

LEGISLATIVE PROPOSALS RELATING TO THE EXCISE TAX ACT

1. (1) Subparagraph 178.8(7)(c)(ii) of the *Excise Tax Act* is replaced by the following:

(ii) the amount of the rebate, abatement or refund shall be added in determining the net tax of the constructive importer for the reporting period in which the tax adjustment note is received, to the extent that the amount has been included in determining an input tax credit claimed by the constructive importer in a return filed for a preceding reporting period or the constructive importer is or was entitled to be compensated under a warranty for loss suffered because of any of the circumstances that gave rise to the rebate, abatement or refund by receiving a supply of replacement parts, or replacement property, that are goods included in section 5 of Schedule VII, and

(2) Subsection (1) applies to goods imported on or after October 3, 2003 and to goods imported before that day that were not accounted for under section 32 of the *Customs Act* before that day.

2. (1) The Act is amended by adding the following after section 180:

Restriction on
recovery

180.01 If, under paragraph 180(d), a particular person is deemed to have paid tax equal to the tax paid by a non-resident person, the following rules apply:

(a) subsection 232(3) does not apply in respect of the tax paid by the non-resident person; and

(b) no portion of the tax paid by the non-resident person shall be rebated, refunded or remitted to the non-resident person, or shall otherwise be recovered by the non-resident person, under this or any other Act of Parliament.

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

3. (1) Subsection 225(3.1) of the Act is replaced by the following:

Restriction

(3.1) An amount shall not be included in the total for B in the formula set out in subsection (1) for a reporting period of a person to the extent that, before the end of the period, the amount

(a) is included in an adjustment, refund or credit for which a credit note referred to in subsection 232(3) has been received by the person, or a debit note referred to in that subsection has been issued by the person; or

(b) was otherwise rebated, refunded or remitted to the person, or was otherwise recovered by the person, under this or any other Act of Parliament.

(2) Subsection (1) is deemed to have come into force on April 23, 1996.

4. (1) Subsection 225.1(4.1) of the Act is replaced by the following:

Restriction

(4.1) An amount is not to be included in the total for B in the formula set out in subsection (2) for a reporting period of a charity to the extent that, before the end of the period, the amount

(a) is included in an adjustment, refund or credit for which a credit note referred to in subsection 232(3) has been received by the charity, or a debit note referred to in that subsection has been issued by the charity; or

(b) was otherwise rebated, refunded or remitted to the charity, or was otherwise recovered by the charity, under this or any other Act of Parliament.

(2) Subsection (1) applies for the purpose of determining the net tax of a charity for reporting periods beginning after 1996.

5. (1) Paragraph 232(3)(c) of the Act is replaced by the following:

(c) the amount shall be added in determining the net tax of the other person for the reporting period of the other person in which the debit note is issued to the particular person or the credit note is received by the other person, to the extent that the amount has been included in determining an input tax credit claimed by the other person in a return filed for a preceding reporting period of the other person; and

(2) Subsection (1) is deemed to have come into force on April 23, 1996.

