Legislative Proposals Relating to the Global Minimum Tax Act

1 (1) The definition *deduction/non-inclusion arrangement* in subsection 47(1) of the *Global Minimum Tax Act* is replaced by the following:

deduction/non-inclusion arrangement means an arrangement entered into after December 15, 2022 under which a particular constituent entity of an MNE group directly or indirectly provides credit to, or otherwise makes an investment in, another constituent entity of the MNE group that results in an expense or loss in the financial statements of any constituent entity, to the extent that

(a) either

(i) there is no commensurate increase in the revenue or gain in the financial statements of the particular constituent entity, or

(ii) the particular constituent entity is not reasonably expected over the life of the arrangement to have a commensurate increase in its taxable income; and

(b) the expense or loss is not solely in respect of qualifying tier one capital issued pursuant to regulatory requirements applicable to the banking sector. (*accord de déduction/non-inclusion*)

(2) Subsection (1) applies to fiscal years of a qualifying MNE group that begin on or after December 31, 2023.