

(c) the flipped property is deemed not to be a capital property of the taxpayer.

“**91.3.** For the purposes of sections 91.2 and 91.4, a flipped property of a taxpayer means a housing unit of the taxpayer located in Canada (other than a property that would be a property described in the taxpayer’s inventory if the definition of “inventory” in section 1 applied without reference to section 91.2) that was owned by the taxpayer for less than 365 consecutive days prior to the disposition of the property, unless it can reasonably be considered that the disposition occurred due to, or in anticipation of, one or more of the following events:

(a) the death of the taxpayer or a person related to the taxpayer;

(b) one or more persons related to the taxpayer becoming members of the taxpayer’s household or the taxpayer becoming a member of a related person’s household;

(c) the breakdown of the marriage of the taxpayer if the taxpayer has been living separate and apart from the taxpayer’s spouse for at least 90 days prior to the disposition;

(d) a threat to the personal safety of the taxpayer or a related person;

(e) the taxpayer or a related person suffering from a serious disability or illness;

(f) an eligible relocation of the taxpayer or the taxpayer's spouse, if the definition of "eligible relocation" in section 349.1 were applied without reference to the requirements for the new work location and the new residence to be in Canada;

(g) an involuntary termination of the employment of the taxpayer or the taxpayer's spouse;

(h) the insolvency of the taxpayer; or

(i) the destruction or expropriation of the housing unit.

**91.4.** For the purposes of this Part, a taxpayer's loss from a business in respect of a flipped property is deemed to be nil."

(2) Subsection 1 applies in respect of a flipped property disposed of by a taxpayer after 31 December 2022, from the first day on which the taxpayer owns the flipped property.

**17.** (1) Section 133.4 of the Act is replaced by the following section:

**133.4.** A taxpayer shall not, in computing the income of the taxpayer from a business or property for a taxation year, deduct any amount paid or payable by the taxpayer for services in respect of a retirement savings plan, retirement income fund, tax-free savings account or first home savings account under or of which the taxpayer is the annuitant or holder."

(2) Subsection 1 has effect from 1 April 2023.

**18.** (1) Section 156.15 of the Act is amended by replacing the formula in the first paragraph by the following formula:

" $A \times [(B - \$10,000,000)/\$40,000,000]$ ".

(2) Subsection 1 applies to a taxation year that begins after 6 April 2022.

**19.** (1) Section 175.1 of the Act is amended

(1) by replacing paragraph *c* of subsection 1 by the following paragraph:

"(c) as, or in lieu of, full or partial payment of interest, tax or taxes, other than taxes payable by an insurer in relation to the insurance premiums of a non-cancellable or guaranteed renewable accident and sickness insurance policy or of a life insurance policy other than a group term life insurance policy that provides coverage for a period of 12 months or less, rent or royalty in respect of a period that is after the end of the year; or";

(2) by replacing subsection 4 by the following subsection:

“(4) For the purposes of this section, an outlay or expense made or incurred by an insurer in a taxation year on account of the acquisition of an insurance policy at any time prior to the issuance of the policy is deemed to be an expense incurred as consideration for services rendered in the taxation year in which the policy is issued.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**20.** (1) Section 175.2 of the Act is amended by inserting the following paragraph after paragraph *d.5*:

“(d.5.1) making a contribution to a first home savings account; and”.

(2) Subsection 1 has effect from 1 April 2023.

**21.** (1) Section 241 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) a trust governed by a registered retirement income fund, a deferred profit sharing plan, a profit sharing plan, a registered disability savings plan, a tax-free savings account or a first home savings account, under which the taxpayer is a beneficiary or immediately after the disposition becomes a beneficiary; or”.

(2) Subsection 1 has effect from 1 April 2023.

**22.** (1) Section 310 of the Act is replaced by the following section:

“**310.** The amounts that a taxpayer is required to include in computing the taxpayer’s income under section 309 include those in respect of a registered retirement savings plan or a registered retirement income fund, to the extent provided for in Title IV of Book VII, those provided for in sections 935.4 to 935.6 and 935.15 to 935.17, those in respect of a first home savings account, to the extent provided for in Title IV.4 of Book VII, those in respect of a registered retirement income fund, to the extent provided for in Title V.1 of Book VII, and those provided for in sections 965.128, 968 and 968.1.”

(2) Subsection 1 has effect from 1 April 2023.

**23.** Section 330 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the amount deducted pursuant to sections 357 and 358, as they apply in respect of a disposition made before 13 November 1981, in computing the taxpayer’s income for the preceding taxation year;”.

**24.** (1) Section 336.0.8 of the Act is amended by replacing “Chapter I or II” by “any of Chapters I, II and VI”.

(2) Subsection 1 has effect from 1 January 2023.

**25.** (1) Section 339 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) any amount that is deductible under Title IV or IV.4 of Book VII or section 965.0.16.1 in computing the taxpayer’s income for the year;”.

(2) Subsection 1 has effect from 1 April 2023.

**26.** Section 344 of the Act is amended by replacing subparagraph iii of paragraph *a* by the following subparagraph:

“iii. the excess of the amount included in computing the individual’s income for the year under section 330 or 331, as the latter section applies in respect of a disposition made before 31 December 1984, over the aggregate of the amounts deducted in that computation under sections 333.1 and 362 to 418.12, section 88.4 of the Act respecting the application of the Taxation Act (chapter I-4) and sections 357 and 358, as they apply in respect of a disposition made before 13 November 1981;”.

**27.** (1) Section 359.2 of the Act is amended, in the first paragraph,

(1) by replacing subparagraph *a* by the following subparagraph:

“(a) the assistance that the corporation has received, is entitled to receive, or may reasonably expect to receive at any time, and that can reasonably be related to the specified expenses or to Canadian exploration activities to which the specified expenses relate, other than assistance that can reasonably be related to expenses referred to in any of subparagraphs *b* to *b.2*;”;

(2) by inserting the following subparagraph after subparagraph *b.1*:

“(b.2) if the agreement is entered into after 31 March 2023, all specified expenses that are not described in subparagraph *b* or *b.1* and that would be Canadian exploration expenses if

i. section 395 were read without reference to its paragraph *c.2*, and

ii. the definition of “mineral resource” in section 1 were read as follows:

““mineral resource” means a coal deposit, a bituminous sands deposit or an oil shale deposit;” and”.

(2) Subsection 1 applies in respect of a flow-through share agreement entered into after 31 March 2023.

**28.** (1) Section 359.4 of the Act is amended, in the first paragraph,

(1) by replacing subparagraph *a* by the following subparagraph:

“(a) the assistance that the corporation has received, is entitled to receive, or may reasonably expect to receive at any time, and that can reasonably be related to the specified expenses or to Canadian development activities to which the specified expenses relate, other than assistance that can reasonably be related to expenses referred to in any of subparagraphs *b* to *b.2*;”;

(2) by inserting the following subparagraph after subparagraph *b.1*:

“(b.2) if the agreement is entered into after 31 March 2023, all specified expenses that are not described in subparagraph *b* or *b.1* and that would be Canadian development expenses if the definition of “mineral resource” in section 1 were read as follows:

““mineral resource” means a coal deposit, a bituminous sands deposit or an oil shale deposit;” and”.

(2) Subsection 1 applies in respect of a flow-through share agreement entered into after 31 March 2023.

**29.** Section 375 of the Act is replaced by the following section:

“**375.** Sections 330 to 333, 368, 371, 374, 395 to 418.12 and 418.16 to 418.36 do not apply in computing the income for a taxation year of a taxpayer, other than a development corporation, if the business of such taxpayer includes trading or dealing in rights, licences or privileges to explore for, drill for or take minerals, petroleum, natural gas or other related hydrocarbons.”

**30.** Section 414 of the Act is amended by inserting “, as those sections apply in respect of a disposition made before 13 November 1981,” after “section 358” in the portion of subparagraph *b* of the second paragraph before subparagraph *i*.

**31.** Section 418.15 of the Act is amended, in subparagraph *a* of the first paragraph,

(1) by inserting “, as it applies in respect of a disposition made before 13 November 1981,” after “section 357 or 358” in subparagraph *i*;

(2) by inserting “, as it applies in respect of a disposition made before 13 November 1981,” after “section 357 or 358” in subparagraph *ii*.

**32.** Section 418.20 of the Act is amended by inserting “, as those sections apply in respect of a disposition made before 13 November 1981” after “that paragraph” in subparagraph *a* of the second paragraph.

**33.** (1) Section 462.24 of the Act is amended by adding the following paragraph at the end:

“(d) as a payment of a contribution under a first home savings account.”

(2) Subsection 1 has effect from 1 April 2023.

**34.** (1) Section 467.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) by a trust governed by a retirement compensation arrangement, a registered retirement income fund, a deferred profit sharing plan, a registered pension plan, a pooled registered pension plan, an employee benefit plan, a profit sharing plan, a registered education savings plan, a registered disability savings plan, a registered retirement savings plan, a registered supplementary unemployment benefit plan, a tax-free savings account or a first home savings account;”.

(2) Subsection 1 has effect from 1 April 2023.

**35.** (1) Section 489 of the Act is amended by adding the following paragraph at the end:

“(j) an amount received under the Dental Benefit Act (Statutes of Canada, 2022, chapter 14, section 2).”

(2) Subsection 1 has effect from 17 November 2022.

**36.** Section 558 of the Act is amended by replacing subparagraph ii of paragraph *a* by the following subparagraph:

“ii. the amount by which the aggregate of the amounts each of which is in respect of any property owned by the subsidiary immediately before the winding-up and equal to the cost amount to it of the property at that time, plus its cash then on hand, exceeds the aggregate of all the debts of the subsidiary immediately before the winding-up and of the amount of each reserve deducted by the subsidiary in computing its income for the taxation year during which its property was distributed to the parent on the winding-up, other than a reserve contemplated in sections 153, 234 and 279 and sections 357 and 358, as they apply in respect of a disposition made before 13 November 1981; or”.

**37.** (1) Section 647 of the Act is amended by replacing subparagraph *a* of the third paragraph by the following subparagraph:

“(a) an amateur athlete trust, an employee trust, an employee life and health trust, a trust described in paragraph *c.4* of section 998 or a trust governed by a foreign retirement arrangement, a registered pension plan, a pooled registered pension plan, a profit sharing plan, a registered supplementary unemployment



benefit plan, a registered retirement savings plan, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan, an employee benefit plan, a registered retirement income fund, a tax-free savings account or a first home savings account;”.

(2) Subsection 1 has effect from 1 April 2023.

**38.** Section 649 of the Act is amended by replacing “paragraphes” in subparagraph iii of paragraph *d* in the French text by “alinéas”.

**39.** (1) Section 688.1 of the Act is amended by replacing “subject to subparagraph *e*” in subparagraph *c* of the first paragraph by “unless the trust is a mutual fund trust”.

(2) Subsection 1 applies to a taxation year that begins after 15 December 2021.

**40.** (1) Section 726.4.10 of the Act is amended by replacing subparagraph ii of paragraph *a* by the following subparagraph:

“ii. the aggregate of all amounts of assistance, within the meaning of paragraph *c.0.1* of section 359, which a person, including a partnership, has received, is entitled to receive or becomes, at any time, entitled to receive in respect of an expense referred to in subparagraph *i*, to the extent that the assistance has not reduced the Canadian exploration expenses of the individual by reason of subparagraph *a* of the first paragraph of section 359.2, or, by reason of paragraph *a* of section 359.2.1, the Canadian development expenses deemed to be Canadian exploration expenses of the individual and is not an amount received, receivable or that became, at any time, entitled to be received under subsection 5 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of a flow-through mining expenditure or a flow-through critical mineral mining expenditure, within the meaning assigned to those expressions by subsection 9 of that section 127; and”.

(2) Subsection 1 applies in respect of an amount received, receivable or entitled to be received after 7 April 2022.

**41.** (1) Section 726.4.12 of the Act is amended by inserting the following paragraph after paragraph *d*:

“(d.1) expenses (other than Canadian exploration expenses renounced by a corporation, under section 359.2, in respect of a share) that are incurred after 31 March 2023 and that would be Canadian exploration expenses if the definition of “mineral resource” in section 1 were read as follows:

““mineral resource” means a coal deposit, a bituminous sands deposit or an oil shale deposit;” or”.

(2) Subsection 1 has effect from 1 April 2023.

**42.** (1) The heading of Title VI.3.2.1 of Book IV of Part I of the Act is replaced by the following heading:

“ADDITIONAL DEDUCTION IN RESPECT OF CERTAIN SURFACE MINING EXPLORATION EXPENSES INCURRED IN QUÉBEC”.

(2) Subsection 1 has effect from 1 April 2023.

**43.** (1) Section 726.4.17.1 of the Act is amended by striking out “or oil and gas”.

(2) Subsection 1 has effect from 1 April 2023.

**44.** (1) Section 726.4.17.2 of the Act is amended

(1) by replacing the portion before paragraph *a* by the following:

“**726.4.17.2.** In this Title, the exploration base relating to certain Québec surface mining exploration expenses of an individual, at any time, means an amount equal to the amount by which the amount computed under section 726.4.17.3 is exceeded by 33 1/3% of the amount by which”;

(2) by replacing paragraph *b* by the following paragraph:

“(b) the aggregate of all amounts of assistance, within the meaning of paragraph *c.0.1* of section 359, which a person, including a partnership, has received, is entitled to receive or becomes, at any time, entitled to receive in respect of an expense referred to in paragraph *a*, to the extent that the assistance has not reduced the Canadian exploration expenses of the individual by reason of subparagraph *a* of the first paragraph of section 359.2 and is not an amount received, receivable or that became, at any time, entitled to be received under subsection 5 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of a flow-through mining expenditure or a flow-through critical mineral mining expenditure, within the meaning assigned to those expressions by subsection 9 of that section 127.”

(2) Paragraph 1 of subsection 1 has effect from 1 April 2023.

(3) Paragraph 2 of subsection 1 applies in respect of an amount received, receivable or entitled to be received after 7 April 2022.

**45.** (1) Section 726.4.17.3 of the Act is amended by striking out “or oil and gas” in paragraph *b*.

(2) Subsection 1 has effect from 1 April 2023.

**46.** (1) Section 726.4.17.4 of the Act is amended by adding the following paragraph at the end:

“(e) expenses (other than Canadian exploration expenses renounced by a corporation, under section 359.2, in respect of a share) that are incurred after 31 March 2023 and that would be Canadian exploration expenses if the definition of “mineral resource” in section 1 were read as follows:

““mineral resource” means a coal deposit, a bituminous sands deposit or an oil shale deposit;”.

(2) Subsection 1 has effect from 1 April 2023.

**47.** (1) Section 726.38 of the Act is amended by replacing “\$15,000,000” in the definition of “qualified corporation” by “\$50,000,000”.

(2) Subsection 1 applies to a taxation year that begins after 6 April 2022.

**48.** (1) Section 750 of the Act is amended by replacing paragraphs *a* to *d* by the following paragraphs:

“(a) 14% of the lesser of \$49,275 and the individual’s taxable income for that year;

“(b) 19% of the amount by which the lesser of \$98,540 and the individual’s taxable income for that year exceeds \$49,275;

“(c) 24% of the amount by which the lesser of \$119,910 and the individual’s taxable income for that year exceeds \$98,540; and

“(d) 25.75% of the amount by which the individual’s taxable income for that year exceeds \$119,910.”

(2) Subsection 1 applies from the taxation year 2023.

(3) In addition, in applying section 1026 of the Act for the purpose of computing the amount of a payment that an individual is required to make for the taxation year 2023, and in applying section 1038 of the Act for the purpose of computing the interest, if any, that the individual is required to pay under that section in respect of that payment, the individual’s estimated tax or tax payable, as the case may be, must, in respect of a payment that the individual is required to make on or before 15 March 2023, be determined without reference to this section and sections 49, 50, 52, 59 and 60 of this Act.

**49.** (1) Section 750.1 of the Act is amended by replacing the second paragraph by the following paragraph:

“The percentage to which sections 752.0.0.1, 752.0.1, 752.0.7.4, 752.0.14, 776.41.14 and 1015.3 refer is

(a) 15%, where the taxation year is subsequent to the year 2016 and precedes the year 2023; and

(b) 14%, where the taxation year is the year 2023 or a subsequent year.”

(2) Subsection 1 applies from the taxation year 2023.

**50.** (1) Section 750.2 of the Act is amended, in the fourth paragraph,

(1) by replacing subparagraph *a* by the following subparagraph:

“(a) the amounts of \$49,275, \$98,540 and \$119,910, wherever they are mentioned in section 750;”;

(2) by replacing subparagraph *c* by the following subparagraph:

“(c) the amounts of \$3,537 and \$5,154 mentioned in section 752.0.1;”;

(3) by replacing subparagraph *g* by the following subparagraph:

“(g) the amounts of \$12,638 and \$3,537, wherever they are mentioned in section 776.41.14.”

(2) Subsection 1 applies from the taxation year 2024.

(3) In addition, where section 750.2 of the Act applies to the taxation year 2023, it is to be read without reference to subparagraphs *a*, *c* and *g* of its fourth paragraph.

**51.** (1) Section 752.0.0.4 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) A is

i. where the year is the taxation year 2023, \$17,183, or

ii. where the year is a taxation year subsequent to the year 2023, the amount determined under the third paragraph of section 1015.3 that is applicable for the subsequent taxation year;”.

(2) Subsection 1 applies from the taxation year 2023.

**52.** (1) Section 752.0.1 of the Act is amended

(1) by replacing “\$2,861” in paragraph *d* by “\$3,537”;

(2) by replacing “\$4,168” in the portion of paragraph *f* before subparagraph *i* by “\$5,154”.

(2) Subsection 1 applies from the taxation year 2023.

**53.** (1) Section 752.0.10.0.9 of the Act is amended by replacing “\$5,000” in the first paragraph by “\$10,000”.

(2) Subsection 1 applies from the taxation year 2022.

**54.** (1) Section 752.0.10.0.10 of the Act is amended by replacing “\$5,000” in the first paragraph by “\$10,000”.

(2) Subsection 1 applies from the taxation year 2022.

**55.** (1) Section 752.0.11.1 of the Act is amended by adding the following paragraph at the end:

“(x) to a fertility clinic or donor bank, in Canada, as a fee or other amount payable to obtain sperm or ova to enable the conception of a child by the individual referred to in section 752.0.11, the individual’s spouse or a surrogate mother on behalf of the individual.”

(2) Subsection 1 applies from the taxation year 2022.

**56.** (1) The Act is amended by inserting the following section after section 752.0.11.1.4:

**“752.0.11.1.5.** For the purposes of subparagraph *b* of the second paragraph of section 752.0.11, amounts are deemed, subject to section 752.0.11.1.3, to be medical expenses described in section 752.0.11.1, if the amounts

(a) are paid by the individual or the individual’s spouse;

(b) are

i. expenditures described in any of sections 2 to 4 of the Reimbursement Related to Assisted Human Reproduction Regulations made under the Assisted Human Reproduction Act (Statutes of Canada, 2004, chapter 2), or

ii. paid in respect of a surrogate mother or donor and would be expenditures described in subparagraph i if they were paid to the surrogate mother or donor;

(c) would be medical expenses described in section 752.0.11.1 if they were paid in respect of a good or service provided to the individual or the individual’s spouse;

(d) are expenses incurred in Canada; and

(e) are paid for the purpose of the individual becoming a father or mother.”

(2) Subsection 1 applies from the taxation year 2022.

**57.** (1) Section 752.0.12 of the Act is amended by replacing “in paragraph *o.6*” by “in paragraph *o.6* or *x*”.

(2) Subsection 1 applies from the taxation year 2022.

**58.** (1) Section 771.2.1.8 of the Act is amended by replacing the formula in subparagraph *a* of the first paragraph by the following formula:

“ $A \times [(B - \$10,000,000)/\$40,000,000]$ ”.

(2) Subsection 1 applies to a taxation year that begins after 6 April 2022.

**59.** (1) Section 776.41.14 of the Act is amended

(1) by replacing subparagraphs *i* and *ii* of subparagraph *a* of the second paragraph by the following subparagraphs:

“*i.* \$12,638, if the eligible student began in the year at least two recognized terms of study, or

“*ii.* the amount by which \$12,638 exceeds \$3,537, if the eligible student began in the year only one recognized term of study;”;

(2) by replacing, in the third paragraph, subparagraphs *i* and *ii* of subparagraph *a* of the second paragraph of that section 776.41.14, enacted by that third paragraph, by the following subparagraphs:

“*i.* \$3,537 in respect of each recognized term of study, without exceeding two, that the eligible student began in the year, and

“*ii.* the proportion that the number of months in the year following the month in which the eligible student reaches 18 years of age is of 12, multiplied by the amount by which \$12,638 exceeds the amount obtained by multiplying \$3,537 by 2;”.

(2) Subsection 1 applies from the taxation year 2023.

**60.** (1) Section 776.46 of the Act is amended, in subparagraph *a* of the second paragraph,

(1) by replacing subparagraph *v* by the following subparagraph:

“*v.* 15%, where the taxation year is subsequent to the year 2016 and precedes the year 2023, and”;

(2) by adding the following subparagraph at the end:

“*vi.* 14%, where the taxation year is the year 2023 or a subsequent year;”.

(2) Subsection 1 applies from the taxation year 2023.

**61.** (1) Section 785.0.1 of the Act is amended by inserting the following subparagraph after subparagraph iii.2 of paragraph *a* of the definition of “excluded right or interest”:

“iii.3. a first home savings account.”

(2) Subsection 1 has effect from 1 April 2023.

**62.** (1) Section 785.5 of the Act is amended by adding the following paragraph at the end:

“(m) for the purpose of applying section 1120.0.0.2 to a mutual fund trust for a taxation year that includes the transfer time, the following amounts are to be determined as if the taxation year ended immediately before the transfer time:

i. where subparagraph *a* of the first paragraph of section 1120.0.0.2 applies, the amounts determined under subparagraphs *b* to *d* of the second paragraph of that section, and

ii. where subparagraph *b* of the first paragraph of section 1120.0.0.2 applies,

(1) the amounts determined under subparagraphs *b* and *c* of the second paragraph of that section, for the purposes of subparagraph i of subparagraph *b* of the first paragraph of that section,

(2) the amounts determined under subparagraphs *c* to *f* of the second paragraph of that section, for the purposes of subparagraph 3 of subparagraph i of subparagraph *b* of the first paragraph of that section, and

(3) the amounts determined under subparagraphs *c*, *f* and *g* of the second paragraph of that section, for the purposes of subparagraph ii of subparagraph *b* of the first paragraph of that section.”

(2) Subsection 1 applies to a taxation year that begins after 15 December 2021.

**63.** Section 796.1 of the Act is amended by replacing “paragraphes” in subparagraph iii of paragraph *g* of the definition of “fiducie admissible” in the French text by “alinéas”.

**64.** (1) Section 832.3 of the Act is amended, in the second paragraph,

(1) by replacing subparagraph *f* by the following subparagraph:

“(f) for the purpose of determining the income of the transferor and the transferee for their taxation years following their particular taxation years that ended immediately before the time referred to in subparagraph *a* of the first

paragraph, the amounts deducted by the transferor as reserves under sections 140, 140.1 and 140.2, the second paragraph of section 152 and paragraph *a* of section 840 in its particular taxation year in respect of the transferred property referred to in subparagraph *b* of the first paragraph or the obligations referred to in subparagraph *c* of that paragraph, are deemed to have been deducted by the transferee, and not the transferor, for its particular taxation year;”;

(2) by replacing subparagraph *h* by the following subparagraph:

“(h) for the purposes of this section and section 832.5, the fair market value of consideration received by the transferor from the transferee in respect of the assumption or reinsurance of a particular obligation referred to in subparagraph *c* of the first paragraph is deemed to be equal to the aggregate of the amounts deducted by the transferor as reserves under the second paragraph of section 152 and paragraph *a* of section 840 in its taxation year that ended immediately before the time referred to in subparagraph *a* of the first paragraph in respect of the particular obligation; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**65.** (1) Section 832.6 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) for the purposes of paragraphs *d*, *d.1* and *e* of section 87, sections 818 and 825 and paragraph *a* of section 844, the insurer is deemed to have carried on the insurance business in Canada in the preceding taxation year referred to in paragraph *a* and to have deducted, in computing its income for that year, the maximum amounts to which it would have been entitled under sections 140, 140.1 and 140.2, the second paragraph of section 152 and paragraph *a* of section 840;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**66.** (1) Section 832.7 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**832.7.** Where, at any time in a taxation year, an insurer (in this section referred to as the “vendor”) has disposed of all or substantially all of an insurance business carried on by it in Canada, or of a line of business of such a business, to a person (in this section referred to as the “purchaser”) and obligations in respect of the business or line of business, as the case may be, in respect of which a reserve may be claimed under the second paragraph of section 152 or paragraph *a* of section 840 were assumed by the purchaser, the following rules apply:”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.



**67.** (1) The heading of Chapter III of Title V of Book VI of Part I of the Act is replaced by the following heading:

“RULES APPLICABLE TO INSURANCE CORPORATIONS”.

(2) Subsection 1 has effect from 1 January 2023.

**68.** (1) Section 835 of the Act is amended

(1) by replacing subparagraph *b* of the first paragraph by the following subparagraph:

“(b) “segregated fund” means a specified group of property that is reported to the Superintendent of Financial Institutions as a segregated fund and whose fair market value causes all or part of an insurer’s reserves to vary with respect to any life insurance policy;”;

(2) by replacing subparagraphs *m* to *q* of the first paragraph by the following subparagraphs:

“(m) “base year” of an insurer means the insurer’s taxation year that precedes its transition year;

“(n) “transition year” of an insurer means the insurer’s first taxation year that begins after 31 December 2022;

“(o) “reserve transition amount” of an insurer, in respect of an insurance business carried on by it in its transition year, is the positive or negative amount determined by the formula

$$A + B - C - D - E - F + G + H;$$

“(p) “deposit accounting insurance policy” means an insurance policy of an insurer that, according to International Financial Reporting Standards, is not an insurance contract for a taxation year of the insurer;

“(q) “excluded policy” means an insurance policy of an insurer that would be a deposit accounting insurance policy for the insurer’s base year if International Financial Reporting Standards applied for that base year;”;

(3) by adding the following subparagraphs at the end of the first paragraph:

“(u) “group of insurance contracts” of an insurer means a group of insurance contracts of the insurer that is determined in accordance with International Financial Reporting Standards and that is a group for the purpose of determining an amount of the insurer that is reported as at the end of the insurer’s taxation year and includes a group of insurance contracts that include reinsurance contracts under which the insurer has assumed reinsurance risk;

“(v) “group of life insurance contracts” of an insurer means a group of life insurance contracts of the insurer that is determined in accordance with International Financial Reporting Standards and that is a group for the purpose of determining an amount of the insurer that is reported as at the end of the insurer’s taxation year and includes a group of life insurance contracts that include reinsurance contracts under which the insurer has assumed reinsurance risk;

“(w) “group of life insurance contracts in Canada” of an insurer means a group of life insurance contracts of the insurer that includes only life insurance contracts issued or effected by the insurer on the life of a person resident in Canada at the time the contract was issued or effected;

“(x) “group of reinsurance contracts” means a group of reinsurance contracts held by an insurer that is determined in accordance with International Financial Reporting Standards and that is a group for the purpose of determining an amount of the insurer that is reported as at the end of the insurer’s taxation year;

“(y) “group of segregated fund policies” of an insurer means a group of insurance contracts of the insurer that includes only segregated fund policies within the meaning of subparagraph g;

“(z) “contractual service margin” for a group of insurance contracts of an insurer, or a group of reinsurance contracts held by an insurer, at the end of a taxation year means the greater of

i. the positive or negative amount of the contractual service margin for the group that would be reported as at the end of the taxation year in respect of the group if the amount were determined without reference to amounts described in subparagraphs 1 to 3 of subparagraph i of subparagraph z.3, and

ii. the positive or negative amount of the contractual service margin for the group that would be determined at the end of the taxation year in respect of the group in accordance with International Financial Reporting Standards using reasonable assumptions in the circumstances if the amount were determined without reference to amounts described in subparagraphs 1 to 3 of subparagraph i of subparagraph z.3;

“(z.1) “reinsurance contract held amount” for a group of reinsurance contracts held by an insurer at the end of a taxation year means the lesser of

i. the positive or negative amount of the reinsurance contract held asset for the group that would be reported as at the end of the taxation year if the amount were determined without reference to amounts described in subparagraphs 1 to 3 of subparagraph i of subparagraph z.3, and

ii. the positive or negative amount of the reinsurance contract held asset for the group that would be determined at the end of the taxation year in accordance with International Financial Reporting Standards using reasonable assumptions in the circumstances if the amount were determined without reference to amounts described in subparagraphs 1 to 3 of subparagraph i of subparagraph z.3;

“(z.2) “policyholders’ liabilities” of an insurer as at the end of a taxation year means the amount reported as policyholders’ liabilities as at the end of the year;

“(z.3) “liability for remaining coverage” for a group of insurance contracts of an insurer at the end of a taxation year means the lesser of

i. the positive or negative amount of the liability for remaining coverage for the group that would be reported as at the end of the taxation year if the amount were determined without reference to

(1) projected income or capital taxes (other than the tax payable under Part XII.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)), taxes on premiums that are not deductible under this Part, amounts not deductible after the taxation year in computing income under this Part and cash flows in respect of funds withheld arrangements,

(2) amounts payable that are deductible for the taxation year, or a previous taxation year, in computing income under this Part, and

(3) amounts receivable to the extent that they have been included for the taxation year, or a previous taxation year, in computing income under this Part, and

ii. the positive or negative amount of the liability for remaining coverage for the group that would be determined at the end of the taxation year in accordance with International Financial Reporting Standards using reasonable assumptions in the circumstances if the amount were determined without reference to amounts described in subparagraphs 1 to 3 of subparagraph i;

“(z.4) “liability for incurred claims” for a group of insurance contracts of an insurer at the end of a taxation year means the lesser of

i. the positive or negative amount of the liability for incurred claims for the group that would be reported as at the end of the taxation year if the amount were determined without reference to amounts described in subparagraphs 1 to 3 of subparagraph i of subparagraph z.3, and

ii. the positive or negative amount of the liability for incurred claims for the group that would be determined at the end of the taxation year in accordance with International Financial Reporting Standards using reasonable assumptions in the circumstances if the amount were determined without reference to amounts described in subparagraphs 1 to 3 of subparagraph i of subparagraph z.3; and

“(z.5) “Superintendent of Financial Institutions” in respect of an insurer means

i. the Superintendent of Financial Institutions of Canada, where the insurer is required by law to report to the Superintendent, or

ii. in any other case, where the insurer is incorporated under the laws of Québec, the Autorité des marchés financiers, or where the insurer is incorporated under the laws of another province, the superintendent of insurance or other similar agent or authority of the other province.”;

(4) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) A is the maximum amount that the insurer could deduct under paragraph *a* of section 840 for its base year as a reserve in respect of its groups of life insurance contracts in Canada at the end of the base year if

i. the International Financial Reporting Standards that applied to the insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

ii. the regulations made under paragraph *a* of section 840, as they read for the insurer’s transition year, applied to its base year;

“(b) B is the maximum amount that the insurer could deduct under the second paragraph of section 152 for its base year as a reserve in respect of its groups of insurance contracts at the end of the base year if

i. the International Financial Reporting Standards that applied to the insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

ii. the regulations made under the second paragraph of section 152, as they read for the insurer’s transition year, applied to its base year;”;

(5) by adding the following subparagraphs at the end of the second paragraph:

“(c) C is the maximum amount that the insurer may deduct under paragraphs *a* and *a.1* of section 840 (as they read in their application to a taxation year that begins before 1 January 2023) as a reserve for its base year;

“(d) D is the maximum amount that the insurer may deduct under the second paragraph of section 152 as a reserve for its base year;

“(e) E is the amount that would be included under paragraph *a.1* of section 844 in computing the insurer’s income for its base year in respect of its groups of life insurance contracts in Canada at the end of the base year if

i. the International Financial Reporting Standards that applied to the insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

ii. the regulations made under paragraph *a* of section 840, as they read for the insurer's transition year, applied to its base year;

“(f) F is the amount that would be included under paragraph *e.1* of section 87 in computing the insurer's income for its base year if

i. the International Financial Reporting Standards that applied to the insurer in valuing its assets and liabilities for its transition year had applied to it for its base year, and

ii. the regulations made under the second paragraph of section 152, as they read for the insurer's transition year, applied to its base year;

“(g) G is the amount included under paragraph *a.1* of section 844 (as it read in its application to a taxation year that begins before 1 January 2023) in computing the insurer's income for its base year in respect of its life insurance policies; and

“(h) H is the amount included under paragraph *e.1* of section 87 in computing the insurer's income for its base year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**69.** (1) The Act is amended by inserting the following sections after section 835:

**“835.1.** For the purpose of determining the amount of the contractual service margin, liability for incurred claims and liability for remaining coverage for a group of insurance contracts of an insurer, the following rules apply:

(a) where the amount is reported as a liability, the amount is expressed as a positive number; and

(b) where the amount is reported as an asset, the amount is expressed as a negative number.

For the purpose of determining the amount of the contractual service margin and reinsurance contract held amount for a group of reinsurance contracts held by an insurer, the following rules apply:

(a) where the amount is reported as an asset, the amount is expressed as a positive number; and

(b) where the amount is reported as a liability, the amount is expressed as a negative number.

**“835.2.** For the purposes of this Title, except as otherwise provided, “International Financial Reporting Standards” means the International Financial Reporting Standards (IFRS) adopted by the Accounting Standards Board that are effective for the taxation years that begin after 31 December 2022.

**“835.3.** For the purposes of this chapter, Chapter IV, Chapter IV of Title XVI of the Regulation respecting the Taxation Act (chapter I-3, r. 1) and Title XXXII of that Regulation, a reference to an amount that is reported, or that would be reported, of an insurer as at the end of a taxation year means

(a) where the insurer is the Canada Mortgage and Housing Corporation or a foreign affiliate of a taxpayer resident in Canada, an amount that is reported, or that would be reported, in the insurer’s financial statements for the year if those financial statements were prepared in accordance with International Financial Reporting Standards;

(b) where the insurer is required to report to the Superintendent of Financial Institutions at the end of the year and paragraph *a* does not apply to the insurer, an amount that is reported, or that would be reported, in the insurer’s non-consolidated balance sheet for the year accepted by the Superintendent of Financial Institutions;

(c) where the insurer is, throughout the year, subject to the supervision of the Superintendent of Financial Institutions and paragraphs *a* and *b* do not apply to the insurer, an amount that is reported, or that would be reported, in a non-consolidated balance sheet for the year that is prepared in a manner consistent with the requirements that would have applied had the insurer been required to report to the Superintendent of Financial Institutions at the end of the year; or

(d) in any other case, nil.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**70.** (1) Section 838.1 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) for the purposes of paragraphs *d* to *e* of section 87, sections 818 and 825 and paragraph *a* of section 844, if, in the taxation year immediately preceding the particular taxation year, the designated foreign insurance business was not a designated foreign insurance business, the life insurer is deemed to have carried on the business in Canada in that preceding taxation year and to have deducted, in computing its income for that year, the maximum amounts to which it would have been entitled under sections 140, 140.1 and 140.2, the second paragraph of section 152 and paragraph *a* of section 840 in respect of the specified Canadian risks referred to in paragraph *a* if the designated foreign insurance business had been a designated foreign insurance business in that preceding taxation year; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**71.** (1) Section 840 of the Act is amended

(1) by replacing paragraph *a* by the following paragraph:

“(a) any amount that the insurer claims as a policy reserve for the year in respect of its groups of life insurance contracts in Canada at the end of the year, not exceeding the aggregate of amounts that the insurer is allowed by regulation to deduct in respect of those groups; and”;

(2) by striking out paragraph *a.1*.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**72.** (1) Section 844 of the Act is amended by replacing paragraphs *a* and *a.1* by the following paragraphs:

“(a) the aggregate of all amounts each of which is an amount that the insurer has deducted under paragraph *a* of section 840 as a reserve in computing its income for the preceding taxation year;

“(a.1) the amount prescribed in respect of the insurer for the year in respect of its groups of life insurance contracts in Canada at the end of the year; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**73.** (1) Sections 844.6 and 844.7 of the Act are replaced by the following sections:

“**844.6.** There must be included in computing an insurer’s income for its transition year from an insurance business carried on by it in the transition year the positive amount, if any, of the insurer’s reserve transition amount in respect of that insurance business.

“**844.7.** If an insurer’s reserve transition amount in respect of an insurance business carried on by it is negative, the reserve transition amount, expressed as a positive amount, must be deducted in computing the insurer’s income for its transition year from the insurance business.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**74.** (1) Section 844.8 of the Act is amended

(1) by replacing the portion before the formula in the first paragraph by the following:

“**844.8.** If an amount has been included under section 844.6 in computing an insurer’s income for its transition year from an insurance business carried on by it, there must be deducted in computing the insurer’s income, for each

particular taxation year of the insurer that ends after the beginning of the transition year, from that insurance business, the amount determined by the formula”;

(2) by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) A is the amount included under section 844.6 in computing the insurer’s income for its transition year from that insurance business; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**75.** (1) Section 844.9 of the Act is amended

(1) by replacing the portion before the formula in the first paragraph by the following:

“**844.9.** If an amount has been deducted under section 844.7 in computing an insurer’s income for its transition year from an insurance business carried on by it, there must be included in computing the insurer’s income, for each particular taxation year of the insurer that ends after the beginning of the transition year, from that insurance business, the amount determined by the formula”;

(2) by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) A is the amount deducted under section 844.7 in computing the insurer’s income for its transition year from that insurance business; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**76.** (1) Section 844.9.1 of the Act is replaced by the following section:

“**844.9.1.** In applying sections 844.8 and 844.9 to an insurer for a taxation year in respect of the International Financial Reporting Standards, the following rules apply:

(a) subparagraph *c* of the second paragraph of section 835 is to be read as follows:

“(c) C is the maximum amount that the insurer could deduct under paragraphs *a* and *a.1* of section 840 (as they read in their application to a taxation year that begins before 1 January 2023) as a reserve for its base year if no account were taken of the insurer’s excluded policies;”;



(b) subparagraph *d* of the second paragraph of section 835 is to be read as follows:

“(d) *D* is the amount by which the amount of policy acquisition costs of the insurer that is not deductible in computing the insurer’s income for the year but that, in the absence of subsection 4 of section 175.1 (as it read for the insurer’s base year), would have been deductible in the insurer’s base year or a preceding taxation year is exceeded by the maximum amount that the insurer could deduct under the second paragraph of section 152 as a reserve if no account were taken of the insurer’s excluded policies;”;

(c) subparagraph *g* of the second paragraph of section 835 is to be read as follows:

“(g) *G* is the amount included under paragraph *a.1* of section 844 (as it read in its application to a taxation year that begins before 1 January 2023) in computing the insurer’s income for its base year in respect of its life insurance policies other than excluded policies; and”;

(d) the amount referred to in subparagraph *h* of the second paragraph of section 835 must be determined without reference to excluded policies.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**77.** (1) Section 844.10 of the Act is amended by replacing all occurrences of “a life” and “the life” by “an” and “the”, respectively.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**78.** (1) Section 844.11 of the Act is amended

(1) by replacing the portion before paragraph *a* by the following:

**“844.11.** The rules in section 844.12 apply if, at any time, an insurer (in this section and section 844.12 referred to as the “transferor”) transfers, to a corporation (in this section and section 844.12 referred to as the “transferee”) that is related to the transferor, property in respect of an insurance business carried on by the transferor (in this section and section 844.12 referred to as the “transferred business”) and”;

(2) by replacing “a life” in paragraph *b* by “an”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**79.** (1) Section 844.12 of the Act is amended by replacing both occurrences of “a life” in subparagraph iii of paragraph *a* by “an”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**80.** (1) Section 844.13 of the Act is amended by replacing all occurrences of “a life” and “the life” in the first paragraph and subparagraphs *a* to *d* of the second paragraph by “an” and “the”, respectively.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**81.** (1) Section 844.14 of the Act is amended by replacing all occurrences of “a life” and “the life” by “an” and “the”, respectively.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**82.** (1) Section 844.15 of the Act is repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**83.** (1) Section 851.1 of the Act is replaced by the following section:

**“851.1.** For the purposes of this Part, the rules provided in this chapter apply where all or any portion of an insurer’s reserves in respect of life insurance policies vary depending on the fair market value of a specified group of properties that is reported as a segregated fund to the Superintendent of Financial Institutions.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**84.** (1) Section 851.19 of the Act is replaced by the following section:

**“851.19.** Divisions I, II and IV and sections 851.11 to 851.18 do not apply to the holder of a segregated fund policy that is issued or effected as or under a registered retirement savings plan, registered retirement income fund, tax-free savings account or first home savings account or that is issued under a registered pension plan or pooled registered pension plan.”

(2) Subsection 1 has effect from 1 April 2023.

**85.** (1) Section 851.22.1 of the Act is amended by replacing “30 September 2006” in the definition of “transition year” in the first paragraph by “31 December 2022”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**86.** (1) Section 851.22.22.1 of the Act is amended by replacing “a financial institution” by “an insurer”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**87.** (1) Section 851.22.22.2 of the Act is amended by replacing “a financial institution” by “an insurer”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**88.** (1) Section 851.22.22.3 of the Act is amended by replacing “a financial institution” in the portion before the formula in the first paragraph by “an insurer”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**89.** (1) Section 851.22.22.4 of the Act is amended by replacing “a financial institution” in the portion before the formula in the first paragraph by “an insurer”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**90.** (1) Section 851.22.22.5 of the Act is amended by replacing all occurrences of “a financial institution” in the portion before paragraph *a* and in subparagraph iii of paragraph *a* by “an insurer”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**91.** (1) Section 851.22.22.6 of the Act is amended by replacing “a financial institution” in paragraph *b* by “an insurer”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**92.** (1) Section 851.22.22.7 of the Act is amended by replacing both occurrences of “a financial institution” in subparagraph iii of paragraph *a* by “an insurer”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**93.** (1) Section 851.22.22.8 of the Act is repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**94.** (1) Section 851.22.22.9 of the Act is amended by replacing “a financial institution” in the portion before subparagraph *a* of the first paragraph by “an insurer”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**95.** (1) Section 851.22.22.10 of the Act is replaced by the following section:

**“851.22.22.10.** If a taxpayer ceases to exist (otherwise than as a result of an amalgamation within the meaning of subsections 1 and 2 of section 544 or a winding-up to which section 556 applies), for the purposes of section 851.22.22.9, the taxpayer is deemed to have ceased to be an insurer at the time (determined without reference to this section) at which the taxpayer

ceased to be an insurer or, if it is earlier, the time that is immediately before the end of the last taxation year of the taxpayer that ended at or before the time at which the taxpayer ceased to exist.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**96.** (1) The Act is amended by inserting the following section after section 851.22.22.10:

**“851.22.22.11.** The rules set out in the second paragraph apply to a taxpayer for a particular taxation year of the taxpayer where

(a) the taxpayer holds a transition property in the particular taxation year;

(b) the property was a mark-to-market property of the taxpayer for the taxation year preceding the particular taxation year; and

(c) the property is not a mark-to-market property of the taxpayer for the particular taxation year.

The rules to which the first paragraph refers are as follows:

(a) the taxpayer is deemed to have ceased to be an insurer at the particular time that is the beginning of the particular taxation year; and

(b) the taxation year ending immediately before the taxpayer’s particular taxation year is deemed to end at the time that is immediately before the particular time.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**97.** (1) Section 913 of the Act is replaced by the following section:

**“913.** The rules set out in the second paragraph apply where a registered retirement savings plan is revised or amended at any time to provide for the payment or transfer, before the date provided for the first payment of benefits, of any property under the plan by the issuer on behalf of the annuitant under the plan (in this section referred to as the “transferor”),

(a) to a registered pension plan for the benefit of the transferor or to a registered retirement savings plan or registered retirement income fund under which the transferor is the annuitant;

(b) to a licensed annuities provider to acquire an advanced life deferred annuity for the benefit of the transferor;

(c) to a registered retirement savings plan or registered retirement income fund under which the transferor’s spouse or former spouse is the annuitant, where the transferor and the transferor’s spouse or former spouse are living

separate and apart and the payment or transfer is made under a decree, order or judgment of a competent tribunal, or under a written separation agreement, relating to a partition of property between the transferor and the transferor's spouse or former spouse in settlement of rights arising out of, or on the breakdown of, their marriage; or

(d) to a first home savings account for the benefit of the transferor, provided that section 931.1 would not apply in respect of an amount, in respect of the property, if the property were received by the transferor as a benefit out of or under the registered retirement savings plan.

The rules to which the first paragraph refers are as follows:

(a) the amount paid or transferred on behalf of the transferor must not, by reason only of such payment or transfer, be included in computing the income of the transferor or the transferor's spouse or former spouse; and

(b) no deduction may be made in computing the income of any individual under Chapter III of Title II of Book III or Title IV.4 in respect of the amount so paid or transferred.”

(2) Subsection 1 has effect from 1 April 2023.

**98.** (1) The Act is amended by inserting the following Title after section 935.29:

**“TITLE IV.4**

**“TAX-FREE FIRST HOME SAVINGS ACCOUNT**

**“CHAPTER I**

**“DEFINITIONS**

**“935.30.** In this Title,

“beneficiary” under a first home savings account means an individual, including a succession, or a qualified donee that has a right to receive a distribution from the first home savings account after the death of the holder of the account;

“holder” has the meaning assigned by subsection 1 of section 146.6 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

“issuer” has the meaning assigned by subsection 1 of section 146.6 of the Income Tax Act;

“maximum participation period” of an individual means the period that

(a) begins when an individual first enters into a qualifying arrangement; and

(b) ends at the end of the calendar year following the calendar year in which the earliest of the following events occurs:

i. the 14th anniversary of the date the individual enters into the first qualifying arrangement,

ii. the individual attains 70 years of age, and

iii. the individual first makes a qualifying withdrawal from a first home savings account;

“qualifying arrangement” has the meaning assigned by subsection 1 of section 146.6 of the Income Tax Act;

“qualifying home” means

(a) a housing unit located in Canada; or

(b) a share of the capital stock of a housing cooperative, the holder of which is entitled to possession of a housing unit located in Canada;

“qualifying individual” at a particular time means an individual who

(a) is a resident of Canada;

(b) is at least 18 years of age; and

(c) did not, at any prior time in the calendar year or in the preceding four calendar years, inhabit as a principal place of residence a qualifying home (or a home that would be a qualifying home if it were located in Canada) that was owned, alone or jointly with another person, by

i. the individual, or

ii. the spouse of the individual at the particular time;

“qualifying withdrawal” has the meaning assigned by subsection 1 of section 146.6 of the Income Tax Act;

“survivor” of a qualifying individual means an individual who is, immediately before the qualifying individual’s death, the spouse of the qualifying individual.

In this Title, a reference to a qualifying home that is a share described in paragraph *b* of the definition of “qualifying home” in the first paragraph means, where the context so requires, the housing unit to which that share relates.

**“CHAPTER II****“TAX**

**“935.31.** No tax is payable under this Part by a trust that is governed by a first home savings account on its taxable income for a taxation year.

**“935.32.** Despite section 935.31, a trust governed by a first home savings account that carries on a business in a taxation year shall pay tax under this Part on the amount that would be its taxable income for the year if it had no incomes or losses from sources other than that business.

**“935.33.** Despite section 935.31, a trust governed by a first home savings account that holds, in a taxation year, a property that is a non-qualified investment (for the purposes of Part XI.01 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)) for the trust, shall pay tax under this Part on the amount that would be its taxable income for the year if it had no incomes or losses from sources other than such investments and no capital gains or capital losses other than from the disposition of such investments.

**“935.34.** For the purposes of sections 935.32 and 935.33, the following rules apply:

- (a) a trust’s income includes a dividend described in sections 501 to 503;
- (b) the trust’s taxable capital gain or allowable capital loss from the disposition of a property is equal to its capital gain or capital loss, as the case may be, from the disposition of the property; and
- (c) a trust’s income is computed without reference to paragraph *a* of section 657.

**“935.35.** Where tax is payable under this Part for a taxation year because of section 935.32 by a trust that is governed by a first home savings account that carries on a business at any time in the taxation year, the following rules apply:

- (a) the holder of the first home savings account is solidarily liable with the trust to pay each amount payable under this Act by the trust that is attributable to that business; and
- (b) the issuer’s liability at any time for amounts payable under this Act in respect of that business may not exceed the aggregate of
  - i. the amount of property of the trust that the issuer is in possession or control of at that time in its capacity as legal representative of the trust, and
  - ii. the total amount of all distributions of property from the trust on or after the date that the notice of assessment was sent in respect of the taxation year and before that time.

**“CHAPTER III****“DEDUCTION**

**“935.36.** In computing a taxpayer’s income for a taxation year, there may be deducted the amount that, by virtue of subsection 5 of section 146.6 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), is allowed as a deduction for the year in computing the taxpayer’s income for the purposes of that Act.

**“CHAPTER IV****“INCLUSION**

**“935.37.** In computing a taxpayer’s income for a taxation year, there shall be included an amount received by the taxpayer in the year out of a first home savings account of which the taxpayer is the holder, other than an amount that is

(a) a qualifying withdrawal;

(b) a designated amount, within the meaning assigned by subsection 1 of section 207.01 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); or

(c) an amount otherwise included in computing the taxpayer’s income for the year.

**“CHAPTER V****“TRANSFERS AND VARIOUS PROVISIONS**

**“935.38.** The rules set out in the second paragraph apply where an amount is transferred at a particular time from a first home savings account (in this section referred to as the “transferor account”) and the following conditions are met:

(a) the amount is transferred for the benefit of an individual who

i. is the holder of the transferor account,

ii. is a spouse or former spouse of the holder of the transferor account, where the transfer is made under a decree, order or judgment of a competent tribunal, or under a written agreement, relating to a partition of property between the holder and the individual in settlement of rights arising out of, or on the breakdown of, their marriage, or

iii. is entitled to the amount as a consequence of the death of the holder of the transferor account if the individual was the spouse of the holder of the transferor account immediately before the death;



(b) the amount is transferred directly to another first home savings account of the individual or a registered retirement savings plan or a registered retirement income fund under which the individual is the annuitant; and

(c) where the transfer is not made to another first home savings account of the holder of the transferor account, the amount does not exceed the amount by which the total fair market value, immediately before the particular time, of all property held as part of a first home savings account under which the holder of the transferor account is a holder exceeds the excess FHSA amount, within the meaning assigned by subsection 1 of section 207.01 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), of the holder of the transferor account at the particular time.

The rules to which the first paragraph refers are as follows:

(a) the amount transferred in accordance with the first paragraph must not, by reason only of such transfer, be included in computing the income of any taxpayer; and

(b) no deduction may be made in computing the income of any taxpayer in respect of the amount so transferred.

**“935.39.** Where an amount is transferred from a first home savings account (in this section referred to as the “transferor account”) to another first home savings account, a registered retirement savings plan or a registered retirement income fund and section 935.38 does not apply in respect of the amount transferred, the amount is deemed to have been paid from the transferor account for the benefit of the holder of that account.

**“935.40.** Where an amount is transferred from a first home savings account to another first home savings account, a registered retirement savings plan or a registered retirement income fund and the first paragraph of section 935.38 applies only in respect of a portion of the amount transferred, the rules set out in the second paragraph of section 935.38 apply only in respect of that portion and section 935.39 applies in respect of the difference.

**“935.41.** Where, at any time in a taxation year, a trust governed by a first home savings account uses or permits to be used any property of the trust as security for a loan, the individual who is the holder of the account at that time shall include, in computing the individual’s income for the year, the fair market value of the property at the time it commenced to be so used.

**“935.42.** Where, in a taxation year, a loan for which a trust governed by a first home savings account has used or permitted to be used trust property as security ceases to be extant and the fair market value of the property so used was included, under section 935.41, in computing the income of the individual who is the holder of the account, the individual may deduct, in computing the individual’s income for the year, the amount by which the amount so included

in computing the individual's income in consequence of the trust's using or permitting to be used the property as security for the loan exceeds the net loss sustained by the trust in consequence of such use.

The loss referred to in the first paragraph does not include payments made by the trust as interest or a change in the fair market value of the property.

**“935.43.** If the holder of a first home savings account dies and the holder's survivor is designated as the successor holder of the account, the survivor is, immediately after the time of death, deemed to have entered into a new qualifying arrangement in respect of the first home savings account unless

(a) the survivor is a qualifying individual and the balance of the first home savings account is transferred to a registered retirement savings plan or a registered retirement income fund of the survivor, or distributed to the survivor in accordance with section 935.44, by the end of the calendar year following the year of death; or

(b) the survivor is not a qualifying individual, in which case the balance of the first home savings account is to be transferred to a registered retirement savings plan or a registered retirement income fund of the survivor, or distributed to the survivor in accordance with section 935.44, by the end of the calendar year following the year of death.

**“935.44.** Where the holder of a first home savings account dies, the amount from that account that is distributed because of the death, in a taxation year, to, or for the benefit of, a beneficiary in relation to that account must be included in computing the beneficiary's income for the year.

**“935.45.** Where an amount from the first home savings account of a deceased holder is distributed at a particular time to the holder's legal representative and a survivor of the holder is entitled to all or a portion of the amount in full or partial satisfaction of the survivor's rights as a person beneficially interested under the holder's succession, the following rules apply:

(a) if a payment is made from the succession to a first home savings account, a registered retirement savings plan or a registered retirement income fund of the survivor, the payment is deemed to be a transfer from the account to the extent that

i. it is so designated jointly by the legal representative and the survivor in the prescribed form filed with the Minister, and

ii. it meets the conditions to be a transferred amount in accordance with any of sections 935.38 to 935.40;

(b) if a payment is made from the succession to the survivor, the payment is deemed for the purposes of section 935.44 to be a distribution to the survivor as a beneficiary to the extent that it is so designated jointly by the legal representative and the survivor in the prescribed form filed with the Minister; and

(c) for the purposes of section 935.44, the amount distributed to the legal representative from the first home savings account is deemed to be reduced by the amounts designated in accordance with paragraphs *a* and *b*.

**“935.46.** An arrangement ceases to qualify as a first home savings account at the time specified in paragraph *b* of subsection 16 of section 146.6 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or, if such time is not determined in accordance with that paragraph, at the earliest of the following times:

- (a) the end of the maximum participation period of the last holder;
- (b) the end of the calendar year following the year of the death of the last holder;
- (c) the time at which the arrangement ceases to be a qualifying arrangement; or
- (d) the time at which the arrangement ceases to be administered in accordance with the conditions in subsection 2 of section 146.6 of the Income Tax Act.

**“935.47.** Where an arrangement ceases at a particular time to be a first home savings account, the following rules apply:

- (a) section 935.31 does not apply to exempt the trust governed by the arrangement from tax under this Part on the taxable income of the trust earned after the particular time;
- (b) if the taxpayer who was the holder under the arrangement immediately before it ceased to be a first home savings account is not deceased at the particular time, an amount equal to the fair market value of all property of the arrangement immediately before the particular time is to be included in computing the taxpayer’s income for the taxation year that includes the particular time; and
- (c) if the last holder is deceased at the particular time, each beneficiary of the first home savings account shall include in computing his or her income, for the taxation year that includes the particular time, the proportion of the fair market value of all property of the arrangement immediately before the particular time that the beneficiary is entitled to.”

(2) Subsection 1 has effect from 1 April 2023.

**99.** (1) Section 968 of the Act is amended by replacing the second paragraph by the following paragraph:

“For the purposes of the first paragraph, a life insurance policy does not include a policy that is, or is issued pursuant to, a registered pension plan, a pooled registered pension plan, a registered retirement savings plan, a deferred profit sharing plan, a registered retirement income fund, a tax-free savings

account, a first home savings account, an income-averaging annuity contract, an income-averaging annuity contract respecting income from artistic activities, an annuity contract the cost of which is deductible by the holder under paragraph *f* of section 339 in computing the holder's income, an annuity contract that is a qualifying trust annuity in relation to a taxpayer the cost of which is deductible under that paragraph *f* in computing the taxpayer's income or an annuity contract that the holder acquired in circumstances to which subsection 21 of section 146 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applied.”

(2) Subsection 1 has effect from 1 April 2023.

**100.** (1) Section 998 of the Act is amended by inserting the following paragraph after paragraph *h.1*:

“(h.2) a trust established under a first home savings account, to the extent provided in Title IV.4 of Book VII;”.

(2) Subsection 1 has effect from 1 April 2023.

**101.** (1) Section 1006.1 of the Act is amended

(1) by replacing the first paragraph by the following paragraph:

“Where at any time, by reason of section 1079.10, the Minister ascertains the tax consequences to a taxpayer with respect to a transaction, the Minister shall, in the case of a determination pursuant to section 1079.16, or the Minister may, in any other case, determine any amount that is, or could at a subsequent time be, relevant for the purposes of computing the income, taxable income or taxable income earned in Canada of, tax or other amount payable by, or amount refundable to, the taxpayer. Where such a determination is made, the Minister shall send, with all due dispatch, a notice of determination to the taxpayer.”;

(2) by replacing the third paragraph by the following paragraph:

“Despite the first paragraph, no determination may be made by the Minister in a taxation year solely for the purposes of computing the income, taxable income or taxable income earned in Canada of, tax or other amount payable by, or amount refundable to, the taxpayer for a preceding taxation year.”

(2) Paragraph 1 of subsection 1 applies in respect of a determination made after 6 April 2022. For greater certainty and subject to the second paragraph of section 1006.1 of the Act, a determination made prior to 7 April 2022 in accordance with that section 1006.1 continues to be binding.

**102.** (1) Section 1015 of the Act is amended by adding the following subparagraph at the end of the second paragraph:

“(w) a payment out of or under

i. a first home savings account, if the amount is required in accordance with Title IV.4 of Book VII to be included in computing a taxpayer’s income, or

ii. an arrangement that ceases to be a first home savings account under section 935.46.”

(2) Subsection 1 has effect from 1 April 2023.

**103.** (1) Section 1015.3 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) where the deduction or withholding is made in respect of remuneration paid in the year 2023, but before 1 July, \$17,183 by 15%; or

“(b) where the deduction or withholding is made in respect of remuneration paid in the year 2023, but after 30 June, or in a year subsequent to the year 2023, \$17,183 by the percentage determined under section 750.1 for the year.”;

(2) by replacing the portion of the third paragraph before the formula by the following:

“Where the amount of \$17,183 to which subparagraph *b* of the second paragraph refers is to be used for a taxation year subsequent to the year 2023, it is to be adjusted annually in such a manner that the amount used for that taxation year is equal to the total of the amount used for the preceding taxation year and the product obtained by multiplying that amount so used by the factor determined by the formula”;

(3) by striking out the seventh paragraph;

(4) by adding the following paragraph at the end:

“Where this section applies in respect of remuneration paid in the taxation year 2023, it is to be read without reference to its third, fourth, fifth and sixth paragraphs.”

(2) Subsection 1 applies in respect of remuneration paid after 31 December 2022.

**104.** (1) Section 1029.6.0.6 of the Act is amended, in the fourth paragraph,

- (1) by striking out subparagraphs *b.5.0.3* and *b.7*;
- (2) by replacing “\$11,081” in subparagraph *c* by “\$12,638”.

(2) Paragraph 1 of subsection 1, where it strikes out subparagraph *b.5.0.3* of the fourth paragraph of section 1029.6.0.6 of the Act, applies from the taxation year 2022.

(3) Paragraph 1 of subsection 1, where it strikes out subparagraph *b.7* of the fourth paragraph of section 1029.6.0.6 of the Act, applies from the taxation year 2023.

(4) Paragraph 2 of subsection 1 applies from the taxation year 2024.

(5) In addition, where section 1029.6.0.6 of the Act applies to the taxation year 2023, it is to be read without reference to subparagraph *c* of its fourth paragraph.

**105.** (1) Section 1029.6.0.7 of the Act is amended

- (1) by striking out “*b.7*,” in the first paragraph;
- (2) by striking out “*b.5.0.3*,” in the second paragraph.
- (2) Paragraph 1 of subsection 1 applies from the taxation year 2023.
- (3) Paragraph 2 of subsection 1 applies from the taxation year 2022.

**106.** Section 1029.8.36.0.101 of the Act is amended by replacing “under Part I” in the portion before subparagraph *a* of the first paragraph by “under this Part”.

**107.** Section 1029.8.36.0.106.5 of the Act is amended by replacing “under Part I” in the portion before subparagraph *a* of the first paragraph by “under this Part”.

**108.** Section 1029.8.36.0.106.13 of the Act is amended by replacing “under Part I” in the portion before subparagraph *a* of the first paragraph by “under this Part”.

**109.** (1) Section 1029.8.36.59.58 of the Act is amended by inserting “or a basic income under Chapter VI of Title II of that Act” after “(chapter A-13.1.1)” in the definition of “eligible employee”.

(2) Subsection 1 applies to a taxation year of a corporation that ends after 30 December 2023, in relation to an amount paid as employer contributions in respect of a calendar year subsequent to 2022.

**110.** (1) Section 1029.8.61.36 of the Act is amended by replacing “and V” in the second paragraph by “, V and VI”.

(2) Subsection 1 has effect from 1 January 2023.

**111.** (1) Section 1029.8.61.104 of the Act is amended

(1) by replacing “\$411” in subparagraphs i and ii of subparagraph *a* of the second paragraph by “\$2,000”;

(2) by replacing the portion of subparagraph *b* of the second paragraph before subparagraph i by the following:

“(b) B is the amount obtained by multiplying, by the rate determined for the year under the third paragraph, the amount by which the eligible individual’s family income for the year exceeds”;

(3) by adding the following paragraphs at the end:

“The rate to which subparagraph *b* of the second paragraph refers for a taxation year is the result, expressed as a percentage, of the formula

$$4,000/(119,350 - C).$$

In the formula in the third paragraph, C is the amount mentioned in subparagraph ii of subparagraph *b* of the second paragraph which, with reference to section 1029.6.0.6, is applicable for the taxation year.

Where the result, expressed as a percentage, of the formula in the third paragraph has more than two decimal places, only the first two decimal digits are retained.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 2022.

(3) Paragraphs 2 and 3 of subsection 1 apply from the taxation year 2023.

**112.** (1) Division II.12.3 of Chapter III.1 of Title III of Book IX of Part I of the Act, comprising sections 1029.8.66.11 to 1029.8.66.14, is repealed.

(2) Subsection 1 applies in respect of an amount paid after 31 December 2022.

**113.** (1) Section 1029.8.67 of the Act is amended by replacing “\$11,081” in the definition of “eligible child” by “\$12,638”.

(2) Subsection 1 applies from the taxation year 2023.

**114.** (1) Section 1029.8.116.5.0.1 of the Act is amended by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) the eligible individual receives in the year, or has received in any of the five preceding years, because of the individual’s physical or mental condition, a social solidarity allowance under Chapter II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or a basic income under Chapter VI of Title II of that Act, other than a special benefit paid under section 48 of the Individual and Family Assistance Regulation (chapter A-13.1.1, r. 1);

“(b) the eligible individual’s eligible spouse for the year receives in the year, or has received in any of the five preceding years, because of the spouse’s physical or mental condition, an allowance or income referred to in subparagraph *a*; or”.

(2) Subsection 1 has effect from 1 January 2023.

**115.** (1) Section 1029.8.116.9.0.1 of the Act is amended by replacing “and V” in the portion before subparagraph *a* of the first paragraph by “, V and VI”.

(2) Subsection 1 has effect from 1 January 2023.

**116.** (1) Section 1029.8.116.15 of the Act is amended by replacing “and V” in the third paragraph by “, V and VI”.

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2024.

**117.** (1) Section 1029.8.116.18.1 of the Act is amended by replacing “and V” in subparagraph *a* of the first paragraph by “, V and VI”.

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2024.

**118.** (1) Section 1029.8.116.34 of the Act is amended by replacing “and V” in subparagraph *a* of the second paragraph by “, V and VI”.

(2) Subsection 1 has effect from 1 January 2023.

**119.** (1) Section 1029.8.116.35 of the Act is amended by replacing “and V” in the second paragraph by “, V and VI”.

(2) Subsection 1 has effect from 1 January 2023.



**120.** (1) Section 1034.1 of the Act is amended

(1) by inserting the following subsection after subsection 2.0.1:

“(2.0.2) Where an amount required to be included in the income of the holder of a first home savings account by virtue of Title IV.4 of Book VII is received by a taxpayer other than the holder, the taxpayer is solidarily liable with the holder to pay a part of the holder’s tax under this Part for the taxation year in which the amount is received equal to the amount by which that tax exceeds the amount that would be the holder’s tax for the year if the amount had not been received.”;

(2) by replacing subsection 3 by the following subsection:

“(3) However, this section does not free the annuitant under the plan or fund, the taxpayer or the holder, as the case may be, from liabilities under any other provision of this Act.”

(2) Subsection 1 has effect from 1 April 2023.

**121.** (1) Section 1079.9 of the Act is amended by replacing the definitions of “tax benefit” and “tax consequences” in the first paragraph by the following definitions:

““tax benefit” means

(a) a reduction, avoidance or deferral of tax or of another amount payable under this Act, including a reduction, avoidance or deferral of tax or of another amount that would be payable under this Act but for a tax agreement;

(b) an increase in a refund of tax or of another amount under this Act, including an increase in a refund of tax or of another amount under this Act that results from a tax agreement; or

(c) a reduction, increase or preservation of an amount that could at a subsequent time

i. be relevant for the purpose of computing an amount referred to in paragraph *a* or *b*, and

ii. result in any of the effects described in paragraph *a* or *b*;

““tax consequences” to a person means the amount, determined under this Act, of income, taxable income or taxable income earned in Canada of, or tax or other amount payable by, or refundable to the person under this Act, or any other amount that is, or could at a subsequent time be, relevant for the purpose of computing that amount;”.

(2) Subsection 1 applies in respect of a transaction made either after 6 April 2022, or before 7 April 2022 where a determination is made in accordance with section 1006.1 of the Act after 6 April 2022 in respect of the transaction.

**122.** (1) Section 1120.0.0.1 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

**“1120.0.0.1.** Where an amount (in this section and section 1120.0.0.2 referred to as the “allocated amount”) is paid or became payable to a beneficiary, in a taxation year, by a trust that is a mutual fund trust throughout the year, for the redemption of a unit of the trust that is owned by the beneficiary and where the beneficiary’s proceeds from the disposition of the unit do not include the allocated amount, in computing the trust’s income for the year no deduction may be made in respect of”.

(2) Subsection 1 applies to a taxation year that begins after 15 December 2021.

**123.** (1) The Act is amended by inserting the following section after section 1120.0.0.1:

**“1120.0.0.2.** The following rules apply in respect of the redemption of units of a mutual fund trust in a taxation year referred to in section 1120.0.0.1:

(a) where all of the units offered in the taxation year by the mutual fund trust are listed on a designated stock exchange located in Canada and are in continuous distribution (in this section referred to as “exchange traded fund units”), subparagraph *b* of the first paragraph of section 1120.0.0.1 does not apply and no deduction may be made by the trust in computing its income for the taxation year in respect of the amount determined by the formula

$$A - [B/(C + B) \times D]; \text{ and}$$

(b) where the units offered by the mutual fund trust include exchange traded fund units and units that are not exchange traded fund units (in this section referred to as “non-exchange traded fund units”), the following rules apply:

i. in respect of redemptions of exchange traded fund units, subparagraph *b* of the first paragraph of section 1120.0.0.1 does not apply, subparagraph *a* applies and the second paragraph is to be read

(1) as if subparagraph 2 of subparagraph ii of subparagraph *b* were replaced by the following subparagraph:

“(2) the portion of the net asset value of the trust at the end of the previous taxation year that relates to the exchange traded fund units;”,

(2) as if subparagraph *c* were replaced by the following subparagraph:

“(c) *C* is the portion of the net asset value of the trust at the end of the taxation year that relates to the exchange traded fund units;”, and

(3) as if subparagraph *d* were replaced by the following subparagraph:

“(d) *D* is the amount determined by the formula

$E/C \times F$ ;”, and

ii. in respect of redemptions of non-exchange traded fund units, in addition to the limitation provided for in subparagraph *b* of the first paragraph of section 1120.0.0.1, the aggregate of all amounts deductible in computing the trust’s income for the taxation year in respect of the portion of the allocated amounts determined under subparagraph *a* of the second paragraph of section 1120.0.0.1, in respect of non-exchange traded fund units, may not exceed the amount determined by the formula

$G/C \times F$ .

In the formulas in the first paragraph,

(a) *A* is the portion of the aggregate of all allocated amounts for the taxation year in respect of redemptions of exchange traded fund units of the trust owned by beneficiaries of the trust during that taxation year that would be, but for paragraph *a* of section 657, amounts paid out of the trust’s taxable capital gains;

(b) *B* is the lesser of

i. the aggregate of the amounts paid for redemptions of exchange traded fund units in the taxation year, and

ii. the greater of

(1) the amount determined under subparagraph *c*, and

(2) the net asset value of the trust at the end of the previous taxation year;

(c) *C* is the net asset value of the trust at the end of the taxation year;

(d) *D* is the amount that would be, but for paragraph *a* of section 657, the trust’s net taxable capital gains determined under section 668.3 for the taxation year;

(e) *E* is the portion of the net asset value of the trust at the end of the taxation year that relates to the exchange traded fund units;

(f) F is the amount that would be, but for paragraph *a* of section 657, the trust's net taxable capital gains determined under section 668.3 for the taxation year; and

(g) G is the portion of the net asset value of the trust at the end of the taxation year that relates to the non-exchange traded fund units.

For the purposes of this section, “net asset value” has the meaning assigned by National Instrument 81-102 Investment Funds, as amended from time to time and published by the Canadian Securities Administrators.”

(2) Subsection 1 applies to a taxation year that begins after 15 December 2021.

**124.** Section 1129.51 of the Act is amended by replacing “paragraphes” in the following provisions of the first paragraph in the French text by “alinéas”:

— paragraph *d* and subparagraph *i* of paragraph *e* of the definition of “fiducie exclue”;

— paragraph *a* of the definition of “placement interdit”.

**125.** Section 1129.70 of the Act is amended by replacing “paragraphes” in paragraph *d* of the definition of “fiducie de placement immobilier” in the first paragraph in the French text by “alinéas”.

**126.** (1) Section 1175.1 of the Act is amended

(1) by inserting the following definitions in alphabetical order:

““contractual service margin” has the meaning assigned by subparagraph *z* of the first paragraph of section 835;

““group of insurance contracts” has the meaning assigned by subparagraph *u* of the first paragraph of section 835;

““group of reinsurance contracts” has the meaning assigned by subparagraph *x* of the first paragraph of section 835;

““group of segregated fund policies” has the meaning assigned by subparagraph *y* of the first paragraph of section 835;”;

(2) by inserting the following definition in alphabetical order:

““policyholders’ liabilities” has the meaning assigned by subparagraph *z.2* of the first paragraph of section 835;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**127.** (1) Section 1175.8 of the Act is replaced by the following section:

**“1175.8.** In this Part, the capital of a life insurer that is resident in Canada at any time in a taxation year is the amount determined by the formula

$$A + B + (0.9 \times C) - (0.9 \times D) - E.$$

In the formula in the first paragraph,

(a) A is the amount of the insurer’s long-term debt at the end of the year;

(b) B is the total, at the end of the year, of the insurer’s

i. capital stock or, in the case of an insurer incorporated without share capital, the amount of its members’ contributions,

ii. retained earnings,

iii. accumulated other comprehensive income,

iv. policyholders’ liabilities,

v. contributed surplus, and

vi. any other surpluses;

(c) C is the aggregate of all amounts each of which is the contractual service margin for a group of insurance contracts of the insurer at the end of the year other than a group of segregated fund policies;

(d) D is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the contractual service margin for the group is in respect of a risk under a segregated fund policy, the contractual service margin for the group, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion of the contractual service margin that is in respect of the reinsurance of risks under segregated fund policies; and

(e) E is the amount of any deficit deducted in computing the insurer’s net shareholders’ equity.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN  
FISCAL MEASURES

**128.** Section 6.2 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) is amended by replacing the fourth paragraph by the following paragraph:

“An application for a corporation qualification certificate must be filed with the Minister before the end of the corporation’s second taxation year, but on or before 31 December 2027.”

ACT RESPECTING THE RÉGIE DE L’ASSURANCE MALADIE  
DU QUÉBEC

**129.** (1) Section 34.1.4 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) is amended by replacing subparagraph 3 of subparagraph ii of paragraph *b* by the following subparagraph:

“(3) paragraph *b* of section 339 of the Taxation Act to the extent that that paragraph refers to an amount that is deductible under any of sections 924, 928 and 935.42 of that Act,”.

(2) Subsection 1 has effect from 1 April 2023.

**130.** (1) Section 37.4 of the Act is amended, in subparagraph *a* of the first paragraph,

(1) by replacing subparagraphs i to iv by the following subparagraphs:

“i. \$17,940 where, for the year, the individual has no eligible spouse and no dependent child,

“ii. \$29,080 where, for the year, the individual has no eligible spouse but has one dependent child,

“iii. \$32,750 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$29,080 where, for the year, the individual has an eligible spouse but has no dependent child, and”;

(2) by replacing subparagraphs 1 and 2 of subparagraph *v* by the following subparagraphs:

“(1) \$32,750 where the individual has one dependent child for the year, or

“(2) \$36,135 where the individual has more than one dependent child for the year; and”.

(2) Subsection 1 applies from the year 2022.

**131.** (1) Section 37.7 of the Act is amended by replacing “and V” in paragraph *e* by “, V and VI”.

(2) Subsection 1 has effect from 1 January 2023.

#### ACT RESPECTING THE QUÉBEC SALES TAX

**132.** (1) Section 1 of the Act respecting the Québec sales tax (chapter T-0.1) is amended by replacing the definition of “excisable goods” by the following definition:

““excisable goods” means beer or malt liquor, within the meaning of section 4 of the Excise Act (Revised Statutes of Canada, 1985, chapter E-14), and spirits, wine, tobacco products, cannabis products and vaping products, within the meaning of section 2 of the Excise Act, 2001 (Statutes of Canada, 2002, chapter 22);”.

(2) Subsection 1 has effect from 1 October 2022.

**133.** (1) The Act is amended by inserting the following subdivision after section 232:

“II.1. — *Assignment of an agreement of purchase and sale*

**232.1.** Where a taxable supply of a single unit residential complex, within the meaning of section 360.5, or of a residential unit held in co-ownership is made by way of sale in Québec under an agreement of purchase and sale entered into with a builder of the complex or unit and where another supply by way of assignment of the agreement of purchase and sale is made by a person (other than the builder) under another agreement, the following rules apply:

(1) the other supply is deemed to be a taxable supply by way of sale of an immovable that is an interest in the single unit residential complex or residential unit held in co-ownership; and

(2) the consideration for the other supply is deemed to be equal to the amount determined by the formula

$A - B$ .

For the purposes of the formula in the first paragraph,

(1) A is the consideration for the other supply as otherwise determined for the purposes of this Title; and

(2) B is

(a) where the other agreement indicates in writing that a part of the consideration for the other supply is attributable to the reimbursement of a deposit paid under the agreement of purchase and sale, the part of the consideration for the other supply, as otherwise determined for the purposes of this Title, that is solely attributable to that reimbursement, or

(b) in any other case, zero.”

(2) Subsection 1 applies in respect of a supply by way of assignment of an agreement of purchase and sale made after 6 May 2022.

**134.** Section 350.50 of the Act is amended by inserting “pastry shop,” after “bakery,” in subparagraph 5 of the second paragraph.

**135.** (1) Section 350.51 of the Act is amended by replacing “permit issued under the Act respecting liquor permits (chapter P-9.1) and authorizing the sale of alcoholic beverages served, without food, for consumption on the premises” in the portion of the second paragraph before subparagraph 1 by “bar permit issued under the Act respecting liquor permits (chapter P-9.1) and authorizing the sale of alcoholic beverages for consumption on the premises”.

(2) Subsection 1 has effect from 5 August 2021.

**136.** Section 350.53 of the Act is amended by replacing “generates” in the first paragraph by “prints”.

**137.** Section 350.63 of the Act is amended by replacing “generates” in the first paragraph by “prints”.

#### REGULATION RESPECTING FISCAL ADMINISTRATION

**138.** (1) Section 37.1.1R1 of the Regulation respecting fiscal administration (chapter A-6.002, r. 1) is amended by adding the following paragraph at the end:

“(x) RL-32 slip: First home savings account (FHSA).”

(2) Subsection 1 has effect from 1 April 2023.



## REGULATION RESPECTING THE TAXATION ACT

**139.** (1) Section 92.11R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) is amended by inserting the following definition in alphabetical order in the first paragraph:

““maximum tax actuarial reserve” in respect of a particular class of life insurance policies for a taxation year of a life insurer means, except as otherwise provided, the maximum amount the insurer may deduct for the year, under paragraph *a* of section 840 of the Act, in respect of the policies of that class;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**140.** (1) Section 92.19R10 of the Regulation is amended by striking out subparagraph *c* of the first paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2023.

**141.** (1) Section 92.19R11 of the Regulation is replaced by the following section:

**“92.19R11.** In the computation under section 92.19R9, the insurer must deduct the insurer’s maximum tax actuarial reserve for the year in respect of participating life insurance policies in Canada.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**142.** (1) Section 92.19R12 of the Regulation is amended by replacing paragraph *a* by the following paragraph:

“(a) any amount in respect of the insurer’s participating life insurance policies in Canada that was deducted under paragraph *a* of section 840 of the Act in computing its income for the immediately preceding taxation year; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2023.

**143.** (1) Section 92.19R13 of the Regulation is amended by replacing paragraph *d* by the following paragraph:

“(d) subject to section 92.19R11, any amount deductible as a reserve under paragraph *a* of section 840 of the Act in computing the insurer’s income for the year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**144.** (1) Section 152R1 of the Regulation is amended

(1) by inserting the following definitions in alphabetical order:

“accident and sickness insurance” means the “accident and sickness insurance” class of insurance described in the schedule to the Insurance Companies Act (Statutes of Canada, 1991, chapter 47);

“mortgage or hypothecary insurance” means the “mortgage insurance” class of insurance described in the schedule to the Insurance Companies Act;

“title insurance” means the “title insurance” class of insurance described in the schedule to the Insurance Companies Act.”;

(2) by striking out the definitions of “extended motor vehicle warranty” and “reinsurance commission”;

(3) by inserting the following definitions in alphabetical order:

“contractual service margin” for a group of insurance contracts of an insurer, or a group of reinsurance contracts held by an insurer, at the end of a taxation year has the meaning assigned by subparagraph *z* of the first paragraph of section 835 of the Act;

“group of insurance contracts” of an insurer has the meaning assigned by subparagraph *u* of the first paragraph of section 835 of the Act;

“group of life insurance contracts” of an insurer has the meaning assigned by subparagraph *v* of the first paragraph of section 835 of the Act;

“group of reinsurance contracts” held by an insurer has the meaning assigned by subparagraph *x* of the first paragraph of section 835 of the Act;

“reinsurance contract held amount” for a group of reinsurance contracts held by an insurer at the end of a taxation year has the meaning assigned by subparagraph *z.1* of the first paragraph of section 835 of the Act.”;

(4) by inserting the following definitions in alphabetical order:

“liability for incurred claims” for a group of insurance contracts of an insurer at the end of a taxation year has the meaning assigned by subparagraph *z.4* of the first paragraph of section 835 of the Act;

“liability for remaining coverage” for a group of insurance contracts of an insurer at the end of a taxation year has the meaning assigned by subparagraph *z.3* of the first paragraph of section 835 of the Act.”;

(5) by striking out the definitions of “claim liability”, “policy liability”, “post-1995 non-cancellable or guaranteed renewable accident and sickness policy” and “pre-1996 non-cancellable or guaranteed renewable accident and sickness policy”;

(6) by replacing the definitions of “reported reserve” and “Superintendent of Financial Institutions” by the following definitions:

““reported reserve” of an insurer at the end of a taxation year in respect of a policy that insures an earthquake risk in Canada, or a fidelity risk, a nuclear risk or a risk related to a financial loss of a lender on a loan made on the security of an immovable property, means an amount equal to the positive or negative amount of the reserve reported as at the end of the year;

““Superintendent of Financial Institutions” has the meaning assigned by subparagraph z.5 of the first paragraph of section 835 of the Act;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**145.** (1) Section 152R2 of the Regulation is replaced by the following section:

**“152R2.** For the purposes of this chapter, any rider that is attached to a policy and that provides for additional non-cancellable or guaranteed renewable accident or sickness insurance, as the case may be, is a separate non-cancellable or guaranteed renewable accident and sickness policy.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**146.** (1) Section 152R4 of the Regulation is amended by replacing the first paragraph by the following paragraph:

“Any amount determined under this chapter is determined without reference to any amount in respect of a deposit accounting insurance policy.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**147.** (1) Section 152R5 of the Regulation is amended

(1) by replacing the formula in the first paragraph by the following formula:

“ $A + B + (0.95 \times C) - (0.9 \times D) + E + F + G - [H - (0.9 \times I)]$ ”;

(2) by replacing subparagraphs *a* to *i* of the second paragraph by the following subparagraphs:

“(a) A is the total of all amounts each of which is the liability for remaining coverage for a group of insurance contracts of the insurer at the end of the year other than a group of life insurance contracts;

“(b) B is the total of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year other than a group of life insurance contracts, that is

i. the liability for incurred claims for the group, if no portion of the liability for incurred claims is in respect of insurance policies other than insurance policies in respect of which

(1) a claim that was incurred before the end of the year has been reported to the insurer before the end of the year,

(2) the claim is in respect of damages for personal injury or death, and

(3) the insurer has agreed to a structured settlement of the claim, or

ii. in any other case, the amount that would be the liability for incurred claims for the group if the liability for incurred claims were determined without taking into account insurance policies other than insurance policies that meet the conditions in subparagraphs 1 to 3 of subparagraph i;

“(c) C is the total of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year other than a group of life insurance contracts, that is

i. the liability for incurred claims for the group, if no portion of the liability for incurred claims is in respect of insurance policies that meet the conditions in subparagraphs 1 to 3 of subparagraph i of subparagraph b, or

ii. in any other case, the amount that would be the liability for incurred claims for the group if the liability for incurred claims were determined without taking into account insurance policies that meet the conditions in subparagraphs 1 to 3 of subparagraph i of subparagraph b;

“(d) D is the total of all amounts each of which is the contractual service margin for a group of insurance contracts of the insurer at the end of the year that is in respect of

i. non-cancellable or guaranteed renewable accident and sickness policies that are in respect of accident and sickness insurance,

ii. mortgage or hypothecary insurance, or

iii. title insurance;

“(e) E is an amount in respect of policies that insure a nuclear risk, a fidelity risk, a surety risk, or a risk related to a financial loss of a lender on a loan made on the security of an immovable property, equal to the lesser of

i. the total of the reported reserves of the insurer at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *d* and *f*, and

ii. a reasonable amount as a reserve determined at the end of the year in respect of such risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *d* and *f*;

“(f) F is the amount of a guarantee fund at the end of the year provided for under an agreement in writing entered into between the insurer and His Majesty in right of Canada under which His Majesty has agreed to guarantee the obligations of the insurer under a policy that insures a risk related to a financial loss of a lender on a loan made on the security of an immovable property;

“(g) G is an amount in respect of policies that insure earthquake risks in Canada equal to the lesser of

i. the portion of the reported reserve of the insurer at the end of the year in respect of those risks that is attributable to accumulations from premiums in respect of those risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *f*, and

ii. a reasonable amount as a reserve determined at the end of the year in respect of those risks, other than an amount included in computing any of the amounts determined under subparagraphs *a* to *f*;

“(h) H is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of a risk under life insurance policies, the reinsurance contract held amount for the group, or

ii. in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined without taking into account any portion of that amount that is in respect of the reinsurance of a risk under life insurance policies; and

“(i) I is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the contractual service margin for the group is in respect of the reinsurance of a risk under a policy other than a policy referred to in subparagraph i of subparagraph *d*, or a policy in respect of insurance referred to in subparagraph ii or iii of subparagraph *d*, the contractual service margin for the group, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion of the contractual service margin other than that portion that is in respect of the reinsurance of a risk under a policy referred to in subparagraph *i* of subparagraph *d*, and a policy in respect of insurance referred to in subparagraph *ii* or *iii* of subparagraph *d*.”;

(3) by striking out subparagraphs *j* to *l* of the second paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**148.** (1) Section 152R6 of the Regulation is revoked.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**149.** (1) Section 818R53 of the Regulation is amended

(1) by striking out the definition of “foreign policy loan”;

(2) by replacing subparagraph *ii* of paragraph *i* of the definition of “Canadian investment property” by the following subparagraph:

“*ii.* is supporting the insurer’s Canadian insurance contract liabilities for the year;”;

(3) by inserting the following definitions in alphabetical order:

““group of insurance contracts” of an insurer has the meaning assigned by subparagraph *u* of the first paragraph of section 835 of the Act;

““group of reinsurance contracts” held by an insurer has the meaning assigned by subparagraph *x* of the first paragraph of section 835 of the Act;

““group of segregated fund policies” of an insurer has the meaning assigned by subparagraph *y* of the first paragraph of section 835 of the Act;”;

(4) by inserting the following definitions in alphabetical order:

““contractual service margin” for a group of insurance contracts of an insurer, or a group of reinsurance contracts held by an insurer, at the end of a taxation year has the meaning assigned by subparagraph *z* of the first paragraph of section 835 of the Act;

““reinsurance contract held amount” for a group of reinsurance contracts held by an insurer at the end of a taxation year has the meaning assigned by subparagraph *z.1* of the first paragraph of section 835 of the Act;”;

(5) by striking out the definitions of “mean Canadian outstanding premiums”, “mean policy loans” and “reinsurance recoverable”;

(6) by inserting the following definitions in alphabetical order:

““liability for incurred claims” for a group of insurance contracts of an insurer at the end of a taxation year has the meaning assigned by subparagraph z.4 of the first paragraph of section 835 of the Act;

““liability for remaining coverage” for a group of insurance contracts of an insurer at the end of a taxation year has the meaning assigned by subparagraph z.3 of the first paragraph of section 835 of the Act;

““policyholders’ liabilities” of an insurer at the end of a taxation year has the meaning assigned by subparagraph z.2 of the first paragraph of section 835 of the Act;”;

(7) by striking out the definitions of “Canadian outstanding premiums” and “outstanding premiums”;

(8) by replacing the definition of “property and casualty insurance surplus” by the following definition:

““property and casualty insurance surplus” of an insurer for a taxation year means the amount determined in accordance with section 818R53.4;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**150.** (1) Section 818R53.1 of the Regulation is replaced by the following section:

**“818R53.1.** Weighted Canadian liabilities of an insurer as at the end of a taxation year means the amount determined by the formula

$$(3 \times A) + B.$$

In the formula in the first paragraph,

(a) A is the amount determined by the formula

$$C - (0.9 \times D) - [E - (0.9 \times F)]; \text{ and}$$

(b) B is the amount determined by the formula

$$G - (0.9 \times H) - [I - (0.9 \times J)].$$

In the formulas in subparagraphs *a* and *b* of the second paragraph,

(a) C is the aggregate of all amounts each of which is an amount that is in respect of an insurance business carried on by the insurer in Canada and that is reported as a liability of the insurer (other than policyholders’ liabilities or

a liability in respect of an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply) as at the end of the year in respect of

- i. a life insurance policy in Canada, other than an annuity, or
- ii. an accident and sickness insurance policy;

(*b*) *D* is the aggregate of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year, that is

i. the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(1) is referred to in subparagraph i or ii of subparagraph *a*,

(2) is a life insurance policy or a non-cancellable or guaranteed renewable accident and sickness policy in respect of accident and sickness insurance, within the meaning of section 152R1,

(3) is not a segregated fund policy, and

(4) is in respect of an insurance business carried on by the insurer in Canada, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph i;

(*c*) *E* is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph i of subparagraph *b*, or

(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply, or

ii. in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined without taking into account any portion that is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph i of subparagraph *b*, or



(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply;

(*d*) *F* is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the contractual service margin for the group is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph i of subparagraph *b*, the contractual service margin for the group, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph i of subparagraph *b*;

(*e*) *G* is the aggregate of all amounts each of which is an amount that is in respect of an insurance business carried on by the insurer in Canada and that is reported as a liability of the insurer (other than policyholders' liabilities or a liability in respect of an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply) as at the end of the year except to the extent the liability is in respect of

i. an insurance policy referred to in subparagraph i or ii of subparagraph *a*, or

ii. a debt incurred or assumed by the insurer to acquire a property of the insurer;

(*f*) *H* is the aggregate of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year, that is

i. the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(1) is not referred to in subparagraph i or ii of subparagraph *a*,

(2) is a life insurance policy, a policy in respect of mortgage or hypothecary insurance within the meaning of section 152R1, or a policy in respect of title insurance within the meaning of that section,

(3) is not a segregated fund policy, and

(4) is in respect of an insurance business carried on by the insurer in Canada, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph *i*;

(g) *I* is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph *i* of subparagraph *f*, or

(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs *i* and *ii* of paragraph *b* of section 840R12 apply, or

ii. in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined without taking into account any portion that is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph *i* of subparagraph *f*, or

(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs *i* and *ii* of paragraph *b* of section 840R12 apply; and

(h) *J* is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the contractual service margin for the group is in respect of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph *i* of subparagraph *f*, the contractual service margin for the group, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 4 of subparagraph *i* of subparagraph *f*.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**151.** (1) Section 818R53.2 of the Regulation is amended

(1) by replacing the formula in the first paragraph by the following formula:

“ $A - B + C + D - (0.9 \times E) - [F - (0.9 \times G)]$ ”;

(2) by replacing the portion of subparagraph *a* of the second paragraph before subparagraph *i* by the following:

“(a) A is the total of the insurer’s liabilities and reserves including liabilities for segregated fund guarantees (other than policyholders’ liabilities or a liability in respect of an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs *i* and *ii* of paragraph *b* of section 840R12 apply) reported by the insurer as at the end of the taxation year in respect of”;

(3) by replacing subparagraph *b* of the second paragraph by the following subparagraph:

“(b) B is the aggregate of all amounts each of which is the amount of an item reported by the insurer as an insurance contract asset as at the end of the taxation year in respect of insurance policies described in any of subparagraphs *i* to *iii* of subparagraph *a*”;

(4) by adding the following subparagraphs at the end of the second paragraph:

“(c) C is the aggregate of all amounts each of which is an amount of funds withheld as at the end of the taxation year by the insurer in respect of the reinsurance of a risk under an insurance policy described in any of subparagraphs *i* to *iii* of subparagraph *a*;

“(d) D is the aggregate of all amounts each which is an amount recoverable as at the end of the taxation year by the insurer under a funds withheld arrangement in respect of the reinsurance of a risk by the insurer under an insurance policy described in any of subparagraphs *i* to *iii* of subparagraph *a*;

“(e) E is the aggregate of all amounts each of which is, in respect of a group of insurance contracts of the insurer at the end of the taxation year,

*i.* the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(1) is described in any of subparagraphs *i* to *iii* of subparagraph *a*,

(2) is a life insurance policy in Canada, a policy that insures risk in respect of a financial loss of a lender on a loan made on the security of an immovable property, a non-cancellable or guaranteed renewable accident and sickness policy in respect of accident and sickness insurance, within the meaning of section 152R1, or a policy in respect of title insurance, within the meaning of that section, and

(3) is not a segregated fund policy, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account the portion that is in respect of policies other than policies that meet the conditions in subparagraphs 1 to 3 of subparagraph i;

“(f) F is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the taxation year, that is

i. the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the condition in subparagraph 1 of subparagraph i of subparagraph e, or

(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph b of section 840R12 apply, or

ii. in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined without taking into account any portion that is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the condition in subparagraph 1 of subparagraph i of subparagraph e, or

(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph b of section 840R12 apply; and

“(g) G is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the taxation year, that is

i. if no portion of the contractual service margin for the group is in respect of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 3 of subparagraph i of subparagraph e, the contractual service margin for the group, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 3 of subparagraph i of subparagraph e.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**152.** (1) Section 818R53.3 of the Regulation is replaced by the following section:

**“818R53.3.** Weighted total liabilities of an insurer as at the end of a taxation year means the amount determined by the formula

$$(3 \times A) + B.$$

In the formula in the first paragraph,

(a) A is the amount determined by the formula

$$C - (0.9 \times D) - [E - (0.9 \times F)];$$
 and

(b) B is the amount determined by the formula

$$G - (0.9 \times H) - [I - (0.9 \times J)].$$

In the formulas in subparagraphs *a* and *b* of the second paragraph,

(a) C is the aggregate of all amounts each of which is an amount that is in respect of an insurance business carried on by the insurer and that is reported as a liability of the insurer (other than policyholders' liabilities or a liability in respect of an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply) as at the end of the year in respect of

- i. a life insurance policy (other than an annuity), or
- ii. an accident and sickness insurance policy;

(b) D is the aggregate of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year, that is

i. the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(1) is referred to in subparagraphs i and ii of subparagraph *a*,

(2) is a life insurance policy, or a non-cancellable or guaranteed renewable accident and sickness policy in respect of accident and sickness insurance, within the meaning of section 152R1, and

(3) is not a segregated fund policy, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of a policy other than a policy that meets the conditions in subparagraphs 1 to 3 of subparagraph i;

(c) E is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the condition in subparagraph 1 of subparagraph i of subparagraph *b*, or

(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply, or

ii. in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined without taking into account any portion that is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the condition in subparagraph 1 of subparagraph i of subparagraph *b*, or

(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply;

(d) F is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the contractual service margin for the group is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 3 of subparagraph i of subparagraph *b*, the contractual service margin for the group, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 3 of subparagraph i of subparagraph *b*;

(e) G is the aggregate of all amounts each of which is an amount that is in respect of an insurance business carried on by the insurer and that is reported as a liability of the insurer (other than policyholders' liabilities or a liability in respect of an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply) as at the end of the year except to the extent the liability is in respect of

i. an insurance policy referred to in subparagraph i or ii of subparagraph *a*, or

ii. a debt incurred or assumed by the insurer to acquire a property of the insurer;

(f) H is the aggregate of all amounts each of which is an amount, in respect of a group of insurance contracts of the insurer at the end of the year, that is

i. the contractual service margin for the group, if no portion of the contractual service margin is in respect of a policy other than a policy that

(1) is not referred to in subparagraphs i and ii of subparagraph *a*,

(2) is a life insurance policy, a policy in respect of mortgage or hypothecary insurance, within the meaning of section 152R1, or a policy in respect of title insurance, within the meaning of that section, and

(3) is not a segregated fund policy, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of a policy other than a policy that meets the conditions in subparagraphs 1 to 3 of subparagraph i;

(g) I is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. the reinsurance contract held amount for the group, if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the condition in subparagraph 1 of subparagraph i of subparagraph *f*, or

(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply, or

ii. in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined without taking into account any portion that is in respect of the reinsurance of

(1) a risk under a policy other than a policy that meets the condition in subparagraph 1 of subparagraph i of subparagraph *f*, or

(2) an obligation to pay a benefit under a segregated fund policy in respect of which subparagraphs i and ii of paragraph *b* of section 840R12 apply; and

(h) J is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the contractual service margin for the group is in respect of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 3 of subparagraph i of subparagraph *f*, the contractual service margin for the group, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of the reinsurance of a risk under a policy other than a policy that meets the conditions in subparagraphs 1 to 3 of subparagraph i of subparagraph *f*.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**153.** (1) The Regulation is amended by inserting the following section after section 818R53.3:

“**818R53.4.** The property and casualty insurance surplus of an insurer for a taxation year means the amount determined by the formula

$$0.075 \times (A + B + C + D - E - F) + 0.5 \times (G + H).$$

In the formula in the first paragraph,

(a) A is the aggregate of all amounts each of which is the liability for remaining coverage for a group of insurance contracts of the insurer at the end of the year that is in respect of property and casualty insurance;

(b) B is the aggregate of all amounts each of which is the liability for remaining coverage for a group of insurance contracts of the insurer at the end of the preceding taxation year that is in respect of property and casualty insurance;

(c) C is the aggregate of all amounts each of which is the liability for incurred claims for a group of insurance contracts of the insurer at the end of the year that is in respect of property and casualty insurance;

(d) D is the aggregate of all amounts each of which is the liability for incurred claims for a group of insurance contracts of the insurer at the end of the preceding taxation year that is in respect of property and casualty insurance;

(e) E is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of a risk under a policy other than a policy that is in respect of property and casualty insurance, the reinsurance contract held amount for the group, or

ii. in any other case, the amount that would be the reinsurance contract held amount for the group if the reinsurance contract held amount were determined without taking into account any portion that is in respect of the reinsurance of a risk under a policy other than a policy in respect of property and casualty insurance;



(f) F is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the preceding taxation year, that is

i. if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of a risk under a policy other than a policy that is in respect of property and casualty insurance, the reinsurance contract held amount for the group, or

ii. in any other case, the amount that would be the reinsurance contract held amount for the group if the reinsurance contract held amount were determined without taking into account any portion that is in respect of the reinsurance of a risk under a policy other than a policy in respect of property and casualty insurance;

(g) G is the insurer's investment valuation reserve as at the end of the year in respect of its property and casualty insurance business; and

(h) H is the insurer's investment valuation reserve as at the end of its preceding taxation year in respect of its property and casualty insurance business.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**154.** (1) Section 818R55 of the Regulation is replaced by the following section:

“**818R55.** The amount to which paragraph *a* of section 818R54 refers in respect of an insurer at the end of a taxation year is equal to the aggregate of the amount described in section 818R56 and the amount of the insurer's Canadian reserve liabilities at the end of the year, to the extent that the amount exceeds the amount of surplus appropriations included in that amount.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**155.** (1) Section 818R56 of the Regulation is amended

(1) by replacing the formula in subparagraph *b* of the first paragraph by the following formula:

“ $\{G - (0.9 \times H) - [I - (0.9 \times J)] + K + L\} \times (E/F)$ ”;

(2) by replacing subparagraphs *h* and *i* of the second paragraph by the following subparagraphs:

“(h) H is the aggregate of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the contractual service margin for the group is in respect of a risk under a segregated fund policy, the contractual service margin for the group, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of the reinsurance of a risk under a segregated fund policy;

“(i) I is the aggregate of all amounts each of which is the amount of an item reported as a liability of the insurer at the end of the year in respect of an insurance business carried on by the insurer in the year (other than policyholders’ liabilities and a liability that was at any time in the year connected with an asset that was not used or held by the insurer in the course of carrying on an insurance business at any time in the year);”;

(3) by adding the following subparagraphs at the end of the second paragraph:

“(j) J is the aggregate of all amounts each of which is the contractual service margin for a group of insurance contracts of the insurer at the end of the year (other than a group of segregated fund policies);

“(k) K is the aggregate of all amounts each of which is the amount of a deferred net gain of the insurer at the end of the year or the amount expressed as a negative number of a deferred net loss of the insurer as at the end of the year; and

“(l) L is the aggregate of all amounts each of which is the amount of an item reported by the insurer as at the end of the year as a general provision or allowance for impairment in respect of investment property of the insurer for the year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**156.** (1) Section 818R57 of the Regulation is amended by replacing paragraph *a* by the following paragraph:

“(a) the amount of the insurer’s Canadian reserve liabilities at the end of the year; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**157.** (1) Section 818R60 of the Regulation is amended by replacing paragraph *a* by the following paragraph:

“(a) the insurer’s mean Canadian reserve liabilities for the year; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**158.** (1) Section 818R61 of the Regulation is amended

(1) by replacing subparagraph *b* of the first paragraph by the following subparagraph:

“(b) 25% of the insurer’s mean Canadian reserve liabilities for the year; and”;

(2) by striking out the second paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**159.** (1) Section 818R64 of the Regulation is amended by replacing subparagraph ii of paragraph *e* by the following subparagraph:

“ii. is supporting the insurer’s Canadian insurance contract liabilities for the year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**160.** (1) Section 818R68 of the Regulation is amended

(1) by striking out paragraphs *a* and *b*;

(2) by replacing paragraph *c* by the following paragraph:

“(c) in the case of a property that was not owned by the owner throughout the year, the amount by which that proportion of the carrying value of the property at the end of the preceding taxation year, if the property was owned by the owner at that time, of the carrying value of the property at the end of the year, if the property was owned by the owner at that time and not at the end of the preceding taxation year or, in any other case, of the cost of the property to the owner when it was acquired, that the number of days in the year at the end of which the owner owned the property is of the number of days in the year, exceeds the amount described in section 818R69; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**161.** (1) Section 818R69 of the Regulation is replaced by the following section:

“**818R69.** The amount to which paragraphs *c* and *d* of section 818R68 refer in respect of property of an owner for a taxation year is equal to the amount obtained when the interest payable by the owner, for the period in the year during which the property was held by the owner, on debt incurred or assumed by the owner in respect of the acquisition of the property, or another property for which the property is a substituted property, is divided by the average rate of interest payable by the owner, expressed as an annual rate, on the debt for the year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**162.** (1) Section 818R75 of the Regulation is revoked.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**163.** (1) The Regulation is amended by inserting the following section after section 818R78.2:

**“818R78.3.** A computation that is required to be made under this chapter and Chapters X, XI and XX in respect of an insurer’s taxation year that immediately precedes the first taxation year that begins after 31 December 2022 and that is relevant to a computation, in this section referred to as the “transition year computation”, that is required to be made under this chapter and Chapters X, XI and XX in respect of the insurer’s first taxation year that begins after 31 December 2022 is, for the purposes only of the transition year computation, to be made using the same definitions, rules and methodologies that are used in the transition year computation.”

(2) Subsection 1 has effect from 1 January 2023.

**164.** (1) Section 818R81 of the Regulation is amended by replacing paragraphs *a* to *c* by the following paragraphs:

“(a) the insurer or, as the case may be, the Minister must designate for a taxation year investment property of the insurer for the year with a total value for the year equal to the insurer’s mean Canadian reserve liabilities for the year in respect of its life insurance business in Canada;

“(b) the insurer or, as the case may be, the Minister must designate for a taxation year investment property of the insurer for the year with a total value for the year equal to the insurer’s mean Canadian reserve liabilities for the year in respect of its accident and sickness insurance business in Canada;

“(c) the insurer or, as the case may be, the Minister must designate for a taxation year in respect of the insurer’s insurance business in Canada (other than a life insurance business or an accident and sickness insurance business) investment property of the insurer for the year with a total value for the year equal to the insurer’s mean Canadian reserve liabilities for the year in respect of that business; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**165.** (1) Section 840R1 of the Regulation is amended

(1) by striking out the definition of “general amending provision”;

(2) by inserting the following definitions in alphabetical order:

““group of life insurance contracts in Canada” of an insurer has the meaning assigned by subparagraph *w* of the first paragraph of section 835 of the Act;

““group of reinsurance contracts” held by an insurer has the meaning assigned by subparagraph x of the first paragraph of section 835 of the Act;

““group of segregated fund policies” of an insurer has the meaning assigned by subparagraph y of the first paragraph of section 835 of the Act;”;

(3) by inserting the following definition in alphabetical order:

““contractual service margin” for a group of insurance contracts of an insurer, or a group of reinsurance contracts held by an insurer, at the end of a taxation year has the meaning assigned by subparagraph z of the first paragraph of section 835 of the Act;”;

(4) by inserting the following definition in alphabetical order:

““reinsurance contract held amount” for a group of reinsurance contracts held by an insurer at the end of a taxation year has the meaning assigned by subparagraph z.1 of the first paragraph of section 835 of the Act;”;

(5) by inserting the following definitions in alphabetical order:

““liability for incurred claims” for a group of insurance contracts of an insurer at the end of a taxation year has the meaning assigned by subparagraph z.4 of the first paragraph of section 835 of the Act;

““liability for remaining coverage” for a group of insurance contracts of an insurer at the end of a taxation year has the meaning assigned by subparagraph z.3 of the first paragraph of section 835 of the Act;”;

(6) by striking out the definitions of “policy liability”, “post-1995 life insurance policy”, “post-1995 non-cancellable or guaranteed renewable accident and sickness policy”, “pre-1996 life insurance policy”, “pre-1996 non-cancellable or guaranteed renewable accident and sickness policy” and “reported reserve”;

(7) by replacing the definition of “Superintendent of Financial Institutions” by the following definition:

““Superintendent of Financial Institutions” has the meaning assigned by subparagraph z.5 of the first paragraph of section 835 of the Act.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**166.** (1) Sections 840R5 and 840R6 of the Regulation are revoked.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**167.** (1) Sections 840R8 and 840R8.1 of the Regulation are revoked.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**168.** (1) Section 840R10 of the Regulation is replaced by the following section:

**“840R10.** For the purposes of paragraph *a* of section 840 of the Act, a life insurer may deduct in computing its income for a taxation year from the carrying on of its life insurance business in Canada, as a reserve in respect of its groups of life insurance contracts in Canada at the end of the year, the amount provided for in Division IX.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**169.** (1) Section 840R12 of the Regulation is amended

(1) by replacing “sections 840R10 and 840R16” in the portion before paragraph *a* by “section 840R10”;

(2) by striking out “in the case of sections 840R10 and 840R16,” in the portion of paragraph *b* before subparagraph *i* and in paragraph *c*.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**170.** (1) Section 840R14 of the Regulation is replaced by the following section:

**“840R14.** Any amount referred to in or determined under Division IX may be equal to, or less than, nil.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**171.** (1) Section 840R16 of the Regulation is revoked.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**172.** (1) Section 840R35 of the Regulation is amended by replacing the portion before paragraph *a* by the following:

**“840R35.** An insurer may deduct, in respect of its groups of life insurance contracts in Canada at the end of the year, an amount not exceeding”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**173.** (1) Section 840R36 of the Regulation is amended

(1) by replacing the first paragraph by the following paragraph:

“For the purposes of paragraph *a* of sections 840R35 and 844R1, the amount to be determined under this section in respect of an insurer for a taxation year,

in respect of its groups of life insurance contracts in Canada at the end of the year, is the amount, which may be positive or negative, determined by the formula

$$A + B - (0.9 \times C) - [D - (0.9 \times E)].$$

(2) by replacing subparagraphs *a* to *e* of the second paragraph by the following subparagraphs:

“(a) A is the total of all amounts each of which is the liability for remaining coverage for a group of life insurance contracts in Canada of the insurer at the end of the year;

“(b) B is the total of all amounts each of which is the liability for incurred claims for a group of life insurance contracts in Canada of the insurer at the end of the year;

“(c) C is the total of all amounts each of which is the contractual service margin for a group of life insurance contracts in Canada (other than a group of segregated fund policies) of the insurer at the end of the year;

“(d) D is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the reinsurance contract held amount for the group is in respect of the reinsurance of a risk under an insurance policy other than a life insurance policy in Canada, the reinsurance contract held amount for the group, or

ii. in any other case, the amount that would be the reinsurance contract held amount for the group if the amount were determined without taking into account any portion that is in respect of the reinsurance of a risk under an insurance policy other than a life insurance policy in Canada; and

“(e) E is the total of all amounts each of which is an amount, in respect of a group of reinsurance contracts held by the insurer at the end of the year, that is

i. if no portion of the contractual service margin for the group is in respect of the reinsurance of a risk under an insurance policy other than a life insurance policy in Canada that is not a segregated fund policy, the contractual service margin for the group, or

ii. in any other case, the amount that would be the contractual service margin for the group if the contractual service margin were determined without taking into account any portion that is in respect of the reinsurance of a risk under insurance policies other than a life insurance policy in Canada that is not a segregated fund policy.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**174.** (1) Section 844R1 of the Regulation is amended by replacing the portion before paragraph *a* by the following:

**“844R1.** The amount referred to in paragraph *a.1* of section 844 of the Act in respect of an insurer for a taxation year, in respect of its groups of life insurance contracts in Canada at the end of the year, is”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

**175.** (1) Section 1015R1 of the Regulation is amended

(1) in the definition of “tax credit for experienced workers”,

(a) by replacing “experienced workers” by “career extension”;

(b) by replacing “100/15” by “100/14”;

(2) by replacing the portion of the definition of “personal tax credits” before paragraph *b* by the following:

““personal tax credits” in respect of a taxation year means the product obtained by multiplying 100/14

(a) by the amount determined for the year in accordance with subparagraph *b* of the second paragraph of section 1015.3 of the Act with reference, where the year is subsequent to the year 2023, to the adjustment provided for in the third paragraph of that section; or”;

(3) by replacing, in subparagraph ii of paragraph *b* of the definition of “personal tax credits”, subparagraph i of subparagraph *a* of the second paragraph of section 776.41.5 of the Taxation Act (chapter I-3), enacted by that subparagraph ii, by the following subparagraph:

“i. if the eligible spouse of the individual for the taxation year has not received any amount in the year that is an income replacement indemnity, or a compensation for the loss of financial support, determined under a public compensation plan and established on the basis of net income following an accident, employment injury, bodily injury or death or in order to prevent bodily injury, other than such an amount described in subparagraph *b* or *c* of the second paragraph of section 752.0.0.3, the amount obtained by multiplying either of the following amounts by the percentage provided for in subparagraph *b* of the second paragraph of section 750.1:

(1) where the taxation year is the year 2023, \$17,183, or



(2) where the taxation year is a taxation year subsequent to the year 2023, the amount in dollars specified in subparagraph *b* of the second paragraph of section 1015.3 which, with reference to the third paragraph of that section, is applicable for that subsequent taxation year, and”;

(4) by adding the following paragraph at the end of the definition of “remuneration”:

“(v) a payment described in subparagraph *w* of the second paragraph of section 1015 of the Act.”

(2) Subparagraph *a* of paragraph 1 of subsection 1 has effect from 1 January 2019.

(3) Subparagraph *b* of paragraph 1 of subsection 1 and paragraphs 2 and 3 of subsection 1 apply in respect of remuneration paid after 30 June 2023.

(4) Paragraph 4 of subsection 1 has effect from 1 April 2023.

(5) In addition, where section 1015R1 of the Regulation applies in respect of remuneration paid after 31 December 2022, but before 1 July 2023, the following rules apply:

(1) the amount that may be deducted in computing an employee’s tax otherwise payable under section 752.0.10.0.3 of the Taxation Act (chapter I-3) and that is referred to in the definition of “tax credit for experienced workers” in that section 1015R1 must, for the purposes of that definition, be determined without reference to section 48 of this Act; and

(2) the amounts referred to in paragraphs *a* and *b* of the definition of “personal tax credits” in that section 1015R1 must, for the purposes of that definition, be determined without reference to sections 48 to 50, 52 and 103 of this Act.

**176.** (1) Section 1015R6 of the Regulation is amended by inserting the following subparagraph after subparagraph *a* of the first paragraph:

“(a.1) the employee’s contribution to a first home savings account, where the employer believes on reasonable grounds that the contribution is deductible under Title IV.4 of Book VII of Part I of the Act in computing the employee’s income for the taxation year in which the remuneration is paid;”.

(2) Subsection 1 has effect from 1 April 2023.

**177.** (1) Section 1015R10 of the Regulation is replaced by the following section:

**“1015R10.** The amount that an employer is required to deduct or withhold under the Act from any payment of remuneration made to an employee is equal to the amount determined in accordance with the tables drawn up by the Minister under section 1015 of the Act, having regard to the amount of the remuneration paid to the employee, the length of the pay period, the amount of the employee’s personal tax credits and the amount of the employee’s tax credit for career extension.”

(2) Subsection 1 has effect from 1 January 2019.

**178.** (1) Section 1015R15 of the Regulation is amended

(1) by replacing “8%” in the first paragraph by “7%”;

(2) by replacing the portion of the second paragraph before the formula by the following:

“The amount referred to in the first paragraph is equal to \$17,183 where the particular taxation year is the year 2023 or to the amount determined by the following formula where that taxation year is subsequent to the year 2023.”;

(3) by replacing subparagraphs *a* and *b* of the third paragraph by the following subparagraphs:

“(a) A is the amount determined under the third paragraph of section 1015.3 of the Act that is applicable for the particular taxation year;

“(b) B is the percentage provided for in subparagraph *b* of the second paragraph of section 750.1 of the Act; and”;

(4) by replacing the fourth paragraph by the following paragraph:

“Where the amount determined in accordance with the formula in the second paragraph is not a multiple of \$50, it must be rounded to the nearest multiple of \$50 or, if it is equidistant from two such multiples, to the higher multiple.”

(2) Paragraphs 1, 3 and 4 of subsection 1 apply in respect of a payment made after 30 June 2023.

(3) Paragraph 2 of subsection 1 applies in respect of a payment made after 31 December 2022.

**179.** (1) Section 1015R19 of the Regulation is amended by replacing “15%” and “20%” in the first paragraph by “14%” and “19%”, respectively.

(2) Subsection 1 applies in respect of a payment made after 30 June 2023.

**180.** (1) Section 1015R20 of the Regulation is amended by replacing paragraph *e* by the following paragraph:

“(e) a payment referred to in any of paragraphs *r*, *s* and *v* of the definition of “remuneration” in section 1015R1.”

(2) Subsection 1 has effect from 1 April 2023.

**181.** (1) Section 1015R21 of the Regulation is amended by replacing “15%” in the first paragraph by “14%”.

(2) Subsection 1 applies in respect of a payment made after 30 June 2023.

**182.** (1) Section 1015R23 of the Regulation is amended by replacing “15%” by “14%”.

(2) Subsection 1 applies in respect of a payment made after 30 June 2023.

**183.** (1) Section 1015R23.1 of the Regulation is amended by replacing “20%” by “19%”.

(2) Subsection 1 applies in respect of a payment made after 30 June 2023.

**184.** (1) Section 1015R23.2 of the Regulation is amended by replacing “15%” in the formula in the first paragraph by “14%”.

(2) Subsection 1 applies in respect of a payment made after 30 June 2023.

**185.** (1) Section 1015R24 of the Regulation is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) the product obtained by multiplying the aggregate of the employee’s personal tax credits and the amount of the employee’s tax credit for career extension in respect of the year, as shown in the return, by the quotient obtained by dividing the percentage provided for in section 750.1 of the Act for the year by the rate provided for in paragraph *a* of section 750 of the Act; and”.

(2) Subsection 1 has effect from 1 January 2019.

**186.** (1) Section 1015R29 of the Regulation is amended by replacing “15%” by “14%”.

(2) Subsection 1 applies in respect of remuneration paid after 30 June 2023.

**187.** (1) The Regulation is amended by inserting the following section after section 1086R3:

**“1086R3.1.** The issuer of a first home savings account must file an information return in the prescribed form for any calendar year in which an amount is required to be included in computing a taxpayer’s income, in respect of the account, under Title IV.4 of Book VII of Part I of the Act.

In this section, “issuer” has the meaning assigned by section 935.30 of the Act.”

(2) Subsection 1 applies from the taxation year 2023.

**188.** (1) Section 1086R70 of the Regulation is amended by replacing the portion of the fourth paragraph before subparagraph *a* by the following:

“A person required to send to a particular person a copy of the part of the return concerning the person using the RL-1 slip: Employment and other income, or a copy of the information return concerning the person in respect of a first home savings account, may instead send it to the person in an electronic format, on or before the date on which the return is to be filed with the Minister, unless”.

(2) Subsection 1 has effect from 1 April 2023.

**189.** This Act comes into force on 26 September 2023.