

# Federal Income Tax Act

## Section 125.1. Manufacturing and processing profits deductions

### (3) Definitions

#### “Canadian manufacturing and processing profits”

“Canadian manufacturing and processing profits” of a corporation for a taxation year means such portion of the total of all amounts each of which is the income of the corporation for the year from an active business carried on in Canada as is determined under rules prescribed for that purpose by regulation made on the recommendation of the Minister of Finance to be applicable to the manufacturing or processing in Canada of goods for sale or lease;

#### “manufacturing or processing”

“manufacturing or processing” does not include

- (a) farming or fishing,
- (b) logging,
- (c) construction,
- (d) operating an oil or gas well or extracting petroleum or natural gas from a natural accumulation of petroleum or natural gas,
- (e) extracting minerals from a mineral resource,
- (f) processing
  - (i) ore (other than iron ore or tar sands ore) from a mineral resource located in Canada to any stage that is not beyond the prime metal stage or its equivalent,
  - (ii) iron ore from a mineral resource located in Canada to any stage that is not beyond the pellet stage or its equivalent, or
  - (iii) tar sands ore from a mineral resource located in Canada to any stage that is not beyond the crude oil stage or its equivalent,
- (g) producing industrial minerals,
- (h) producing or processing electrical energy or steam, for sale,
- (i) processing natural gas as part of the business of selling or distributing gas in the course of operating a public utility,
- (j) processing heavy crude oil recovered from a natural reservoir in Canada to a stage that is not beyond the crude oil stage or its equivalent,
- (k) Canadian field processing, or
- (l) any manufacturing or processing of goods for sale or lease, if, for any taxation year of a corporation in respect of which the expression is being applied, less than 10% of its gross revenue from all active businesses carried on in Canada was from
  - (i) the selling or leasing of goods manufactured or processed in Canada by it, and
  - (ii) the manufacturing or processing in Canada of goods for sale or lease, other than goods for sale or lease by it.