

AMENDMENTS TO THE INCOME TAX ACT AND TO RELATED REGULATIONS

Part 1**A. Adoption Expense Tax Credit**

To better recognize the costs unique to adopting a child, this measure increases the maximum amount of eligible expenses for the Adoption Expense Tax Credit to \$15,000 per child for 2014.

This maximum amount is indexed to inflation for taxation years after 2014.

B. Medical Expense Tax Credit

This measure expands the list of expenses eligible for the Medical Expense Tax Credit to include (1) the cost of the design of individualized therapy plans (*e.g.*, applied behaviour analysis therapy for children with autism) if certain conditions are met, and (2) the costs associated with service animals for people with severe diabetes.

This measure applies to expenses incurred after 2013.

C. Search and Rescue Volunteers Tax Credit (SRVTC)

To recognize the important role played by search and rescue volunteers in contributing to the security and safety of Canadians, this measure allows eligible ground, air and marine search and rescue volunteers to claim a 15-per-cent non-refundable tax credit based on an amount of \$3,000. To qualify for the SRVTC, an individual must perform at least 200 hours of volunteer search and rescue services in a taxation year for one or more eligible search and rescue organizations.

An individual who performs both eligible volunteer firefighting services and eligible volunteer search and rescue services will be able to claim either the Volunteer Firefighters Tax Credit or the SRVTC.

This measure applies to the 2014 and subsequent taxation years.

D. Mineral Exploration Tax Credit for Flow-Through Share Investors

To facilitate the raising of equity to fund mineral exploration, this measure extends for one year the Mineral Exploration Tax Credit for flow-through share investors. Flow-through shares allow expenses associated with Canadian mineral exploration activities to be renounced to investors who can deduct the expenses in calculating their own taxable income. The Mineral Exploration Tax Credit is an additional benefit, available to individuals who invest in flow-through shares, equal to 15 per cent of certain exploration expenses incurred in Canada and renounced to flow-through share investors.

This measure applies to flow-through share agreements entered into before April 2015.

E. Pension Transfer Limits

Existing rules modify the transfer limits that apply to the payment of a lump sum from a defined benefit registered pension plan to a registered retirement savings plan in certain situations. These relieving rules assist pension plan members when the pension plan is underfunded and being wound up, and the employer is insolvent. This measure extends access to these rules to additional situations (*e.g.*, when the payment of the lump sum is approved pursuant to pension benefits standards legislation).

This measure applies to payments made after 2012.

F. GST/HST Credit Administration

Currently, individuals may apply for the Goods and Services Tax/Harmonized Sales Tax (GST/HST) Credit by checking the GST/HST application box on their annual income tax returns. This measure will eliminate the need for individuals to apply for the GST/HST Credit and will allow the Canada Revenue Agency to automatically determine if an individual is eligible to receive the GST/HST Credit.

This measure applies in respect of income tax returns for the 2014 and subsequent taxation years.

G. Donations of Ecologically Sensitive Land

Certain donations of ecologically sensitive land (or easements, covenants and servitudes on such land) are eligible for special tax assistance. Donors may currently carry forward amounts not claimed for up to five years. To permit donors to take greater advantage of tax assistance and thereby encourage larger donations, this measure extends the carry-forward period to ten years.

This measure applies to donations made after February 10, 2014.

H. Donations of Certified Cultural property

This measure removes, for certified cultural property acquired as part of a gifting arrangement that is a tax shelter, the exemption from the rule that deems the value of a gift to be no greater than its cost to the donor in certain circumstances. Other donations of certified cultural property will not be affected by this measure.

This measure applies to donations made after February 10, 2014.

I. State Supporters of Terrorism

To prevent potential abuse of the charitable sector by foreign state supporters of terrorism, this measure allows the Minister of National Revenue to refuse to register, or to revoke the registration of, a charity or Canadian amateur athletic association that accepts a donation from a foreign state listed as a supporter of terrorism under the *State Immunity Act*.

This measure applies to donations accepted after February 10, 2014.

J. Remittance Thresholds for Employer Source Deductions

To reduce the tax compliance burden, this measure reduces the frequency of remittances for source deductions for certain small and medium-sized employers. The threshold level at which employers are required to remit up to two times per month is increased to \$25,000 from \$15,000 of average monthly withholdings. As well, the threshold level at which employers are required to remit up to four times per month is increased to \$100,000 from \$50,000 of average monthly withholdings.

This measure applies to amounts deducted or withheld after 2014.

K. Combating Tax Non-compliance

This measure clarifies and strengthens the Canada Revenue Agency's ability to share information with the Financial Transactions and Reports Analysis Centre of Canada. This measure is consequential to amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to strengthen Canada's anti-money laundering and anti-terrorist financing regime.

Similar amendments are made to the *Excise Tax Act* and *Excise Act, 2001*.

This measure applies on Royal Assent.

L. Reporting of Proposed Tax Measures

To make it easier for taxpayers to know the status of proposed tax measures, this measure requires the Minister of Finance to table, on or before the fifth sitting day after October 31 of each year, a report in Parliament listing every tax measure not yet enacted into law that the Government has, since the last general election and before the beginning of the previous fiscal year, publicly announced its intention to implement (other than any tax measure that the Government has announced its intention not to proceed with).

This measure applies on Royal Assent.

Part 1 (Other)

A. Labour-Sponsored Venture Capital Corporations Tax Credit

This measure introduces transitional rules to facilitate the orderly exit of federally registered labour-sponsored venture capital corporations from the Labour-Sponsored Venture Capital Corporations Tax Credit program. Draft legislative proposals were released for comment on November 27, 2013.

This measure comes into force on November 27, 2013.

B. International Electronic Funds Transfers

This measure, announced in Economic Action Plan 2013, requires certain financial intermediaries to report to the Canada Revenue Agency international electronic funds transfers of \$10,000 or more. Draft legislative proposals were released for comment on January 9, 2014.

Consequential amendments are made to the *Excise Tax Act*, *Excise Act, 2001* and *Air Travellers Security Charge Act*.

This measure applies to electronic funds transfers made after 2014.

C. Offshore Tax Information Program

Under the Offshore Tax Informant Program, originally announced in Economic Action Plan 2013, the Canada Revenue Agency will pay rewards to individuals who provide information relating to major international tax non-compliance where that information leads to the collection of tax. This measure amends the *Income Tax Act* to make payments to informants taxable, to permit the sharing of information and to defer payments to provinces for assessed taxes until those taxes have been collected.

Similar amendments are made to the *Excise Tax Act* and *Excise Act, 2001*.

This measure applies on Royal Assent.

D. Serious Offences

This measure amends the taxpayer information provisions of the *Income Tax Act* to permit the disclosure of taxpayer information to an appropriate police organization where there are reasonable grounds to suspect that the information would be relevant to the investigation of a serious offence, including money laundering. Draft legislative proposals were released for comment on July 12, 2013.

Similar amendments are made to the *Excise Tax Act* and *Excise Act, 2001*.

This measure applies on Royal Assent.

E. Mark-to-market: exemption for the Business Development Bank of Canada

This measure provides that the Business Development Bank of Canada and BDC Capital Inc. are not financial institutions for the purposes of the *Income Tax Act's* mark-to-market rules.

This measure applies to taxation years that end after November 29, 2013.

AMENDMENTS TO THE EXCISE TAX ACT (GST/HST MEASURES)

Part 2**A. Improving the Application of the GST/HST to the Health Care Sector***Designing Training for Individuals with a Disorder or Disability*

A GST/HST exemption is provided for training that is specially designed to assist individuals with a disorder or disability in coping with the effects of the disorder or disability or to alleviate or eliminate those effects. In many instances, an individualized training plan is prepared that sets the specific needs and training objectives for the individual. The current GST/HST exemption for specialized training does not cover the services of designing such a training plan.

To better meet the health care needs of Canadians, this measure provides that the GST/HST exemption for specially designed training be expanded to also exempt the services of designing such training.

This measure applies to supplies made after February 11, 2014.

Acupuncturists' and Naturopathic Doctors' Services

The professional services of acupuncturists and naturopathic doctors are now regulated as a health profession in at least five provinces. Accordingly, this measure adds acupuncturists and naturopathic doctors to the list of health care practitioners whose professional services rendered to individuals are exempt from the GST/HST. The new exemption only applies to the professional services of acupuncture and naturopathy rendered by provincially recognized acupuncturists and naturopathic doctors.

This measure applies to supplies made after February 11, 2014.

Eyewear Specially Designed to Electronically Enhance the Vision of Individuals with Vision Impairment

The list of medical and assistive devices eligible for zero-rating includes corrective eyeglasses and contact lenses sold on the written order of a person authorized under provincial law to issue such an order.

Corrective eyewear that is specially designed to electronically enhance the vision of individuals with vision impairment does not qualify under the existing zero-rating provision for corrective eyeglasses or contact lenses, although it serves the same

purpose of correcting a defect of vision. To better meet the health care needs of Canadians, this measure provides that eyewear specially designed to treat or correct a defect of vision by electronic means, if supplied on the written order of a physician or optometrist, is added to the list of GST/HST zero-rated medical and assistive devices.

This measure applies to supplies made after February 11, 2014.

B. GST/HST Election for Closely Related Persons

This measure extends the election that allows members of a closely-related group engaged exclusively in commercial activities to not account for GST/HST on certain supplies between them to newly created members of the group. A closely related group is generally a group of corporations or partnerships with a degree of common ownership of at least 90 per cent. This measure also introduces joint and several (or solidary) liability for the parties to such an election for any GST/HST liability on those supplies and adds a requirement to file such an election with the Canada Revenue Agency.

This measure will generally apply as of January 1, 2015.

C. Strengthening Compliance with GST/HST Registration

In an effort to strengthen GST/HST compliance and help the Canada Revenue Agency combat the underground economy, this measure gives the Minister of National Revenue the discretionary authority to register a person for GST/HST purposes where the person fails to comply with the requirement to apply for registration, even after having been notified by the Canada Revenue Agency of that requirement.

This measure applies on Royal Assent.

D. Combating Tax Non-compliance

This measure clarifies and strengthens the Canada Revenue Agency's ability to share information with the Financial Transactions and Reports Analysis Centre of Canada. This measure is consequential to amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to strengthen Canada's anti-money laundering and anti-terrorist financing regime.

Similar amendments are made to the *Income Tax Act* and *Excise Act, 2001*.

This measure applies on Royal Assent.

Part 2 (Other)

A. GST/HST on Paid Parking

This measure provides a GST/HST exemption for supplies of hospital parking by public sector bodies (PSBs) for patients and visitors. This exemption will apply in respect of parking lots and parking spaces that are reserved for or primarily for the use of individuals accessing a public hospital. Draft legislative proposals were released for comments on January 24, 2014.

This measure also, as announced in Economic Action Plan 2013, clarifies that the special GST/HST exemption for charity parking does not apply to parking provided by a charity set up or used by certain PSBs and that the GST/HST exemption for supplies by a charity of a property, when all or substantially all of the supplies of the property are made for free, does not apply to paid parking.

The amendments in respect of the provision of an exemption for supplies of hospital parking for patients and visitors generally apply to supplies made after January 24, 2014. The amendments clarifying the application of GST/HST to supplies of paid parking by a charity in certain circumstances apply to supplies made after March 21, 2013.

B. International Electronic Funds Transfers

The Economic Action Plan 2013 announced that certain financial intermediaries will be required under the *Income Tax Act* to report to the Canada Revenue Agency international electronic funds transfers of \$10,000 or more. This measure clarifies that those reports may be used for the purposes of the administration of the GST/HST. Draft legislative proposals were released for comment on January 9, 2014.

This amendment is consequential to amendments to the *Income Tax Act*. Similar amendments are also made to the *Excise Act, 2001* and *Air Travellers Security Charge Act*.

This measure applies as of January 1, 2015.

C. Offshore Tax Informant Program

Under the Offshore Tax Informant Program, originally announced in Economic Action Plan 2013, the Canada Revenue Agency will pay rewards to individuals who provide information relating to major international tax non-compliance where that information leads to the collection of tax. This measure permits the sharing of GST/HST information for the purposes of the administration by the Canada Revenue Agency of this Program and defers payments to provinces for assessed taxes until those taxes have been collected.

Similar amendments are made to the *Income Tax Act* and *Excise Act, 2001*.

This measure applies on Royal Assent.

D. Serious Offences

This measure amends the GST/HST confidential information provisions to permit the disclosure of confidential information to an appropriate police organization where there are reasonable grounds to suspect that the information would be relevant to the investigation of a serious criminal offence, including money laundering. Draft legislative proposals were released for comment on July 12, 2013.

Similar amendments are made to the *Income Tax Act* and *Excise Act, 2001*.

This measure applies on Royal Assent.

E. Amendments to Prevent Input Tax Credit Claims that Exceed Tax Actually Paid

Under the *Excise Tax Act*, businesses can generally claim input tax credits to recover any GST/HST that they pay to acquire property or services for use in their commercial activities. However, in a recent decision by the Tax Court of Canada, a business was allowed to claim input tax credits in respect of amounts of GST that the business had already recovered from suppliers through credit notes.

This measure clarifies that a person cannot claim input tax credits in respect of an amount of GST/HST that has already been recovered by the person from a supplier. Draft legislative proposals were released for comments on January 17, 2014.

This clarifying measure will generally be effective the date the provisions being amended were enacted.

AMENDMENTS TO THE EXCISE ACT, 2001, THE EXCISE TAX ACT (OTHER THAN GST/HST MEASURES) AND THE AIR TRAVELLERS SECURITY CHARGE ACT

Part 3

Part 3 implements the following excise measures proposed in the February 11, 2014 Budget.

A. Tobacco Taxation

Reducing tobacco consumption is an important health objective, and a key tool in achieving this objective is the excise duty on tobacco products. The general domestic rate of excise duty on cigarettes has not effectively changed since 2002, meaning that the real rate of the excise duty has deteriorated by 23.7 per cent. This measure amends the *Excise Act, 2001* to restore the effectiveness of the excise duty on tobacco products by adjusting the domestic rate of excise duty on such products to account for inflation and eliminating the preferential excise duty treatment of tobacco products available through duty free markets.

This measure applies as of February 12, 2014.

B. Standardizing Sanctions Related to False Statements in Excise Tax Returns

The non-GST/HST portion of the *Excise Tax Act* does not contain an administrative monetary penalty for false statements. As well, the current criminal offence for this purpose does not provide for the possibility of prosecution by indictment. Consistent with similar provisions under the GST/HST portion of the *Excise Tax Act*, the addition of a new administrative monetary penalty and an amended criminal offence, for the making of false statements or omissions, helps ensure that excise tax returns are filed accurately.

This measure will apply to excise tax returns filed after the day on which Royal Assent is received.

C. Combating Tax Non-compliance

This measure clarifies and strengthens the Canada Revenue Agency's ability to share information, under the *Excise Act, 2001*, with the Financial Transactions and Reports Analysis Centre of Canada. This measure is consequential to amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to strengthen Canada's anti-money laundering and anti-terrorist financing regime.

Similar amendments are made to the *Income Tax Act* and the *Excise Tax Act*.

This measure applies on Royal Assent.

Part 3 (Other)

A. Serious Offences

This measure amends the confidential information provisions of the *Excise Act, 2001* to permit the disclosure of confidential information to an appropriate police organization where there are reasonable grounds to suspect that the information would be relevant to the investigation of a serious offence, including money laundering. Draft legislative proposals were released for comment on July 12, 2013.

Similar amendments are made to the *Income Tax Act* and the *Excise Tax Act*.

This measure applies on Royal Assent.

B. Offshore Tax Informant Program

Under the Offshore Tax Informant Program, originally announced in Economic Action Plan 2013, the Canada Revenue Agency will pay rewards to individuals who provide information relating to major international tax non-compliance where that information leads to the collection of tax. This measure permits the sharing of information, under the *Excise Act, 2001*, for the purposes of the administration by the Canada Revenue Agency of this Program.

Similar amendments are made to the *Income Tax Act* and the *Excise Tax Act*.

This measure applies on Royal Assent.

C. International Electronic Funds Transfers

The Economic Action Plan 2013 announced that certain financial intermediaries will be required under the *Income Tax Act* to report to the Canada Revenue Agency international electronic funds transfers of \$10,000 or more. This measure clarifies that those reports may be used for the purposes of the administration of the *Excise Act, 2001*, the non-GST/HST portion of the *Excise Tax Act* and the *Air Travellers Security Charge Act*. Draft legislative proposals were released for comment on January 9, 2014.

This amendment is consequential to amendments to the *Income Tax Act*. Similar amendments are made to the GST/HST portion of the *Excise Tax Act*.

This measure applies as of January 1, 2015.

CUSTOMS TARIFF

Tariff Classification of Certain Imported Food Products

This amendment clarifies the tariff classification of certain imported food products containing cheese, effective November 29, 2013, to implement the Notice of Ways and Means Motion tabled by the Government in Parliament on November 22, 2013.

This clarification addresses a gap whereby certain imported goods were packaged in a specific, deliberate manner solely to circumvent Canada's tariff structure.

Mobile Offshore Drilling Units

The amendments will permanently eliminate the 20-per-cent Most-Favoured-Nation rate of duty on mobile offshore drilling units (MODUs) used in offshore oil and gas exploration and development.

The duty-free status of these units, which was scheduled to expire in 2014 lowers business costs, improves the global competitiveness of Canadian energy projects, and increases the potential for valuable resource discoveries in Canada's Atlantic and Arctic offshore areas.

The permanent elimination of the tariff will be effective in respect of goods imported into Canada on or after May 5, 2014.

Customs Tariff Treatment of the Governor General

Building on tax amendments undertaken in the past two years concerning the Governor General, these amendments will make the Governor General subject to the same tariff rules as other Government office holders.

Tariff item 9809.00.00 is being revoked to eliminate a special exemption from paying customs duties on imported articles for use by the Governor General. No other individual has such a special, extraordinary customs duty exemption.

To ensure the continued tariff-free treatment of representational gifts given to the Governor General in the course of an official visit abroad, tariff item 9833.00.00 is being amended to cover the Governor General. With these changes, representational gifts received by the Governor General will be subject to the same tariff treatment as those received by other public office holders including the Prime Minister, federal Cabinet Ministers, Members of Parliament, Senators, provincial premiers and municipal mayors.

**CANADA-UNITED STATES ENHANCED TAX INFORMATION
EXCHANGE AGREEMENT IMPLEMENTATION ACT**

This Part enacts the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act*, which comes into force on Royal Assent. This Act implements the intergovernmental agreement, set out in the schedule of this Act, with the U.S. signed on February 5, 2014. The intergovernmental agreement takes into account the objectives and provisions of the U.S. *Foreign Account Tax Compliance Act* and includes exemptions and other relief from the requirements of the *Foreign Account Tax Compliance Act*. These exemptions are for financial institutions such as smaller deposit-taking institutions, including credit unions, with assets under \$175 million, as well as exemptions for certain accounts including registered accounts such as Tax-Free Savings Accounts, Registered Retirement Savings Plans, Registered Disability Savings Plans, etc.

This Part also amends the *Income Tax Act* to add new Part XVIII, which requires certain Canadian financial institutions to report certain information with respect to accounts held by certain U.S. persons to the Canada Revenue Agency. These rules adopt by reference definitions and procedures described in the agreement set out in the schedule to the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act*. Part XVIII of the *Income Tax Act* comes into force on the day in which the agreement, set out in the schedule to the *Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act*, enters into force.

PAYMENTS — VETERANS AFFAIRS

On May 29, 2012, Veterans Affairs Canada announced that it would change the way it calculates VAC's Earnings Loss Benefit, Canadian Forces Income Support and War Veterans Allowance by stopping the practice of offsetting disability pension benefits.

The offsetting practice subsequently ceased on October 1, 2012 for Earnings Loss Benefit and Canadian Forces Income Support recipients and on October 1, 2013 for War Veterans Allowance recipients.

The Government approved a compensatory payment for applicants and recipients of VAC's Earnings Loss Benefit, Canadian Forces Income Support and War Veterans Allowance who were impacted by disability pension offsetting between May 29, 2012 announcement and the day before the offsetting practice ceased for each benefit.

This compensatory payment will harmonize the treatment of Veterans across VAC programs in voluntarily providing an additional "one-time" benefit to bridge the gap between the original announcement and its implementation. This approach will also highlight that the Government recognizes that there were lengthy measures involved in implementing the changes, and, as a gesture of goodwill (given VAC has not been court-ordered to do so), is prepared to compensate for the delay.

CANADA DEPOSIT INSURANCE CORPORATION

The Canada Deposit Insurance Corporation (CDIC) maintains a deposit insurance fund, into which CDIC member institutions pay annual premiums. CDIC is seeking to strengthen the prudent and efficient management of their growing fund in a way that mitigates financial stability concerns.

The Bank of Canada currently provides some banking and custodial services to foreign central banks, and is uniquely positioned to provide similar services for the CDIC deposit insurance fund.

Division 2 of Part 6 amends the *Bank of Canada Act* and the *Canada Deposit Insurance Corporation Act* to permit the Bank of Canada to provide banking and custodial services to the Canada Deposit Insurance Corporation.

REGULATORY COOPERATION COUNCIL INITIATIVE ON WORK PLACE CHEMICALS

A series of initiatives under the Canada-U.S. Regulatory Cooperation Council Joint Action Plan were announced in 2011, one of which was an initiative to implement the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) allowing Canada to “align and synchronize implementation of common classification and labelling requirements for workplace hazardous chemicals.”

The Globally Harmonized System of Classification and Labelling of Chemicals (GHS) is a standardized, internationally consistent approach to classifying chemicals according to their physical, health and environmental hazards. Implementation of the GHS worldwide would facilitate international trade and enhance workplace safety by providing workers with standardized and consistent information on chemical hazards.

Legislative changes are required to implement the GHS and fulfill the Regulatory Cooperation Council commitment to align and synchronize workplace chemicals regulatory regimes in Canada and the U.S.

The initiative amends three pieces of legislation: 1) the *Hazardous Products Act* (HPA); 2) Part II of the *Canada Labour Code*; and 3) the *Hazardous Materials Information Review Act*. To achieve alignment with the U.S., it is proposed that the following amendments be made to the HPA: (i) changes to definitions and terminology; (ii) technical changes to regulatory authorities as they relate to classification criteria and hazard communication; and (iii) changes related to compliance and enforcement under the *Hazardous Products Act*.

In order to allow for the potential of additional future alignment with the U.S., the amendments propose moving eight sectors that are currently excluded from the HPA, but included in the U.S. workplace health and safety regime, from the body of the HPA to a Schedule to the Act. These eight sectors will continue to remain excluded from the scope of the HPA. However, it is proposed that the Governor in Council be provided with the authority to bring these sectors under the HPA in the future. In order for these sectors to be brought under the HPA, a full consultation with affected stakeholders would need to occur, including a cost-benefit analysis and pre-publication in the *Canada Gazette*.

Related to compliance and enforcement, the amendments propose several changes such as: 1) updating inspection authorities, including adding the ability to take photographs and remove samples free of charge; 2) requiring the preparation and maintenance of documents related to hazardous products; 3) including authorities for ministerial orders for tests, studies or information; 4) including ministerial orders to take corrective measures; and 5) updating the penalties related to offences. The compliance and enforcement provisions would also be updated to align with similar and more recent federal legislation (e.g., the *Canada Consumer Product Safety Act*).

In addition, the initiative contains amendments that would provide clarity in the current Act with regard to prohibitions for workplace asbestos products. To resolve this issue, it is proposed that the prohibitions and restrictions related to workplace asbestos products that were previously established under the HPA be re-established in the HPA.

The proposed amendments include a transitional coming into force to allow suppliers time to transition to the new system.

Finally, consequential amendments are proposed to Part II of the *Canada Labour Code* and to the *Hazardous Materials Information Review Act* to adjust definitions and terminology, as well as to make coordinating amendments.

IMPORTATION OF INTOXICATING LIQUORS ACT

The *Importation of Intoxicating Liquors Act* (IILA) is a federal statute governing the interprovincial transportation and international importation of intoxicating liquors. This legislation controls and restricts the movement of liquor from one province to another, as well as its importation into Canada.

The amendment removes the federal barrier prohibiting individuals from moving spirits and beer from one province to another when it is for their personal use. It is important to note that Provincial liquor laws govern the movement, sale, purchase and possession of beer, wine and spirits within each province. Changes to these laws are often also required to allow interprovincial movement.

This amendment will align with the previous amendment to the IILA for the interprovincial movement of wine (Bill C-311, Royal Assent June 28, 2012).

JUDGES ACT

These amendments will authorize the appointment of four additional judges to the Superior Court of Quebec and two additional judges to the Alberta Court of Queen’s Bench.

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACT

The *Members of Parliament Retiring Allowances Act* is amended to prohibit Members of the Senate and the House of Commons from making pension contributions and accruing pensionable service as a result of a suspension ordered by a majority vote of their peers. The amendments provide that a Parliamentarian who is suspended cannot contribute to the pension plan, or make elections to increase pensionable service, until permitted to do so by a majority vote of the Senate or the House of Commons.

NATIONAL DEFENCE ACT

This Act amends the *National Defence Act* to recognize the historic names of the Royal Canadian Navy, Canadian Army and Royal Canadian Air Force while preserving the integration and unification achieved under the *Canadian Forces Reorganization Act*.

The amendments also provide that the designations of rank and the circumstances of their use will be prescribed in regulations made by the Governor in Council. Having the designations of rank prescribed in regulations will also allow the Governor in Council to allow for the use of certain designations of ranks traditional to the Royal Canadian Navy, Canadian Army, and Royal Canadian Air Force, and which are not currently found in the NDA.

CUSTOMS ACT

The amendments to the *Customs Act* will improve client service and flexibility of existing provisions of the *Customs Act* pertaining to the appeal and correction process.

In particular, the amendments reduce the administrative burden for clients by allowing submission of appeals electronically and by allowing those appeals to be submitted directly to the directorate responsible for reviewing appeals. They also provide additional time for correcting flawed enforcement actions to facilitate the resolution of issues without the necessity for clients to go through the appeal process.

ATLANTIC CANADA OPPORTUNITIES AGENCY

Division 9 of Part 6 amends the Atlantic Canada Opportunities Agency Act to provide for the dissolution of the Atlantic Canada Opportunities Board and to repeal the requirement for the President to submit a comprehensive report every five years on the activities of the Atlantic Canada Opportunities Agency and the impact of those activities on regional disparity.

ENTERPRISE CAPE BRETON CORPORATION

Division 10 of Part 6 provides for the dissolution of the Enterprise Cape Breton Corporation and authorizes, among other things, the transfer of its assets and obligations, as well as those of its subsidiaries, to either the Atlantic Canada Opportunities Agency or Her Majesty in right of Canada as represented by the Minister of Public Works and Government Services. It amends the *Atlantic Canada Opportunities Agency Act* to, among other things, confer on the Atlantic Canada Opportunities Agency the authority necessary for the administration, management, control and disposal of the assets and obligations transferred to the Agency. It also makes consequential amendments to other Acts and repeals the *Enterprise Cape Breton Corporation Act*.

MUSEUMS ACT

Division 11 of Part 6 provides for the transfer of funding and responsibility for the administration of the programs known as the “Virtual Museum of Canada” and the “Online Works of Reference” from the Minister of Canadian Heritage to the Canadian Museum of History.

This division amends Section 9 of the *Museums Act* in order to expressly provide the Canadian Museum of History with the capacity to administer these programs and provide financial assistance to similar organizations or other organizations with complementary activities (for example universities) for the development and showcasing of online content.

NORDION AND THERATRONICS DIVESTITURE AUTHORIZATION ACT

The amendments to the *Nordion and Theratronics Divestiture Authorization Act* will permit ownership and control of Nordion (Canada) Inc. to be held by non-residents of Canada, subject to the requirements of the *Investment Canada Act* including to ensure that such ownership or control is of net benefit to Canada and does not raise national security concerns.

BANK ACT

The government proposes to amend the *Bank Act* to create an explicit regulation-making power for banks' activities in relation to derivatives. This will facilitate the integration and consolidation of over-the-counter derivatives regulations with the cooperative capital markets regulatory system and make it easier for foreign regulators to assess the Canadian regulatory framework.

To strengthen Canada's regulatory framework and respond to new international standards, the Government also proposes to amend the *Bank Act* to provide a regulation-making power to cover banks submitting data used to calculate various financial benchmarks.

INSURANCE COMPANIES ACT

The Government is proposing amendments to the *Insurance Companies Act* to expand the Governor-in-Council's ability to make regulations for a demutualization framework that provides for an orderly and transparent process and ensures that policyholders are treated fairly and equitably.

REGULATORY COOPERATION

Motor Vehicle Safety Act

The *Motor Vehicle Safety Act* (MVSA) was last significantly revised in 1993.

The proposed amendments will support the objectives of the Regulatory Cooperation Council (RCC) to better and more rapidly align Canadian and U.S. regulations and boost North American trade and competitiveness. These amendments fall into four categories: rulemaking, importation, safety (compliance and enforcement) and information gathering.

Modified regulation-making provisions will facilitate more efficient ongoing alignment with U.S. and other international safety standards, in those instances where the Government of Canada determines that it is appropriate. These changes will allow Canada's motor vehicle safety regime to keep pace with emerging technologies. Changes to the importation provisions will allow the importation of vehicles and equipment where it is deemed that the U.S. or other international safety standard achieves the safety outcome required in Canada and removes other importation irritants. This will reduce impediments for Canadians and business, while continuing to protect public safety.

Changes to the compliance and enforcement provisions will more closely align the Canadian and U.S. regimes, while continuing to protect and serve Canadians. This will ensure vehicle safety for Canadians, in a manner that recognizes the integrated nature of the North American auto market, public expectations of similar safety oversight regimes, and reduces industry compliance burdens, where appropriate.

Improving the ability of Transport Canada to obtain and distribute information related to vehicle safety will help keep Canadians informed of issues related to vehicle safety and enable the government to make better-informed policy and regulatory decisions. These changes include: improving the ability to gather data and conduct collision examinations and allowing the Minister to disclose information where such disclosure is in the interest of safety.

Railway Safety Act / Transportation of Dangerous Goods Act

The proposed amendments will remove mandatory prepublication from the *Railway Safety Act and the Transportation of Dangerous Goods Act, 1992*, that will remove a redundant provision and allow more effective regulatory alignment with the United States where appropriate. It repeals a statutory provision that has been made redundant by the Cabinet Directive on Regulatory Management, where emergency action is required, the Governor in Council will have the power to expedite the enactment of regulatory amendments that respond to those emergencies, and removes an obstacle to more effective regulatory alignment between Canada and the United States.

Safe Food for Canadians Act

The proposed amendments for the *Safe Food for Canadians Act* (SFCA) will enhance the financial protection for fresh produce sellers through the provision of authority to replace the Canadian Food Inspection Agency's (CFIA) *Licensing and Arbitration Regulations* with a requirement that all fresh produce dealers trading internationally or inter-provincially be a member of a single, third-party dispute resolution body (most likely the Dispute Resolution Corporation (DRC)).

This new approach is designed to help to address the limitations associated with the creation of two similar, yet distinct, sets of licensing regime now managed by either DRC or CFIA. Additionally, this more proactive approach is expected to significantly reduce instances of slow, partial and non-payment, as well as fraudulent activity within the fresh produce industry.

TELECOMMUNICATIONS ACT

Clauses 239-241 would amend the *Telecommunications Act* to prohibit Canadian carriers from charging their Canadian competitors roaming rates that are higher than what they charge their own customers. Upon coming into force, this cap would apply to all inter-carrier roaming charges. Budget 2014 indicated that this measure will be in effect until such time as the Canadian Radio-television and Telecommunications Commission (CRTC), which is now investigating the issue, makes a decision on roaming rates. Capping domestic roaming rates will help Canadian consumers benefit from more competition in the wireless market.

SICKNESS BENEFITS

Division 17 amends the *Employment Insurance Act* to allow Employment Insurance (EI) claimants in receipt of parents of critically ill children (PCIC) or compassionate care (CCB) benefits to interrupt their claim to access sickness benefits should they become ill or injured and then they can subsequently resume their PCIC or CCB benefits if applicable. It also amends Part III of the *Canada Labour Code* (CLC) to allow employees to interrupt their compassionate care leave, leave related to critical illness of a child and leave related to death or disappearance of a child to gain access to sick leave or work-related illness and injury leave. This will ensure that federally regulated employees' jobs are protected if they wish to interrupt and postpone their leave to avail themselves of EI sickness benefits. This change aligns the PCIC and CCB with changes that were made to parental benefits through the *Helping Families in Need Act*.

CANADIAN FOOD INSPECTION AGENCY ACT

The proposed amendment to the *Canadian Food Inspection Agency Act* creates an exemption from the application of the *User Fees Act* for user fees introduced or amended for services provided pursuant to the *Safe Food for Canadians Act (SFCA)*.

The *User Fees Act* outlines a process for revising fees that is estimated to take 18-24 months, or longer if an independent advisory panel is required, or if Parliament is not sitting when the user fee proposal is ready to be tabled. Such a delay could jeopardize the ability of the Government to meet the anticipated timelines to bring the *SFCA* into force. An exemption could potentially reduce the timeline to implement a new user fee, by removing the obligation for an independent advisory panel (if requested by stakeholders) as well as the requirement to table proposals for twenty sitting days in both Houses of Parliament. The exemption does not limit stakeholder engagement, because under the *CFIA Act*, the Minister is required to consult on issues of interest to stakeholders, and the establishment of the *CFIA's* Complaints and Appeals Office in 2011 gives stakeholders an avenue to pursue complaints or appeals over regulatory decisions, including user fees.

An exemption specifically targeted to fees associated with regulations under *SFCA* will help achieve the timely introduction of stronger food safety rules and increased protection for Canadians. The *SFCA* is a cornerstone of the *CFIA's* transformation agenda, and will introduce stronger food safety rules to better protect Canadians, a high priority for the Government. In order to advance the *SFCA* and its regulations by 2015, related user fees must also be in place.

MONEY LAUNDERING AND TERRORIST FINANCING

Proceeds of Crime (Money Laundering) and Terrorist Financing Act

The amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (the Act) will update and strengthen the legislation to combat money laundering and terrorist financing activities, including with respect to Canada's compliance with international standards set out by the Financial Action Task Force, the international standard-setting body in this area.

Part 1 (Record Keeping, Verifying Identity, Reporting of Suspicious Transactions and Registration) and Part 1.1 (Protection of Canada's Financial System) of the Act

The amendments clarify the application of the Act to securities dealers and casinos and expand its application to include online casinos, persons and entities that deal in virtual currencies and foreign money services businesses. They also update the money services businesses registration requirements to clarify existing obligations and reflect the addition of foreign money services businesses. They prohibit specified financial entities from having accounts for, or correspondent banking relationships with, unregistered foreign money services businesses.

The amendments provide that reporting entities must take prescribed measures in prescribed circumstances (which will be set out in regulation) in respect of politically exposed foreign and domestic persons and heads of international organizations, as well as designated family members and close associates of such persons. The amendments enhance existing obligations that require reporting entities to coordinate their anti-money laundering and anti-terrorist financing programs across a financial group.

The amendments define a foreign entity for the purposes of Part 1.1 and bring this Part into force.

Part 2 of the Act (Reporting of Currency and Monetary Instruments)

The amendments clarify obligations related to the cross-border currency reporting requirements, notably with respect to answering questions and the form in which completed reports and relevant information are to be provided to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) by the Canada Border Services Agency (CBSA). The amendments also update the appeal and review provisions under the cross-border currency reporting program and expand the circumstances that authorize the CBSA to disclose information collected under this Part.

Part 3 of the Act (FINTRAC)

The amendments clarify the intent of the existing information-sharing provisions in the Act between FINTRAC and the Minister of Finance. The amendments also strengthen the limitations on the type of information that can be shared and install a new requirement for the Director of FINTRAC to report to the Minister of Finance annually on FINTRAC's compliance activities, and its performance and effectiveness.

The amendments allow FINTRAC to collect relevant information from specified international databases and they clarify FINTRAC's obligations for destroying information on transactions that reporting entities erroneously reported to FINTRAC.

The disclosure provisions of the Act are amended to, among other things, clarify the thresholds that enable FINTRAC to disclose intelligence of suspected money laundering and/or terrorist financing to law enforcement and others, and to expand the list of disclosure recipients to whom FINTRAC can disclose intelligence on suspected threats to the security of Canada. The amendments also enhance the type of information that FINTRAC can disclose on these cases.

Other amendments allow FINTRAC to share with the Canada Revenue Agency compliance-related information that would be relevant to the implementation of international electronic funds transfer reporting requirements under the *Income Tax Act*.

Part 4 (Regulations) and Part 5 (Offences and Punishment) of the Act

The amendments modify the regulation-making authorities and the general offence provisions consequential to various amendments described above.

Technical and Consequential Amendments

A series of technical amendments are also made to ensure consistency between the French and English versions of the statutes. Some re-numbering of provisions has also occurred.

IMMIGRATION

The Government of Canada is committed to ensuring that Canadians are given the first chance at available jobs. Economic Action Plan 2014 proposed measures to further strengthen the Temporary Foreign Worker Program to help ensure that employers comply with program requirements to deter those employers who break the rules.

The Government is seeking to amend the *Immigration and Refugee Protection Act* to provide the authority for the Governor in Council to make regulations to promote and enhance regulatory compliance through the establishment of a system of administrative monetary penalties for employers of foreign workers. The amounts of administrative monetary penalties and the contraventions to which they would apply will be set out in the *Immigration and Refugee Protection Regulations*.

***Immigrant Investor Program (IIP) and Entrepreneur Program (EN)
backlog refund***

Economic Action Plan 2014 delivers on the government's commitment to build a fast and flexible economic immigration system by terminating the Immigrant Investor Program and the Entrepreneur Program. By eliminating applications dating as far back as eight years prior, Canada will be able to focus on admitting immigrants who are better positioned to meet Canada's current economic needs. In addition, this backlog elimination provides another step towards a just-in-time system that enables applications to be processed in months not years, and can quickly adapt to address Canada's evolving economic and labour market needs.

Expression of Interest (EOI)

The 2013 Speech from the Throne and Budget 2013 confirmed the Government's intention to create a new and innovative active recruitment model known as the Expression of Interest (EOI) that will allow employers, provinces and territories to assist in the selection of skilled immigrants from a pool of applicants that best meet Canada's economic and labour market needs. Economic Action Plan 2014 underscores the Government's commitment in this regard, with an investment of \$14M over two years and \$4.7M ongoing to implement the Expression of Interest system, beginning in January 2015.

The EOI model is a new electronic, fully automated, application management system for economic immigration to Canada. Candidates will complete an online form to express interest in coming to Canada and provide information about, for example, their skills and experience, which determines their eligibility for entry into the EOI pool. Pool submissions will be ranked, sorted and searched and top candidates will be invited to submit an application for permanent residence within existing economic immigration programs. These applications will be processed in up to 6 months from the date of a complete application.

PUBLIC SERVICE LABOUR RELATIONS

Essential services

Division 21 of Part 6 clarifies the transitional provisions in respect to essential services that were enacted by the *Economic Action Plan 2013 Act, No.2*.

Recourse

Amendments are being made to the *Public Service Labour Relations Act* to bring greater clarity to the powers of an adjudicator when it has been determined that the employer has engaged in a discriminatory practice by providing for systemic remedies.

SOFTWOOD LUMBER PRODUCTS EXPORT CHARGE ACT, 2006

The amendments will clarify existing mechanisms through which revenue transfers to provinces are undertaken under section 99 of the *Softwood Lumber Products Export Charge Act* and through which administration and litigation costs to the federal government relating to the *Softwood Lumber Agreement, 2006* (SLA) are recovered.

The amendments clarify that costs incurred by the federal government which have not been recovered from a province in a given quarter of a fiscal year will be brought forward into the next quarter. These costs will then be deducted from any export charge revenue transfers to that province in future quarters. As well, the amendments clarify that provinces can make voluntary payments to the Government of Canada to pay off their accrued balance.

BUDGET IMPLEMENTATION ACT, 2009

Economic Action Plan 2014 highlights the agreement in principle reached between Canada, British Columbia and Ontario on September 19, 2013, to establish a cooperative capital markets regulator. The cooperative regulator will better protect investors, enhance Canada's financial services sector, support more efficient capital markets and more effectively manage systemic risk in national capital markets.

The agreement in principle of September 19, 2013 specifies that the Government of Canada will make payments to those provinces or territories that would lose net revenue by joining the cooperative system. The Government proposes to amend the *Budget Implementation Act, 2009* to allow the aggregate amount of direct payments that the Minister of Finance may make to provinces and territories for matters relating to the establishment of a Canadian securities regulation regime to be fixed through an appropriation Act.

SECURITIZATION OF INSURED MORTGAGE OR HYPOTHECARY LOANS

The amendments will clarify the regulatory authorities in the *Protection of Residential Mortgages or Hypothecary Insurance Act* and the *National Housing Act*.

In particular, the amendments would allow regulations to be made under each of these Acts in respect of a guarantee of payment under the National Housing Act that would apply to all insured loans under each Act, regardless of when the loan was insured.

These amendments will allow for regulations to be made that would prohibit the use of insured mortgages outside of securitizations sponsored by the Canada Mortgage and Housing Corporation.

AMENDMENTS RELATING TO INTERNATIONAL TREATIES ON TRADEMARKS

Division 25 of Part 6 amends the *Trademarks Act* to, among other things:

- (a) create the necessary authority to develop regulations that will implement the Madrid Protocol, which allows trademark owners the ability to gain protection in a number of countries through one application;
- (b) ensure consistency with the standards and rules established by the Singapore Treaty on the Law of Trademarks, which will streamline the system to reduce business compliance costs;
- (c) adopt the Nice Classification system that is used by most countries to categorize goods and services for the purposes of the registration of trademarks, as required by the Madrid Protocol and the Singapore Treaty.

REDUCTION OF GOVERNOR IN COUNCIL APPOINTMENTS

These amendments to the *Trade-marks Act* will repeal the GiC power to appoint the Registrar of Trade-marks and will provide that the Registrar is the person appointed as Commissioner of Patents under subsection 4 (1) of the *Patent Act*.

OLD AGE SECURITY ACT

These enactments amend the *Old Age Security Act* to align it with changes to the *Immigration and Refugee Protection Regulations* pertaining to the increase in the length of the parent and grandparent (PGP) sponsorship undertaking period from 10 to 20 years.

On May 10, 2013, the Minister of Citizenship and Immigration announced the Action Plan for Faster Reunification – Phase II, which includes changing the PGP sponsorship undertaking period from 10 to 20 years.

The *Old Age Security Act* is being amended to align with changes made to the *Immigration and Refugee Protection Regulations* on January 1, 2014, with respect to the length of the sponsorship period for PGPs, by adjusting the payment of Old Age Security income-tested benefits (i.e. the Guaranteed Income Supplement and the Allowances) for the entire length of the sponsorship undertaking. The current provisions only limit these payments until the individual has reached 10 years of residence in Canada. This will ensure that during a period of sponsorship it is sponsors who are financially responsible for family members they sponsor, not the taxpayer.

These amendments will come into force through an Order in Council, once the current backlog of PGP applications is eliminated. At that time, PGPs covered by the new 20-year sponsorship agreements will start to arrive in Canada.

NEW BRIDGE FOR THE ST. LAWRENCE ACT

The Special Act will ensure that all authorities required for the implementation of all aspects of the New Bridge for the St. Lawrence project are in place.

In particular, the Special Act will declare the New Bridge for the St. Lawrence project to be for the general advantage of Canada, thereby making it a federal structure. The Special Act will also clarify the roles of the member of the Queen’s Privy Council for Canada as designated by the Governor in Council (currently the Minister of Infrastructure, Communities and Intergovernmental Affairs) with regards to the many agreements that will need to be entered into. The *New Bridge for the St. Lawrence Act* will provide the member of the Queen’s Privy Council for Canada as designated by the Governor in Council (currently the Minister of Infrastructure, Communities and Intergovernmental Affairs) with the authority to implement tolls on the new bridge and will provide the Minister of Public Works and Government Services with the authority to enter into an agreement with a third party (P3 partner as operator) and for the latter to collect tolls, fees or other charges that may be imposed in respect of the bridge. Moreover, the Special Act will prevent significant delays from occurring by providing the Governor in Council the authority to exempt the New Bridge for the St. Lawrence project from the requirement of obtaining unforeseen approvals, permits, licences, etc.

The *New Bridge for the St. Lawrence Act*’s main objective is to provide certainty that the project will be constructed without delay or stoppage while complying with our obligations under all relevant federal legislation.

ADMINISTRATIVE TRIBUNALS SUPPORT SERVICE OF CANADA ACT

Part 6, Division 29 establishes the Administrative Tribunals Support Service of Canada (ATSSC) as a department, listed in Schedule I.1 of the *Financial Administration Act*, within the Justice portfolio. The ATSSC will provide registry, administrative and other support services to 11 administrative tribunals (see list below). The staff and resources that currently support those tribunals will be transferred to the ATSSC.

The legislation ensures the continuing independence of the tribunals and the fairness of their proceedings. The tribunals will maintain their separate identities under their current ministerial portfolios, and their members and chairs will retain control of their adjudicative procedures and other substantive functions.

The ATSSC will be based in the National Capital Region. The head of the new department will be appointed by the Governor in Council for a fixed term, and will be conferred the necessary authorities to provide the tribunals with the required support services.

The legislation also makes consequential amendments to tribunal statutes and other related legislation to ensure cohesion of the relevant acts.

List of included tribunals and boards

Canada Industrial Relations Board
Canadian Agricultural Review Tribunal
Canadian Cultural Properties Review Board
Canadian Human Rights Tribunal
Canadian International Trade Tribunal
Competition Tribunal
Public Servants Disclosure Protection Tribunal
Public Service Labour Relations and Employment Board*
Specific Claims Tribunal
Social Security Tribunal
Transportation Appeal Tribunal

* Pursuant to the *Economic Action Plan 2013 Act No. 2*, the Public Service Labour Relations Board and the Public Service Staffing Tribunal are being merged to form the Public Service Labour Relations and Employment Board.

APPRENTICE LOANS ACT

Economic Action Plan 2014 announced that over \$100 million will be made available to apprentices registered in Red Seal trades in loans of up to \$4,000 per period of technical training. These loans will be interest free until they complete or terminate their apprenticeship training program. This loan will assist more apprentices in completing their training and encourage more Canadians to consider a career in the skilled trades.

In addition to the introduction of the Act, consequential amendments to the *Bankruptcy and Insolvency Act* and *Department of Employment and Social Development Act* (DESDA) are being introduced. The amendments to the *Bankruptcy and Insolvency Act* will ensure that eligible apprentices are treated the same as other student loan borrowers, while the amendments to the DESDA will allow for electronic administration including delivery, and enforcement of the Act and of the apprentice loan program.