



NATIONAL ASSEMBLY OF QUÉBEC

FIRST SESSION

FORTY-SECOND LEGISLATURE

Bill 13
(2019, chapter 14)

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

**Introduced 26 February 2019
Passed in principle 10 April 2019
Passed 11 June 2019
Assented to 19 June 2019**

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EXPLANATORY NOTES

This Act amends various Acts to give effect mainly to fiscal measures announced in the Budget Speeches delivered on 28 March 2017, 27 March 2018 and 21 March 2019. It also gives effect to measures announced in the Update on Québec's Economic and Financial Situation presented on 3 December 2018 and in various Information Bulletins published in 2016, 2017 and 2018.

For the purpose of introducing or modifying fiscal measures specific to Québec, the Act amends, among others,

(1) the Act constituting Capital régional et coopératif Desjardins, the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi and the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) to recognize new investments for the purposes of their investment requirement and to add a new class to the capital stock of Capital régional et coopératif Desjardins;

(2) the Taxation Act to make amendments that deal, among other things, with

(a) in connection with the refundable tax credit for child assistance, which becomes the refundable tax credit granting an allowance to families, the enhancement of the maximum amount for second and third children, the \$100 supplement for the purchase of school supplies and the easing of the eligibility criteria respecting the supplement for handicapped children requiring exceptional care;

(b) introduction of a refundable tax credit for senior assistance;

(c) enhancement of certain tax credits aimed at improving the quality of life of seniors, such as the tax credit for experienced workers, which becomes the tax credit for career extension;

(d) enhancement of refundable tax credits for informal caregivers of persons of full age;

(e) enhancement of the refundable work incentive tax credits, namely the tax credit establishing a fiscal shield, the tax credit granting a work premium and the tax credit for child care expenses;

(f) introduction of a non-refundable tax credit for first-time home buyers;

(g) enhancement of the refundable tax credits for corporations in the cultural sector;

(h) enhancement of the refundable tax credit for on-the-job training periods;

(i) introduction of a refundable tax credit to promote training for workers employed by small and medium-sized businesses (SMBs);

(j) temporary enhancement of the refundable tax credit for holders of a taxi driver's permit and possibility for members of a partnership to benefit from the refundable tax credit for holders of a taxi owner's permit;

(k) introduction of a temporary tax credit for the exchange of shares of Capital régional et coopératif Desjardins, reduction of the rate of the tax credit granted for the acquisition of its shares and temporary continuation of the enhanced rate of the tax credit for the acquisition of shares issued by Fondation;

(l) introduction of a refundable tax credit for the digital transformation of print media;

(m) renewal and enhancement of the refundable tax credits aimed at encouraging the creation of new financial services corporations;

(n) extension and simplification of the refundable tax credits for the production of ethanol, cellulosic ethanol and biodiesel fuel in Québec and introduction of a temporary refundable tax credit for the production of pyrolysis oil in Québec; and

(o) reduction of the rates of the compensatory tax on financial institutions;

(3) the Taxation Act, the Act respecting the sectoral parameters of certain fiscal measures and the Act respecting the Régie de l'assurance maladie du Québec to enhance the tax holidays for the carrying out of large investment projects;

(4) the Taxation Act and the Act respecting the Régie de l'assurance maladie du Québec to standardize the tax rates for SMBs and provide for the gradual reduction of the employers' contribution rate to the Health Services Fund for all SMBs;

(5) the Taxation Act and the Tax Administration Act to implement certain measures announced in the Tax Fairness Action Plan, including measures to counter aggressive tax planning;

(6) the Act respecting the Québec sales tax to, among other things, phase out restrictions preventing large businesses from obtaining input tax refunds; and

(7) the Act respecting the Québec sales tax and the Tax Administration Act to require a person who operates a digital accommodation platform to register under the tax on lodging.

In addition, the Taxation Act and the Act respecting the Québec sales tax are amended to make amendments similar to those made to the Income Tax Act and the Excise Tax Act by federal bills assented to mainly in 2016, 2017 and 2018. The Act gives effect to harmonization measures announced in various Information Bulletins published mainly in 2016, 2017 and 2018. More specifically, the amendments deal with

(1) addition of specialized nurse practitioners to the list of professionals authorized to issue certifications or prescribe certain treatments in respect of persons with disabilities;

(2) eligibility for the tuition tax credit in the case of tuition fees paid for occupational skills courses;

(3) eligibility, for the purpose of splitting retirement income between spouses and with respect to the retirement income tax credit, of the retirement income security benefits paid to Canadian Forces veterans;

(4) eligibility for the tax credit for medical expenses of fees paid for the purchase of certain cannabis products for medical purposes and in respect of an animal specially trained to assist persons who have a severe mental impairment;

(5) elimination of the home relocation loan deduction;

(6) modernization of the criteria for characterizing life insurance policies as exempt policies;

(7) replacement of rules relating to incorporeal capital property by the introduction of a new category of depreciable property;

(8) zero-rated status of naloxone for the treatment of opioid overdose; and

(9) taxation of cannabis products.

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);
- Individual and Family Assistance Act (chapter A-13.1.1);
- Act constituting Capital régional et coopératif Desjardins (chapter C-6.1);
- Act respecting international financial centres (chapter C-8.3);
- Act respecting duties on transfers of immovables (chapter D-15.1);
- 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);
- Mining Tax Act (chapter I-0.4);
- Tobacco Tax Act (chapter I-2);
- Taxation Act (chapter I-3);
- Act respecting the application of the Taxation Act (chapter I-4);
- Act respecting administrative justice (chapter J-3);
- Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);
- Youth Protection Act (chapter P-34.1);
- Act respecting the Régie de l’assurance maladie du Québec (chapter R-5);
- Act respecting the Québec Pension Plan (chapter R-9);
- Educational Childcare Act (chapter S-4.1.1);

- Act respecting the Québec sales tax (chapter T-0.1);
- Fuel Tax Act (chapter T-1);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63);
- Act giving effect to the economic statement delivered on 14 January 2009, to the Budget Speech delivered on 19 March 2009 and to certain other budget statements (2010, chapter 5);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (2011, chapter 6);
- Act to amend the Act respecting the Québec sales tax and other legislative provisions (2012, chapter 28);
- Act to give effect to the Budget Speech delivered on 4 June 2014 and to various other fiscal measures (2015, chapter 21);
- Act to give effect to the Update on Québec’s Economic and Financial Situation presented on 2 December 2014 and to amend various legislative provisions (2015, chapter 24);
- Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 26 March 2015 (2015, chapter 36);
- Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 17 March 2016 (2017, chapter 1);
- Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 28 March 2017 (2017, chapter 29).

REGULATIONS AMENDED BY THIS ACT:

- Individual and Family Assistance Regulation (chapter A-13.1.1, r. 1);
- Regulation respecting financial assistance for education expenses (chapter A-13.3, r. 1);
- Regulation respecting legal aid (chapter A-14, r. 2);
- Regulation respecting the Taxation Act (chapter I-3, r. 1);
- Regulation respecting financial assistance to facilitate the adoption of a child (chapter P-34.1, r. 4);
- Regulation respecting the Québec sales tax (chapter T-0.1, r. 2).

Bill 13

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

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

TAX ADMINISTRATION ACT

1. (1) The Tax Administration Act (chapter A-6.002) is amended by inserting the following section after section 25.1.1:

“25.1.2. Where a formal demand relating to an amount that may be owed by a particular person under a fiscal law or to a refund to which the particular person may be entitled under such a law has been notified in accordance with the first paragraph of section 39 to a person regarding the filing of information, additional information or documents, the time limit described in the second paragraph of section 25, that applies in respect of the particular person, is suspended for the period that begins on the day the formal demand is notified by registered mail or by personal service and ends on the day the formal demand or the order provided for in section 39.2 is complied with or, in the case of contestation, the day on which a final judgment is rendered in relation to the formal demand or the order and on which, if applicable, the information, additional information or documents, as the case may be, are filed in accordance with the formal demand or the order.

For the purposes of the first paragraph, the Act respecting the Québec sales tax (chapter T-0.1), as regards Title I of that Act, is not a fiscal law.”

(2) Subsection 1 applies in respect of a formal demand notified after 10 July 2018 or of an order made after that date.

2. (1) Section 59.2.2 of the Act is amended

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

“Every person who fails to report an income equal to or greater than \$500 (in this section referred to as “unreported income”) in the fiscal return filed by that person for a taxation year and has already made such an omission for any of the three preceding taxation years incurs a penalty equal to the lesser of

(a) 10% of the unreported income; and

(b) the amount determined by the formula

$0.5 \times (A - B)$.”;

(2) by inserting the following paragraph after the first paragraph:

“In the formula in the first paragraph,

(a) A is an amount equal to the excess amount that would be determined for the taxation year under the first paragraph of section 1049 of the Taxation Act (chapter I-3) if that section applied in respect of the unreported income; and

(b) B is any amount deducted or withheld under section 1015 of the Taxation Act that may reasonably be considered to be in respect of the unreported income.”

(2) Subsection 1 applies from 20 June 2019.

3. Section 59.5.1 of the Act is amended by replacing the portion before the definition of “culpable conduct” in the first paragraph by the following:

“**59.5.1.** In this section and sections 59.5.2 to 59.5.8,”.

4. Sections 59.5.5 and 59.5.6 of the Act are amended by replacing “59.5.9” by “59.5.8”.

5. Section 60.4 of the Act is amended by replacing “or any of sections 541.25 to 541.28, 541.30 and 541.32” by “, any of sections 541.25 to 541.28 and 541.30, the fourth paragraph of section 541.31.1 or section 541.32”.

6. (1) Section 69.0.0.1 of the Act is amended by striking out the second paragraph.

(2) Subsection 1 applies from 1 January 2020.

7. (1) Section 69.1 of the Act is amended, in the second paragraph,

(1) by replacing “tax credit for child assistance” in subparagraph 3 of subparagraph *n* by “tax credit granting an allowance to families”;

(2) by striking out subparagraphs *r* and *z.1*.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2019.

8. Section 69.3 of the Act is amended by replacing “, except subparagraph *z.1* of the second paragraph, or section” in the first paragraph by “or”.

9. Section 69.8 of the Act is amended by striking out “z.1,” in the portion before subparagraph *a* of the first paragraph.

10. Section 93.33 of the Act is amended by replacing “a final judgment (*res judicata*)” in the first paragraph by “*res judicata*”.

11. (1) Sections 94.0.3.1 to 94.0.3.4 of the Act are repealed.

(2) Subsection 1 applies from 1 January 2021.

ACT CONSTITUTING CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

12. Section 4 of the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) is amended by replacing “shareholders” in paragraph 2 by “holders of class “A” or class “B” shares”.

13. The Act is amended by inserting the following before section 8.1:

“DIVISION I

“INTERPRETATION”.

14. (1) Section 8.1 of the Act is replaced by the following section:

“**8.1.** For the purposes of this Act,

“capitalization period” means

(1) a period that is

(a) the period that begins on 1 July 2001 and ends on 31 December 2001,

(b) the period that begins on 1 January 2002 and ends on 28 February 2003,

(c) the period that begins on 1 March 2003 and ends on 29 February 2004,

(d) the period that begins on 31 March 2004 and ends on 28 February 2005,

(e) the period that begins on 1 March 2005 and ends on 28 February 2006, or

(f) the period that begins on 24 March 2006 and ends on 28 February 2007; or

(2) a period that begins on 1 March of a year subsequent to 2006 and ends on the last day of February of the following year;

“conversion period” means a period that begins on 1 March of a year subsequent to 2017 and ends on the last day of February of the following year;

“promise to purchase by way of exchange” made by a natural person at a particular time means an irrevocable undertaking made in writing at that time by the person to purchase from the Société a class “B” share or fractional share of its capital stock and to pay, for such a purchase, a consideration composed exclusively of a share or fractional share, as the case may be, issued under section 9 that the person has been holding at that time for at least seven years, provided, at the particular time, the person

(1) has never obtained, as a consequence of the application of any of paragraphs 1, 2 and 4 of section 12, the redemption of a share or fractional share of the Société; and

(2) has never succeeded in having the Société purchase by agreement a share or fractional share from the person in accordance with the purchase by agreement policy referred to in the second paragraph of section 11, otherwise than under a provision of that policy that allows the Société to purchase by agreement a share or fractional share it issued because no amount was deducted in respect of that share or fractional share under section 776.1.5.0.11 of the Taxation Act (chapter I-3).”

(2) Subsection 1 has effect from 1 March 2018.

15. The Act is amended by inserting the following before section 9:

“DIVISION II

“CLASSES OF SHARES”.

16. Section 9 of the Act is replaced by the following section:

“9. Subject to sections 10 and 19.0.1, the Société is authorized to issue class “A” shares without par value, carrying the rights defined in section 123.40 of the Companies Act (chapter C-38), the right to elect two directors and the right of redemption defined in sections 12 and 14.

The Société is also authorized, subject to sections 10 and 19.0.1, to issue class “A” fractional shares without par value, carrying proportionately the same rights as the shares of that class, except the voting rights attached to such shares.

The shares and fractional shares issued under this section before 19 June 2019 are deemed to be class “A” shares and fractional shares from the day of their issue.”

17. The Act is amended by inserting the following after section 9:

“**9.1.** Subject to section 10.1, the Société is also authorized to issue class “B” shares without par value, carrying the rights referred to in the first paragraph of section 9, as well as class “B” fractional shares without par value, carrying proportionately the same rights as the shares of that class, except the voting rights attached to such shares.

“DIVISION III

“LIMIT ON CAPITALIZATION AND EXCHANGES OF SHARES”.

18. (1) Section 10 of the Act is amended

(1) by replacing the portion before subparagraph 1 of the second paragraph by the following:

“**10.** The total amount of the subscription for the issued and outstanding class “A” shares and fractional shares of the Société may not exceed, at the end of a capitalization period described in paragraph 1 of the definition of that expression in section 8.1, the amount provided for in Schedule 1 in respect of that capitalization period.

The total amount of the subscription for the class “A” shares and fractional shares of the Société issued during a capitalization period described in paragraph 2 of the definition of that expression in section 8.1 may not exceed”;

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

“(2) subject to subparagraphs 3 to 5, either of the following amounts, if the capitalization period begins after 29 February 2008:”;

(3) by adding the following subparagraph at the end of the second paragraph:

“(5) \$140,000,000, if the capitalization period is the period that ends on 28 February 2019, the period that ends on 29 February 2020 or the period that ends on 28 February 2021.”;

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

“The amount referred to in subparagraph *b* of subparagraph 2 of the second paragraph corresponds to the reduction in the total amount of the subscription for the issued and outstanding class “A” and class “B” shares and fractional shares of the Société that is attributable to the aggregate of such shares and fractional shares that were redeemed or purchased by agreement by the Société during the preceding capitalization period.”

(2) Paragraphs 1 to 3 of subsection 1 have effect from 1 March 2018. However, where section 10 of the Act applies before 19 June 2019, it is to be read as if “class “A”” were struck out wherever it appears in the portion before subparagraph 1 of the second paragraph.

19. (1) The Act is amended by inserting the following after section 10:

“10.1. The aggregate of all amounts each of which is the value of a consideration that a person has paid or has undertaken to pay, in a conversion period, for the acquisition of a class “B” share or fractional share of the Société may not exceed \$100,000,000, where the conversion period is

- (1) the period that ends on 28 February 2019;
- (2) the period that ends on 29 February 2020; or
- (3) the period that ends on 28 February 2021.

For the purposes of the first paragraph, the following rules apply:

(1) a person has undertaken to pay, in a conversion period described in that paragraph, a consideration for the acquisition of a class “B” share or fractional share, where the person has undertaken to purchase such a share or fractional share under a promise to purchase by way of exchange that

(a) was made by the person at a particular time in the conversion period that is after 28 February 2018 and before 19 June 2019, and

(b) was accepted by the Société after 9 July 2018 and before 19 June 2019; and

(2) the value of a consideration that a person has paid or has undertaken to pay for the acquisition of a class “B” share or fractional share is

(a) in the case of a consideration that the person has undertaken to pay in accordance with subparagraph 1 because of a promise to purchase by way of exchange, the current price, at the time the promise was accepted by the Société, of the share or fractional share forming, under the terms of the promise, the consideration that the person must pay for such an acquisition, or

(b) in the case of a consideration paid by the person, the current price, at the time the consideration is paid, of the share or fractional share forming, under paragraph 2 of section 11.1, the consideration.

“DIVISION IV

“SUBSCRIPTION RIGHT, PURCHASE BY AGREEMENT AND REDEMPTION”.

(2) Subsection 1, where it enacts section 10.1 of the Act, has effect from 1 March 2018.

20. Section 11 of the Act is replaced by the following section:

“**11.** Subject to section 11.1, only a natural person may acquire or hold class “A” or class “B” shares or fractional shares of the Société. The holder of class “A” or class “B” shares or fractional shares may not alienate them and such shares or fractional shares, subject to section 123.56 of the Companies Act (chapter C-38), may not be purchased by agreement by the Société, except with the authorization of the board of directors or a committee composed of persons designated by the board for that purpose.

The Société may purchase by agreement class “A” or class “B” shares or fractional shares only in the cases and to the extent provided in a policy adopted by the board of directors and approved by the Minister of Finance and only at a price not exceeding the redemption price determined in accordance with section 15.”

21. The Act is amended by inserting the following section after section 11:

“**11.1.** The acquisition of a class “B” share or fractional share of the Société is made either by a person in fulfilment of a promise to purchase by way of exchange that the person made after 28 February 2018 and before 19 June 2019 and that was accepted by the Société within the time provided for in subparagraph *b* of subparagraph 1 of the second paragraph of section 10.1, or by a person who

(1) at the time at which the person subscribes for the share or fractional share,

(a) holds a class “A” share or fractional share of the Société that was issued to the person at least seven years prior to the subscription, and

(b) has never, as a consequence of the application of any of paragraphs 1, 2 and 4 of section 12, succeeded in having the Société redeem a class “A” or class “B” share or fractional share or succeeded in having the Société purchase by agreement such a share or fractional share from the person in accordance with the purchase by agreement policy referred to in the second paragraph of section 11, otherwise than under a provision of that policy that allows the Société to purchase by agreement a share or fractional share it issued because no amount was deducted in respect of that share or fractional share under section 776.1.5.0.11 of the Taxation Act (chapter I-3) or under section 776.1.5.0.15.2 or 776.1.5.0.15.4 of that Act, as the case may be; and

(2) pays, for the acquisition of that share or fractional share, a consideration composed exclusively of a share or fractional share, as the case may be, described in subparagraph *a* of paragraph 1.”

22. Section 12 of the Act is amended by replacing the portion before paragraph 1 by the following:

“**12.** A class “A” or class “B” share or fractional share is redeemable by the Société only in the following cases:”.

23. The Act is amended by inserting the following section after section 12:

“**12.1.** Where a person has acquired a class “B” share or fractional share in fulfilment of a promise to purchase by way of exchange described in section 11.1, the person is deemed, for the purposes of paragraph 1 of section 12, to have acquired the share or fractional share on the date on which the person’s promise to purchase by way of exchange was accepted by the Société.”

24. Section 15 of the Act is amended

(1) by inserting “class “A” and class “B”” before “shares or fractional shares” in the first paragraph;

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

“However, in the case described in paragraph 3 of section 12, the Société is bound to redeem a shareholder’s share or fractional share as follows:

(1) where the share or fractional share is a class “A” share or fractional share, it must be redeemed at a price corresponding to the price at which it was acquired from the Société and that price must be paid not later than 30 days after the date of receipt of the request; and

(2) where the share or fractional share is a class “B” share or fractional share, it must be redeemed by issuing a class “A” share or fractional share to the shareholder, not later than 30 days after the date of receipt of the shareholder’s request.”

25. The Act is amended by inserting the following after section 15:

“**15.1.** Where, in the circumstances set out in subparagraph 2 of the fourth paragraph of section 15, a class “A” share or fractional share is issued by the Société, that share or fractional share is deemed to be the same as that which formed the consideration paid to purchase the class “B” share or fractional share referred to in that subparagraph.

“DIVISION V

“SHARE CERTIFICATE OR WRITTEN CONFIRMATION STANDING IN LIEU THEREOF”.

26. (1) Section 19 of the Act is amended

(1) by replacing subparagraph 5 of the fifth paragraph by the following subparagraph:

“(5) an investment made after 11 March 2003 in an eligible entity through a limited partnership (other than the one referred to in subparagraph 2 of the sixth paragraph) in which the Société holds an interest, directly or through another limited partnership, not exceeding the proportion of the Société’s direct or indirect interest in the limited partnership that made the investment;”;

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

“(13) investments described in section 19.0.0.1, where it must be determined whether the Société is complying with the requirements of the second paragraph for a fiscal year that begins after 31 December 2017 and ends before 1 January 2023.”;

(3) by replacing the sixth and seventh paragraphs by the following paragraphs:

“For the purposes of this section, the following investments are also eligible investments:

(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. participates, for the succession of the enterprise;

(2) investments made in an eligible entity through Desjardins Capital PME S.E.C. and that are either investments entailing no security or hypothec or investments made after 31 December 2017 and entailing a security or a hypothec, up to the proportion of the Société’s direct or indirect interest in that limited partnership; and

(3) investments with or without a security or a hypothec made through Desjardins Capital Transatlantique, S.E.C. or Siparex Transatlantique, a professional private equity fund governed by the laws of the French Republic, in an enterprise described in paragraph 1 of section 19.0.0.1 in accordance with the joint investment agreement referred to in that section, up to the proportion of the Société’s direct or indirect interest in that limited partnership or that professional private equity fund, as the case may be.

For the purposes of the fifth and sixth paragraphs, the following rules apply:

(1) investments that the Société has agreed to make, for which it has committed but not yet disbursed sums at the end of a fiscal year, and that would have been described in any of subparagraphs 1 to 4, 6 and 11 of the fifth paragraph or in subparagraph 1 of the sixth paragraph had they been made by the Société, are deemed to have been made by the Société;

(2) investments that Desjardins Capital PME S.E.C. has agreed to make, for which it has committed but not yet disbursed sums at the end of a fiscal year, and that would have been referred to in subparagraph 2 of the sixth paragraph had they been made by that limited partnership, are deemed to have been made by the limited partnership;

(3) investments that an entity that is either Desjardins Capital Transatlantique, S.E.C. or Siparex Transatlantique, a professional private equity fund governed by the laws of the French Republic, has agreed to make, for which it has committed but not yet disbursed sums at the end of a fiscal year, and that would have been referred to in subparagraph 3 of the sixth paragraph had they been made by that entity, are deemed to have been made by the entity; and

(4) for a particular fiscal year, the aggregate of the deemed investments made by the Société under subparagraph 1 and all amounts each of which is the Société's share in an investment deemed to be made by Desjardins Capital PME S.E.C., by Desjardins Capital Transatlantique, S.E.C. or by Siparex Transatlantique, a professional private equity fund governed by the laws of the French Republic, under subparagraph 2 or 3, as the case may be, may not exceed 12% of the Société's net assets at the end of the preceding fiscal year.”;

(4) by replacing subparagraph 0.1 of the tenth paragraph by the following subparagraph:

“(0.1) the investments described in subparagraph 1 of that paragraph that are made, after 31 December 2013 and before 1 January 2018, in an eligible entity situated in a territory referred to in Division I of Schedule 3 are, up to \$500,000 per investment, deemed to be increased by 100% and the investments described in that subparagraph 1 that are made, after 31 December 2017 and before 1 January 2021, in an eligible entity situated in a territory referred to in Division II of that Schedule are, up to \$750,000 per investment, deemed to be increased by 100%.”;

(5) by replacing subparagraphs 2.1 and 2.2 of the tenth paragraph by the following subparagraphs:

“(2.1) the Société’s share in an investment described in subparagraph 5 of that paragraph that is made, after 31 December 2013 and before 1 January 2018, in an eligible entity situated in a territory referred to in Division I of Schedule 3 is, up to \$500,000, deemed to be increased by 100% and the Société’s share in such an investment that is made, after 31 December 2017 and before 1 January 2021, in an eligible entity situated in a territory referred to in Division II of that Schedule is, up to \$750,000, deemed to be increased by 100%;

“(2.2) the amount of the investments described in that paragraph, other than those described in subparagraph 5 of that paragraph, made by the Société in a limited partnership is deemed to be increased by the Société’s share in any investment of the limited partnership that entails no security or hypothec that is made, after 31 December 2013 and before 1 January 2018, in an eligible entity situated in a territory referred to in Division I of Schedule 3, up to \$500,000 per investment, or by the Société’s share in any investment of the limited partnership that entails no security or hypothec that is made, after 31 December 2017 and before 1 January 2021, in an eligible entity situated in a territory referred to in Division II of that Schedule, up to \$750,000 per investment;”;

(6) by inserting the following paragraph after the tenth paragraph:

“For the purposes of subparagraphs 2 and 3 of the sixth paragraph, the Société’s share in an investment described in that subparagraph 2 or 3, as the case may be, that is made after 31 December 2017 and before 1 January 2021 in an eligible entity situated in a territory referred to in Division II of Schedule 3 is, up to \$750,000, deemed to be increased by 100%.”;

(7) by replacing subparagraph 9 of the eleventh paragraph by the following subparagraph:

“(9) the eligible investments made, after 31 December 2013 and before 1 January 2018, in an entity situated in a regional county municipality referred to in Division I of Schedule 4 and those made, after 31 December 2017 and before 1 January 2021, in an entity situated in a regional county municipality referred to in Division II of that Schedule are considered to have been made in entities situated in the resource regions of Québec referred to in Schedule 2.”

(2) Paragraphs 1 to 3 of subsection 1 apply to a fiscal year that begins after 31 December 2017.

(3) Paragraphs 4 to 7 of subsection 1 apply in respect of an investment made after 31 December 2017.

27. (1) The Act is amended by inserting the following section after section 19:

“19.0.0.1. The investments to which subparagraph 13 of the fifth paragraph of section 19 refers correspond to the amount by which the Société’s eligible investments described in subparagraph 3 of the sixth paragraph of section 19 are exceeded by the aggregate of the investments made by the Société in either Desjardins Capital Transatlantique, S.E.C. or in Siparex Transatlantique, a professional private equity fund governed by the laws of the French Republic, within the framework of a joint investment agreement under which Desjardins Capital Transatlantique, S.E.C. and Siparex Transatlantique have jointly undertaken to invest in enterprises that

(1) carry on their main economic activity in Québec and have a detailed and documented project to develop an economic activity in France or elsewhere in Europe; or

(2) carry on their main economic activity in France and have a detailed and documented project to develop an economic activity in Québec or elsewhere in North America.”

(2) Subsection 1 applies to a fiscal year that begins after 31 December 2017.

28. Section 19.0.1 of the Act is amended by inserting “class “A”” before “shares or” in the portion before paragraph 1 and before “shares and” in the following provisions:

— the portion of paragraph 1 before subparagraph *a*;

— the portion of paragraph 2 before subparagraph *a*;

— the portion of paragraph 3 before subparagraph *a*;

— the portion of paragraph 4 before subparagraph *a*.

29. (1) Schedule 3 to the Act is amended

(1) by inserting the following before “The territories of the following entities:”:

“DIVISION I

“TERRITORIES IDENTIFIED FOR INVESTMENTS MADE AFTER 31 DECEMBER 2013 AND BEFORE 1 JANUARY 2018”;

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

“DIVISION II

**“TERRITORIES IDENTIFIED FOR INVESTMENTS MADE AFTER
31 DECEMBER 2017 AND BEFORE 1 JANUARY 2021**

The territories referred to in Division I of this Schedule, except the territory of the Kativik Regional Government, the territory of the Eeyou Istchee James Bay Regional Government and the territory of the Municipalité régionale de comté de Coaticook.

The territories of the following regional county municipalities:

Municipalité régionale de comté de Charlevoix-Est;

Municipalité régionale de comté de D’Autray;

Municipalité régionale de comté de Nicolet-Yamaska;

Municipalité régionale de comté de Pierre-De Saurel.”

(2) Subsection 1 has effect from 1 January 2018.

30. (1) Schedule 4 to the Act is amended

(1) by replacing the heading by the following heading:

**“LISTS OF REGIONAL COUNTY MUNICIPALITIES OUTSIDE
RESOURCE REGIONS FACING ECONOMIC DIFFICULTIES”;**

(2) by inserting the following before “Municipalité régionale de comté d’Acton”:

“DIVISION I

**“APPLICABLE LIST IN RESPECT OF INVESTMENTS MADE AFTER
31 DECEMBER 2013 AND BEFORE 1 JANUARY 2018”;**

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

“DIVISION II

**“APPLICABLE LIST IN RESPECT OF INVESTMENTS MADE AFTER
31 DECEMBER 2017 AND BEFORE 1 JANUARY 2021**

Regional county municipalities referred to in Division I of this Schedule, except
Municipalité régionale de comté de Coaticook;

Municipalité régionale de comté de Charlevoix-Est;

Municipalité régionale de comté de D’Autray;

Municipalité régionale de comté de Nicolet-Yamaska;

Municipalité régionale de comté de Pierre-De Saurel.”

(2) Subsection 1 has effect from 1 January 2018.

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

31. (1) Section 4 of the Act respecting international financial centres (chapter C-8.3) is amended

(1) by replacing the definitions of “adviser” and “dealer” by the following definitions:

““adviser” means, except for the purposes of the definition of “foreign financial entity”, an adviser within the meaning of section 3 of the Derivatives Act (chapter I-14.01) or section 5 of the Securities Act (chapter V-1.1), authorized to act in that capacity under that Act;

““dealer” means, except for the purposes of the definition of “foreign financial entity”, a dealer within the meaning of section 3 of the Derivatives Act or section 5 of the Securities Act, authorized to act in that capacity under that Act;”;

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

““foreign financial entity” means a person or a partnership, or a group of persons or partnerships, that carries on a business all or substantially all of whose activities are carried out outside Canada and that is any of the following entities, or is composed of such entities:

(1) a bank;

(2) a savings and credit union;

(3) a trust company;

(4) a securities dealer;

(5) an insurance corporation;

(6) any other financial or insurance institution similar to an entity referred to in any of paragraphs 1 to 5;

(7) a securities adviser or a securities portfolio manager;

(8) a damage or personal insurance broker; or

(9) a corporation all the issued capital stock of which, except directors' qualifying shares, belongs to one or more entities referred to in any of paragraphs 1 to 8;”;

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

““qualified international financial operation” includes activities that relate to services respecting conformity, due diligence, knowledge of the client, corporate finance and taxation, financial disclosure, risk management and data control and quality, but does not include activities relating to

(1) promotion or marketing;

(2) human and physical resource management; or

(3) information technologies, including the development of computer systems, the migration and modernization of technological platforms, computer support, business process automation and cybersecurity;”;

(4) by replacing paragraph 1 of the definition of “excluded corporation” by the following paragraph:

“(1) a corporation that is exempt from tax for a taxation year under Book VIII of Part I of the Taxation Act; or”;

(5) by replacing the definition of “security” by the following definition:

““security” means, except for the purposes of the definition of “foreign financial entity”, a derivative within the meaning of section 3 of the Derivatives Act or any of the forms of investment listed in section 1 of the Securities Act, except a share in an investment club;”.

(2) Paragraphs 1 to 3 and 5 of subsection 1 have effect from 21 December 2017.

(3) Paragraph 4 of subsection 1 applies to a taxation year that begins after 31 December 2018.

32. (1) Section 6 of the Act is amended, in the first paragraph,

(1) by replacing subparagraph 2 by the following subparagraph:

“(2) all the activities of which pertain to qualified international financial transactions or to one or more eligible contracts of the corporation and such activities require that the corporation employ at least six eligible employees, within the meaning of section 776.1.27 or 1029.8.36.166.61 of the Taxation Act (chapter I-3);”;

(2) by inserting the following subparagraph after subparagraph 2:

“(2.1) the activities of which pertaining to qualified international financial transactions consist in new activities or an expansion of existing activities and those activities did not begin more than 12 months before the date on which a qualification certificate in respect of the business was applied for under the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1), or are to begin no later than 24 months after that date and require that the corporation use additional financial, human and physical resources;”;

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

“(3) the management of the activities of which that lead to the completion of qualified international financial transactions or of one or more eligible contracts and that are carried out in the course of the operations of the business is conducted within the urban agglomeration of Montréal;”.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 21 December 2017.

(3) Paragraph 2 of subsection 1 has effect from 31 March 2010, except in respect of a business whose qualification certificate issued under the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) was valid on 30 March 2010.

33. (1) The Act is amended by inserting the following section after section 8.1:

“**8.2.** In this Act, an eligible contract of a corporation means a contract entered into between the corporation and a foreign financial entity where

(1) under the contract, the corporation undertakes to render services, including support, analysis, control and management, to the foreign financial entity that consist mainly in carrying out qualified international financial operations on behalf of the entity and the completion of those operations pertains to a business all or substantially all of which the foreign financial entity carries on outside Canada and that has not previously been carried on in Canada;

(2) the activities carried out by the corporation under the contract consist in new activities of the corporation that did not begin more than 12 months before the date on which a qualification certificate in respect of the contract was applied for, in accordance with the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1), or are to begin no more than 24 months after that date and require that the corporation use additional financial, human and physical resources; and

(3) the services referred to in subparagraph 1 are directly related to the business carried on by the foreign financial entity outside Canada and consist in services that have not been previously rendered in Québec by the corporation on behalf of the entity or a person not dealing at arm’s length with it.

For the purposes of subparagraph 3 of the first paragraph, the services rendered by the corporation under the contract that relate to the management and day-to-day administration of the international financial centre it operates are not services directly related to the business carried on by the international financial entity.”

(2) Subsection 1 has effect from 21 December 2017.

ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES

34. (1) Section 4.1 of the Act respecting duties on transfers of immovables (chapter D-15.1) is amended by replacing the first paragraph by the following paragraph:

“A transferee exempt from the payment of transfer duties under subparagraph *a* or *a.1* of the first paragraph of section 19 in respect of the transfer of an immovable is required to pay the transfer duties that would have been otherwise payable in respect of the transfer if, at a particular time in the 24-month period following the date of the transfer,

(*a*) in the case of a transfer referred to in subparagraph *a* of that first paragraph, the percentage of voting rights that may be exercised by the transferor under any circumstances at the annual meeting of shareholders of the transferee falls below 90%; or

(*b*) in the case of a transfer referred to in subparagraph *a.1* of that first paragraph, the transferor’s share in the transferee’s profits or losses falls below 90%.”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 20 December 2017.

35. (1) Section 4.2 of the Act is amended

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

“For the purpose of determining the percentage of voting rights mentioned in the first paragraph, the second, third and fourth paragraphs of section 19 and subparagraph *b* of the fifth paragraph of that section are to be read as if “at the time of the transfer” were replaced by “at the particular time”.”;

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

“For the purposes of this section, “legal person” is to be read with reference to the fourth paragraph of section 19.”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 20 December 2017.

36. (1) Section 4.2.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**4.2.1.** Despite the first paragraph of section 4.1, a transferee is not required to pay the transfer duties that would have been otherwise payable by reason of subparagraph *a* of that paragraph if, at a particular time in the 24-month period following the date of the transfer, the condition relating to the percentage of voting rights is no longer met by reason of”.

(2) Subsection 1 applies in respect of the transfer of an immovable made after 20 December 2017.

37. (1) The Act is amended by inserting the following section after section 4.2.1:

“**4.2.1.1.** Despite the first paragraph of section 4.1, a transferee is not required to pay the transfer duties that would have been otherwise payable as a consequence of the application of subparagraph *b* of that paragraph if, at a particular time in the 24-month period following the date of the transfer, the condition relating to the transferor’s share in the transferee’s profits or losses is no longer met by reason of

(*a*) the dissolution of the transferee; or

(*b*) the transferor’s loss of the quality of partner for a fortuitous reason such as the transferor’s death or the transferor being placed under protective supervision or becoming bankrupt.”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 20 December 2017.

38. (1) Section 4.2.2 of the Act is amended by replacing the second paragraph by the following paragraph:

“For the purposes of subparagraphs *b* and *c* of the first paragraph, the second, third and fourth paragraphs of section 19 and subparagraph *b* of the fifth paragraph of that section apply for the purpose of determining whether a legal person is closely related to a particular legal person at a particular time and, to that end, the second, third and fourth paragraphs of section 19 and subparagraph *b* of the fifth paragraph of that section are to be read as if “at the time of the transfer” were replaced by “at the particular time”.

(2) Subsection 1 applies in respect of the transfer of an immovable made after 20 December 2017.

39. (1) Section 10.2 of the Act is amended by replacing the portion of subparagraph *b* of the first paragraph before subparagraph *i* by the following:

“(b) in the case where the transferor or transferee is a legal person or a partnership,”.

(2) Subsection 1 applies in respect of the transfer of an immovable made after 20 December 2017.

40. (1) Section 19 of the Act is amended

(1) by inserting the following subparagraph after subparagraph *a* of the first paragraph:

“(a.1) the transfer is made by a transferor who is a natural person to a transferee that is a partnership if, immediately after the transfer, the transferor’s share in the transferee’s profits or losses is at least 90%,”;

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

“(b.2) the transfer is made by a transferor that is a partnership to a transferee who is a natural person if, throughout the 24-month period immediately preceding the transfer or, where the partnership has been constituted for less than 24 months on the date of the transfer, throughout the period that begins on the date of constitution of the partnership and ends on the date of the transfer, the transferee’s share in the transferor’s profits or losses is at least 90%,”;

(3) by inserting the following paragraph after the third paragraph:

“For the purposes of subparagraph *d* of the first paragraph and the second and third paragraphs, a partnership is deemed to be, at the time of the transfer, a legal person all of whose shares carrying voting rights that may be exercised under any circumstances at the annual meeting of shareholders of the legal person are owned by each partner of the partnership in a proportion that is equal, at that time, to the partner’s share in the partnership’s profits or losses.”;

(4) by replacing the fourth paragraph by the following paragraph:

“For the purposes of this section, the following rules apply:

(a) each person, other than the transferor or the transferee, who, at any time, has a right under a contract or otherwise, either immediately or in the future and either absolutely or contingently, to, or to acquire, shares of a legal person or to control the voting rights of such shares, or to cause a legal person to redeem, acquire or cancel any shares of its capital stock owned by other shareholders, is deemed, at that time, to have exercised that right, except where the right is not exercisable at that time because its exercise is contingent on the death, bankruptcy or permanent disability of a person; and

(b) a partner's share in a partnership's profits or losses, at the time of the transfer, is determined according to the terms of the contract of partnership applicable at that time.”

(2) Subsection 1 applies in respect of the transfer of an immovable made after 20 December 2017.

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

41. (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 adding the following subparagraph at the end of the fifth paragraph:

“(13) investments made by the Fund in Teralys Capital Fonds d'Innovation 2018 S.E.C.”;

(2) by replacing “and 12” in the eighth paragraph by “, 12 and 13”.

(2) Subsection 1 applies to a fiscal year that begins after 31 May 2018.

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

42. (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 adding the following subparagraph at the end of the sixth paragraph:

“(17) investments made by the Fund in Teralys Capital Fonds d'Innovation 2018 S.E.C.”;

(2) by replacing “, 15 and 16” in the ninth paragraph by “and 15 to 17”.

(2) Subsection 1 applies to a fiscal year that begins after 31 May 2018.

MINING TAX ACT

43. (1) Section 4.8 of the Mining Tax Act (chapter I-0.4) is amended by replacing subparagraph *a* of paragraph 2 by the following subparagraph:

“(a) relates to the undepreciated capital cost of the operator's property of a class within the meaning of section 9, the operator's cumulative exploration, mineral deposit evaluation and mine development expenses within the meaning of section 16.1, the operator's cumulative exploration expenses in respect of expenses incurred after 30 March 2010 within the meaning of section 16.9, the

operator's cumulative pre-production development expenses in respect of expenses incurred after 30 March 2010 within the meaning of section 16.11, the operator's cumulative post-production development expenses in respect of a mine within the meaning of section 16.13, the cumulative community consultation expenses within the meaning of section 16.13.2, the cumulative environmental studies expenses within the meaning of section 16.13.4, the operator's cumulative exploration expenses in respect of expenses incurred before 31 March 2010 within the meaning of section 19.2, and the cumulative expenses relating to a Northern mine within the meaning of section 26.2 (each of which is in this paragraph referred to as a "pool amount"), and".

(2) Subsection 1 applies to a fiscal year that ends after 28 March 2017. However, where section 4.8 of the Act applies to a fiscal year that ends before 28 March 2018, it is to be read without reference to "the cumulative environmental studies expenses within the meaning of section 16.13.4," in subparagraph *a* of paragraph 2.

44. (1) Section 8 of the Act is amended, in the second paragraph,

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

"(b) an amount, other than government assistance, received or receivable by the operator in the fiscal year from a person or partnership, because of an expense incurred by the operator for a particular fiscal year and that is an expense deducted in computing annual profit for the particular fiscal year or an expense taken into account for the particular fiscal year, for the purposes of subparagraph *b* of subparagraph 1 of the second paragraph of section 16.1 or subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11, 16.13.2 and 16.13.4; and";

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

"(h) subject to section 16.13.1, the amount deducted by the operator, for the fiscal year, as an allowance for community consultations, and

"(i) subject to section 16.13.3, the amount deducted by the operator, for the fiscal year, as an allowance for environmental studies."

(2) Subsection 1 applies to a fiscal year that ends after 28 March 2017. However, where section 8 of the Act applies to a fiscal year that ends before 28 March 2018, the second paragraph is to be read

(1) as if "16.11, 16.13.2 and 16.13.4" in subparagraph *b* of subparagraph 1 were replaced by "16.11 and 16.13.2"; and

(2) without reference to subparagraph *i* of subparagraph 2.

45. (1) Section 8.0.2 of the Act is replaced by the following section:

“8.0.2. An amount referred to in subparagraph *a* or *e* of subparagraph 2 of the second paragraph of section 8 or in subparagraph *a* of subparagraph 2 of the fourth paragraph of that section does not include an amount taken into account in computing an allowance referred to in any of subparagraphs *c*, *d* and *f* to *i* of subparagraph 2 of the second paragraph of that section or in subparagraph *b* or *c* of subparagraph 2 of the fourth paragraph of that section.”

(2) Subsection 1 applies to a fiscal year that ends after 28 March 2017. However, where section 8.0.2 of the Act applies to a fiscal year that ends before 28 March 2018, it is to be read as if “*c*, *d* and *f* to *i*” were replaced by “*c*, *d* and *f* to *h*”.

46. (1) The heading of Division III.1 of Chapter III of the Act is replaced by the following heading:

“ALLOWANCES FOR EXPLORATION, DEVELOPMENT, COMMUNITY CONSULTATIONS AND ENVIRONMENTAL STUDIES”.

(2) Subsection 1 has effect from 29 March 2017. However, where the Act applies before 28 March 2018, it is to be read as if the heading of Division III.1 of Chapter III were replaced by the following heading:

“ALLOWANCES FOR EXPLORATION, DEVELOPMENT AND COMMUNITY CONSULTATIONS”.

47. (1) Section 16.8 of the Act is amended by replacing subparagraph *b* of paragraph 2 by the following subparagraph:

“(b) begins after 30 March 2010, 10% of its annual profit for the fiscal year, determined without reference to subparagraphs *d* to *i* of subparagraph 2 of the second paragraph of section 8.”

(2) Subsection 1 applies to a fiscal year that ends after 28 March 2017. However, where section 16.8 of the Act applies to a fiscal year that ends before 28 March 2018, it is to be read as if “*d* to *i*” in subparagraph *b* of paragraph 2 were replaced by “*d* to *h*”.

48. (1) The Act is amended by inserting the following subdivisions after section 16.13:

“§3.1. — *Allowance for community consultations*

“16.13.1. The amount that an operator may deduct, as an allowance for community consultations, under subparagraph *h* of subparagraph 2 of the second paragraph of section 8, in computing its annual profit for a fiscal year that ends after 28 March 2017, must not exceed its cumulative community consultation expenses at the end of the fiscal year.

“16.13.2. The cumulative community consultation expenses of an operator, at any time (in this section referred to as “that time”), are the amount determined by the formula

A – B.

In the formula in the first paragraph,

(1) A is the aggregate of

(a) subject to sections 16.14 and 16.15, 50% of the aggregate of all amounts each of which is expenses incurred by the operator after 28 March 2017 and before that time to consult the communities concerned by a mining operation project, including those incurred before the exploration stage, but not including

i. expenses for community consultations referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.9,

ii. an expense that may reasonably be considered to be attributable to a mine which has come into production in reasonable commercial quantities or to an actual or potential extension of such a mine, or

iii. an amount paid under an impact and benefit agreement or to enter into such an agreement, and

(b) 50% of the aggregate of all amounts each of which is an amount repaid by the operator before that time pursuant to a legal obligation to repay, in whole or in part, government assistance relating to an amount referred to in subparagraph *a*; and

(2) B is the aggregate of

(a) the aggregate of all amounts each of which is an amount deducted by the operator in computing its annual profit for a fiscal year that ends after 28 March 2017 and before that time, as an allowance for community consultations in respect of expenses incurred after 28 March 2017, under subparagraph *h* of subparagraph 2 of the second paragraph of section 8, and

(b) 50% of the aggregate of all amounts each of which is an amount of government assistance relating to an amount referred to in subparagraph *a* of subparagraph 1, that the operator received or was entitled to receive before that time.

“§3.2.—*Allowance for environmental studies*

“16.13.3. The amount that an operator may deduct, as an allowance for environmental studies, under subparagraph *i* of subparagraph 2 of the second paragraph of section 8, in computing its annual profit for a fiscal year that ends after 27 March 2018, must not exceed its cumulative environmental studies expenses at the end of the fiscal year.

“16.13.4. The cumulative environmental studies expenses of an operator, at any time (in this section referred to as “that time”), are the amount determined by the formula

A – B.

In the formula in the first paragraph,

(1) A is the aggregate of

(a) subject to sections 16.14 and 16.15, 50% of the aggregate of all amounts each of which is expenses incurred by the operator after 27 March 2018 and before that time to carry out environmental studies in relation to a mining operation project, including those incurred before the exploration stage, but not including

i. expenses for environmental studies referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.9,

ii. an expense that may reasonably be considered to be attributable to a mine which has come into production in reasonable commercial quantities or to an actual or potential extension of such a mine, or

iii. fees payable under an Act or a regulation as rates, administrative costs, guarantees, compensatory measures or other fees of a similar nature, and

(b) 50% of the aggregate of all amounts each of which is an amount repaid by the operator before that time pursuant to a legal obligation to repay, in whole or in part, government assistance relating to an amount referred to in subparagraph *a*; and

(2) B is the aggregate of

(a) the aggregate of all amounts each of which is an amount deducted by the operator in computing its annual profit for a fiscal year that ends after 27 March 2018 and before that time, as an allowance for environmental studies under subparagraph *i* of subparagraph 2 of the second paragraph of section 8, and

(b) 50% of the aggregate of all amounts each of which is an amount of government assistance relating to an amount referred to in subparagraph *a* of subparagraph 1, that the operator received or was entitled to receive before that time.”

(2) Subsection 1, where it enacts subdivision 3.1 of Division III.1 of Chapter III of the Act, applies to a fiscal year that ends after 28 March 2017.

(3) Subsection 1, where it enacts subdivision 3.2 of Division III.1 of Chapter III of the Act, applies to a fiscal year that ends after 27 March 2018.

49. (1) Section 16.14 of the Act is replaced by the following section:

“16.14. An operator may include expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11, 16.13, 16.13.2 and 16.13.4 in computing its cumulative exploration expenses, cumulative pre-production development expenses, cumulative post-production development expenses, cumulative community consultation expenses or cumulative environmental studies expenses, as the case may be, for a fiscal year only if the operator reports them to the Minister on or before the date on or before which it is required to file a return, in accordance with section 36, for the fiscal year following the one in which the expenses were incurred.”

(2) Subsection 1 applies to a fiscal year that ends after 28 March 2017. However, where section 16.14 of the Act applies to a fiscal year that ends before 28 March 2018, it is to be read as follows:

“16.14. An operator may include expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11, 16.13 and 16.13.2 in computing its cumulative exploration expenses, cumulative pre-production development expenses, cumulative post-production development expenses or cumulative community consultation expenses, as the case may be, for a fiscal year only if the operator reports them to the Minister on or before the date on or before which the operator is required to file a return, in accordance with section 36, for the fiscal year following the one in which the expenses were incurred.”

50. (1) Section 16.15 of the Act is amended by replacing the portion before paragraph 1 by the following:

“16.15. An amount referred to in subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11, 16.13, 16.13.2 and 16.13.4 does not include an amount that is”.

(2) Subsection 1 applies to a fiscal year that ends after 28 March 2017. However, where section 16.15 of the Act applies to a fiscal year that ends before 28 March 2018, the portion of that section before paragraph 1 is to be read as follows:

“16.15. An amount referred to in subparagraph *a* of subparagraph 1 of the second paragraph of any of sections 16.9, 16.11, 16.13 and 16.13.2 does not include an amount that is”.

51. (1) Section 32 of the Act is amended

(1) by adding the following subparagraphs at the end of subparagraph *b* of subparagraph 4 of the first paragraph:

“iii. the aggregate of all amounts each of which is the amount of the expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13.2 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *h* of subparagraph 2 of the second paragraph of section 8, and

“iv. the aggregate of all amounts each of which is the amount of the expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13.4 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *i* of subparagraph 2 of the second paragraph of section 8; and”;

(2) by replacing subparagraph *b* of subparagraph 5 of the first paragraph by the following subparagraph:

“(b) the aggregate of

i. the amount of the expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.11 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *f* of subparagraph 2 of the second paragraph of section 8,

ii. the aggregate of all amounts each of which is the amount of the expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13.2 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *h* of subparagraph 2 of the second paragraph of section 8, and

iii. the aggregate of all amounts each of which is the amount of the expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13.4 that were incurred by the operator for the fiscal year, without exceeding the amount deducted by the operator for the fiscal year under subparagraph *i* of subparagraph 2 of the second paragraph of section 8.”;

(3) by replacing the portion of the second paragraph before subparagraph 1 by the following:

“For the purpose of determining the amount of the expenses referred to in subparagraphs i and ii of subparagraph *b* of subparagraph 1 of the first paragraph, of the expenses referred to in subparagraphs i to iii of subparagraph *b* of subparagraph 2 of that paragraph, of the expenses referred to in subparagraphs i and ii of subparagraph *b* of subparagraph 3 of that paragraph, of the expenses referred to in subparagraphs i to iv of subparagraph *b* of subparagraph 4 of that paragraph and of the expenses referred to in subparagraphs i to iii of subparagraph *b* of subparagraph 5 of that paragraph that were incurred by an operator for a fiscal year, the following rules apply:”.

(2) Subsection 1 applies to a fiscal year that ends after 28 March 2017. However, where section 32 of the Act applies to a fiscal year that ends before 28 March 2018, it is to be read

(1) without reference to subparagraph iv of subparagraph *b* of subparagraph 4 of the first paragraph;

(2) without reference to subparagraph iii of subparagraph *b* of subparagraph 5 of the first paragraph; and

(3) as if “subparagraphs i to iv of subparagraph *b* of subparagraph 4” and “subparagraphs i to iii of subparagraph *b* of subparagraph 5” in the second paragraph were replaced by “subparagraphs i to iii of subparagraph *b* of subparagraph 4” and “subparagraphs i and ii of subparagraph *b* of subparagraph 5”, respectively.

52. (1) Section 35.3 of the Act is amended by adding the following paragraphs at the end:

“(14) each of the amounts incurred before the amalgamation by a predecessor legal person in respect of expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13.2, or allowed the predecessor legal person as a deduction in computing its annual profit under subparagraph *h* of subparagraph 2 of the second paragraph of section 8, is deemed to be an amount so incurred by the new legal person or an amount so allowed the new legal person as a deduction; and

“(15) each of the amounts incurred before the amalgamation by a predecessor legal person in respect of expenses referred to in subparagraph *a* of subparagraph 1 of the second paragraph of section 16.13.4, or allowed the predecessor legal person as a deduction in computing its annual profit under subparagraph *i* of subparagraph 2 of the second paragraph of section 8, is deemed to be an amount so incurred by the new legal person or an amount so allowed the new legal person as a deduction.”

(2) Subsection 1 applies to a fiscal year that ends after 28 March 2017. However, where section 35.3 of the Act applies to a fiscal year that ends before 28 March 2018, it is to be read without reference to paragraph 15.

53. (1) The Act is amended by inserting the following section after section 43.0.1:

“**43.0.2.** Where an operator has filed the fiscal return required by section 36 for a fiscal year and where a formal demand relating to an amount that may be owed by the operator under this Act or to a refundable duties credit for losses to which the operator may be entitled under that Act for the fiscal year has been notified in accordance with the first paragraph of section 39 of the Tax Administration Act (chapter A-6.002) to a person regarding the filing of information, additional information or documents, the time limit described in paragraph 3 of section 43 for redetermining the duties, interest and penalties payable by the operator and the refundable duties credit for losses, if applicable, and for making a reassessment or an additional assessment, in respect of the fiscal year concerned, is suspended for the period that begins on the day the formal demand is notified by registered mail or by personal service and ends on the day the formal demand or the order provided for in section 39.2 of the Tax Administration Act is complied with or, in case of contestation, the day on which a final judgement is rendered in relation to the formal demand or the order and on which, if applicable, the information, additional information or documents, as the case may be, are filed in accordance with the formal demand or the order.”

(2) Subsection 1 applies in respect of a formal demand notified after 10 July 2018 or of an order issued after that date.

TOBACCO TAX ACT

54. Section 6.1 of the Tobacco Tax Act (chapter I-2) is amended by replacing paragraph *h* by the following paragraph:

“(*h*) fulfil such other conditions and furnish such other documents as may be required by law, by regulation or by the Minister, in accordance with the terms and conditions determined by law, by regulation or by the Minister; and”.

TAXATION ACT

55. (1) Section 1 of the Taxation Act (chapter I-3) is amended

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

““dividend rental arrangement share” of a person or partnership means a share

(*a*) that is owned by the person or partnership;

(b) in respect of which the person or partnership is deemed to have received a dividend under section 21.32 and is provided with all or substantially all of the risk of loss and opportunity for gain or profit under an arrangement;

(c) that is held by a trust under which the person or partnership is a beneficiary and in respect of which the person or partnership is deemed to have received a dividend as a result of a designation by the trust under section 666;

(d) in respect of which the person or partnership is deemed to have received a dividend under section 498; or

(e) in any other case, in respect of which the person or partnership is (or would be in the absence of section 740.4.1) entitled to a deduction under section 738 in relation to dividends received on the share;”;

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

““specified synthetic equity arrangement” in respect of a dividend rental arrangement share of a person or partnership means one or more arrangements that

(a) have the effect of providing to a person or partnership all or any portion of the risk of loss or opportunity for gain or profit in respect of the dividend rental arrangement share and, to that end, opportunity for gain or profit includes rights to, benefits from and distributions on a share; and

(b) can reasonably be considered to have been entered into in connection with a synthetic equity arrangement, in respect of the dividend rental arrangement share, or in connection with another specified synthetic equity arrangement, in respect of the dividend rental arrangement share;

““synthetic equity arrangement” in respect of a dividend rental arrangement share of a person or partnership (in this definition referred to as the “particular person”) means one or more arrangements that

(a) meet the following conditions:

i. they are entered into by the particular person, by a person or partnership that does not deal at arm’s length with, or is affiliated with, the particular person (in this definition referred to as a “connected person”) or by any combination of the particular person and connected persons, with one or more persons or partnerships (in this definition referred to as a “counterparty” and in section 740.4.3 referred to as a “counterparty” or an “affiliated counterparty”, as the case may be),

ii. they have the effect, or would have the effect, if each arrangement entered into by a connected person were entered into by the particular person, of providing all or substantially all of the risk of loss and opportunity for gain or profit in respect of the dividend rental arrangement share to a counterparty or a group of counterparties each member of which is affiliated with every other member and, to that end, opportunity for gain or profit includes rights to, benefits from and distributions on a share, and

iii. if entered into by a connected person, they can reasonably be considered to have been entered into with the knowledge, or where there ought to have been the knowledge, that the effect described in subparagraph ii would result; and

(b) are not

i. an agreement that is traded on a recognized derivatives exchange unless it can reasonably be considered that, at the time the agreement is entered into,

(1) the particular person or the connected person, as the case may be, knows or ought to have known that the agreement is part of a series of transactions that has the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit in respect of the dividend rental arrangement share to a tax-indifferent investor, or a group of tax-indifferent investors each member of which is affiliated with every other member, or

(2) one of the main reasons for entering into the agreement is to obtain the benefit of a deduction in respect of a payment, or a reduction of an amount that would otherwise have been included in computing income, under the agreement, that corresponds to an expected or actual dividend in respect of a dividend rental arrangement share,

ii. one or more arrangements that, but for this subparagraph, would be a synthetic equity arrangement, in respect of a share owned by the particular person (in this subparagraph referred to as the “synthetic short position”), if

(1) the particular person has entered into one or more arrangements (in this subparagraph referred to as the “synthetic long position”) that have the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit in respect of the share to the particular person, other than an arrangement under which the share is acquired or an arrangement under which the particular person receives a deemed dividend and is provided with all or substantially all of the risk of loss and opportunity for gain or profit in respect of the share,

(2) the synthetic short position has the effect of offsetting all amounts included or deducted in computing the income of the particular person with respect to the synthetic long position, and

(3) the synthetic short position was entered into for the purpose of obtaining the effect referred to in subparagraph 2, or

iii. an agreement to purchase the shares of a corporation, or a purchase agreement that is part of a series of agreements to purchase the shares of a corporation, under which a counterparty or a group of counterparties each member of which is affiliated with every other member acquires control of the corporation that has issued the shares being purchased, unless the main reason for incorporating, establishing or operating the corporation is to have this subparagraph apply;”;

(3) by replacing the definition of “dividend rental arrangement” by the following definition:

““dividend rental arrangement” of a person or a partnership (in this definition referred to as the “person”) means

(a) any arrangement entered into by the person where it can reasonably be considered that

i. the main reason for the person entering into the arrangement is to enable the person to receive a dividend on a share of the capital stock of a corporation, other than a dividend on a prescribed share or on a share described in section 21.6.1 or an amount deemed, by reason of the first paragraph of section 119, to be received as a dividend on a share of the capital stock of a corporation, and

ii. under the arrangement another person or partnership bears the risk of loss or enjoys the opportunity for gain or profit with respect to the share in any material respect;

(b) any arrangement under which

i. a corporation at any time receives on a particular share a taxable dividend that would, but for section 740.4.1, be deductible in computing its taxable income for the taxation year that includes that time, and

ii. the corporation or a partnership of which the corporation is a member is obligated to pay to another person or partnership an amount as compensation for each of the following dividends that, if paid, would be deemed under section 21.32 to have been received by that other person or partnership, as the case may be, as a taxable dividend:

(1) the dividend described in subparagraph i,

(2) a dividend on a share that is identical to the particular share, or

(3) a dividend on a share that, during the term of the arrangement, can reasonably be expected to provide to a holder of the share the same or substantially the same proportionate risk of loss or opportunity for gain or profit as the particular share;

(c) any synthetic equity arrangement in respect of a dividend rental arrangement share of the person; or

(d) one or more arrangements (other than arrangements described in paragraph c) entered into by the person, the connected person referred to in paragraph a of the definition of “synthetic equity arrangement” or by any combination of the person and connected persons, if

i. the arrangements have the effect, or would have the effect if each arrangement entered into by a connected person were entered into by the person, of eliminating all or substantially all of the risk of loss and opportunity for gain or profit in respect of a dividend rental arrangement share of the person,

ii. as part of a series of transactions that includes these arrangements, a tax-indifferent investor, or a group of tax-indifferent investors each member of which is affiliated with every other member, obtains all or substantially all of the risk of loss and opportunity for gain or profit in respect of the dividend rental arrangement share or an identical share, within the meaning of section 745.3, and

iii. it is reasonable to conclude that one of the purposes of the series of transactions is to obtain the result described in subparagraph ii;”;

(4) by replacing the definition of “property” by the following definition:

““property” means property of any kind whatever whether real or personal, corporeal or incorporeal, and also includes a share, a right of any kind whatever, the work in progress of a business that is a profession and the goodwill of a business referred to in section 93.14;”;

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

““recognized derivatives exchange” means a person or partnership recognized or registered under the securities laws of a province to carry on the business of providing the facilities necessary for the trading of options, swaps, futures contracts or other financial contracts or instruments whose market price, value, delivery obligations, payment obligations or settlement obligations are derived from, referenced to or based on an underlying interest;”;

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

““synthetic equity arrangement chain” in respect of a share owned by a person or partnership means a synthetic equity arrangement—or a synthetic equity arrangement in combination with one or more specified synthetic equity arrangements—where

(a) no party to the synthetic equity arrangement or a specified synthetic equity arrangement, if any, is a tax-indifferent investor; and

(b) each other party to these arrangements is affiliated with the person or partnership;”;

(7) by striking out paragraph *d* of the definition of “cost amount”;

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

““emission allowance” means an allowance, credit or similar instrument that represents a unit of emission that can be used to satisfy a requirement under the laws of Québec, Canada or another province governing emissions of regulated substances, such as greenhouse gas emissions;”;

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

““specified mutual fund trust”, at any time, means a mutual fund trust other than a mutual fund trust in respect of which it can reasonably be considered, having regard to all the circumstances, including the terms and conditions of the units of the trust, that the aggregate of all amounts each of which is the fair market value, at that time, of a unit issued by the trust and held by a person exempt from tax under sections 980 to 999.1 is all or substantially all of the aggregate of all amounts each of which is the fair market value, at that time, of a unit issued by the trust;”;

(10) by striking out the definition of “incorporeal capital property”;

(11) by replacing the definition of “inventory” by the following definition:

““inventory” means a description of property the cost or value of which is relevant in computing a taxpayer’s income from a business for a taxation year or would have been so relevant if the income from the business had not been computed in accordance with the cash method and includes

(a) with respect to a farming business, all of the livestock held in the course of carrying on the business; and

(b) an emission allowance;”;

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

““tax-indifferent investor”, at any time, means a person or partnership that is at that time

(a) a person exempt from tax under sections 980 to 999.1;

(b) a person not resident in Canada, other than a person to which all amounts paid or credited under a synthetic equity arrangement or a specified synthetic equity arrangement may reasonably be attributed to the business carried on by the person in Canada through an establishment;

(c) a trust resident in Canada (other than a specified mutual fund trust) if any of the interests as a beneficiary under the trust is not a fixed interest, within the meaning of section 21.0.5, in the trust (in this definition referred to as a “discretionary trust”);

(d) a partnership if more than 10% of the fair market value of all interests in which can reasonably be considered to be held, directly or indirectly through one or more trusts or partnerships, by any combination of persons described in any of paragraphs *a* to *c*; or

(e) a trust resident in Canada (other than a specified mutual fund trust or a discretionary trust) if more than 10% of the fair market value of all interests as beneficiaries under the trust can reasonably be considered to be held, directly or indirectly through one or more trusts or partnerships, by any combination of persons described in paragraph *a* or *c*;”;

(13) by striking out the definitions of “adjustment time” and “incorporeal capital amount”;

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

““emission obligation” means an obligation to surrender an emission allowance, or an obligation that can otherwise be satisfied through the use of an emission allowance, under a law of Québec, Canada or another province governing emissions of regulated substances;”;

(15) by striking out the definition of “eligible incorporeal capital amount”;

(16) by replacing the definition of “tax-free savings account” by the following definition:

““tax-free savings account” at any time means an arrangement accepted as such at that time by the Minister of National Revenue for the purposes of the Income Tax Act, in accordance with subsection 5 of section 146.2 of that Act;”.

(2) Paragraphs 1, 2, 5, 6, 9 and 12 of subsection 1 have effect from 22 April 2015.

(3) Paragraph 3 of subsection 1 applies in respect of a dividend on a share that is paid or becomes payable

(1) after 30 April 2017; or

(2) at a particular time after 31 October 2015 and before 1 May 2017 if

(a) there is a synthetic equity arrangement, or one or more arrangements described in paragraph *d* of the definition of “dividend rental arrangement” in section 1 of the Act, enacted by subsection 1, in respect of the share at the particular time; and

(b) after 21 April 2015 and before the particular time, all or any part of the synthetic equity arrangement or the arrangements referred to in subparagraph *a*— including an option, swap, futures contract, forward contract or other financial or commodity contract or instrument— that contributes or could contribute to the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit, in respect of the share, to one or more persons or partnerships is entered into, acquired, extended or renewed after 21 April 2015, or exercised or acquired after 21 April 2015 in the case of a right to increase the notional amount under an agreement that is or is part of the synthetic equity arrangement.

(4) Paragraphs 4, 7, 10, 13 and 15 of subsection 1 have effect from 1 January 2017.

(5) Paragraphs 8, 11 and 14 of subsection 1 apply in respect of an emission allowance acquired in a taxation year that begins after 31 December 2016. In addition, if a taxpayer makes the election under subsection 2 of section 90, paragraphs 8 and 14 of subsection 1 apply in respect of an emission allowance acquired in a taxation year that ends after 31 December 2012 and begins before 1 January 2017.

56. Section 7.10.1 of the Act is amended by replacing “TFSA” in subparagraph *d* of the first paragraph by “tax-free savings account”.

57. (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 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 21 March 2013.

58. (1) Section 7.29 of the Act is amended

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

“7.29. Where a taxpayer disposes of a property (in this section referred to as the “substantive gift”) that is a capital property, to a recipient that is a qualified donee, section 7.25 would have applied in respect of the substantive gift if it had been the subject of a gift by the taxpayer to a qualified donee, and

all or a part of the proceeds of disposition of the substantive gift are (or are substituted, directly or indirectly in any manner whatever, for) property that is the subject of a gift by the taxpayer to the recipient or any person not dealing at arm's length with the recipient, the following rules apply:";

(2) by striking out paragraph *c*.

(2) Subsection 1 has effect from 1 January 2017.

59. (1) Section 21.4.1 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) to avoid the application of Chapter IV.1, any of sections 21.0.6, 83.0.3, 93.4, 225, 308.1, 384.4, 384.5, 560.1.2, 736, 736.0.2, 736.0.3.1 and 737.18.9.2, subparagraph 2 of subparagraph *i* of subparagraph *b* of the second paragraph of section 771.8.5, any of subparagraphs *d* to *f* of the first paragraph of section 771.13, section 776.1.12 or 776.1.13, paragraph *c* of the definition of “qualified corporation” in the first paragraph of section 1029.8.36.0.3.46 or 1029.8.36.0.3.60, subparagraph *iv* of paragraph *b* of the definition of “specified corporation” in the first paragraph of section 1029.8.36.0.17, subparagraph *b* of the first paragraph of any of sections 1029.8.36.0.21.2, 1029.8.36.0.22.1 and 1029.8.36.0.25.2, paragraph *d* of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.38, paragraph *c* of the definition of “qualified corporation” in the first paragraph of any of sections 1029.8.36.72.1, 1029.8.36.72.29, 1029.8.36.72.56 and 1029.8.36.72.83 or any of sections 1029.8.36.166.49, 1029.8.36.166.50, 1029.8.36.171.3, 1029.8.36.171.4 and 1137.8; or”.

(2) Subsection 1 has effect from 1 January 2017.

60. (1) The Act is amended by inserting the following section after section 21.4.3:

“**21.4.3.1.** Section 21.4.3 does not apply in respect of a dividend to the extent that the dividend would be described in subparagraph *ii* of paragraph *j* of section 257 if the corporation not resident in Canada were not a foreign affiliate of the recipient of the dividend.”

(2) Subsection 1 applies in respect of a dividend paid after 19 August 2011.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a taxpayer's tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

61. (1) Section 21.4.17 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) subject to this chapter, other than this section, sections 167.1.1 and 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing those Québec tax results is expressed in a currency other than Canadian currency, the particular amount is to be converted to an amount expressed in Canadian currency using the relevant spot rate for the day on which the particular amount arose.”

(2) Subsection 1 has effect from 1 January 2017. However, where section 21.4.17 of the Act applies

(1) before 1 April 2017, it is to be read as if paragraph *b* were replaced by the following paragraph:

“(b) subject to this chapter, other than this section, sections 167.1.1 and 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing those Québec tax results is expressed in a currency other than Canadian currency, the particular amount, other than an amount provided for in subparagraph *b* or *c* of the second paragraph of section 1029.8.36.0.95 or 1029.8.36.0.105, is to be converted to an amount expressed in Canadian currency using the relevant spot rate for the day on which the particular amount arose.”; or

(2) after 31 March 2017 and before 1 April 2018, it is to be read as if paragraph *b* were replaced by the following paragraph:

“(b) subject to this chapter, other than this section, sections 167.1.1 and 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing those Québec tax results is expressed in a currency other than Canadian currency, the particular amount, other than an amount provided for in subparagraph *b* or *c* of the second paragraph of any of sections 1029.8.36.0.95, 1029.8.36.0.105 and 1029.8.36.0.106.2, is to be converted to an amount expressed in Canadian currency using the relevant spot rate for the day on which the particular amount arose.”

62. (1) Section 21.4.19 of the Act is amended

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

“(c) subject to paragraph *b* of section 21.4.24, sections 21.4.30, 167.1.1 and 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing the taxpayer’s Québec tax results for the particular taxation year is expressed in a currency other than the taxpayer’s elected functional currency, the particular amount is to be converted to an amount expressed in the taxpayer’s elected functional currency using the relevant spot rate for the day on which the particular amount arose;”;

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

“(e) section 262 is, in respect of the taxpayer and the particular taxation year, and with the necessary modifications, to be read as if “one or more foreign currencies relative to Canadian currency” in the portion before paragraph *a* were replaced by “one or more currencies (other than the taxpayer’s elected functional currency) relative to the taxpayer’s elected functional currency” and as if “Canadian currency” in paragraphs *a* and *b* were replaced by “the taxpayer’s elected functional currency”;”;

(3) by replacing “sections 474” in subparagraph iii of paragraph *f* by “sections 167.1.1, 474”;

(4) by inserting the following subparagraph after subparagraph v of paragraph *f*:

“v.1. sections 591 to 591.3.”.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 1 January 2017. However, where section 21.4.19 of the Act applies

(1) before 1 April 2017, it is to be read as if paragraph *c* were replaced by the following paragraph:

“(c) subject to paragraph *b* of section 21.4.24, sections 21.4.30, 167.1.1 and 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing the taxpayer’s Québec tax results for the particular taxation year is expressed in a currency other than the taxpayer’s elected functional currency, the particular amount, other than an amount provided for in subparagraph *b* or *c* of the second paragraph of section 1029.8.36.0.95 or 1029.8.36.0.105, is to be converted to an amount expressed in the taxpayer’s elected functional currency using the relevant spot rate for the day on which the particular amount arose;” or

(2) after 31 March 2017 and before 1 April 2018, it is to be read as if paragraph *c* were replaced by the following paragraph:

“(c) subject to paragraph *b* of section 21.4.24, sections 21.4.30, 167.1.1 and 484.6, subparagraph *l* of the first paragraph of section 485.3 and paragraph *b* of section 851.22.39, if a particular amount that is relevant in computing the taxpayer’s Québec tax results for the particular taxation year is expressed in a currency other than the taxpayer’s elected functional currency, the particular amount, other than an amount provided for in subparagraph *b* or *c* of the second paragraph of any of sections 1029.8.36.0.95, 1029.8.36.0.105 and 1029.8.36.0.106.2, is to be converted to an amount expressed in the taxpayer’s elected functional currency using the relevant spot rate for the day on which the particular amount arose;”.

(3) Paragraph 2 of subsection 1 applies in respect of a gain realized or a loss sustained in a taxation year that begins after 19 August 2011.

(4) Paragraph 4 of subsection 1 applies in respect of a taxation year that begins after 13 December 2007.

(5) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a taxpayer’s tax, interest and penalties as are necessary for any taxation year to give effect to paragraphs 2 and 4 of subsection 1 and to subsections 3 and 4. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

63. (1) Section 21.4.20 of the Act is amended by replacing subparagraph iii of paragraph *a* by the following subparagraph:

“iii. begins on or after the first day of the particular taxpayer’s first functional currency year;”.

(2) Subsection 1 applies to a taxation year that begins after 12 July 2013.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a taxpayer’s tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

64. (1) Section 21.4.22 of the Act is amended by replacing subparagraph *i* of paragraph *d* by the following subparagraph:

“*i.* is in respect of the taxpayer’s undepreciated capital cost of depreciable property of a prescribed class, the taxpayer’s cumulative Canadian exploration expenses within the meaning of section 398, the taxpayer’s cumulative Canadian development expenses within the meaning of section 411, the taxpayer’s cumulative foreign resource expense, in relation to a country other than Canada, within the meaning of section 418.1.3, or the taxpayer’s cumulative Canadian oil and gas property expense within the meaning of section 418.5 (each of which is in this paragraph referred to as a “pool amount”), and”.

(2) Subsection 1 has effect from 1 January 2017.

65. (1) The Act is amended by inserting the following section after section 21.4.25:

“21.4.25.1. For the purpose of determining a taxpayer’s gain under section 21.4.25, if at a particular time a pre-transition debt of the taxpayer (in this section referred to as the “debtor”) that is denominated in a currency other than Canadian currency becomes a parked obligation (within the meaning assigned by section 262.0.0.2), the debtor is deemed to have made, at that time, a particular payment on account of the principal amount of the debt equal to

(*a*) if the debt has become a parked obligation at that particular time as a result of its acquisition by the holder of the debt, the portion of the amount paid by the holder to acquire the debt that can reasonably be considered to relate to the principal amount of the debt at the particular time; and

(*b*) in any other case, the portion of the fair market value of the debt that can reasonably be considered to relate to the principal amount of the debt at the particular time.”

(2) Subsection 1 has effect from 22 March 2016. However, section 21.4.25.1 of the Act does not apply to a debtor in respect of a debt owing by that debtor if the time at which the debt meets the conditions to become a parked obligation under section 262.0.0.2 of the Act, because of a written agreement entered into before 22 March 2016, is before 1 January 2017.

66. (1) The Act is amended by inserting the following section after section 21.4.29:

“21.4.29.1. For the purpose of determining a taxpayer’s gain under section 21.4.29, if at a particular time a pre-reversion debt of the taxpayer (in this section referred to as the “debtor”) that is denominated in a currency other than the taxpayer’s functional currency becomes a parked obligation (within the meaning assigned by section 262.0.0.2), the debtor is deemed to have made, at that time, a particular payment on account of the principal amount of the debt equal to

(a) if the debt has become a parked obligation at that particular time as a result of its acquisition by the holder of the debt, the portion of the amount paid by the holder to acquire the debt that can reasonably be considered to relate to the principal amount of the debt at the particular time; and

(b) in any other case, the portion of the fair market value of the debt that can reasonably be considered to relate to the principal amount of the debt at the particular time.”

(2) Subsection 1 has effect from 22 March 2016. However, section 21.4.29.1 of the Act does not apply to a debtor in respect of a debt owing by that debtor if the time at which the debt meets the conditions to become a parked obligation under section 262.0.0.2 of the Act, because of a written agreement entered into before 22 March 2016, is before 1 January 2017.

67. (1) Section 21.10.2 of the Act is replaced by the following section:

“21.10.2. Section 21.10 does not apply in respect of a dividend described in that section

(a) if the share on which the dividend is paid was not acquired by the specified financial institution in the ordinary course of the business it carried on; or

(b) to the extent that the dividend would be described in subparagraph ii of paragraph *j* of section 257 if the corporation not resident in Canada were not a foreign affiliate of the specified financial institution.”

(2) Subsection 1 applies in respect of a dividend paid after 19 August 2011.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a taxpayer’s tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

68. (1) Section 21.21 of the Act is replaced by the following section:

“21.21. Subject to the second paragraph of section 771.2.1.3, two corporations that are associated, or deemed by this section to be associated, with the same corporation at any time and that, but for this section, would not be associated with each other at that time, are deemed, for the purposes of this Part, to be associated with each other at that time.”

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

69. Section 21.43 of the Act is amended by replacing subparagraph ii of subparagraph *a* of the second paragraph in the French text by the following subparagraph:

“ii. soit était l’enfant, le petit-fils ou la petite-fille du particulier et était à sa charge en raison d’une infirmité mentale;”.

70. (1) Section 43.4 of the Act is replaced by the following section:

“**43.4.** An individual shall, in computing income for a taxation year from an office or employment, include the total of all amounts received by the individual in the year as an earnings loss benefit, a supplementary retirement benefit or a career impact allowance payable to the individual under Part 2 of the Veterans Well-being Act (Statutes of Canada, 2005, chapter 21).”

(2) Subsection 1 has effect from 1 April 2017. However, where section 43.4 of the Act applies before 1 April 2018, it is to be read as if “Veterans Well-being Act” were replaced by “Canadian Forces Members and Veterans Re-establishment and Compensation Act”.

71. (1) The Act is amended by inserting the following section after section 83.0.6:

“**83.0.7.** For the purposes of sections 83 to 85.6, property of a taxpayer that is a swap agreement, a forward purchase or sale agreement, a forward rate agreement, a futures agreement, an option agreement, or any similar agreement is deemed not to be property described in an inventory of the taxpayer.”

(2) Subsection 1 applies in respect of an agreement entered into after 21 March 2016.

72. (1) Section 93 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) the amount of the total depreciation allowed to the taxpayer for property of that class before that time, including, if the taxpayer is an insurer, depreciation deemed to have been allowed before that time under section 101.1 or 101.2 as they applied to the taxpayer’s last taxation year that began before 1 November 2011;”.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

73. (1) Section 93.14 of the Act is replaced by the following section:

“**93.14.** Where a taxpayer carries on a particular business, the following rules apply:

(a) there is deemed to be a single goodwill property in respect of the particular business;

(b) if at a particular time the taxpayer acquires goodwill as part of an acquisition of all or a part of another business that is carried on, after the acquisition, as part of the particular business—or is deemed in accordance with section 93.15 to acquire goodwill at a particular time in respect of the particular business—the cost of the goodwill is added at that time to the cost of the goodwill property in respect of the particular business;

(c) where at a particular time the taxpayer disposes of goodwill as part of the disposition of part of the particular business, receives proceeds of disposition a portion of which is attributable to goodwill and continues to carry on the particular business or is deemed in accordance with section 93.17 to dispose of goodwill at a particular time in respect of the particular business,

i. the taxpayer is deemed to dispose at that time of a portion of the goodwill property in respect of the particular business having a cost equal to the lesser of the cost of the goodwill property otherwise determined in respect of the particular business and the portion of the proceeds attributable to goodwill, and

ii. the cost of the goodwill property in respect of the particular business is reduced at that time by the amount determined under subparagraph i; and

(d) if subparagraph *c* applies to more than one disposition of goodwill at the same time, that subparagraph *c* and section 93.19 apply as if each disposition had occurred separately in the order determined in its respect in accordance with paragraph *d* of subsection 34 of section 13 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

Chapter V.2 of Title II of Book I applies to each of the dispositions referred to in subparagraph *d* of the first paragraph in relation to the order determined in its respect in accordance with paragraph *d* of subsection 34 of section 13 of the Income Tax Act.”

(2) Subsection 1 has effect from 1 January 2017.

74. (1) The Act is amended by inserting the following sections after section 93.14:

“93.15. Where at a particular time a taxpayer makes or incurs an outlay or expense on account of capital for the purpose of earning income from a business carried on by the taxpayer, the taxpayer is deemed to acquire at that time goodwill in respect of the business with a cost equal to the amount of the outlay or expense if no portion of the amount is

(a) the cost, or any part of the cost, of a property;

(b) but for this section, deductible in computing the taxpayer’s income from the business;

(c) non-deductible in computing the taxpayer's income from the business because of any provision of this Part (other than section 129) or the Regulation respecting the Taxation Act (chapter I-3, r. 1);

(d) paid or payable to a creditor of the taxpayer as, on account of or in lieu of full or partial payment of any debt, or on account of the redemption, cancellation or purchase of any bond or debenture; or

(e) where the taxpayer is a corporation, partnership or trust, paid or payable to a person as a shareholder, member or beneficiary, as the case may be, of the taxpayer.

“93.16. No amount paid or payable may be included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) if the amount is

(a) in consideration for the purchase of shares; or

(b) in consideration for the cancellation or assignment of an obligation to pay consideration referred to in paragraph *a*.

“93.17. Where at a particular time in a taxation year a taxpayer has or may become entitled to receive a particular amount on account of capital in respect of a business that is or was carried on by the taxpayer, the taxpayer is deemed to dispose, at that time, of goodwill in respect of the business for proceeds of disposition equal to the amount by which the particular amount exceeds the aggregate of all outlays or expenses that were made or incurred by the taxpayer for the purpose of obtaining the particular amount and that were not otherwise deductible in computing the taxpayer's income, if, but for this section, the following conditions were satisfied:

(a) for the purposes of this Part, the particular amount is not included in computing the taxpayer's income or deducted in computing any balance of undeducted outlays, expenses or other amounts for the taxation year or a preceding taxation year;

(b) the particular amount does not reduce the cost or capital cost of a property or the amount of an outlay or expense; and

(c) the particular amount is not included in computing any gain or loss of the taxpayer from a disposition of a capital property.

“93.18. Where a taxpayer has incurred an incorporeal capital amount in respect of a business before 1 January 2017, the following rules apply:

(a) at the beginning of 1 January 2017, the total capital cost of all property of the taxpayer included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of the business, each of which was an incorporeal capital property of the taxpayer immediately before that day or is the goodwill property in respect of the business, is deemed to be equal to the amount determined by the formula

$$4/3 \times (A + B - C);$$

(b) at the beginning of 1 January 2017, the capital cost of each property of the taxpayer included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act in respect of the business, each of which was an incorporeal capital property of the taxpayer immediately before that day or is the goodwill property in respect of the business, is to be determined as follows:

i. the order for determining the capital cost of each property that is not the goodwill property is identical to the order that is determined for the same purposes under subparagraph i of paragraph *b* of subsection 38 of section 13 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement),

ii. the capital cost of a particular property that is not the goodwill property in respect of the business is deemed to be equal to the lesser of the incorporeal capital amount of the taxpayer in respect of the particular property and the amount by which the total capital cost of property of the class determined under subparagraph *a* exceeds the aggregate of all amounts each of which is an amount deemed under this subparagraph ii to be the capital cost of a property that is determined in advance of the determination of the capital cost of the particular property, and

iii. the capital cost of the goodwill property is deemed to be equal to the amount by which the total capital cost of property of that Class 14.1 exceeds the aggregate of all amounts each of which is an amount deemed under subparagraph ii to be the capital cost of a property;

(c) an amount equal to the amount by which the aggregate of the total capital cost of property of that Class 14.1 and the amount determined under subparagraph *c* of the second paragraph exceeds the amount determined under subparagraph *a* of the second paragraph is deemed to have been allowed to the taxpayer as depreciation in respect of property of that class under paragraph *a* of section 130 in computing the taxpayer’s income for taxation years ending before 1 January 2017; and

(d) if no taxation year of the taxpayer ends immediately before 1 January 2017 and the taxpayer would have had a particular amount included, because of paragraph *b* of section 105, as it read before being repealed, in computing the taxpayer's income from the business for the particular taxation year that includes that day if the particular year had ended immediately before that day,

i. for the purposes of the formula in subparagraph *a*, $\frac{3}{2}$ of the particular amount is to be included in computing the amount determined under subparagraph *b* of the first paragraph of section 107, as it read before being repealed,

ii. the taxpayer is deemed to dispose of a capital property in respect of the business immediately before 1 January 2017 for proceeds of disposition equal to twice the particular amount,

iii. if the taxpayer makes a valid election under subparagraph iii of paragraph *d* of subsection 38 of section 13 of the Income Tax Act, subparagraph ii does not apply and an amount equal to the particular amount is to be included in computing the taxpayer's income from the business for the particular year,

iv. if, after 31 December 2016 and in the particular year, the taxpayer acquires a property included in that Class 14.1 in respect of the business or is deemed under section 93.15 to acquire goodwill in respect of the business, and the taxpayer makes a valid election under subparagraph iv of paragraph *d* of subsection 38 of section 13 of the Income Tax Act,

(1) for the purposes of subparagraphs ii and iii, the particular amount must be reduced by the lesser of the particular amount otherwise determined and $\frac{1}{2}$ of the capital cost of the property or goodwill acquired (determined without reference to subparagraph 2), and

(2) the capital cost of the property or goodwill acquired, as the case may be, must be reduced by twice the amount of the reduction under subparagraph 1, and

v. if, in the part of the particular year preceding that day, the taxpayer disposed of a qualified farm or fishing property (as defined in subparagraph *a.0.2* of the first paragraph of section 726.6) that was an incorporeal capital property of the taxpayer, the capital property disposed of by the taxpayer under subparagraph ii is deemed to be such a property to the extent of the lesser of

(1) the proceeds of disposition of the capital property, and

(2) the amount by which the proceeds of disposition of the qualified farm or fishing property exceed its cost.

In the formula in subparagraph *a* of the first paragraph,

(a) *A* is the eligible incorporeal capital amount of the taxpayer in respect of the business at the beginning of 1 January 2017;

(b) B is the excess amount determined under subparagraph *a* of the second paragraph of section 107, as it read before being repealed, in respect of the business at the beginning of 1 January 2017; and

(c) C is the amount by which the amount determined under the second paragraph of section 107, as it read before being repealed, in respect of the business exceeds the aggregate of all amounts each of which is an amount determined under any of subparagraphs *a* to *e* of the first paragraph of that section in respect of the business at the beginning of 1 January 2017, with reference to any adjustment provided for in subparagraph *i* of subparagraph *d* of the first paragraph.

For the purposes of subparagraph *i* of subparagraph *b* of the first paragraph and subparagraphs *iii* and *iv* of subparagraph *d* of that paragraph, Chapter V.2 of Title II of Book I applies in relation to the order for determining the capital cost of a property in accordance with subparagraph *i* of paragraph *b* of subsection 38 of section 13 of the Income Tax Act and in relation to an election referred to in subparagraphs *iii* and *iv* of paragraph *d* of that subsection 38.

“93.19. Where at a particular time a taxpayer disposes of a particular property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of a business and none of sections 189, 437, 460 to 462, 521 to 526, 528, 556 to 564.1, 565, 620 to 632, 688 and 692.8 apply in respect of the disposition, the taxpayer is deemed, for the purpose of determining the undepreciated capital cost of the class, to have acquired a property of the class immediately before that time for a capital cost equal to the least of 1/4 of the proceeds of disposition of the particular property, 1/4 of the capital cost of the particular property and

(a) if the particular property is not goodwill and is acquired before 1 January 2017 by the taxpayer, 1/4 of the capital cost of the particular property;

(b) if the particular property is not goodwill, is acquired after 31 December 2016 by the taxpayer and an amount is deemed to have been allowed as depreciation under section 93.20 in respect of the taxpayer’s acquisition of the particular property under paragraph *a* of section 130, that amount;

(c) if the particular property (other than a property to which paragraph *b* applies) is not goodwill and is acquired after 31 December 2016 by the taxpayer—in circumstances under which any of sections 189, 437, 460 to 462, 521 to 526, 528, 556 to 564.1, 565, 620 to 632, 688 and 692.8 apply—from a person or partnership that would have been deemed under this section to have acquired a property if none of those sections had applied, the capital cost of the property that would have been deemed under this section to have been acquired by the person or partnership;

(d) if the particular property is goodwill, the amount by which the aggregate of all amounts each of which is the capital cost of a property deemed under this section to have been acquired by the taxpayer at or before the particular time in respect of another disposition of goodwill property in respect of the business is exceeded by the aggregate of all amounts each of which is

i. 1/4 of the amount determined under subparagraph iii of subparagraph *b* of the first paragraph of section 93.18 in respect of the business,

ii. if goodwill is acquired after 31 December 2016 by the taxpayer and an amount is deemed to have been allowed as depreciation under section 93.20 in respect of the taxpayer's acquisition of the goodwill under paragraph *a* of section 130, that amount, and

iii. if goodwill is acquired (other than an acquisition in respect of which subparagraph ii applies) after 31 December 2016 by the taxpayer—in circumstances under which any of sections 189, 437, 460 to 462, 521 to 526, 528, 556 to 564.1, 565, 620 to 632, 688 and 692.8 apply—from a person or partnership that would have been deemed under this section to have acquired a property if none of those sections had applied, the capital cost of the property that would have been deemed under this section to have been acquired by the person or partnership; or

(e) in any other case, nil.

“93.20. Where at a particular time a taxpayer acquires a particular property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of a business, the acquisition of the particular property is part of a transaction or series of transactions or events that includes a disposition (in this section referred to as the “prior disposition”) at or before that time of the particular property, or a similar property, by the taxpayer or a person or partnership that does not deal at arm's length with the taxpayer and section 93.19 applies in respect of the prior disposition, an amount is deemed, for the purpose of determining the undepreciated capital cost of property of the class, to have been allowed to the taxpayer as depreciation in respect of the particular property under paragraph *a* of section 130 in computing the taxpayer's income for taxation years ending before the acquisition equal to the lesser of the capital cost of the property deemed under section 93.19 to be acquired in respect of the prior disposition and 1/4 of the capital cost of the particular property.

“93.21. For the purposes of sections 93.18 to 93.20 and 93.22, “incorporeal capital amount”, “eligible incorporeal capital amount”, “exempt gains balance” and “incorporeal capital property” have the meaning assigned by sections 106, 107, 107.2 and 250, respectively, as they read before being repealed.

“93.22. Where a taxpayer owns property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of a business at the beginning of the calendar year 2017 and the property was an incorporeal capital property in respect of the business immediately before 1 January 2017, the following rules apply:

(a) for the purposes of this Part and its regulations (other than sections 93 to 104, 130 and 130.1 and any regulations made under paragraph *a* of section 130), if the amount determined under subparagraph *a* of the first paragraph of section 107, as it read before being repealed, would have been increased immediately before 1 January 2017 if the property had been disposed of immediately before that time, the capital cost of the property is deemed to be increased by $\frac{4}{3}$ of the amount of that increase;

(b) for the purposes of sections 93 to 104, 130 and 130.1 and any regulations made under paragraph *a* of section 130, where the taxpayer was deemed under subparagraphs *a* and *b* of the second paragraph of section 106.4, as it read before being repealed, to continue to own incorporeal capital property in respect of the business and not to have ceased to carry on the business until a time that is after 31 December 2016, the taxpayer is deemed to continue to own the incorporeal capital property and to continue to carry on the business until the time that is immediately before the time from among those described in subparagraphs *i* to *v* of subparagraph *a* of the second paragraph of that section 106.4 that would occur first if subparagraph *ii* of that subparagraph *a* were read as if “incorporeal capital property” were replaced by “incorporeal capital property or capital property”;

(c) for the purposes of subparagraph *ii.3* of subparagraph *e* of the first paragraph of section 93 and subparagraph *h* of the second paragraph of that section, the taxpayer is deemed not to have paid or received an amount before 1 January 2017 as or on account of an existing or proposed countervailing or anti-dumping duty in respect of depreciable property of the class; and

(d) section 101 does not apply to assistance that a taxpayer received or is entitled to receive before 1 January 2017 in respect of a property that was an incorporeal capital property immediately before 1 January 2017.”

(2) Subsection 1 has effect from 1 January 2017.

75. (1) Section 96.0.2 of the Act is amended by replacing the portion of subparagraph *d* of the second paragraph before subparagraph *ii* by the following:

“(d) any amount that would, but for this paragraph, be included in the cost of a property of the transferor included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) (including a deemed acquisition under section 93.15) or included in the proceeds of disposition of a property of the transferee included in that class (including a deemed disposition under section 93.17) in respect of the disposition or termination of the former property by the transferor is deemed to be

i. neither included in the cost nor in the proceeds of disposition of property included in that class,”.

(2) Subsection 1 applies in respect of a disposition or termination that occurs after 31 December 2016.

76. (1) Sections 101.1 and 101.2 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011.

77. (1) The Act is amended by inserting the following sections after section 101.7:

“**101.7.1.** Section 93.18 applies in respect of an amount repaid after 31 December 2016 as if that amount was repaid immediately before 1 January 2017, if

(a) the amount is repaid by the taxpayer under a legal obligation to repay all or part of an amount the taxpayer received or was entitled to receive that was assistance from a government, municipality or other public authority (whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance) in respect of, or for the acquisition of, property the cost of which was an incorporeal capital amount of the taxpayer in respect of a business, within the meaning of section 106, as it read before being repealed;

(b) the incorporeal capital amount of the taxpayer in respect of the business was reduced in accordance with paragraph *b* of section 106.2, as it read before being repealed, because of the assistance referred to in paragraph *a*; and

(c) paragraph *o.1* of section 157 does not apply in respect of the amount repaid.

“**101.7.2.** No amount may be deducted under paragraph *a* of section 130 in respect of an amount of repaid assistance referred to in section 101.7.1 for any taxation year prior to the taxation year in which the assistance is repaid.”

(2) Subsection 1 has effect from 1 January 2017.

78. (1) Division III of Chapter II of Title III of Book III of Part I of the Act, comprising sections 105 to 110.1, is repealed.

(2) Subsection 1 has effect from 1 January 2017.

79. (1) Section 130 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the lesser of

i. the portion of the amount (that is not otherwise deductible in computing the income of the taxpayer) that is an expense incurred in the year for the incorporation of a corporation, and

ii. the amount by which \$3,000 exceeds the aggregate of all amounts each of which is an amount deducted by another taxpayer in respect of the incorporation of the corporation.”

(2) Subsection 1 applies in respect of an expense incurred after 31 December 2016.

80. (1) Section 130.1 of the Act is amended by adding the following subparagraph at the end of the fifth paragraph:

“(c) in respect of a taxation year in relation to a property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1), unless the taxpayer has ceased to carry on the business to which the class relates.”

(2) Subsection 1 has effect from 1 January 2017.

81. (1) The Act is amended by inserting the following sections after section 133.7:

“**133.8.** A taxpayer shall not deduct, in computing the taxpayer’s income from a business or property for a taxation year, an amount that corresponds to a reduction in the year in the value of a property if

(a) the method used by the taxpayer to value the property at the end of the year for the purpose of computing the taxpayer’s profit from a business or property consists in valuing the property at the cost at which the taxpayer acquired it or its fair market value at the end of the year, whichever is lower;

(b) the property is described in section 83.0.7; and

(c) the property is not disposed of by the taxpayer in the year.

“**133.9.** A taxpayer shall not deduct, in computing the taxpayer’s income from a business or property for a taxation year, an amount referred to in section 93.16.”

(2) Subsection 1, where it enacts section 133.8 of the Act, applies in respect of an agreement entered into after 21 March 2016 and, where it enacts section 133.9 of the Act, has effect from 1 January 2017.

82. (1) Section 142.1 of the Act is replaced by the following section:

“**142.1.** Where an amount is deductible under section 142 in respect of the disposition of a depreciable property to which section 93.19 applied, the amount deductible under section 142 is equal to $\frac{3}{4}$ of the amount that would be deductible, but for this section.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2016.

83. (1) Section 142.2 of the Act is repealed.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2016.

84. (1) Section 157 of the Act is amended by replacing paragraph *o.1* by the following paragraph:

“(o.1) $\frac{3}{4}$ of any amount repaid by the taxpayer in the year, on or after the time the taxpayer ceases to carry on a business, pursuant to a legal obligation to repay all or part of an amount the taxpayer received or was entitled to receive that was assistance from a government, municipality or other public authority (whether as a grant, subsidy, forgivable loan, deduction from tax, investment allowance or as any other form of assistance) in respect of, or for the acquisition of, property the cost of which was an incorporeal capital amount of the taxpayer in respect of the business, within the meaning of section 106, as it read before being repealed, if the incorporeal capital amount of the taxpayer in respect of the business was reduced under paragraph *b* of section 106.2, as it read before being repealed, because of the amount of the assistance the taxpayer received or was entitled to receive;”.

(2) Subsection 1 has effect from 1 January 2017.

85. (1) The Act is amended by inserting the following section after section 167.1:

“**167.1.1.** For the purposes of section 167, the amount determined by the following formula is deemed to be interest that accrued on a disposed debt obligation—that is, at any time, described in section 92.5R3 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) because of subparagraph *d* of the first paragraph of that section—that the transferee has become entitled to receive for a period commencing before the time of the disposition (in this section referred to as the “particular time”) and ending at the particular time and that is not payable until after the particular time:

A – B.

In the formula in the first paragraph,

(a) A is the price for which the debt obligation was disposed of at the particular time; and

(b) B is the amount by which the price (converted to Canadian currency using the exchange rate prevailing at the particular time, if the debt obligation is denominated in a foreign currency) for which the debt obligation was issued exceeds the portion of the principal amount of the debt obligation (converted to Canadian currency using the exchange rate prevailing at the particular time, if the debt obligation is denominated in a foreign currency) that was repaid by the issuer on or before the particular time.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2016.

86. (1) Section 188 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2017.

87. (1) Section 189 of the Act is replaced by the following section:

“**189.** Where, at any time, an individual ceases to carry on a business and the individual’s spouse, or a corporation controlled directly or indirectly in any manner whatever by the individual, subsequently carries on the business and acquires all of the property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of the business owned by the individual immediately before that time and that had value at that time, the following rules apply:

(a) the individual is deemed to have, immediately before that time, disposed of the property and received proceeds of disposition equal to the lesser of the capital cost and the cost amount to the individual of the property immediately before the disposition;

(b) the spouse or corporation, as the case may be, is deemed to have acquired the property at a cost equal to those proceeds; and

(c) for the purposes of sections 93 to 104, Chapter III of Title III and any regulations enacted under paragraph *a* of section 130, if the amount that was the capital cost to the individual of the property exceeds the amount determined under section 436 to be the cost to the person that acquired the property,

i. the capital cost to the person of the property is deemed to be the amount that was the capital cost to the individual of the property, and

ii. the excess is deemed to have been allowed to the person as depreciation under paragraph *a* of section 130 in respect of the property for taxation years that ended before the person acquired the property.”

(2) Subsection 1 has effect from 1 January 2017.

88. (1) Section 189.0.1 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2017.

89. (1) Section 190 of the Act is amended by replacing the first paragraph by the following paragraph:

“Where an individual who was the sole proprietor of a business disposed of it during a fiscal period of the business, the fiscal period is referred to in the third or fourth paragraph of section 7 and the individual makes a valid election under subsection 1 of section 25 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) after 19 December 2006 in relation to the fiscal period, Division II of Chapter II is to be read without reference to the exception provided for in paragraph *a* of section 95, for the purpose of computing the individual’s income for the fiscal period.”

(2) Subsection 1 has effect from 1 January 2017.

90. (1) The Act is amended by inserting the following division after section 193:

“DIVISION II.1

“EMISSION ALLOWANCES

“**193.1.** Despite sections 83 to 85.6, for the purpose of computing a taxpayer’s income from a business, an emission allowance must be valued at the cost at which the taxpayer acquired it.

“**193.2.** Where a taxpayer that owns one emission allowance, or two or more identical emission allowances, acquires, at a particular time, one or more other emission allowances (in this section referred to as “newly-acquired emission allowances”), each of which is identical to each of the previously-acquired emission allowances, the following rules apply for the purpose of computing, at any subsequent time, the cost to the taxpayer of each of the identical emission allowances:

(*a*) the taxpayer is deemed to have disposed of each of the previously-acquired emission allowances immediately before the particular time for proceeds of disposition equal to its cost to the taxpayer immediately before the particular time; and

(b) the taxpayer is deemed to have acquired each of the identical emission allowances at the particular time at a cost equal to the amount determined by the formula

$$(A + B)/C.$$

In the formula in the first paragraph,

(a) A is the total cost to the taxpayer immediately before the particular time of the previously-acquired emission allowances;

(b) B is the total cost to the taxpayer (determined without reference to this division) of the newly-acquired emission allowances; and

(c) C is the number of identical emission allowances owned by the taxpayer immediately after the particular time.

For the purposes of this section, emission allowances are considered identical if they can be used to settle the same emission obligations.

“193.3. Despite any other provision of this Act, in computing a taxpayer’s income from a business for a taxation year, the total amount deductible in respect of a particular emission obligation for the year is not to exceed the amount determined by the formula

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

In the formula in the first paragraph,

(a) A is the total cost of emission allowances either

i. used by the taxpayer to settle the particular emission obligation in the year, or

ii. held by the taxpayer at the end of the year that can be used to satisfy the particular emission obligation in respect of the year;

(b) B is the amount determined by the formula

$$D - (E + F); \text{ and}$$

(c) C is the fair market value of an emission allowance at the end of the year that could be used to satisfy the particular emission obligation in respect of the year.

In the formula in subparagraph *b* of the second paragraph,

(a) D is the number of emission allowances required to satisfy the particular emission obligation in respect of the year;

(b) E is the number of emission allowances used by the taxpayer to settle the particular emission obligation in the year; and

(c) F is the number of emission allowances held by the taxpayer at the end of the year that can be used to satisfy the particular emission obligation in respect of the year.

“193.4. The amount deducted by a taxpayer in computing the taxpayer’s income from a business for a particular taxation year, in respect of an emission obligation referred to in section 193.3, must be included in computing the taxpayer’s income from the business for the subsequent taxation year, to the extent that the emission obligation was not settled in the particular taxation year.

“193.5. If a taxpayer surrenders an emission allowance to settle an emission obligation, the taxpayer’s proceeds from the disposition of the emission allowance are deemed to be equal to the taxpayer’s cost of the emission allowance.

“193.6. Despite section 193.1, each emission allowance held at the end of a taxpayer’s taxation year that ends immediately before the time at which the taxpayer is subject to a loss restriction event is to be valued at the cost at which the taxpayer acquired the property, or its fair market value at the end of the year, whichever is lower, and after that time the cost at which the taxpayer acquired the property is, subject to a subsequent application of section 193.2 and this section, deemed to be equal to that lower amount.”

(2) Subsection 1 applies in respect of an emission allowance acquired in a taxation year that begins after 31 December 2016. In addition, if a taxpayer so elects in the fiscal return the taxpayer is required to file under Part I of the Act for any of its taxation years 2016 to 2018, subsection 1 applies in respect of an emission allowance acquired in a taxation year that ends after 31 December 2012 and begins before 1 January 2017.

(3) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a taxpayer’s tax, interest and penalties as are necessary for any taxation year to give effect to subsection 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

91. (1) Section 194 of the Act is amended

(1) by replacing subparagraph *d* of the second paragraph by the following subparagraph:

“(d) the aggregate of all amounts each of which is an amount included in computing the taxpayer’s income for the year from the business because of section 94 or 485.13, the second paragraph of section 487 or section 487.0.3.”;

(2) by replacing subparagraph *c* of the third paragraph by the following subparagraph:

“(c) the aggregate of all amounts each of which is an amount deducted for the year under paragraph *a* of section 130, section 130.1, paragraph *t* of section 157, section 198, the first paragraph of section 487 or section 487.0.2 in respect of the business.”

(2) Subsection 1 has effect from 1 January 2017.

92. Section 231.0.11 of the Act is amended by replacing paragraph *h* by the following paragraph:

“(h) where an election is made by a taxpayer for a year under paragraph *d* of section 668.5, section 668.6 or any of sections 1106.0.3, 1106.0.5, 1113.3, 1113.4, 1116.3 and 1116.5, as they read before being repealed, the portion of the taxpayer’s net capital gains for the year that are to be treated as being in respect of capital gains from dispositions of property that occurred in a particular period in the year is equal to the proportion of those net capital gains that the number of days in the particular period is of the number of days in the year;”.

93. (1) Section 232 of the Act is amended by striking out subparagraph *a* of the first paragraph.

(2) Subsection 1 has effect from 1 January 2017.

94. Section 241.0.2 of the Act is amended by replacing the portion before paragraph *a* by the following:

“241.0.2. A loss incurred by an individual following the disposition, at a particular time, of a class “A” share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) is deemed to be equal to the amount by which the amount of the individual’s loss otherwise determined exceeds the amount by which the total of all amounts each of which is either an amount that the individual or a person with whom the individual was not dealing at arm’s length deducted in respect of the share under section 776.1.5.0.11 or the portion of an amount deducted under section 776.41.5 by a person with whom the individual was not dealing at arm’s length that can reasonably be attributed to a deduction to which the individual, or a person with whom the individual was not dealing at arm’s length, was entitled in respect of the share under section 776.1.5.0.11, exceeds the aggregate of”.

95. The Act is amended by inserting the following section after section 241.0.2:

“241.0.3. A loss incurred by an individual following the disposition, at a particular time, of a class “B” share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) is deemed to be equal to the amount determined by the formula

$$A - (B - C).$$

In the formula in the first paragraph,

(a) A is the amount of the individual’s loss otherwise determined in relation to the disposition of the class “B” share;

(b) B is the aggregate of all amounts each of which is

i. an amount that the individual, or a person with whom the individual was not dealing at arm’s length, deducted under section 776.1.5.0.15.2 or 776.1.5.0.15.4 in respect of the value of the consideration, taking the form of a share, for which the class “B” share was issued,

ii. the portion of an amount deducted under section 776.41.5 by a person with whom the individual was not dealing at arm’s length that can reasonably be attributed to a deduction to which the individual, or a person with whom the individual was not dealing at arm’s length, was entitled under section 776.1.5.0.15.2 or 776.1.5.0.15.4 in respect of the value of the consideration referred to in subparagraph i,

iii. an amount that the individual, or a person with whom the individual was not dealing at arm’s length, deducted under section 776.1.5.0.11 in respect of the share forming the consideration referred to in subparagraph i, or

iv. the portion of an amount deducted under section 776.41.5 by a person with whom the individual was not dealing at arm’s length that can reasonably be attributed to a deduction to which the individual, or a person with whom the individual was not dealing at arm’s length, was entitled under section 776.1.5.0.11 in respect of the share forming the consideration referred to in subparagraph i; and

(c) C is the aggregate of

i. the amount of tax that the individual is required to pay, where applicable, under section 1129.27.10.3 following the redemption or purchase of the class “B” share, and

ii. the amount of any loss otherwise determined from the disposition of the class “B” share before the particular time by a person with whom the individual was not dealing at arm’s length.”

96. (1) Section 250 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2017.

97. (1) Section 251 of the Act is replaced by the following section:

“251. The proceeds of disposition of property include, for the purposes of this Title, the same elements as the proceeds of disposition of property referred to in subparagraph *f* of the first paragraph of section 93 and any amount deemed not to be a dividend under paragraph *b* of section 568; it does not include an amount deemed to be a dividend paid to a taxpayer under sections 517.1 to 517.3.1, an amount deemed to be a capital gain under section 517.5.5, an amount deemed to be a dividend received under section 508 to the extent that it refers to a dividend deemed paid under sections 505 and 506, except the portion of that amount that is deemed to be included in the proceeds of disposition of the share under paragraph *b* of section 308.1 or deemed not to be a dividend under paragraph *b* of section 568, or a prescribed amount.”

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015. However, where section 251 of the Act applies in respect of a disposition of shares that occurs before 18 March 2016, it is to be read as follows:

“251. The proceeds of disposition of property include, for the purposes of this Title, the same elements as the proceeds of disposition of property referred to in subparagraph *f* of the first paragraph of section 93 and any amount deemed not to be a dividend under paragraph *b* of section 568; it does not include an amount deemed to be a dividend paid to a taxpayer under sections 517.1 to 517.3.1, an amount deemed to be a dividend received under section 508 to the extent that it refers to a dividend deemed paid under sections 505 and 506, except the portion of that amount that is deemed to be included in the proceeds of disposition of the share under paragraph *b* of section 308.1 or deemed not to be a dividend under paragraph *b* of section 568, or a prescribed amount.”

98. (1) Section 251.2 of the Act is amended

(1) by replacing “réclame” in the portion before the formula in the first paragraph in the French text by “demande”;

(2) by replacing subparagraphs i to iii of subparagraph *b* of the second paragraph by the following subparagraphs:

“i. where the entity made a designation under section 668 in respect of the individual for the year, twice the amount claimed under section 251.3 by the individual for the year in respect of the entity,

“ii. where the entity is a partnership, twice the aggregate of the amounts claimed under section 251.4 by the individual for the year in respect of the entity, and

“iii. in any other case, the amount claimed under section 251.6 by the individual for the year in respect of the entity; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

99. (1) Section 251.3 of the Act is amended by striking out “, subject to section 251.5.1,”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

100. (1) Section 251.4 of the Act is amended by striking out “, subject to section 251.5.1,”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

101. (1) Sections 251.5 and 251.5.1 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

102. (1) Section 254.1 of the Act is amended by striking out “real” in the portion before subparagraph *a* of the first paragraph.

(2) Subsection 1 applies in respect of a gift made after 21 March 2017.

103. (1) Section 255 of the Act is amended

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

“(d) where the property is a share of the capital stock of a corporation resident in Canada, the amount by which the aggregate of all amounts each of which is the amount of any dividend that is deemed to have been received by the taxpayer under section 504 before that time exceeds the portion of that aggregate that relates to dividends in respect of which the taxpayer may deduct an amount under section 738 in computing the taxpayer’s taxable income, except the portion of the dividends that, if paid as a separate dividend, would not be subject to section 308.1 because the amount of the separate dividend would not exceed the amount of the income earned or realized by any corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events as part of which the dividend is received, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid;”;

(2) by replacing subparagraph iii of paragraph *i* by the following subparagraph:

“iii. the share of the taxpayer in the amount by which any proceeds of a life insurance policy received by the partnership after 31 December 1971 and before the particular time by reason of the death of any person whose life was insured under the policy exceed the aggregate of all amounts each of which is

(1) the adjusted cost basis (in this subparagraph iii having the meaning assigned by sections 976 and 976.1), immediately before the death, of the policy to the partnership, if the death occurs before 22 March 2016, or of the policyholder's interest in the policy, if the death occurs after 21 March 2016,

(2) if the death occurs after 21 March 2016, the amount by which the fair market value of consideration given in respect of a disposition of an interest in the policy by a policyholder (other than a taxable Canadian corporation) after 31 December 1999 and before 22 March 2016 exceeds the greater of the amount determined under subparagraph i of subparagraph *a* of the first paragraph of section 971, in respect of the disposition and the adjusted cost basis to the policyholder of the interest immediately before the disposition, or

(3) if the death occurs after 21 March 2016, the amount by which the amount by which the lesser of the fair market value of consideration given in respect of a disposition, in respect of which section 971 applies, of an interest in the policy by a policyholder (other than a taxable Canadian corporation) after 31 December 1999 and before 22 March 2016 and the adjusted cost basis to the policyholder of the interest immediately before the disposition exceeds the amount determined under subparagraph i of subparagraph *a* of the first paragraph of section 971, in respect of the disposition, exceeds the absolute value of the negative amount, if any, that would be, in the absence of section 7.5, the adjusted cost basis, immediately before the death, of the interest in the policy.”.

(2) Paragraph 1 of subsection 1 applies in respect of a dividend received after 20 April 2015.

(3) Paragraph 2 of subsection 1 has effect from 15 December 2016.

104. (1) The Act is amended by inserting the following sections after section 262:

“262.0.0.1. For the purposes of section 262, if a debt obligation owing by a taxpayer (in this section and sections 262.0.0.2 and 262.0.0.3 referred to as the “debtor”) is denominated in a foreign currency and the debt obligation has become a parked obligation at a particular time, the debtor is deemed at that time to have made the gain, if any, that the debtor otherwise would have made if it had paid an amount at the particular time in satisfaction of the debt obligation equal to

(a) if the debt obligation has become a parked obligation at the particular time as a result of its acquisition by the holder of the debt obligation, the amount paid by the holder to acquire the debt obligation; and

(b) in any other case, the fair market value of the debt obligation at the particular time.

“262.0.0.2. For the purposes of section 262.0.0.1, a debt obligation is a parked obligation at a particular time if

(a) at the particular time, the holder of the debt obligation does not deal at arm’s length with the debtor or, if the debtor is a corporation, has a significant interest in the debtor;

(b) at any time prior to the particular time, a person who held the debt obligation dealt at arm’s length with the debtor and, where the debtor is a corporation, did not have a significant interest in the debtor; and

(c) it can reasonably be considered that one of the main purposes of the transaction or event or series of transactions or events that results in the debt obligation meeting the condition in paragraph *a* is to avoid the application of section 262.

“262.0.0.3. For the purposes of sections 262.0.0.1 and 262.0.0.2, the following rules apply:

(a) subparagraph *k* of the first paragraph of section 485.3 applies for the purpose of determining whether two persons are related to each other or whether a person is controlled by another person; and

(b) subparagraph *c* of the first paragraph of section 485.19 applies for the purpose of determining whether a person has a significant interest in a corporation.”

(2) Subsection 1 has effect from 22 March 2016. However, section 262.0.0.1 of the Act does not apply to a debtor in respect of a debt obligation owing by that debtor if the time at which the obligation meets the conditions to become a parked obligation under section 262.0.0.2 of the Act, because of a written agreement entered into before 22 March 2016, is before 1 January 2017.

105. (1) The Act is amended by inserting the following division after section 264.7:

“DIVISION III.5

“TRANSITIONAL RULES RELATING TO THE DISPOSITION OF PROPERTY INCLUDED IN CLASS 14.1 OF SCHEDULE B

“264.8. The capital gain of a taxpayer resulting from the disposition by the taxpayer, at a particular time, of a property that is included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of a business of the taxpayer is to be reduced by the amount claimed by the taxpayer, without exceeding the amount referred to in the second paragraph, where

(a) the property was, immediately before 1 January 2017, an incorporeal capital property of the taxpayer, within the meaning of section 250, as it read before being repealed;

(b) the amount determined under subparagraph ii of subparagraph *a* of the second paragraph of section 107 in respect of the business immediately before 1 January 2017, as that section read before being repealed, is greater than nil;

(c) the amount determined under subparagraph *b* of the first paragraph of section 107 in respect of the business immediately before 1 January 2017, as that section read before being repealed, is nil; and

(d) no amount is included in computing the taxpayer's income for a taxation year because of subparagraph *d* of the first paragraph of section 93.18.

The amount to which the first paragraph refers is equal to the amount by which the amount obtained by multiplying by $\frac{2}{3}$ the amount determined under subparagraph ii of subparagraph *a* of the second paragraph of section 107 in respect of the business immediately before 1 January 2017, as that section read before being repealed, exceeds the aggregate of all amounts each of which is an amount claimed under the first paragraph in respect of another disposition at or before the particular time.

“264.9. The capital gain of an individual resulting from the disposition by the individual, at a particular time, of a property that is included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of a business of the individual is to be reduced by the amount claimed by the individual, without exceeding the amount described in the second paragraph, where

(a) the property was, immediately before 1 January 2017, an incorporeal capital property of the individual, within the meaning of section 250, as it read before being repealed; and

(b) the individual's exempt gains balance in respect of the business, within the meaning of section 107.2, as it read before being repealed, is greater than nil for the taxation year that includes 1 January 2017.

The amount to which the first paragraph refers is equal to the amount by which twice the amount of the individual's exempt gains balance in respect of the business, within the meaning of section 107.2, as it read before being repealed, for the taxation year that includes 1 January 2017 exceeds the aggregate of

(a) if subparagraph *d* of the first paragraph of section 93.18 applies in respect of the business for the individual's taxation year that includes 1 January 2017, the amount determined under subparagraph *d* of the second paragraph of section 105.2, as it read before being repealed, for the purposes of subparagraph *d* of the first paragraph of section 93.18; and

(b) the aggregate of all amounts each of which is an amount claimed under the first paragraph in respect of another disposition at or before the particular time.”

(2) Subsection 1 has effect from 1 January 2017.

106. Section 277.1 of the Act is amended by replacing paragraph *a* in the French text by the following paragraph:

“*a*) avoir aliéné à ce moment le domaine viager pour un produit de l’aliénation égal à sa juste valeur marchande à ce moment;”.

107. (1) Section 305 of the Act is amended

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

“(a) where the stock dividend is a dividend,

i. in the case of a shareholder that is an individual, the amount of the stock dividend, and

ii. in any other case, the aggregate of

(1) the amount by which the lesser of the amount of the stock dividend and its fair market value exceeds the amount of the dividend that the shareholder may deduct under section 738 in computing the shareholder’s taxable income, except any portion of the dividend that, if paid as a separate dividend, would not be subject to section 308.1 because the amount of the separate dividend would not exceed the amount of the income earned or realized by a corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events as part of which the dividend is received, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid, and

(2) the amount determined by the formula

$A + B$;”;

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

“In the formula in subparagraph 2 of subparagraph ii of subparagraph *a* of the first paragraph,

(a) *A* is the amount of the deemed gain determined in accordance with paragraph *c* of section 308.1 in respect of the stock dividend; and

(b) B is the amount by which the amount of the reduction determined in accordance with subparagraph *b* of the first paragraph of section 308.2.0.2 in respect of the stock dividend to which paragraph *a* of section 308.1 would otherwise apply exceeds the amount determined in accordance with subparagraph *a* in respect of the stock dividend.”

(2) Subsection 1 applies in respect of a stock dividend received after 20 April 2015. However, where section 305 of the Act applies in respect of a dividend declared after 20 April 2015 but before 31 July 2015 and received before 30 September 2015, the following rules apply:

(1) subparagraph 1 of subparagraph ii of subparagraph *a* of the first paragraph of that section 305 is to be read as follows:

“(1) the lesser of the amount of the stock dividend and its fair market value, and”; and

(2) subparagraph *b* of the second paragraph of that section 305 is to be read as if “to which paragraph *a* of section 308.1 would otherwise apply” were struck out.

108. (1) Sections 308.1 and 308.2 of the Act are replaced by the following sections:

“**308.1.** Despite any other provision of this Part, where a corporation resident in Canada (in this section and sections 308.2 to 308.2.0.2 referred to as the “dividend recipient”) receives a taxable dividend described in section 308.2 in respect of which it is entitled to a deduction under any of sections 738, 740 and 845, the amount of that dividend, other than the prescribed portion of it, is deemed

(a) not to be a dividend received by the dividend recipient;

(b) where the dividend is received on a redemption, acquisition or cancellation of a share, by the corporation that issued the share, under section 508 to the extent that it refers to a dividend deemed paid under section 505 or 506, to be proceeds of disposition of that share to the extent that the amount is not otherwise included in computing those proceeds; and

(c) where paragraph *b* does not apply in respect of a dividend, to be a gain of the dividend recipient from the disposition of a capital property for the year in which the dividend was received.

“308.2. A taxable dividend to which section 308.1 refers is such a dividend received by a corporation as part of a transaction or event or a series of transactions or events if

(a) it can reasonably be considered that

i. one of the purposes of the payment or receipt of the dividend, or, in the case of a dividend referred to in section 506, one of its results, is to effect a significant reduction in the portion of the capital gain that, but for the dividend, would have been realized on a disposition at fair market value of any share of the capital stock of a corporation, if the disposition had occurred immediately before the dividend was paid, or

ii. the dividend (other than a dividend that is received on a redemption, acquisition or cancellation of a share, by the corporation that issued the share, under section 508 to the extent that it refers to a dividend deemed paid under section 505 or 506) was received on a share that is held as capital property by the dividend recipient and one of the purposes of the payment or receipt of the dividend is to effect

(1) a significant reduction in the fair market value of any share, or

(2) a significant increase in the cost of property, such that the amount that is the aggregate of the cost amounts of all properties of the dividend recipient immediately after the dividend was paid is significantly greater than the amount that is the aggregate of the cost amounts of all properties of the dividend recipient immediately before the dividend was paid; and

(b) the amount of the dividend exceeds the amount of the income earned or realized by any corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid.”

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

109. (1) The Act is amended by inserting the following sections after section 308.2:

“308.2.0.1. For the purposes of sections 308.1, 308.2 and 308.2.0.2, the amount of a stock dividend and the dividend recipient’s entitlement to a deduction under any of sections 738, 740 and 845 in respect of the amount of that dividend are to be determined as if the definition of “amount” in section 1 were read as if the following paragraph were inserted after paragraph *a*:

“(a.1) in the case of a stock dividend paid by a corporation, the amount of the stock dividend is equal to the greater of

i. the amount by which the paid-up capital of the corporation that paid the dividend is increased by reason of the payment of the dividend, and

ii. the fair market value of the share or shares issued as a stock dividend at the time of payment;”.

“308.2.0.2. Where the conditions of the second paragraph are met, in respect of a stock dividend, the following rules apply:

(a) the amount of the stock dividend is deemed for the purposes of section 308.1 to be a separate taxable dividend to the extent of the portion of the amount that does not exceed the amount of the income earned or realized by any corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid; and

(b) the amount of the separate taxable dividend referred to in subparagraph *a* is deemed to reduce the amount of the income earned or realized by any corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid.

The conditions to which the first paragraph refers, in respect of a stock dividend, are as follows:

(a) a dividend recipient holds a share in respect of which it receives the stock dividend;

(b) the fair market value of the share or shares issued as a stock dividend exceeds the amount by which the paid-up capital of the corporation that paid the stock dividend is increased because of the payment of the dividend; and

(c) section 308.1 would apply to the stock dividend if section 308.2 were read without reference to its paragraph *b*.

“308.2.0.3. For the purposes of subparagraph 1 of subparagraph ii of paragraph *a* of section 308.2 and for the purpose of determining whether the payment of a dividend caused a significant reduction in the fair market value of any share, the fair market value of the share, determined immediately before the dividend was paid, must be increased by an amount equal to the amount, if any, by which the amount that is the fair market value of the dividend received on the share exceeds the fair market value of the share.”

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

110. (1) Section 308.2.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

“308.2.1. Section 308.1 does not apply, however, to any dividend received by a particular corporation, on a redemption, acquisition or cancellation of a share, by the corporation that issued the share, under section 508 to the extent that it refers to a dividend deemed paid under section 505 or 506, if, as part of a transaction or event or a series of transactions or events as part of which the dividend was received, there was not at a particular time”.

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

111. (1) Section 308.2.2 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) proceeds of disposition of a property are to be determined without reference to

i. “deemed to be included in the proceeds of disposition of the share under paragraph *b* of section 308.1 or” in section 251, and

ii. Chapter V of Title X;”.

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

112. (1) Section 308.6 of the Act is amended

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

“(1) where the period began before the corporation’s adjustment time, within the meaning of section 107.1, as it read in that portion of the period, the amount by which the aggregate of the amounts relating to the business that is determined under the third paragraph in respect of the corporation exceeds the aggregate of the amounts relating to the business that is determined under the fourth paragraph in respect of the corporation,”;

(2) by replacing the portion of subparagraph iv of subparagraph *b* of the first paragraph before the formula in subparagraph 1 by the following:

“iv. the amount by which 1/2 of the aggregate of all amounts each of which is an amount required by paragraph *b* of section 105 to be included in computing the corporation’s income in respect of a business carried on by the corporation for a taxation year that is included in the period and that ends after 27 February 2000 but before 18 October 2000, as that paragraph *b* read for that year, exceeds

(1) where the corporation has deducted an amount under section 142.1 in respect of a debt established by it to have become a bad debt in a taxation year that is included in the period and that ends after 27 February 2000 but before 18 October 2000, as that section 142.1 read for that year, or has an allowable capital loss for such a year by reason of the application of section 142.2, as that section 142.2 read for that year, the amount determined by the formula”;

(3) by replacing the portion of subparagraph *v* of subparagraph *b* of the first paragraph before the formula in subparagraph 1 by the following:

“*v.* the amount by which the aggregate of all amounts each of which is an amount required by paragraph *b* of section 105 to be included in computing the corporation’s income in respect of a business carried on by the corporation for a taxation year that is included in the period and that ends after 17 October 2000, as that paragraph *b* read for that year, exceeds

(1) where the corporation has deducted an amount under section 142.1 in respect of a debt established by it to have become a bad debt in a taxation year that is included in the period and that ends after 17 October 2000, as that section 142.1 read for that year, or has an allowable capital loss for such a year by reason of the application of section 142.2, as that section 142.2 read for that year, the amount determined by the formula”;

(4) by replacing subparagraph *f* of the first paragraph by the following subparagraph:

“(f) unless section 308.2.0.2 applies, where a corporation receives a dividend any portion of which is a taxable dividend (such a portion being referred to in this subparagraph as the “taxable part”), as part of a transaction or event or a series of transactions or events, the following rules apply:

i. a portion of the dividend is deemed to be a separate taxable dividend equal to the lesser of

(1) the taxable part, and

(2) the amount of the income earned or realized by a corporation after 31 December 1971 and before the safe-income determination time, in relation to the transaction or event or series of transactions or events, that can reasonably be considered to contribute to the capital gain that would have been realized on a disposition at fair market value of the share on which the dividend was received, if the disposition had occurred immediately before the dividend was paid, and

ii. the amount by which the taxable part exceeds the amount of the separate taxable dividend referred to in subparagraph *i* is deemed to be a separate taxable dividend.”;

(5) by replacing subparagraph *d* of the second paragraph by the following subparagraph:

“(d) 1/3 of all amounts deducted by the corporation under section 142.1, as that section read in the portion of the period that precedes the beginning of the corporation’s first taxation year that ends after 27 February 2000, in respect of debts established by it to have become bad debts during that portion of the period.”;

(6) by inserting “, as that section 142.1 read for that year,” after “period” in subparagraphs *a* to *c* of the fifth paragraph;

(7) by striking out the sixth paragraph.

(2) Paragraphs 1 to 3, 5 and 6 of subsection 1 have effect from 1 January 2017.

(3) Paragraphs 4 and 7 of subsection 1 apply in respect of a dividend received after 17 April 2016. In addition, where subparagraph *f* of the first paragraph of section 308.6 of the Act applies in respect of a dividend received after 20 April 2015 and before 18 April 2016, the portion of that subparagraph *f* before subparagraph *i* is to be read as follows:

“(f) unless section 308.2.0.2 applies, where a corporation receives a dividend any portion of which is a taxable dividend, the following rules apply:”.

113. Section 311.2 of the Act is repealed.

114. (1) Section 313.14 of the Act is replaced by the following section:

“**313.14.** A taxpayer shall also include any amount received in the year under a contract, to provide information to the Canada Revenue Agency or the Agence du revenu du Québec, entered into by the taxpayer under a program administered by the Canada Revenue Agency or the Agence du revenu du Québec to obtain information relating to tax non-compliance.”

(2) Subsection 1 has effect from 10 November 2017.

115. (1) Section 333.4 of the Act is amended by replacing the definition of “goodwill amount” by the following definition:

““goodwill amount”, of a taxpayer, means an amount that the taxpayer has received or may become entitled to receive and that would be required, but for this chapter, to be included in the proceeds of disposition of a property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1), or an amount to which section 93.18 applies, in respect of a business carried on by the taxpayer through an establishment located in Canada;”.

(2) Subsection 1 has effect from 1 January 2017.

116. (1) Section 333.6 of the Act is amended by replacing subparagraph *b* of the first paragraph by the following subparagraph:

“(b) the amount would, but for this chapter, be required to be included in the proceeds of disposition of a property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1), or is an amount to which section 93.18 applies, in respect of the business to which the restrictive covenant relates, and the particular taxpayer makes a valid election under paragraph *b* of subsection 3 of section 56.4 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) after 19 December 2006 to have that paragraph *b* apply in respect of the restrictive covenant; or”.

(2) Subsection 1 has effect from 1 January 2017.

117. (1) Section 333.7 of the Act is amended

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

“(b) if an election has been made under subparagraph *b* of the first paragraph of section 333.6 in respect of the amount, to be considered to be incurred by the purchaser on account of capital for the purpose of determining the cost of the property or for the purposes of section 93.15, as the case may be, and not to be an amount paid or payable for the purposes of the other provisions of this Part; and”;

(2) by replacing “paragraph *c*” in paragraph *c* by “subparagraph *c* of the first paragraph”.

(2) Subsection 1 has effect from 1 January 2017.

118. Section 336 of the Act is amended

(1) by inserting “as that section read before being repealed,” after “311.2,” in paragraph *d*;

(2) by replacing “following year” in paragraph *d.1* by “following calendar year”.

119. (1) Section 336.8 of the Act is amended by adding the following paragraph at the end of the definition of “eligible retirement income” in the first paragraph:

“(c) the lesser of

i. the aggregate of all amounts received by the individual in the year on account of a retirement income security benefit paid under Part 2 of the Veterans Well-being Act (Statutes of Canada, 2005, chapter 21), and

ii. the amount by which the defined benefit limit (as defined by subsection 1 of section 8500 of the Income Tax Regulations made under the Income Tax Act) for the year multiplied by 35 exceeds the aggregate of the amounts determined under paragraphs *a* and *b*.”

(2) Subsection 1 applies from the taxation year 2015. However, where section 336.8 of the Act applies before 1 April 2018, it is to be read as if “Veterans Well-being Act” in subparagraph *i* of paragraph *c* of the definition of “eligible retirement income” in the first paragraph were replaced by “Canadian Forces Members and Veterans Re-establishment and Compensation Act”.

120. (1) Section 336.12 of the Act is replaced by the following section:

“336.12. For the purposes of subparagraph *ii* of subparagraphs *a* and *b* of the first paragraph of section 752.0.7.4, the following rules apply if a transferor and a transferee make a joint election for a taxation year:

(*a*) the amount described in the second paragraph of section 752.0.7.4 in respect of the transferor for the year is deemed to be equal to the result obtained by subtracting from that amount otherwise determined the portion of that amount that is the proportion that the split-retirement income amount in respect of the transferor for the year is of the eligible retirement income of the transferor for the year; and

(*b*) the amount described in the second paragraph of section 752.0.7.4 in respect of the transferee for the year is deemed to be equal to the result obtained by adding to that amount otherwise determined the amount subtracted in accordance with paragraph *a* for the year.”

(2) Subsection 1 applies from the taxation year 2013. However, where section 336.12 of the Act applies to the taxation years 2013 and 2014, it is to be read as if “subparagraphs *a* and *b* of the first paragraph” in the portion before paragraph *a* were replaced by “paragraphs *a* and *b*” and as if “in the second paragraph of section 752.0.7.4” in paragraphs *a* and *b* were replaced by “in section 752.0.8”.

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

“(j) subject to section 339.0.1, the aggregate of

i. the aggregate of all amounts each of which is 50% of the amount payable by the taxpayer for the year on account of the base contribution in respect of self-employed earnings under the Act respecting the Québec Pension Plan (chapter R-9) or on account of a similar contribution under any similar plan within the meaning of paragraph *u* of section 1 of that Act,

ii. the aggregate of all amounts each of which is an amount payable by the taxpayer for the year on account of the first or second additional contribution in respect of self-employed earnings under the Act respecting the Québec Pension Plan or on account of a similar contribution under any similar plan within the meaning of paragraph *u* of section 1 of that Act, and

iii. the aggregate of all amounts each of which is an amount payable by the taxpayer for the year on account of the employee's first or second additional contribution under the Act respecting the Québec Pension Plan or on account of a similar contribution under any similar plan within the meaning of paragraph *u* of section 1 of that Act.”

(2) Subsection 1 applies from 1 January 2019.

122. (1) The Act is amended by inserting the following section after section 339:

“**339.0.1.** A taxpayer shall not include the following amounts in the aggregate described in paragraph *j* of section 339 for a taxation year:

(*a*) an amount payable by the taxpayer for the year in relation to a business of the taxpayer, on account of a contribution referred to in subparagraph *i* or *ii* of that paragraph *j*, if all of the taxpayer's income for the year from that business is not required to be included in computing the taxpayer's income for the year or is deductible in computing the taxpayer's taxable income for the year under any of sections 725, 737.16 and 737.22.0.10; and

(*b*) an amount payable by the taxpayer for the year in relation to an office or employment of the taxpayer, on account of a contribution referred to in subparagraph *iii* of that paragraph *j*, if all of the taxpayer's income for the year from that office or employment is not required to be included in computing the taxpayer's income for the year or is deductible in computing the taxpayer's taxable income for the year under any of sections 725, 737.16, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.4.7, 737.22.0.7 and 737.22.0.10.”

(2) Subsection 1 applies from 1 January 2019.

123. (1) Section 424 of the Act is amended by replacing subparagraph *d* of the second paragraph by the following subparagraph:

“(*d*) sections 93.3.1, 175.9, 238.1 and 238.3 do not apply in respect of a property disposed of on the winding-up.”

(2) Subsection 1 has effect from 1 January 2017.

124. (1) Section 429 of the Act is amended by replacing “725 to 725.7” in subparagraph *c* of the second paragraph by “725 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

125. (1) Section 432 of the Act is replaced by the following section:

“432. For the purposes of this division, a right or property does not include land included in the inventory of a business, a Canadian resource property, a foreign resource property or an interest in a life insurance policy, other than an annuity contract of a taxpayer where the payment made by the taxpayer for its acquisition was deductible in computing the taxpayer’s income because of paragraph *f* of section 339, or was made in circumstances in 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 January 2017.

126. (1) Section 437 of the Act is replaced by the following section:

“437. Despite section 440, where property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) of a taxpayer in respect of a business carried on by the taxpayer immediately before the taxpayer’s death that is a property to which sections 436, 439 and 439.1 would otherwise apply is, as a consequence of the death, transferred or distributed (otherwise than by way of a distribution of property by a trust that claimed a deduction under paragraph *a* of section 130 or paragraph *b* of that section, as it read immediately before 1 January 2017, in respect of the property or in circumstances to which section 189 applies) to any person (in this section referred to as the “beneficiary”), the following rules apply:

(*a*) section 436 does not apply in respect of the property;

(*b*) the taxpayer is deemed to have, immediately before the taxpayer’s death, disposed of the property and received proceeds of disposition equal to the lesser of the capital cost and the cost amount to the taxpayer of the property immediately before the death;

(*c*) the beneficiary is deemed to have acquired the property at the time of the death at a cost equal to those proceeds; and

(*d*) section 439 applies as if the portion of that section before paragraph *a* were read as follows:

“439. For the purposes of sections 93 to 104, Chapter III of Title III and any regulations made under paragraph *a* of section 130 or section 130.1, where depreciable property of a prescribed class of a deceased individual is deemed under paragraph *c* of section 437 to be acquired by a person, except where the individual’s proceeds of disposition of the property determined under paragraph *b* of section 437 are redetermined under sections 93.1 to 93.3, and the capital cost to the individual of the property exceeds the amount determined under paragraph *c* of section 437 to be the cost to the person of the property, the following rules apply:”

(2) Subsection 1 has effect from 1 January 2017.

127. (1) Section 442 of the Act is amended by replacing the first paragraph by the following paragraph:

“Sections 437 and 440 to 441.2 do not apply to any property of a deceased individual in respect of which the individual’s legal representative makes a valid election under subsection 6.2 of section 70 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).”

(2) Subsection 1 has effect from 1 January 2017.

128. (1) Section 450.9 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**450.9.** For the purposes of sections 444 and 459 and subparagraph iv of subparagraph *a.0.2* of the first paragraph of section 726.6, a property of an individual is, at a particular time, deemed to be used by the individual in a farming or fishing business carried on in Canada if, at that particular time, the property is being used, principally in the course of carrying on a farming or fishing business in Canada, by”.

(2) Subsection 1 has effect from 1 January 2017.

129. (1) Section 459 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) the property was, before the transfer, land situated in Canada or a depreciable property of a prescribed class situated in Canada and was used principally in the business of farming or fishing in which the individual or the spouse, a child or the father or mother of the individual was actively engaged on a regular and continuous basis or, in the case of a property used in the operation of a woodlot, was engaged to the extent required by a prescribed forest management plan in respect of that woodlot; or”.

(2) Subsection 1 has effect from 1 January 2017.

130. (1) Section 460 of the Act is amended by striking out subparagraph 3 of subparagraph ii of paragraph *b*.

(2) Subsection 1 has effect from 1 January 2017.

131. (1) Section 461 of the Act is replaced by the following section:

“**461.** If the proceeds of disposition, otherwise determined, of a property referred to in subparagraph 1 or 2 of subparagraph ii of paragraph *b* of section 460 are less than the lesser of the amount referred to in subparagraph i of that paragraph *b* and the amount determined under subparagraph 1 or 2 of subparagraph ii of that paragraph *b* that is applicable in respect of the property, they are deemed to be equal to the lesser of those amounts.”

(2) Subsection 1 has effect from 1 January 2017.

132. (1) Section 462 of the Act is amended by striking out subparagraph *d* of the first paragraph and the second and third paragraphs.

(2) Subsection 1 has effect from 1 January 2017.

133. (1) Section 482 of the Act is amended by replacing the second paragraph by the following paragraph:

“However, the first paragraph does not apply in respect of

(a) reasonable vacation or holiday pay;

(b) a deferred amount under a salary deferral arrangement; or

(c) a salary, wages or other remuneration in respect of an office or employment where that expense of the taxpayer is taken into account for the purpose of determining, for a taxation year, the amount that the taxpayer may deduct in computing tax payable under Title III.4 or III.5 of Book V or that the taxpayer is deemed to have paid to the Minister on account of tax payable under Chapter III.1 of Title III of Book IX.”

(2) Subsection 1 applies in respect of an expense incurred in a taxation year that ends after 30 June 2016.

134. (1) Section 484.3 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) paragraph *o.1* of section 157 applies, where the cost of the property to the person was an incorporeal capital amount, within the meaning of section 106, as it read before being repealed, at the time the property was acquired;”.

(2) Subsection 1 has effect from 1 January 2017.

135. (1) Section 485.3 of the Act is amended, in the first paragraph,

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

“(c) sections 485.4 to 485.6 and 485.8 to 485.13 apply in numerical order to the forgiven amount in respect of a commercial obligation;”;

(2) by striking out subparagraph *f*.

(2) Subsection 1 has effect from 1 January 2017.

136. (1) Section 485.7 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2017.

137. (1) Section 485.9 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**485.9.** Subject to section 485.18, where a commercial obligation issued by a debtor is settled at any time and amounts have been designated by the debtor under sections 485.6 and 485.8 to the maximum extent permitted in respect of the settlement of the obligation, the following rules apply:”.

(2) Subsection 1 has effect from 1 January 2017.

138. (1) Section 485.10 of the Act is replaced by the following section:

“**485.10.** Subject to section 485.18, where a commercial obligation issued by a debtor is settled at any time in a taxation year and amounts have been designated by the debtor under sections 485.6, 485.8 and 485.9 to the maximum extent permitted in respect of the settlement of the obligation, the remaining unapplied portion of the forgiven amount in respect of the obligation is to be applied (to the extent that it is designated in a prescribed form filed with the debtor’s fiscal return under this Part for the year) to reduce immediately after that time the adjusted cost bases to the debtor of capital properties, owned by the debtor immediately after that time, that are shares of the capital stock of corporations of which the debtor is a specified shareholder at that time and debts issued by such corporations, other than shares of the capital stock of corporations related to the debtor at that time, debts issued by corporations related to the debtor at that time and excluded properties.”

(2) Subsection 1 has effect from 1 January 2017.

139. (1) Section 485.11 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**485.11.** Subject to section 485.18, where a commercial obligation issued by a debtor is settled at any time in a taxation year and amounts have been designated by the debtor under sections 485.6 and 485.8 to 485.10 to the maximum extent permitted in respect of the settlement of the obligation, the remaining unapplied portion of the forgiven amount in respect of the obligation is to be applied (to the extent that it is designated in a prescribed form filed with the debtor’s fiscal return under this Part for the year) to reduce immediately after that time the adjusted cost bases to the debtor of”.

(2) Subsection 1 has effect from 1 January 2017.

140. (1) Section 485.12 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

“**485.12.** Where a commercial obligation issued by a debtor (other than a partnership) is settled at any time in a taxation year and amounts have been designated by the debtor under sections 485.6, 485.8 and 485.9 to the maximum extent permitted in respect of the settlement of the obligation, the following rules apply:”.

(2) Subsection 1 has effect from 1 January 2017.

141. (1) Section 485.13 of the Act is amended by replacing subparagraph *i* of subparagraph *d* of the second paragraph by the following subparagraph:

“*i.* where the debtor has designated amounts under sections 485.6 and 485.8 to 485.10 to the maximum extent permitted in respect of the settlement of the obligation, the amount by which the aggregate of all amounts each of which is an unrecognized loss at that time, in respect of the obligation, from the disposition of a property exceeds, subject to the third paragraph, twice the aggregate of all amounts each of which is an amount by which the amount determined before that time under this section in respect of a settlement of an obligation issued by the debtor has been reduced because of an amount determined under this subparagraph *i*, and”.

(2) Subsection 1 has effect from 1 January 2017.

142. (1) Section 485.14.1 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(*c*) amounts were designated under sections 485.6 and 485.8 to 485.10 by each of those directed persons to the maximum extent permitted in respect of the settlement of each of those notional obligations; and”.

(2) Subsection 1 has effect from 1 January 2017.

143. (1) Section 485.15 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) for the purposes of paragraph *a*, the relevant limit in respect of the partnership obligation is the amount that would be included in computing the member’s income for the year as a consequence of the application of sections 485.13 and 599 to 613.10 to the settlement of the partnership obligation if the partnership had designated amounts under sections 485.6 and 485.8 to 485.10 to the maximum extent permitted in respect of each obligation settled in that fiscal period and if income arising from the application of section 485.13 were from a source of income separate from any other sources of partnership income; and”.

(2) Subsection 1 has effect from 1 January 2017.

144. (1) Section 485.29 of the Act is amended by replacing paragraph *d* by the following paragraph:

“(d) a payment in satisfaction of the principal amount of the share means any payment made on a reduction of the paid-up capital in respect of the share to the extent that the payment is proceeds of disposition of the share within the meaning that would be assigned by section 251 if that section were read without reference to “an amount deemed to be a dividend received under section 508 to the extent that it refers to a dividend deemed paid under sections 505 and 506, except the portion of that amount that is deemed to be included in the proceeds of disposition of the share under paragraph *b* of section 308.1 or deemed not to be a dividend under paragraph *b* of section 568.”

(2) Subsection 1 applies in respect of a dividend received after 20 April 2015.

145. (1) Section 487.3 of the Act is amended

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

“A person, other than a corporation resident in Canada, or a partnership, other than a partnership every member of which is such a corporation, is deemed to receive a benefit in a taxation year equal to the amount computed under section 487.4, where the person or partnership contracts a debt with a corporation by virtue of the fact that the person or partnership is a shareholder of the corporation, is connected with a shareholder of the corporation or is a member of a partnership or a beneficiary of a trust that is such a shareholder.”;

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

“For the purposes of this section, a person or a partnership is connected with a shareholder of a corporation if that person or partnership does not deal at arm’s length with, or is affiliated with, the shareholder, unless, in the case of a person, that person is a foreign affiliate of the corporation or of a person resident in Canada with which the corporation does not deal at arm’s length.”

(2) Paragraph 2 of subsection 1 applies in respect of a debt contracted after 31 October 2011.

146. (1) Section 487.5.1 of the Act is replaced by the following section:

“**487.5.1.** For the purpose of computing the benefit under the first paragraph of section 487.1 in a taxation year in respect of a debt contracted for a home purchase loan or a home relocation loan, the amount of the aggregate of all interest on all such debts computed at the prescribed rate on each such debt for the period in the year during which it was outstanding must not exceed the amount of interest that would have been determined in this manner if it had been computed at the rate of 8% in the case of a debt contracted before 1 May 1987 or, in any other case, at the prescribed rate in effect at the time the debt was contracted.”

(2) Subsection 1 has effect from 1 January 2018.

147. (1) Section 491 of the Act is amended

(1) by replacing paragraph *e.1* by the following paragraph:

“(e.1) an amount received on account of a Canadian Forces income support benefit payable under Part 2 of the Veterans Well-being Act (Statutes of Canada, 2005, chapter 21), on account of a critical injury benefit, disability award, death benefit, clothing allowance or detention benefit payable under Part 3 of that Act or on account of a caregiver recognition benefit payable under Part 3.1 of that Act;”;

(2) by inserting the following paragraph after paragraph *e.1*:

“(e.2) an amount received under any of sections 100 to 103 of the Budget Implementation Act, 2016, No. 1 (Statutes of Canada, 2016, chapter 7);”.

(2) Paragraph 1 of subsection 1 applies from 1 April 2018. However, where section 491 of the Act applies to a taxation year preceding the taxation year 2020, it is to be read as if “a family caregiver relief benefit or” were inserted before “a caregiver recognition benefit” in paragraph *e.1*.

(3) Paragraph 2 of subsection 1 has effect from 1 April 2017.

148. (1) Section 497 of the Act is amended by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) the product obtained by multiplying the excess amount determined in respect of the taxpayer under subparagraph *a* of the first paragraph for the year by

i. 16%, for the taxation year 2018, and

ii. 15%, for a taxation year subsequent to the taxation year 2018; and

“(b) 38% of the excess amount determined in respect of the taxpayer under subparagraph *b* of the first paragraph for the year.”

(2) Subsection 1 applies from the taxation year 2018.

149. (1) Section 523 of the Act is amended by replacing the first paragraph by the following paragraph:

“Where, in accordance with section 522, the taxpayer and the corporation have jointly agreed in the prescribed form on an amount in respect of property described in section 524, the amount is deemed, despite subparagraphs *b* and *c* of the first paragraph of section 522, but subject to the second paragraph, to be equal to the least of the amounts described in paragraph *b* or *c*, as the case may be, of section 524.”

(2) Subsection 1 has effect from 1 January 2017.

150. (1) Section 524 of the Act is amended by striking out paragraph *a*.

(2) Subsection 1 has effect from 1 January 2017.

151. (1) Sections 524.0.1 and 524.0.2 of the Act are repealed.

(2) Subsection 1 has effect from 1 January 2017.

152. (1) Section 525 of the Act is replaced by the following section:

“**525.** Where two or more properties, each of which is a property described in paragraph *b* of section 524, are disposed of at the same time, sections 523 and 524 apply as if each property so disposed of had been separately disposed of in the order designated by the taxpayer in the prescribed form or, if the taxpayer does not so designate any such order, in the order designated by the Minister.”

(2) Subsection 1 has effect from 1 January 2017.

153. (1) Section 560.3 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2017.

154. (1) Section 561 of the Act is replaced by the following section:

“**561.** Section 505 and sections 36 to 41.2 of the Act respecting the application of the Taxation Act (chapter I-4) do not apply to a winding-up described in section 556, and section 93.3.1 does not apply to such a winding-up with respect to property acquired by the parent on the winding-up.”

(2) Subsection 1 has effect from 1 January 2017.

155. (1) Section 570 of the Act is amended by replacing paragraph *m* by the following paragraph:

“(*m*) “taxable Canadian corporation” means a corporation that, at the time the expression is relevant, is a Canadian corporation that is not, by virtue of a statutory provision, exempt from tax under this Part;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

156. Section 589.2 of the Act is amended by striking out subparagraph *c* of the first paragraph.

157. Section 593 of the Act is amended by striking out “, unless the Minister decides otherwise” in subparagraph 4 of subparagraph *ii* of paragraph *h* of the definition of “exempt foreign trust” in the first paragraph.

158. (1) Section 595 of the Act is amended by replacing paragraph *f* by the following paragraph:

“(*f*) where there is, at that time, a resident contributor to the trust that is a tax-liable taxpayer in respect of the trust or a resident beneficiary under the trust that is a tax-liable taxpayer in respect of the trust if a connected contributor to the trust at that time is a tax-liable taxpayer in respect of the trust at that time, the trust is deemed, for the purpose of applying Book II and determining the trust’s tax liability under this Part, to be resident in Québec on the last day of the particular year and, where the trust is, in respect of the particular year, an electing trust or a trust that does not meet the condition of paragraph *a* of the definition of “electing trust” in the first paragraph of section 593, its income for the particular year is deemed to be equal to the portion of that income, otherwise determined, that may reasonably be considered as being attributable to property that was contributed to the trust at or before that time by a contributor that is at that time a resident contributor to the trust and a tax-liable taxpayer in respect of the trust or, if there is at that time a resident beneficiary under the trust that is a tax-liable taxpayer in respect of the trust, a connected contributor to the trust and a tax-liable taxpayer in respect of the trust; and”.

(2) Subsection 1 applies to a taxation year that ends after 31 December 2006.

159. (1) Section 600.0.3 of the Act is amended

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

“**600.0.3.** Despite sections 231, 231.2 and 600, where, in a particular taxation year of a taxpayer, the taxpayer is a member of a partnership with a fiscal period that ends in the particular year, the taxable capital gain, allowable capital loss or allowable business investment loss of the taxpayer for the particular year in respect of the partnership is determined by the formula”;

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

“(a) A is the taxpayer’s taxable capital gain, allowable capital loss or allowable business investment loss, as the case may be, for the particular year in respect of the partnership that would, but for this section, be determined under section 600;”.

(2) Subsection 1 has effect from 1 January 2017.

160. (1) Section 603 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**603.** Where a taxpayer who was a member of a partnership during a fiscal period has, for the purpose of computing the taxpayer’s income from the partnership for the fiscal period, entered into an agreement or made an election, a designation or a specification under the regulations made under section 104, under any of sections 96, 119.15, 156, 180 to 182, 230, 279, 280.3, 299, 485.6, 485.9 to 485.11, 485.42 to 485.52, 614, 832.23 and 832.24 or, because of subparagraph *a* of the second paragraph of section 614, under the first paragraph of section 522 that, but for this section, would be a valid agreement, designation, specification or election, as the case may be, the following rules apply:”.

(2) Subsection 1 has effect from 1 January 2017.

161. (1) Section 605.1 of the Act is amended by striking out paragraph *d*.

(2) Subsection 1 has effect from 1 January 2017.

162. (1) Section 614 of the Act is amended by replacing the portion of the second paragraph before subparagraph *a* by the following:

“Despite any other provision of this Part, other than section 93.3.1 and the third paragraph, where a taxpayer disposes of any property that is a capital property, Canadian resource property, foreign resource property or inventory to a partnership that, immediately after the disposition, is a Canadian partnership of which the taxpayer is a member, and the taxpayer and all the other members of the partnership make a valid election for the purposes of subsection 2 of section 97 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the disposition or, where that election cannot be made because of subsection 21.2 of section 13 of that Act, make an election, in the prescribed form referred to in the first paragraph of section 520.1, the following rules apply:”.

(2) Subsection 1 has effect from 1 January 2017.

163. (1) Section 622 of the Act is replaced by the following section:

“**622.** The cost to each person to whom section 620 applies of undivided interest in each property of a partnership is deemed to be equal to that person’s share of the cost amount to the partnership of the property immediately before its distribution, plus, where the property is a non-depreciable capital property and the amount determined under paragraph *a* of section 621 in respect of that person exceeds the aggregate determined under paragraph *b* of section 621 in respect of that person, the portion of such excess designated by that person.”

(2) Subsection 1 has effect from 1 January 2017.

164. (1) Section 623 of the Act is amended by striking out “paragraph *a* of” in the first paragraph.

(2) Subsection 1 has effect from 1 January 2017.

165. (1) Section 624.1 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2017.

166. (1) Section 628 of the Act is replaced by the following section:

“**628.** The cost to a person to whom section 626 applies of a property so received is deemed to be equal to the cost amount to a partnership of the property immediately before the particular time, plus, where the property is a non-depreciable capital property of that person and the aggregate determined under paragraph *a* of section 627 exceeds the aggregate determined under paragraph *b* of section 627, the portion of such excess designated by that person.”

(2) Subsection 1 has effect from 1 January 2017.

167. (1) Section 629 of the Act is amended by striking out “paragraph *a* of” in the first paragraph.

(2) Subsection 1 has effect from 1 January 2017.

168. (1) Section 630.1 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2017.

169. Section 641 of the Act is replaced by the following section:

“**641.** Despite section 640, a taxpayer is deemed not to have disposed of the taxpayer’s residual interest before the end of the partnership’s fiscal period in which the taxpayer ceased to be a member of the partnership even if all of the taxpayer’s rights described in that section have been satisfied in full before the end of that fiscal period.”

170. (1) Section 653 of the Act is amended by replacing subparagraph *e* of the fourth paragraph by the following subparagraph:

“(e) a property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of a business carried on through an establishment in Canada;”

(2) Subsection 1 has effect from 1 January 2017.

171. Section 658 of the Act is amended by replacing subparagraph iii of paragraph *b* of the definition of “*bénéficiaire privilégié*” in the first paragraph in the French text by the following subparagraph:

“iii. un enfant, un petit-fils, une petite-fille, un arrière-petit-fils ou une arrière-petite-fille de l’auteur de la fiducie, ou le conjoint de l’une de ces personnes;”

172. (1) Section 668.4 of the Act is amended by replacing the portion of the definition of “eligible taxable capital gains” before paragraph *a* by the following:

““eligible taxable capital gains” of a trust for a taxation year means the lesser of”.

(2) Subsection 1 has effect from 14 December 2017.

173. (1) Section 677.1 of the Act is replaced by the following section:

“**677.1.** For the purposes of section 677, property is not considered to be contributed to a trust as a result of

(a) a qualifying expenditure (within the meaning of section 118.04 or 118.041 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)) of a beneficiary under the trust; or

(b) an amount paid to, or on behalf of, the trust by another trust where

i. the trust is an individual’s succession that is a graduated rate estate (determined without regard to the amount paid and this section),

ii. subparagraph *b* of the first paragraph of section 663.0.1 applies to the other trust, for a taxation year that ends at a time determined by reference to the death of the individual referred to in subparagraph *i*, because of an election referred to in subparagraph *c* of the second paragraph of section 663.0.1 and made by the other trust and the legal representative administering the individual’s succession,

iii. the amount is paid on account of the tax payable by the individual referred to in subparagraph *i*, for the individual’s taxation year that includes the day on which the individual dies, under this Part, Part I of the Income Tax Act or the law of another province in which the individual was resident immediately before the individual’s death, that imposes a tax on the taxable income of individuals resident in that province, and

iv. the amount paid does not exceed the amount by which the tax payable referred to in subparagraph *iii* exceeds the amount that would have been payable on account of that tax if subparagraph *b* of the first paragraph of section 663.0.1 had not applied to the other trust in respect of the taxation year referred to in subparagraph *ii*.”

(2) Subsection 1 applies from the taxation year 2016.

174. (1) Section 681 of the Act is amended by replacing “725 to 725.7” in paragraph *d* by “725 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

175. (1) Section 688 of the Act is amended

(1) by striking out subparagraph *e* of the first paragraph;

(2) by striking out subparagraph *b* of the second paragraph.

(2) Subsection 1 has effect from 1 January 2017.

176. (1) Section 688.0.0.1 of the Act is amended by replacing subparagraph *c* of the first paragraph by the following subparagraph:

“(c) the property is capital property used in, or property included in the inventory of, a business carried on by the trust through an establishment in Canada immediately before the time of the distribution.”

(2) Subsection 1 has effect from 1 January 2017.

177. (1) Section 692.8 of the Act is amended by striking out subparagraph *d* of the first paragraph.

(2) Subsection 1 has effect from 1 January 2017.

178. (1) Section 693 of the Act is amended by replacing the second paragraph by the following paragraph:

“However, the taxpayer shall apply the provisions of this Book in the following order: Title I.0.0.1, sections 694.0.1, 694.0.2, 737.17, 737.18.12, 726.29, 726.35 and 726.43, Titles V, VI.8, V.1, VI.2, VI.3, VI.3.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VII.0.1, VI.5 and VI.5.1 and sections 725.1.2, 737.14 to 737.16.1, 737.18.10, 737.18.11, 737.18.17.5, 737.18.26, 737.18.34, 737.18.40, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.4.7, 737.22.0.7, 737.22.0.10, 737.22.0.13, 737.25, 737.28, 726.28, 726.33, 726.34 and 726.42.”

(2) Subsection 1 applies from 1 January 2021.

179. (1) Section 693.1 of the Act is amended by replacing “725 to 725.7” by “725 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

180. (1) Section 710 of the Act is amended

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

(2) by replacing subparagraphs 1 to 2.1 of subparagraph *i* of paragraph *c* by the following subparagraphs:

“(1) a registered charity (other than a private foundation) whose mission in Québec, at the time of the gift, consists mainly, in the opinion of the Minister of Sustainable Development, Environment and Parks, in the conservation of the ecological heritage and that is, in the opinion of that Minister, an appropriate donee in the circumstances,

“(2) a municipality in Québec that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances,

“(2.1) a municipal or public body performing a function of government in Québec and that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances, or”;

(3) by replacing subparagraphs 1 and 2 of subparagraph ii of paragraph *c* by the following subparagraphs:

“(1) a registered charity (other than a private foundation) one of the main missions of which, at the time of the gift, consists, in the opinion of the Minister of the Environment of Canada, in the conservation and protection of Canada’s environmental heritage and that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances,

“(2) the State or Her Majesty in right of Canada or a province, other than Québec,”;

(4) by inserting the following subparagraph after subparagraph 2 of subparagraph ii of paragraph *c*:

“(2.1) a municipality in Canada or a municipal or public body performing a function of government in Canada that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances,”;

(5) by replacing subparagraph 3 of subparagraph ii of paragraph *c* by the following subparagraph:

“(3) the United States or any state of that country, or”;

(6) by adding the following subparagraph at the end of subparagraph ii of paragraph *c*:

“(4) a municipality in the United States or a municipal or public body performing a function of government in the United States that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances,”.

(2) Subsection 1 applies in respect of a gift made after 21 March 2017.

181. (1) Sections 710.0.0.1 and 710.0.0.2 of the Act are repealed.

(2) Subsection 1 applies in respect of a gift made after 21 March 2017.

182. (1) Section 710.0.1 of the Act is amended

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

“**710.0.1.** Les biens auxquels le paragraphe *c* de l’article 710 fait référence sont les suivants :”;

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

“(b) a personal servitude which has a term of not less than 100 years or a real servitude granted for the benefit of land belonging to an entity referred to in any of subparagraphs 1 to 3 of subparagraph i of paragraph *c* of section 710 and encumbering the whole or part of land situated in Québec which, in the opinion of the Minister of Sustainable Development, Environment and Parks, has undeniable ecological value;”;

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

“(d) a personal servitude which has a term of not less than 100 years or a real servitude granted for the benefit of land belonging to an entity referred to in any of subparagraphs 1 to 2.1 of subparagraph ii of paragraph *c* of section 710 and encumbering the whole or part of land situated in a region bordering on Québec which, in the opinion of the Minister of Sustainable Development, Environment and Parks, has undeniable ecological value, the preservation and conservation of which is important to the protection and development of Québec’s ecological heritage.”

(2) Subsection 1 applies in respect of a gift made after 21 March 2017.

183. Section 714 of the Act is amended by replacing both occurrences of “fiscal year” by “fiscal period”.

184. (1) Section 725.1.2 of the Act is amended by replacing subparagraph *c.1* of the second paragraph by the following subparagraph:

“(c.1) an earnings loss benefit, a supplementary retirement benefit or a career impact allowance payable under Part 2 of the Veterans Well-being Act (Statutes of Canada, 2005, chapter 21);”.

(2) Subsection 1 has effect from 1 April 2017. However, where section 725.1.2 of the Act applies before 1 April 2018, it is to be read as if “Veterans Well-being Act” in subparagraph *c.1* of the second paragraph were replaced by “Canadian Forces Members and Veterans Re-establishment and Compensation Act”.

185. (1) The heading of Title V.1 of Book IV of Part I of the Act is replaced by the following heading:

“SECURITIES OPTIONS, DEFERRED PROFIT SHARING PLANS AND OTHER PARTICULARS”.

(2) Subsection 1 has effect from 1 January 2018.

186. (1) Section 725.1.3 of the Act is amended by inserting the following definition in alphabetical order:

““specified corporation” for a particular calendar year means a corporation in respect of which the aggregate of all amounts each of which is wages paid or deemed to be paid by the corporation in the year, for the purpose of determining the amount payable by the corporation for the year as the contribution provided for in section 34 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5), is at least \$10,000,000.”

(2) Subsection 1 applies to any event, transaction or circumstance relating to a share that a corporation agreed to sell or issue under an agreement referred to in section 48 of the Act and entered into after 21 February 2017.

187. (1) The Act is amended by inserting the following section after section 725.2.0.1:

“725.2.0.1.1. Where section 725.2 applies in respect of a security that is a share of the capital stock of a corporation, it is to be read as if “25%” in the portion before paragraph *a* were replaced by “50%” and without reference to subparagraphs ii and iii of paragraph *c* if

(*a*) the share belongs to a class of shares listed on a recognized stock exchange; and

(*b*) the right to acquire the share under an agreement referred to in section 48 is granted to an employee of a corporation that is a specified corporation for a particular calendar year that includes

i. the time at which the agreement is entered into, or

ii. the time at which the share is acquired.”

(2) Subsection 1 applies to any event, transaction or circumstance relating to a share that a corporation agreed to sell or issue under an agreement referred to in section 48 of the Act and entered into after 21 February 2017.

188. (1) Sections 725.6 and 725.7 of the Act are repealed.

(2) Subsection 1 has effect from 1 January 2018.

189. (1) Section 726.6 of the Act is amended

(1) by replacing subparagraph iv of subparagraph *a.0.2* of the first paragraph by the following subparagraph:

“iv. a property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1), used in the course of carrying on a farming or fishing business in Canada by a person or partnership referred to in any of subparagraphs 1 to 5 of subparagraph i or by a personal trust from which the individual acquired the property;”;

(2) by replacing “fiscal year” in subparagraph v of subparagraph *a.2* of the first paragraph by “fiscal period”;

(3) by replacing subparagraph 1 of subparagraph i of subparagraph *a.5* of the first paragraph by the following subparagraph:

“(1) property that was used by the partnership or any of the persons or partnerships described in the second paragraph, principally in the course of carrying on a farming or fishing business in Canada in which the individual, a beneficiary referred to in subparagraph *b* of the second paragraph or the spouse, a child or the father or mother of the individual or of such a beneficiary was actively engaged on a regular and continuous basis;”;

(4) by replacing “fiscal year” in subparagraph iv of subparagraph *e* of the first paragraph by “fiscal period”;

(5) by striking out the second paragraph.

(2) Paragraphs 1, 3 and 5 of subsection 1 have effect from 1 January 2017.

190. (1) Section 726.6.3 of the Act is amended by replacing the second paragraph by the following paragraph:

“Where, at any time, a qualified farm or fishing property is encumbered with a real servitude, the property that results from the establishment of that servitude is considered, at that time, to have been used in the course of carrying on a farming or fishing business in Canada only if the qualified farm or fishing property so encumbered satisfies the conditions set out in subparagraphs *a* and *c* of the first paragraph.”

(2) Subsection 1 has effect from 1 January 2017.

191. (1) Section 726.42 of the Act is amended

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

“An eligible taxpayer for a taxation year ending before 1 January 2021 who, at the end of the year, is a certified forest producer under the Sustainable Forest Development Act (chapter A-18.1) in respect of a private forest, or is a member of a partnership that is such a certified forest producer in respect of a private forest at the end of a fiscal period of the partnership that ends in the year, may deduct in computing taxable income for the year, if the taxpayer encloses the documents described in the third paragraph with the fiscal return the taxpayer is required to file for the year under section 1000, an amount not exceeding the lesser of \$170,000 and 85% of the amount determined by the formula

$(A - B) + (C - D)$.”;

(2) by replacing “In the formulas” in the portion of the second paragraph before subparagraph *a* by “In the formula”.

(2) Subsection 1 applies to a taxation year that ends after 17 March 2016.

192. (1) Section 728.0.1 of the Act is amended by replacing “725.2 to 725.6” in subparagraph ii of paragraph *a* by “725.2 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

193. (1) Section 733.0.5 of the Act is amended by replacing the third paragraph by the following paragraph:

“In this section, the following rules apply:

(*a*) “annual qualification certificate”, “major investment project” and “recognized business” have the meaning assigned by the first paragraph of section 737.18.14, as it read before being repealed; and

(*b*) a reference to section 737.18.17 is a reference to that section as it read before being repealed.”

(2) Subsection 1 applies from 1 January 2021.

194. (1) Section 736.0.2 of the Act is replaced by the following section:

“736.0.2. Subject to section 736.0.5, where, at any time, a taxpayer (other than a taxpayer who, at that time, became or ceased to be exempt from tax under this Part on the taxpayer’s taxable income) is subject to a loss restriction event and the undepreciated capital cost to the taxpayer of depreciable property of a prescribed class immediately before that time would have exceeded, if this Part were read without reference to section 93.4, the aggregate of the fair market value of all the property of that class immediately before that time and the amount in respect of property of that class otherwise allowed under regulations made under paragraph *a* of section 130 or deductible under the second paragraph of section 130.1 in computing the taxpayer’s income for the taxation year ending immediately before that time, the excess is to be deducted in computing the taxpayer’s income for the taxation year ending immediately before that time and is deemed to have been allowed to the taxpayer in respect of the property of that class under regulations made under paragraph *a* of section 130.”

(2) Subsection 1 has effect from 1 January 2017.

195. (1) Section 737.18 of the Act is amended by striking out paragraph *g*.

(2) Subsection 1 has effect from 1 January 2018.

196. (1) Title VII.2.3 of Book IV of Part I of the Act, comprising sections 737.18.14 to 737.18.17, is repealed.

(2) Subsection 1 applies from 1 January 2021.

197. (1) Section 737.18.17.1 of the Act is amended

(1) by replacing the definition of “eligible activities” in the first paragraph by the following definition:

““eligible activities” of a corporation or a partnership, in relation to a large investment project, means, subject to section 737.18.17.4, the activities or part of the activities that are carried on by the corporation or partnership, as the case may be, in the course of carrying on its recognized business in relation to the large investment project and that arise from the project, except

(*a*) where the large investment project concerns the development of a digital platform, activities relating to the sale of property or the supply of services through that platform; or

(*b*) in the case of a corporation’s large investment project, the activities that

i. are carried on under a contract that is an eligible contract for the purposes of Division II.6.0.1.8 of Chapter III.1 of Title III of Book IX, or

ii. are eligible activities for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX;”;

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

““last day of the tax-free period” in respect of a large investment project means the last day of the 15-year period that begins on the date of the beginning of the tax-free period in respect of the project;”;

(3) by replacing the definition of “tax-free period” in the first paragraph by the following definition:

““tax-free period” of a corporation or a partnership, for a taxation year or a fiscal period, in relation to a large investment project, means, subject to the third paragraph of section 737.18.17.1.1, the part of the taxation year or fiscal period that is both covered by a certificate issued to the corporation or partnership in respect of the large investment project and included in the 15-year period that begins on the date of the beginning of the tax-free period in respect of the project or, where the corporation or partnership acquired all or substantially all of the recognized business in relation to the project and the Minister of Finance authorized the transfer of the carrying out of the project to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in the part of that 15-year period that begins on the date of acquisition of the recognized business;”;

(4) by inserting the following definition in alphabetical order in the first paragraph:

““digital platform” is a computer environment that enables content management or use and that, as an intermediary, enables access to information, services or property supplied or edited by the corporation or partnership operating it or by a third party;”;

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

“In this Title, the tax assistance limit, in relation to a large investment project, is, except for the purposes of section 737.18.17.12, determined in accordance with section 737.18.17.8 where the tax assistance limit is that of a corporation carrying out the project, section 737.18.17.9 where the tax assistance limit is that of a corporation that is a member of a partnership carrying out the project and section 34.1.0.4 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) where the tax assistance limit is that of such a partnership.”

(2) Paragraphs 1 and 4 of subsection 1 have effect from 28 March 2018.

(3) Paragraphs 2, 3 and 5 of subsection 1 have effect from 29 March 2017.

198. (1) The Act is amended by inserting the following section after section 737.18.17.1:

“737.18.17.1.1. In this Title, two large investment projects that are covered by the same qualification certificate are deemed to be a single large investment project (referred to as a “deemed large investment project”), except as regards the determination, in respect of each project, of the total qualified capital investments of the corporation or partnership carrying out the projects, the date of the beginning of the tax-free period and the last day of the tax-free period.

Such a rule applies throughout the particular period that begins on the date of the beginning of the tax-free period in respect of the large investment project that began first (in this Title referred to as the “first large investment project”) and that ends on the last day of the tax-free period in respect of the other large investment project (in this Title referred to as the “second large investment project”).

The definition of “tax-free period” in the first paragraph of section 737.18.17.1 is, in relation to a deemed large investment project, to be read as follows:

““tax-free period” of a corporation or a partnership, for a taxation year or a fiscal period, in relation to a deemed large investment project, means the part of the taxation year or fiscal period that is both covered by a certificate issued to the corporation or partnership in respect of the large investment project and included in the particular period referred to in the second paragraph of section 737.18.17.1.1 or, where the corporation or partnership acquired all or substantially all of the recognized business in relation to the project and the Minister of Finance authorized the transfer of the carrying out of the project to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in the part of that particular period that begins on the date of acquisition of the recognized business;”.

(2) Subsection 1 has effect from 29 March 2017.

199. (1) Section 737.18.17.2 of the Act is amended

(1) by replacing the second and third paragraphs by the following paragraphs:

“For the purposes of subparagraph *b* of the first paragraph, the undepreciated capital cost, on the date described in the third paragraph for the corporation or partnership, in respect of the large investment project, of depreciable property of a prescribed class in relation to the separate business referred to in subparagraph *a* of the first paragraph, is deemed to include the amount that is the amount by which the total depreciation, within the meaning of paragraph *b* of section 93, allowed to the corporation or partnership, as the case may be, before that date, in respect of property of that class, exceeds the aggregate of

all amounts each of which is an amount that the corporation or partnership, as the case may be, included, under section 94, in respect of property of that class, in computing its income for a taxation year or fiscal period that ended before that date.

The date to which the second paragraph refers is the date of the beginning of the tax-free period in respect of the large investment project or, in the case of a deemed large investment project within the meaning of section 737.18.17.1.1, of the first large investment project, unless the corporation or partnership acquired all or substantially all of the recognized business in relation to the large investment project and the Minister of Finance authorized the transfer of the carrying out of the project to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in which case it is the date of acquisition of the recognized business.”;

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

“Where a large investment project concerns the development of a digital platform, the income or loss of a corporation or partnership in relation to the project determined in accordance with the first paragraph is only to take into account the income reasonably attributable to the use of the digital platform, which includes the fees and royalties charged by the corporation or partnership for the use of that platform, the part of the subscription fees to that platform that can reasonably be considered to have been paid for its use, except for any part of the fees paid as consideration for services received or property acquired, the amounts paid by a third party to use it as a gateway to the third party’s own website, or any other similar amount.

The income or loss of a corporation or partnership from its eligible activities in relation to a deemed large investment project within the meaning of section 737.18.17.1.1, for a taxation year or fiscal period that ends after the last day of the tax-free period in respect of the first large investment project (in this section referred to as the “particular day”) is deemed to be equal to

(a) where the taxation year or fiscal period includes the particular day, the amount determined by the formula

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

(b) in any other case, the amount determined by the formula

$$A \times [C/(B + C)].$$

In the formulas in the fifth paragraph,

(a) A is the income or loss of the corporation for the taxation year, or of the partnership for the fiscal period, from its eligible activities in relation to the deemed large investment project, otherwise determined;

(b) B is the total qualified capital investments of the corporation or partnership, in relation to the first large investment project, on the date of the beginning of the tax-free period in respect of the project;

(c) C is the total qualified capital investments of the corporation or partnership, in relation to the second large investment project, on the date of the beginning of the tax-free period in respect of the project; and

(d) D is the proportion that the number of days in the taxation year or fiscal period that follow the particular day is of the number of days in that taxation year or fiscal period.”

(2) Paragraph 1 of subsection 1 has effect from 1 January 2017. However, where section 737.18.17.2 of the Act applies before 29 March 2017, it is to be read as if the third paragraph were replaced by the following paragraph:

“The date to which the second paragraph refers is the date of the beginning of the tax-free period in respect of the large investment project, unless the corporation or partnership acquired all or substantially all of the recognized business in relation to the large investment project and the Minister of Finance authorized the transfer of the carrying out of the project to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in which case it is the date of acquisition of the recognized business.”

(3) Paragraph 2 of subsection 1 has effect from 29 March 2017, except where it enacts the fourth paragraph, in which case it has effect from 28 March 2018.

200. (1) Section 737.18.17.6 of the Act is amended

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

“737.18.17.6. The amount to which the first paragraph of section 737.18.17.5 refers in respect of a corporation for a taxation year is equal, subject to paragraph *a* of section 737.18.17.7 or 737.18.17.7.1, as the case may be, to the aggregate of the following amounts that is multiplied, if the corporation has an establishment situated outside Québec, by the reciprocal of the proportion that its business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771:”;

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

“(b) the product obtained by multiplying the proportion that is the reciprocal of the rate determined in respect of the corporation for the year in accordance with the sixth paragraph by the amount by which the aggregate of all amounts each of which is the corporation’s tax exemption amount for the year in respect of a large investment project of the corporation, or of a partnership of which it is a member, that is referred to in the first paragraph of section 737.18.17.5 exceeds the amount that is determined in its respect for the year under subparagraph ii of subparagraph *d* of the fifth paragraph.”;

(3) by replacing the portion of subparagraph *a* of the third paragraph before subparagraph i by the following:

“(a) in the case of a large investment project of the corporation, the amount by which the corporation’s tax assistance limit for the particular year, in relation to the project, exceeds the aggregate of”;

(4) by adding the following subparagraph at the end of subparagraph *a* of the third paragraph:

“iv. in the case of a deemed large investment project within the meaning of section 737.18.17.1.1, the aggregate of the following amounts, if any:

(1) the amount determined by the following formula for the taxation year that includes the last day of the tax-free period in respect of the first large investment project and ends after that day, unless the balance of the corporation’s tax assistance limit for that year, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the corporation’s tax assistance limit in relation to the second large investment project:

$$F - [(F \times H) + (G \times I)], \text{ and}$$

(2) the amount determined by the following formula for the taxation year that follows the taxation year that includes the last day of the tax-free period in respect of the first large investment project, unless the balance of the corporation’s tax assistance limit for that year, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the corporation’s tax assistance limit in relation to the second large investment project:

$$F - G; \text{ or”};$$

(5) by replacing the portion of subparagraph *b* of the third paragraph before the formula by the following:

“(b) in the case of a large investment project of a partnership of which the corporation is a member, the amount by which the corporation’s tax assistance limit for the particular year, in relation to the large investment project, exceeds the aggregate of all amounts each of which is, for a preceding taxation year, in relation to the project, equal to the amount determined by the formula”;

(6) by replacing subparagraph i of subparagraph *b* of the fifth paragraph by the following subparagraph:

“i. the product obtained by multiplying the rate determined in respect of the corporation for the year in accordance with the sixth paragraph by the amount by which the amount that would be determined in respect of the corporation for the year under section 771.2.1.2 if no reference were made to section 771.2.5.1 and if, for the purposes of paragraph *b* of section 771.2.1.2, its taxable income for the year were computed without reference to section 737.18.17.5, exceeds the amount determined in its respect for the year under section 771.2.1.2, and”;

(7) by replacing subparagraph i of subparagraph *d* of the fifth paragraph by the following subparagraph:

“i. the product obtained by multiplying the rate determined in respect of the corporation for the year in accordance with the sixth paragraph by the amount by which the amount that would be determined in respect of the corporation for the year under section 771.2.1.2 if no reference were made to section 771.2.5.1 and if, for the purposes of paragraph *b* of section 771.2.1.2, its taxable income for the year were computed without reference to section 737.18.17.5, exceeds the amount that would be determined in its respect for the year under section 771.2.1.2 if the corporation were to deduct, in computing its taxable income, the amount that, but for this section, would be determined under section 737.18.17.5, and”;

(8) by adding the following subparagraphs at the end of the fifth paragraph:

“(f) F is the balance of the corporation’s tax assistance limit for the taxation year referred to in subparagraph 1 or 2 of subparagraph iv of subparagraph *a* of the third paragraph, in respect of the deemed large investment project, determined without reference to that subparagraph 1 or 2, as the case may be;

“(g) G is the corporation’s tax assistance limit in relation to the second large investment project;

“(h) H is the proportion that the number of days in the part of the year referred to in subparagraph 1 of subparagraph iv of subparagraph a of the third paragraph that ends on the last day of the tax-free period in respect of the first large investment project is of the number of days in that year; and

“(i) I is the proportion that the number of days in the year referred to in subparagraph 1 of subparagraph iv of subparagraph a of the third paragraph that follow the last day of the tax-free period in respect of the first large investment project is of the number of days in that year.”;

(9) by inserting the following paragraph after the fifth paragraph:

“The rate to which subparagraph b of the first paragraph and subparagraph i of subparagraphs b and d of the fifth paragraph refer in respect of a corporation for a taxation year is equal to the amount by which the basic rate determined for the year in respect of the corporation under section 771.0.2.3.1 exceeds the percentage determined for the year in its respect under subparagraph c of the first paragraph of section 771.0.2.4.”

(2) Paragraphs 1, 3, 4, 5 and 8 of subsection 1 have effect from 29 March 2017.

(3) Paragraphs 2, 6, 7 and 9 of subsection 1 apply to a taxation year that begins after 31 December 2016.

201. (1) Section 737.18.17.7 of the Act is amended by replacing the portion before paragraph a by the following:

“**737.18.17.7.** Where the corporation described in section 737.18.17.5 for a taxation year is a manufacturing corporation, within the meaning assigned by the first paragraph of section 771.1, to which paragraph d.3 of subsection 1 of section 771 applies for the year, section 737.18.17.6, as it reads in its application to a taxation year that begins before 1 January 2017, is to be read”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

202. (1) Section 737.18.17.7.1 of the Act is replaced by the following section:

“**737.18.17.7.1.** Where the corporation described in section 737.18.17.5 for a taxation year is a primary and manufacturing sectors corporation, within the meaning assigned by the first paragraph of section 771.1, to which paragraph d.4 of subsection 1 of section 771 applies for the year, section 737.18.17.6 is to be read as if “subparagraph c of the first paragraph of section 771.0.2.4” in the sixth paragraph were replaced by “section 771.0.2.6”.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2016.

203. (1) Section 737.18.17.8 of the Act is replaced by the following section:

“737.18.17.8. Subject to the second paragraph, a corporation’s tax assistance limit in relation to a large investment project is 15% of its total qualified capital investments on the date of the beginning of the tax-free period in respect of the large investment project, unless the corporation acquired all or substantially all of the recognized business in relation to the project, in which case it is the amount that was transferred to the corporation pursuant to the agreement referred to in section 737.18.17.12 in respect of the acquisition.

In the case of a deemed large investment project within the meaning of section 737.18.17.1.1, the corporation’s tax assistance limit in relation to the project is, for a particular taxation year,

(a) where the particular year ends before the date of the beginning of the tax-free period in respect of the second large investment project, the corporation’s tax assistance limit in relation to the first large investment project;

(b) where the particular year begins before the date of the beginning of the tax-free period in respect of the second large investment project and ends on or after that date, the amount determined by the formula

$$A + (B \times C); \text{ or}$$

(c) where the particular year begins on or after the date of the beginning of the tax-free period in respect of the second large investment project, the amount determined by the formula

$$A + B.$$

In the formulas in the second paragraph,

(a) A is the corporation’s tax assistance limit in relation to the first large investment project;

(b) B is the corporation’s tax assistance limit in relation to the second large investment project; and

(c) C is the proportion that the number of days in the part of the particular year that begins on the date of the beginning of the tax-free period in respect of the second large investment project is of the number of days in that year.”

(2) Subsection 1 has effect from 29 March 2017.

204. (1) Section 737.18.17.10 of the Act is amended

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

“737.18.17.10. The agreement to which section 737.18.17.9 refers in respect of a particular fiscal period of a partnership, in relation to a large investment project of the partnership, is the agreement under which the partnership and all its members agree on an amount in respect of the partnership’s tax assistance limit in relation to the large investment project, for the purpose of allocating to each corporation that is a member of the partnership, for the taxation year in which the particular fiscal period ends, its share of the agreed amount, which amount must not be greater than the amount by which the tax assistance limit exceeds the aggregate of”;

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

“(d) in the case of a deemed large investment project within the meaning of section 737.18.17.1.1, the aggregate of the following amounts, if any:

i. the amount determined by the following formula for the partnership’s fiscal period that includes the last day of the tax-free period in respect of the first large investment project and ends after that day, unless the excess amount referred to in this paragraph, for that fiscal period, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the partnership’s tax assistance limit in relation to the second large investment project:

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

ii. the amount determined by the following formula for the partnership’s fiscal period that follows the fiscal period that includes the last day of the tax-free period in respect of the first large investment project, unless the excess amount referred to in this paragraph, for that fiscal period, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the partnership’s tax assistance limit in relation to the second large investment project:

$$A - B.”;$$

(3) by replacing the second paragraph by the following paragraph:

“In the formulas in the first paragraph,

(a) A is the excess amount referred to in the first paragraph for the partnership’s fiscal period referred to in subparagraph i or ii of subparagraph *d* of the first paragraph, in respect of the deemed large investment project, determined without reference to that subparagraph i or ii, as the case may be;

(b) B is the partnership's tax assistance limit in relation to the second large investment project;

(c) C is the proportion that the number of days in the part of the fiscal period referred to in subparagraph i of subparagraph *d* of the first paragraph that ends on the last day of the tax-free period in respect of the first large investment project is of the number of days in that fiscal period; and

(d) D is the proportion that the number of days in the fiscal period referred to in subparagraph i of subparagraph *d* of the first paragraph that follow the last day of the tax-free period in respect of the first large investment project is of the number of days in that fiscal period."

(2) Subsection 1 has effect from 29 March 2017.

205. (1) Section 737.18.17.12 of the Act is amended

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

"737.18.17.12. Where, at any time in a particular taxation year or fiscal period, a corporation or a partnership, as the case may be, (in this section referred to as the "acquirer") acquired all or substantially all of a recognized business from another corporation or partnership (in this section referred to as the "vendor") in relation to a large investment project, and the Minister of Finance previously authorized the transfer of the carrying out of the large investment project to the acquirer, according to a qualification certificate issued by that Minister to the acquirer in respect of the project, the vendor and the acquirer shall, subject to the third paragraph, enter into an agreement under which an amount in respect of the vendor's tax assistance limit in relation to the project is transferred to the acquirer, which amount must not be greater than the amount by which the limit, determined in accordance with the second paragraph, exceeds,";

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

"A vendor's tax assistance limit in relation to a large investment project is 15% of its total qualified capital investments on the date of the beginning of the tax-free period in respect of the large investment project, unless the vendor acquired all or substantially all of the recognized business in relation to the project following a previous transfer, in which case it is the amount that was transferred to the vendor pursuant to the agreement referred to in this section in respect of the acquisition.";

(3) by inserting the following paragraph after the second paragraph:

“Where the recognized business referred to in the first paragraph is operated by the vendor in relation to a deemed large investment project within the meaning of section 737.18.17.1.1, the vendor and the acquirer shall, for the purpose of determining, in accordance with section 737.18.17.8 or section 34.1.0.4 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5), the acquirer’s tax assistance limit in relation to the deemed large investment project, agree on one or more of the following amounts in the agreement referred to in the first paragraph:

(a) where the time referred to in the first paragraph is before the date of the beginning of the tax-free period in respect of the second large investment project, an amount in respect of the vendor’s tax assistance limit in relation to the first large investment project, which amount must not be greater than the amount determined by the formula

$D - F$;

(b) where the time referred to in the first paragraph is included in the 15-year period that begins on the date of the beginning of the tax-free period in respect of the second large investment project, but is not after the last day of the tax-free period in respect of the first large investment project, a first amount in respect of the vendor’s tax assistance limit in relation to the first large investment project, which amount may be equal to zero, and a second amount in respect of the vendor’s tax assistance limit in relation to the second large investment project, subject to the total of those amounts not being greater than the amount determined by the formula

$(D + E) - F$; or

(c) in any other case, an amount in respect of the vendor’s tax assistance limit in relation to the second large investment project, which amount must not be greater than the amount determined by the formula

$(D + E) - (F + G)$.”;

(4) by replacing the portion of the third paragraph before subparagraph *a* by the following:

“In the formulas in the first and third paragraphs,”;

(5) by replacing “fifth and sixth paragraphs” in the portion of subparagraph *b* of the third paragraph before subparagraph *i* by “seventh and eighth paragraphs”;

(6) by replacing subparagraph *i* of subparagraph *b* of the third paragraph by the following subparagraph:

“*i.* the product obtained by multiplying the rate determined in respect of the corporation for the year in accordance with the sixth paragraph by the amount by which the amount that would be determined in respect of the vendor for the preceding year under section 771.2.1.2 if no reference were made to section 771.2.5.1 and if, for the purposes of paragraph *b* of section 771.2.1.2, its taxable income for the preceding year were computed without reference to section 737.18.17.5, exceeds the amount determined in its respect for the preceding year under section 771.2.1.2, and”;

(7) by adding the following subparagraphs at the end of the third paragraph:

“(d) *D* is the vendor’s tax assistance limit in relation to the first large investment project;

“(e) *E* is the vendor’s tax assistance limit in relation to the second large investment project;

“(f) *F* is the amount determined in respect of the deemed large investment project in accordance with subparagraph *a* or *b* of the first paragraph for the particular taxation year or fiscal period, as the case may be; and

“(g) *G* is the amount by which the vendor’s tax assistance limit in relation to the first large investment project exceeds the amount determined in respect of the deemed large investment project in accordance with subparagraph *a* or *b* of the first paragraph for the vendor’s taxation year or fiscal period that includes the last day of the tax-free period in respect of the first large investment project.”;

(8) by replacing “of the third paragraph” in the portion of the fourth paragraph before subparagraph *a* by “of the fourth paragraph”;

(9) by inserting the following paragraph after the fourth paragraph:

“The rate to which subparagraph *i* of subparagraph *b* of the fourth paragraph refers in respect of a corporation for a taxation year is equal to the amount by which the basic rate determined for the year in respect of the corporation under section 771.0.2.3.1 exceeds the percentage determined for the year in its respect under subparagraph *c* of the first paragraph of section 771.0.2.4.”;

(10) by replacing the fifth and sixth paragraphs by the following paragraphs:

“Where the corporation is a manufacturing corporation, within the meaning assigned by the first paragraph of section 771.1, to which paragraph *d.3* of subsection 1 of section 771 applies for the preceding taxation year, this section, as it reads in its application to a taxation year that begins before 1 January 2017, is to be read as if “8% of” in subparagraph *i* of subparagraph *b* of the third paragraph were replaced by “the product obtained by multiplying the difference between the basic rate determined for the preceding year in respect of the vendor under section 771.0.2.3.1 and the percentage determined for the preceding year in its respect under section 771.0.2.5 by”.

Where the corporation is a primary and manufacturing sectors corporation, within the meaning assigned by the first paragraph of section 771.1, to which paragraph *d.4* of subsection 1 of section 771 applies for the preceding taxation year, the sixth paragraph is to be read as if “subparagraph *c* of the first paragraph of section 771.0.2.4” were replaced by “section 771.0.2.6”.

(2) Paragraphs 1 to 4, 7 and 8 of subsection 1 have effect from 29 March 2017.

(3) Paragraphs 5, 6, 9 and 10 of subsection 1 apply to a taxation year that begins after 31 December 2016.

(4) However, where it applies before 29 March 2017, section 737.18.17.2 of the Act is to be read

(1) as if “seventh and eighth paragraphs” in the portion of subparagraph *b* of the third paragraph before subparagraph *i* were replaced by “sixth and seventh paragraphs”;

(2) as if “sixth paragraph” in subparagraph *i* of subparagraph *b* of the third paragraph were replaced by “fifth paragraph”;

(3) as if “fourth paragraph” in the sixth paragraph, enacted by paragraph 9 of subsection 1, were replaced by “third paragraph”; and

(4) as if “sixth paragraph” in the eighth paragraph were replaced by “fifth paragraph”.

206. (1) Section 737.22 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

207. (1) Section 737.22.0.0.4 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

208. (1) Section 737.22.0.0.8 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

209. (1) Section 737.22.0.4 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

210. (1) Section 737.22.0.4.8 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

211. (1) Section 737.22.0.8 of the Act is amended by striking out paragraph *e*.

(2) Subsection 1 has effect from 1 January 2018.

212. (1) Section 740.4.1 of the Act is replaced by the following section:

“740.4.1. No deduction may be made under section 738, 740 or 845 in computing the taxable income of a particular corporation in respect of a dividend received on a share of the capital stock of a corporation where there is, in respect of the share, a dividend rental arrangement of the particular corporation, a partnership of which the particular corporation is directly or indirectly a member or a trust under which the particular corporation is a beneficiary.”

(2) Subsection 1 applies in respect of a dividend that is paid or has become payable on a share

(1) after 30 April 2017; or

(2) at a particular time after 31 October 2015 and before 1 May 2017 if

(a) there is a synthetic equity arrangement, or one or more arrangements described in paragraph *d* of the definition of “dividend rental arrangement” in section 1 of the Act, enacted by subsection 1 of section 55, in respect of the share at the particular time; and

(b) after 21 April 2015 and before the particular time, all or any part of the synthetic equity arrangement or the arrangements referred to in subparagraph *a*—including an option, swap, futures contract, forward contract or other financial or commodity contract or instrument as well as a right or obligation under the terms of such a contract or instrument—that contributes or could contribute to the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit, in respect of the share, to one or more persons or partnerships is entered into, acquired, extended or renewed after 21 April 2015 or, in the case of a right to increase the notional amount under an agreement that is or is part of the synthetic equity arrangement, exercised or acquired after 21 April 2015.

213. (1) The Act is amended by inserting the following sections after section 740.4.1:

“740.4.2. Section 740.4.1 does not apply in respect of a dividend received on a share where there is, in respect of the share, a dividend rental arrangement of a person or partnership (in this section and section 740.4.3 referred to as the “taxpayer”) throughout a particular period during which the synthetic equity arrangement referred to in paragraph *c* of the definition of “dividend rental arrangement” in section 1 is in effect if

(a) the dividend rental arrangement is such an arrangement because of that paragraph *c*; and

(b) the taxpayer establishes that, throughout the particular period, no tax-indifferent investor or group of tax-indifferent investors, each member of which is affiliated with every other member, has all or substantially all of the risk of loss or opportunity for gain or profit in respect of the share because of the synthetic equity arrangement or a specified synthetic equity arrangement.

“740.4.3. A taxpayer is considered to have satisfied the condition of paragraph *b* of section 740.4.2 in respect of a share if

(a) the taxpayer or the connected person referred to in paragraph *a* of the definition of “synthetic equity arrangement” in section 1 (in this section referred to as the “synthetic equity arrangement party”) obtains accurate representations in writing from its counterparty, or from each member of a group comprised of all its counterparties each of which is affiliated with each other (each member of this group of counterparties being in this section referred to as an “affiliated counterparty”), in relation to the synthetic equity arrangement, that

i. the counterparty or affiliated counterparty is not a tax-indifferent investor and it does not reasonably expect to become a tax-indifferent investor during the particular period referred to in section 740.4.2, and

ii. the counterparty or affiliated counterparty has not eliminated and it does not reasonably expect to eliminate all or substantially all of its risk of loss and opportunity for gain or profit in respect of the share during the particular period referred to in section 740.4.2;

(b) the synthetic equity arrangement party obtains accurate representations in writing from its counterparty, or from each affiliated counterparty, in relation to the synthetic equity arrangement that the counterparty, or each affiliated counterparty,

i. is not a tax-indifferent investor and does not reasonably expect to become a tax-indifferent investor during the particular period referred to in section 740.4.2,

ii. has entered into one or more specified synthetic equity arrangements that have the effect of eliminating all or substantially all of its risk of loss and opportunity for gain or profit, in relation to the share, if

(1) in the case of a counterparty, that counterparty has entered into a specified synthetic equity arrangement with its own counterparty (a counterparty of a counterparty or of an affiliated counterparty being in this section referred to as a “specified counterparty”), or has entered into a specified synthetic equity arrangement with each member of a group of its own counterparties each member of which is affiliated with every other member (each member of this group of counterparties being in this section referred to as an “affiliated specified counterparty”), or

(2) in the case of an affiliated counterparty, each affiliated counterparty has entered into a specified synthetic equity arrangement with the same specified counterparty or with an affiliated specified counterparty that is part of the same group of affiliated specified counterparties, and

iii. has obtained accurate representations in writing from each of its own specified counterparties, or from each member of the group of affiliated specified counterparties referred to in subparagraphs 1 and 2 of subparagraph ii, that

(1) it is not a tax-indifferent investor and it does not reasonably expect to become a tax-indifferent investor during the particular period referred to in section 740.4.2, and

(2) it has not eliminated and it does not reasonably expect to eliminate all or substantially all of its risk of loss and opportunity for gain or profit in relation to the share during the particular period referred to in section 740.4.2;

(c) the synthetic equity arrangement party obtains accurate representations in writing from its counterparty, or from each affiliated counterparty, in relation to the synthetic equity arrangement that the counterparty, or each affiliated counterparty,

i. is not a tax-indifferent investor and does not reasonably expect to become a tax-indifferent investor during the particular period referred to in section 740.4.2,

ii. has entered into specified synthetic equity arrangements

(1) that have the effect of eliminating all or substantially all of its risk of loss and opportunity for gain or profit in relation to the share,

(2) where no single specified counterparty or group of affiliated specified counterparties has been provided with all or substantially all of the risk of loss and opportunity for gain or profit in relation to the share, and

(3) where each specified counterparty or affiliated specified counterparty deals at arm's length with each other (other than in the case of affiliated specified counterparties, within the same group, of affiliated specified counterparties), and

iii. has obtained accurate representations in writing from each of its specified counterparties, or from each of its affiliated specified counterparties, that

(1) it is a person resident in Canada and it does not reasonably expect to cease to be resident in Canada during the particular period referred to in section 740.4.2, and

(2) it has not eliminated and it does not reasonably expect to eliminate all or substantially all of its risk of loss and opportunity for gain or profit in respect of the share during the particular period referred to in section 740.4.2; or

(d) where a person or partnership is a party to a synthetic equity arrangement chain in respect of the share, the person or partnership

i. has obtained all or substantially all of the risk of loss and opportunity for gain or profit in respect of the share under the synthetic equity arrangement chain,

ii. has entered into one or more specified synthetic equity arrangements that have the effect of eliminating all or substantially all of its risk of loss and opportunity for gain or profit in respect of the share, and

iii. obtains accurate representations in writing of the type described in any of paragraphs *a* to *c*, as if it were a synthetic equity arrangement party, from each of its counterparties where each such counterparty deals at arm's length with that person or partnership.

“740.4.4. If, at a time during a particular period referred to in section 740.4.2, a counterparty, specified counterparty, affiliated counterparty or affiliated specified counterparty reasonably expects to become a tax-indifferent investor or, if it has provided a representation described in subparagraph ii of paragraph *a* of section 740.4.3 or subparagraph 2 of subparagraph iii of paragraphs *b* and *c* of that section in respect of a share, to eliminate all or substantially all of its risk of loss and opportunity for gain or profit in respect of the share, the particular period for which it has provided a representation in respect of the share is deemed to end at that time.

“740.4.5. In section 740.4.3, “counterparty”, “specified counterparty”, “affiliated counterparty” and “affiliated specified counterparty” refer only to a person or partnership that obtains all or any portion of the risk of loss or opportunity for gain or profit in respect of the share referred to in that section.”

(2) Subsection 1 applies in respect of a dividend that is paid or becomes payable on a share

(1) after 30 April 2017; or

(2) at a particular time after 31 October 2015 and before 1 May 2017 if

(*a*) there is a synthetic equity arrangement, or one or more arrangements described in paragraph *d* of the definition of “dividend rental arrangement” in section 1 of the Act, enacted by subsection 1 of section 55, in respect of the share at the particular time; and

(*b*) after 21 April 2015 and before the particular time, all or any part of the synthetic equity arrangement or the arrangements referred to in subparagraph *a*—including an option, swap, futures contract, forward contract or other financial or commodity contract or instrument as well as a right or obligation under the terms of such a contract or instrument—that contributes or could contribute to the effect of providing all or substantially all of the risk of loss and opportunity for gain or profit, in respect of the share, to one or more persons or partnerships is entered into, acquired, extended or renewed after 21 April 2015 or, in the case of a right to increase the notional amount under an agreement that is or is part of the synthetic equity arrangement, exercised or acquired after 21 April 2015.

214. (1) The Act is amended by inserting the following sections after section 745.2:

“745.3. For the purposes of sections 741, 741.2, 743, 744 and 744.6, if a synthetic equity arrangement applies in respect of a particular number of shares that are identical properties (in this section referred to as “identical shares”) and the particular number is less than the total number of such identical shares owned by a person or partnership at that time and in respect of which there is no other synthetic equity arrangement, the synthetic equity arrangement is deemed to apply to those identical shares in the order in which the person or partnership acquired them.

“745.4. For the purposes of the definition of “synthetic equity arrangement” in section 1, paragraphs *c* and *d* of the definition of “dividend rental arrangement” in that section and sections 740.4.2, 740.4.3 and 745.3, an arrangement that reflects the fair market value of more than one type of identical share, within the meaning of section 745.3, is considered to be a separate arrangement with respect to each type of identical share the value of which the arrangement reflects.”

(2) Subsection 1 has effect from 22 April 2015.

215. (1) Section 752.0.7.4 of the Act is amended

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

“(2) the individual ordinarily lives, throughout the year or, if the individual dies in the year, throughout the period of the year before the time of death, in a self-contained domestic establishment maintained by the individual and in which no person, other than the individual, a person under 18 years of age or a person of whom the individual is the father, mother, grandfather, grandmother, great-grandfather or great-grandmother and who is an eligible student for the year, within the meaning of section 776.41.12, lives during the year or, if the individual dies in the year, during the period of the year before the time of death, and”;

(2) by replacing subparagraph 1 of subparagraph *i.1* of paragraph *a* by the following subparagraph:

“(1) the individual lives in the year with a person of whom the individual is the father or mother and who is an eligible student referred to in subparagraph 2 of subparagraph *i*, and”;

(3) by replacing “amount referred to in section 752.0.8” in subparagraph *ii* of paragraph *a* by “amount described in the second paragraph”;

(4) by replacing subparagraph 2 of subparagraph i of paragraph *b* by the following subparagraph:

“(2) the eligible spouse ordinarily lives, throughout the year, in a self-contained domestic establishment maintained by the eligible spouse and in which no person, other than the eligible spouse, a person under 18 years of age or a person of whom the eligible spouse is the father, mother, grandfather, grandmother, great-grandfather or great-grandmother and who is an eligible student for the year, within the meaning of section 776.41.12, lives during the year, and”;

(5) by replacing subparagraph 1 of subparagraph i.1 of paragraph *b* by the following subparagraph:

“(1) the eligible spouse lives in the year with a person of whom the eligible spouse is the father or mother and who is an eligible student referred to in subparagraph 2 of subparagraph i, and”;

(6) by replacing “amount referred to in section 752.0.8” in subparagraph ii of paragraph *b* by “amount described in the second paragraph”;

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

“The amount to which subparagraph ii of subparagraph *a* of the first paragraph refers for a taxation year in respect of an individual or, as the case may be, the amount to which subparagraph ii of subparagraph *b* of that paragraph refers for a taxation year in respect of the eligible spouse of an individual for the year is equal to the aggregate of

(*a*) the amount described in section 752.0.8 for the year in respect of the individual or, as the case may be, the amount described in section 752.0.8 for the year in respect of that eligible spouse; and

(*b*) the aggregate of all amounts received in the year by the individual on account of a retirement income security benefit payable under Part 2 of the Veterans Well-being Act (Statutes of Canada, 2005, chapter 21) or, as the case may be, the aggregate of all amounts received as such in the year by that eligible spouse.”

(2) Paragraphs 1, 2, 4 and 5 of subsection 1 apply from the taxation year 2018.

(3) Paragraphs 3, 6 and 7 of subsection 1 apply from the taxation year 2015. However, where section 752.0.7.4 of the Act applies before 1 April 2018, it is to be read as if “Veterans Well-being Act” in subparagraph *b* of the second paragraph were replaced by “Canadian Forces Members and Veterans Re-establishment and Compensation Act”.

216. (1) Section 752.0.7.4.1 of the Act is replaced by the following section:

“752.0.7.4.1. If, for the purpose of establishing the amount that an individual may deduct from the individual’s tax otherwise payable for a taxation year under section 752.0.7.4, the individual includes, in the aggregate referred to in the first paragraph of that section, a particular amount under subparagraph i.1 of subparagraph *a* or *b* of the first paragraph of section 752.0.7.4 and the individual or the individual’s eligible spouse for the year, as the case may be, was entitled to receive, for a month of the year, an amount deemed under section 1029.8.61.18 to be an overpayment of their tax payable for the year, the particular amount that would otherwise be applicable for the year under that subparagraph is to be reduced by the proportion of that particular amount that the number of months in the year in respect of which the individual or the individual’s eligible spouse was entitled to such a deemed amount is of 12.”

(2) Subsection 1 applies from the taxation year 2015.

217. (1) Section 752.0.8 of the Act is amended by replacing the portion before paragraph *a* by the following:

“752.0.8. The amount to which subparagraph *a* of the second paragraph of section 752.0.7.4 refers for a taxation year in respect of an individual or, as the case may be, of an individual’s eligible spouse for the year is equal to the aggregate of”.

(2) Subsection 1 applies from the taxation year 2015.

218. (1) The heading of Chapter I.0.2.0.1 of Title I of Book V of Part I of the Act is replaced by the following heading:

“TAX CREDIT FOR CAREER EXTENSION”.

(2) Subsection 1 has effect from 1 January 2019.

219. (1) Section 752.0.10.0.2 of the Act is amended by striking out the definitions of “excess work income limit”, “excess work income limit of a 63-year-old worker” and “excess work income limit of a 64-year-old worker”.

(2) Subsection 1 applies from the taxation year 2018.

220. (1) Section 752.0.10.0.3 of the Act is replaced by the following section:

“752.0.10.0.3. An individual who on the last day of a taxation year or, if the individual dies in the year, on the date of the individual’s death is resident in Québec and is 60 years of age or over may, subject to the fourth paragraph, deduct from the individual’s tax otherwise payable for the year under this Part an amount determined by the formula

$$(A \times B) - (0.05 \times C).$$

In the formula in the first paragraph,

(a) A is the percentage specified in paragraph *a* of section 750 that is applicable for the year;

(b) B is the amount determined under the third paragraph; and

(c) C is the amount by which the individual's eligible work income for the year exceeds the reduction threshold applicable for the year.

The amount to which subparagraph *b* of the second paragraph refers is

(a) where the individual is 66 years of age or over at the end of the year or, if the individual dies in the year, on the date of the individual's death, the lesser of \$11,000 and the amount by which the individual's eligible work income for the year that is attributable to the year exceeds \$5,000;

(b) where the individual is 65 years of age at the end of the year or, if the individual dies in the year, on the date of the individual's death, the lesser of \$11,000 and the aggregate of

i. the lesser of \$10,000 and the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 64 years of age exceeds \$5,000, and

ii. the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 65 years of age exceeds the amount by which \$5,000 exceeds the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 64 years of age;

(c) where the individual is 61 to 64 years of age at the end of the year or, if the individual dies in the year, on the date of the individual's death, the lesser of \$10,000 and the amount by which the individual's eligible work income for the year that is attributable to the year exceeds \$5,000; or

(d) where the individual is 60 years of age at the end of the year or, if the individual dies in the year, on the date of the individual's death, the lesser of \$10,000 and the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 60 years of age exceeds \$5,000.

The amount that an individual born before 1 January 1951 may deduct under this section from the individual's tax otherwise payable under this Part for a particular taxation year cannot be less than the amount the individual could so deduct for the particular year if subparagraphs *b* and *c* of the second paragraph were read as follows:

“(b) B is the lesser of \$4,000 and the amount by which the individual's eligible work income for the particular year that is attributable to the year exceeds \$5,000; and

“(c) C is an amount equal to zero.””

(2) Subsection 1 applies from the taxation year 2018. However, where section 752.0.10.0.3 of the Act applies to the taxation year 2018, it is to be read

(1) as if “60 years” in the portion before the formula in the first paragraph were replaced by “61 years”;

(2) as if “\$10,000” in subparagraph i of subparagraph *b* of the third paragraph were replaced by “\$9,000”;

(3) as if subparagraphs *c* and *d* of the third paragraph were replaced by the following subparagraphs:

“(c) where the individual is 64 years of age at the end of the year or, if the individual dies in the year, on the date of the individual's death, the lesser of \$9,000 and the aggregate of

i. the lesser of \$7,000 and the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 63 years of age exceeds \$5,000, and

ii. the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 64 years of age exceeds the amount by which \$5,000 exceeds the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 63 years of age;

“(d) where the individual is 63 years of age at the end of the year or, if the individual dies in the year, on the date of the individual's death, the lesser of \$7,000 and the aggregate of

i. the lesser of \$5,000 and the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 62 years of age exceeds \$5,000, and

ii. the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 63 years of age exceeds the amount by which \$5,000 exceeds the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 62 years of age;"; and

(4) as if the following subparagraphs were added at the end of the third paragraph:

“(e) where the individual is 62 years of age at the end of the year or, if the individual dies in the year, on the date of the individual's death, the lesser of \$5,000 and the aggregate of

i. the lesser of \$3,000 and the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 61 years of age exceeds \$5,000, and

ii. the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 62 years of age exceeds the amount by which \$5,000 exceeds the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 61 years of age; or

“(f) where the individual is 61 years of age at the end of the year or, if the individual dies in the year, on the date of the individual's death, the lesser of \$3,000 and the amount by which the individual's eligible work income for the year that is attributable to the period in the year throughout which the individual is 61 years of age exceeds \$5,000.”

221. (1) The Act is amended by inserting the following chapter after section 752.0.10.0.7:

“CHAPTER I.0.2.0.4

“TAX CREDIT FOR FIRST-TIME HOME BUYERS

“752.0.10.0.8. In this chapter,

“dwelling” means, as the case may be,

(a) a housing unit situated in Québec; or

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

“eligible dwelling” in relation to an individual means a dwelling that is acquired at a particular time after 31 December 2017

(a) by the individual or the individual’s spouse where the dwelling is a first housing unit in respect of the individual and the latter intends to make it the individual’s principal place of residence not later than one year after the particular time; or

(b) by the individual where the latter intends to make it, not later than one year after the particular time, the principal place of residence of a specified disabled person in respect of the individual at the particular time and the main purpose for which the individual acquired the dwelling is to enable the specified disabled person to live

i. in a dwelling that is more accessible by that person or in which that person is more mobile or can more easily perform tasks of daily living, or

ii. in an environment better suited to the personal needs and care of that person;

“first housing unit” in respect of an individual means a particular dwelling acquired by the individual or the individual’s spouse where

(a) the individual did not own, alone or jointly, a dwelling in which the individual lived in the period that began on the first day of the fourth preceding calendar year ending before the acquisition of the particular dwelling and that ends on the day preceding the day of the acquisition of the particular dwelling; and

(b) the individual’s spouse did not, in the period described in paragraph *a*, own, alone or jointly, a dwelling in which the individual lived during their marriage;

“specified disabled person”, in respect of an individual at a particular time, means a person who

(a) is the individual or is, at the particular time, related to the individual; and

(b) is entitled to a deduction under section 752.0.14 in computing the person’s tax payable for the person’s taxation year that includes the particular time, or would be entitled to the deduction if no individual included, in computing a deduction under section 752.0.11 for that year, an amount in respect of remuneration for an attendant or care in a nursing home in respect of the person, or is a person in respect of whom an amount is deemed to be an overpayment of the tax payable of an individual for the month that includes the particular time under section 1029.8.61.18 by reason of subparagraph *b* of the second paragraph of that section.

For the purposes of the definitions of “eligible dwelling” and “first housing unit” in the first paragraph, the following rules apply:

(a) a person is considered to have acquired a dwelling described in paragraph *a* of the definition of “dwelling” in the first paragraph on the first day on which the person’s right in the dwelling is published in the land register and the dwelling is habitable;

(b) a reference to a share described in paragraph *b* of the definition of “dwelling” in the first paragraph means the housing unit to which that share relates and the person who owns that share is considered to have acquired that dwelling on the first day on which the right conferred by that share is published in the land register and the housing unit is habitable;

(c) a person is not considered to be the spouse of an individual at a particular time if the person is living separate and apart from the individual at that time, because of a breakdown of their marriage, for a period of at least 90 days that includes that time;

(d) where an individual would, but for this subparagraph, have more than one spouse at a particular time, the individual is deemed, at that time, to have only one spouse and to be the spouse of that person only; and

(e) where a person would, but for this subparagraph, be the spouse of more than one individual at a particular time, the Minister may designate which of the individuals is deemed to have that person as sole spouse at that time and that person is deemed to be the spouse at that time solely of the individual so designated.

“752.0.10.0.9. An individual (other than a trust) who is resident in Québec at the end of a taxation year may, if an eligible dwelling in relation to the individual is acquired in that year, deduct, from the individual’s tax otherwise payable for that year under this Part, an amount equal to the product obtained by multiplying \$5,000 by the rate specified in paragraph *a* of section 750 that is applicable for the year.

For the purposes of the first paragraph, where an individual dies or ceases to be resident in Canada in a taxation year, the last day of the individual’s taxation year is the day of the individual’s death or the last day the individual was resident in Canada, as the case may be.

“752.0.10.0.10. Where more than one individual may deduct, from their tax otherwise payable for a taxation year, an amount under section 752.0.10.0.9 in relation to the acquisition of an eligible dwelling, the total of the amounts that each of the individuals may deduct for the year under that section, in relation to the acquisition, may not exceed the particular amount obtained by multiplying \$5,000 by the rate specified in paragraph *a* of section 750 that is applicable for the year.

Where the individuals cannot agree as to what portion of the particular amount each may deduct for the year under section 752.0.10.0.9, in relation to the acquisition, the Minister may determine what portion of that particular amount each individual may deduct under that section for the year.”

(2) Subsection 1 applies from the taxation year 2018.

222. (1) Section 752.0.10.1 of the Act is amended

(1) by replacing paragraph *b* of the definition of “qualified property” in the first paragraph by the following paragraph:

“(b) a personal servitude which has a term of not less than 100 years or a real servitude granted for the benefit of land belonging to an entity referred to in any of subparagraphs i to ii.1 of paragraph *b* of the definition of “total gifts of qualified property” and encumbering the whole or part of land situated in Québec which, in the opinion of the Minister of Sustainable Development, Environment and Parks, has undeniable ecological value;”;

(2) by replacing paragraph *d* of the definition of “qualified property” in the first paragraph by the following paragraph:

“(d) a personal servitude which has a term of not less than 100 years or a real servitude granted for the benefit of land belonging to an entity referred to in any of subparagraphs iii to vi of paragraph *b* of the definition of “total gifts of qualified property” and encumbering the whole or part of land situated in a region bordering on Québec which, in the opinion of the Minister of Sustainable Development, Environment and Parks, has undeniable ecological value, the preservation and conservation of which is important to the protection and development of Québec’s ecological heritage;”;

(3) by replacing “1 January 2018” in the portion of the definition of “major cultural gift” in the first paragraph before paragraph *a* by “1 January 2023”;

(4) by replacing subparagraphs i and ii of paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph by the following subparagraphs:

“i. a registered charity (other than a private foundation) whose mission in Québec, at the time of the gift, consists mainly, in the opinion of the Minister of Sustainable Development, Environment and Parks, in the conservation of the ecological heritage and that is, in the opinion of that Minister, an appropriate donee in the circumstances, if the subject of the gift is property referred to in paragraph *a* or *b* of the definition of “qualified property”;

“ii. the State or Her Majesty in right of Canada, if the subject of the gift is property referred to in paragraph *a* or *b* of the definition of “qualified property”;

(5) by inserting the following subparagraph after subparagraph ii of paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph:

“ii.1. a municipality in Québec or a municipal or public body performing a function of government in Québec that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances, if the subject of the gift is property referred to in paragraph *a* or *b* of the definition of “qualified property”,”;

(6) by replacing subparagraphs iii and iv of paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph by the following subparagraphs:

“iii. a registered charity (other than a private foundation) one of whose main missions, at the time of the gift, consists, in the opinion of the Minister of the Environment of Canada, in the conservation and protection of Canada’s environmental heritage and that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances, if the subject of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property”,

“iv. the State or Her Majesty in right of Canada or a province, other than Québec, if the subject of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property”,”;

(7) by inserting the following subparagraph after subparagraph iv of paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph:

“iv.1. a municipality in Canada or a municipal or public body performing a function of government in Canada that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances, if the subject of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property”,”;

(8) by replacing subparagraph v of paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph by the following subparagraph:

“v. the United States or any state of that country, if the subject of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property”, or”;

(9) by adding the following subparagraph at the end of paragraph *b* of the definition of “total gifts of qualified property” in the first paragraph:

“vi. a municipality in the United States or a municipal or public body performing a function of government in the United States that is, in the opinion of the Minister of Sustainable Development, Environment and Parks, an appropriate donee in the circumstances, if the subject of the gift is property referred to in paragraph *c* or *d* of the definition of “qualified property”;;”;

(10) by replacing “Canadian Payments Association Act” in subparagraph *b* of the fourth paragraph by “Canadian Payments Act”.

(2) Paragraphs 1, 2 and 4 to 9 of subsection 1 apply in respect of a gift made after 21 March 2017.

(3) Paragraph 3 of subsection 1 has effect from 1 January 2018.

(4) Paragraph 10 of subsection 1 has effect from 24 October 2001.

223. (1) Section 752.0.10.6 of the Act is amended by replacing the portion of subparagraph ii of subparagraph *e* of the first paragraph before subparagraph 1 by the following:

“ii. where the individual is a trust, other than a qualified disability trust or a succession that is a graduated rate estate, 25.75% of the amount by which the aggregate determined under the second paragraph exceeds \$200 and, in any other case, 25.75% of the lesser of”.

(2) Subsection 1 applies from the taxation year 2017.

224. (1) Section 752.0.11.1 of the Act is amended

(1) by replacing the portion of paragraph *o* before subparagraph ii by the following:

“(o) on behalf of a person who is blind or profoundly deaf or has severe autism, severe diabetes, severe epilepsy, a severe mental impairment or a severe and prolonged impairment that markedly restricts the use of the person’s arms or legs,

i. for an animal that is specially trained to, in the case of a person who has a severe mental impairment, perform specific tasks (excluding the provision of emotional support) that assist the person in coping with the impairment, and, in all other cases, assist the person in coping with the impairment and that is provided by a person or organization one of whose main purposes is such training of animals;”;

(2) by replacing subparagraph i of paragraph *o.7* by the following subparagraph:

“i. the therapy is prescribed by and administered under the supervision of a physician, a specialized nurse practitioner or a psychologist, in the case of an impairment in mental functions, or a physician, a specialized nurse practitioner or an occupational therapist, in the case of an impairment in physical functions.”;

(3) by replacing subparagraphs i and ii of paragraph *o.9* by the following subparagraphs:

“i. the plan is required to access public funding for specialized therapy or is prescribed by a physician, a specialized nurse practitioner or a psychologist, in the case of an impairment in mental functions, or a physician, a specialized nurse practitioner or an occupational therapist, in the case of an impairment in physical functions,

“ii. the therapy set out in the plan is prescribed by and, if undertaken, administered under the supervision of a physician, a specialized nurse practitioner or a psychologist, in the case of an impairment in mental functions, or a physician, a specialized nurse practitioner or an occupational therapist, in the case of an impairment in physical functions, and”;

(4) by replacing paragraph *w* by the following paragraph:

“(w) on behalf of a person who is authorized to possess marihuana, marihuana plants or seeds, cannabis or cannabis oil for their own medical use under the Access to Cannabis for Medical Purposes Regulations made under the Controlled Drugs and Substances Act (Statutes of Canada, 1996, chapter 19) or section 56 of that Act, for the cost of marihuana, marihuana plants or seeds, cannabis or cannabis oil purchased in accordance with the Access to Cannabis for Medical Purposes Regulations or section 56 of the Controlled Drugs and Substances Act.”

(2) Paragraph 1 of subsection 1 applies in respect of expenses incurred after 31 December 2017.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of expenses incurred after 7 September 2017.

(4) Paragraph 4 of subsection 1 has effect from 24 August 2016. In addition, where section 752.0.11.1 of the Act applies after 6 June 2013 and before 24 August 2016, it is to be read as if paragraph *w* were replaced by the following paragraph:

“(w) on behalf of a person who is authorized to possess marihuana for medical purposes if

i. the authorization was issued to the person under the Marihuana Medical Access Regulations made under the Controlled Drugs and Substances Act (Statutes of Canada, 1996, chapter 19) or section 56 of that Act and the amounts have been paid

(1) for the cost of marihuana or marihuana seeds purchased from Health Canada, or

(2) for the cost of marihuana purchased from an individual who possesses, on behalf of that person, a designated-person production licence to produce marihuana under the Marihuana Medical Access Regulations or an exemption for cultivation or production under section 56 of the Controlled Drugs and Substances Act, or

ii. the authorization was issued to the person under the Marihuana for Medical Purposes Regulations made under the Controlled Drugs and Substances Act or section 56 of that Act, and the amounts have been paid for the cost of marihuana purchased from

(1) a licensed producer (as defined in subsection 1 of section 1 of the Marihuana for Medical Purposes Regulations), in accordance with a medical document (as defined in that subsection),

(2) a health care practitioner (as defined in subsection 1 of section 1 of the Marihuana for Medical Purposes Regulations) in the course of treatment for a medical condition,

(3) a hospital, under subsection 2.1 of section 65 of the Narcotics Control Regulations made under the Controlled Drugs and Substances Act, or

(4) an individual who possesses an exemption for cultivation or production under section 56 of the Controlled Drugs and Substances Act.”

225. (1) The Act is amended by inserting the following section after section 752.0.11.1.3:

“752.0.11.1.4. For the purposes of subparagraph *b* of the second paragraph of section 752.0.11, the amounts that are paid for the conception of a child by an individual, the individual’s spouse or a person who is a dependant of the individual and is referred to in section 752.0.12 and that would be medical expenses described in section 752.0.11.1 if the individual, the individual’s spouse or the person who is a dependant of the individual, as the case may be, were incapable of conceiving a child because of a medical condition are deemed, subject to section 752.0.11.1.3, to be medical expenses described in section 752.0.11.1.”

(2) Subsection 1 applies from the taxation year 2017. It also applies to a taxation year that precedes the taxation year 2017 and in respect of which an individual files an application for a refund with the Minister of Revenue on or before the day that is 10 years after the end of that taxation year.

226. Section 752.0.12 of the Act is amended

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

“The expenses referred to in subparagraph *b* of the second paragraph of section 752.0.11, except where that subparagraph *b* refers to the expenses described in paragraph *o.6* of section 752.0.11.1, must have been paid for the benefit of the individual, the individual’s spouse or any other person who, in the taxation year in which the expenses were incurred, is a dependant of the individual.”;

- (2) by striking out the second paragraph.

227. (1) Section 752.0.14 of the Act is amended by replacing subparagraphs *b* and *b.1* of the first paragraph by the following subparagraphs:

“(b) in the case where subparagraph *i* of subparagraph *a* applies, a physician or a specialized nurse practitioner, or, where the individual has a sight impairment, a physician, a specialized nurse practitioner or an optometrist, or, where the individual has a speech impairment, a physician, a specialized nurse practitioner or a speech-language pathologist, or, where the individual has a hearing impairment, a physician, a specialized nurse practitioner or an audiologist, or, where the individual has an impairment with respect to the individual’s ability in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, or, where the individual has an impairment with respect to the individual’s ability in walking, a physician, a specialized nurse practitioner, an occupational therapist or a physiotherapist, or, where the individual has an impairment with respect to the individual’s ability in mental functions necessary for everyday life, a physician, a specialized nurse practitioner or a psychologist, has certified in prescribed form that the individual has an impairment referred to in subparagraph *i* of subparagraph *a*;

“(b.1) in the case where subparagraph *ii* of subparagraph *a* applies, a physician or a specialized nurse practitioner or, where the individual has an impairment with respect to the individual’s ability in walking or in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, has certified in prescribed form that the individual has an impairment referred to in subparagraph *ii* of subparagraph *a*.”;

- (2) Subsection 1 applies in respect of a certification made after 21 March 2017.

228. (1) Section 752.0.18 of the Act is amended

- (1) by striking out subparagraph *c* of the first paragraph;

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

“(e) a person (other than a person described in subparagraph *a*) who is authorized to practise psychotherapy in accordance with the laws of the jurisdiction in which the person renders psychotherapy services, in respect of such services.”;

(3) by adding the following subparagraph at the end of the second paragraph:

“(e) the profession of criminologist, in respect of psychotherapy services.”;

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

“For the purposes of sections 752.0.11 to 752.0.14 and 1029.8.66.1, a reference to an audiologist, dentist, occupational therapist, nurse, specialized nurse practitioner, physician, optometrist, speech-language pathologist, pharmacist, physiotherapist or psychologist is a reference to a person authorized to practise as such in accordance with any of subparagraphs i to iii of subparagraph *a* of the first paragraph.”

(2) Paragraph 1 of subsection 1 applies in respect of an expense incurred after 13 December 2018.

(3) Paragraph 2 of subsection 1 has effect from 21 June 2012.

(4) Paragraph 3 of subsection 1 has effect from 22 July 2015.

(5) Paragraph 4 of subsection 1 has effect from 22 March 2017.

229. Section 752.0.18.0.1 of the Act is amended

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

“**752.0.18.0.1.** For the purposes of sections 752.0.12 and 752.0.13.2, a dependant of an individual during a taxation year means a person who”;

(2) by replacing “le petit-enfant” in subparagraph *c* of the first paragraph in the French text by “le petit-fils, la petite-fille”;

(3) by replacing “ou le petit-enfant” in the second paragraph in the French text by “, le petit-fils ou la petite-fille”.

230. (1) Section 752.0.18.10 of the Act is amended by striking out “, if the fees are paid in respect of an instructional program at the post-secondary school level” in subparagraph 1 of subparagraph *i* of paragraph *a*.

(2) Subsection 1 applies from the taxation year 2017.

231. (1) Section 752.0.18.12 of the Act is amended by replacing the portion of paragraph *c* before subparagraph *i* by the following:

“(c) the fees paid to an educational institution referred to in subparagraph 1 of subparagraph *i* of paragraph *a* of section 752.0.18.10 in respect of an instructional program that is not at the post-secondary school level or the fees paid to an educational institution referred to in subparagraph 2 of that subparagraph *i*, if”.

(2) Subsection 1 applies from the taxation year 2017.

232. (1) Sections 752.0.22 and 752.0.23 of the Act are replaced by the following sections:

“**752.0.22.** For the purpose of computing the tax payable under this Part by an individual, the following provisions are to be applied in the following order: sections 752.0.0.1, 752.0.1, 776.41.14, 752.0.7.4, 752.0.10.0.3, 752.0.18.3, 752.0.18.8, 752.0.10.0.9, 776.1.5.0.17, 776.1.5.0.18, 752.0.10.0.5, 752.0.10.0.7, 752.0.14, 752.0.11 to 752.0.13.1.1, 776.41.21, 752.0.10.6.1, 752.0.10.6, 752.0.10.6.2, 752.0.18.10, 752.0.18.15, 767 and 776.41.5.

“**752.0.23.** Where an individual is referred to in the second paragraph of section 22 or 25, the amount that the individual may deduct under sections 752.0.0.1 to 752.0.18.15, except section 752.0.10.0.9, in computing the individual’s tax payable for a taxation year under this Part may not exceed the portion of that amount that is represented by the proportion referred to in the second paragraph of section 22 or 25, as the case may be.”

(2) Subsection 1 applies from the taxation year 2018.

233. (1) Section 752.0.24 of the Act is amended by replacing the portion of subparagraph *a* of the first paragraph before subparagraph *ii* by the following:

“(a) only the following amounts may be deducted by the individual under sections 752.0.0.1 to 752.0.7, 752.0.10.0.2 to 752.0.10.0.9 and 752.0.10.1 to 752.0.18.15 in respect of any period in the year throughout which the individual was resident in Canada:

i. such of the amounts deductible under any of sections 752.0.10.0.2 to 752.0.10.0.9, 752.0.10.6 to 752.0.10.6.2, 752.0.11 to 752.0.13.3, 752.0.18.3, 752.0.18.8, 752.0.18.10 and 752.0.18.15 as can reasonably be considered wholly attributable to such a period, computed as though that period were a whole taxation year, and”.

(2) Subsection 1 applies from the taxation year 2018.

234. (1) Section 752.0.27 of the Act is amended

(1) by replacing subparagraphs i to iv of subparagraph *b.0.1* of the first paragraph by the following subparagraphs:

“i. the amounts of \$11,000 and \$10,000, wherever they are mentioned in the third paragraph of section 752.0.10.0.3, were replaced, respectively, by the proportion of \$11,000 and \$10,000 that the number of days in that taxation year is of the number of days in the calendar year,

“ii. the amount of \$5,000, wherever it is mentioned in section 752.0.10.0.3, were replaced, for the taxation year that is deemed to begin on the date of the bankruptcy, by an amount equal to the amount by which \$5,000 exceeds the individual’s eligible work income, within the meaning of section 752.0.10.0.2, which is determined for the taxation year that is deemed to end the day before the bankruptcy and which is attributable to a period in that latter year when the individual is 60 years of age or over,

“iii. the particular amount of the reduction threshold, mentioned in subparagraph *c* of the second paragraph of section 752.0.10.0.3, that would otherwise be applicable for such a taxation year, were replaced by the proportion of that particular amount that the number of days in that taxation year is of the number of days in the calendar year, and

“iv. the amount of \$4,000, mentioned in the fourth paragraph of section 752.0.10.0.3, were replaced by the proportion of \$4,000 that the number of days in that taxation year is of the number of days in the calendar year; and”;

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

“For the purposes of subparagraphs i, iii and iv of subparagraph *b.0.1* of the first paragraph in respect of each of the taxation years referred to in section 779 that end in the calendar year in which an individual becomes a bankrupt, in computing the proportion described in those subparagraphs, no account is to be taken of the days in that taxation year and that calendar year on which the individual is not at least 60 years of age.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2017. However, where section 752.0.27 of the Act applies to a taxation year that ends in 2018, it is to be read

(1) as if subparagraph i of subparagraph *b.0.1* of the first paragraph were replaced by the following subparagraph:

“i. the amounts of \$11,000, \$9,000, \$7,000 and \$3,000, wherever they are mentioned in the third paragraph of section 752.0.10.0.3, were replaced, respectively, by the proportion of \$11,000, \$9,000, \$7,000 and \$3,000 that the number of days in that taxation year is of the number of days in the calendar year;”;

(2) as if the following subparagraph were inserted after subparagraph *i* of subparagraph *b.0.1* of the first paragraph:

“i.1. the amount of \$5,000, where it is first mentioned in subparagraph *i* of subparagraph *d* of the third paragraph of section 752.0.10.0.3 and in the portion of subparagraph *e* of that paragraph before subparagraph *i*, were replaced by the proportion of \$5,000 that the number of days in that taxation year is of the number of days in the calendar year;”;

(3) as if subparagraph *ii* of subparagraph *b.0.1* of the first paragraph were replaced by the following subparagraph:

“ii. the amount of \$5,000, wherever it is mentioned in section 752.0.10.0.3 without being referred to in subparagraph *i.1*, were replaced, for the taxation year that is deemed to begin on the date of the bankruptcy, by an amount equal to the amount by which \$5,000 exceeds the individual’s eligible work income, within the meaning of section 752.0.10.0.2, which is determined for the taxation year that is deemed to end the day before the bankruptcy and which is attributable to a period in that latter year when the individual is 61 years of age or over;”;

(4) as if the third paragraph were replaced by the following paragraph:

“For the purposes of subparagraphs *i*, *i.1*, *iii* and *iv* of subparagraph *b.0.1* of the first paragraph in respect of each of the taxation years referred to in section 779 that end in the calendar year in which an individual becomes a bankrupt, in computing the proportion described in those subparagraphs, no account is to be taken of the days in that taxation year and that calendar year on which the individual is not at least 61 years of age.”

235. (1) Section 752.12 of the Act is amended by replacing “776.1.5.0.14” in paragraph *b* by “776.1.5.0.15.5”.

(2) Subsection 1 has effect from 1 March 2018. However, where section 752.12 of the Act applies before 19 June 2019, it is to be read as if “776.1.5.0.15.5” were replaced by “776.1.5.0.15.3”.

236. (1) Section 752.14 of the Act is amended by replacing “776.1.5.0.14” by “776.1.5.0.15.5”.

(2) Subsection 1 has effect from 1 March 2018. However, where section 752.14 of the Act applies before 19 June 2019, it is to be read as if “776.1.5.0.15.5” were replaced by “776.1.5.0.15.3”.

237. (1) Section 767 of the Act is amended by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) the amount obtained by multiplying the amount the individual is required to include in computing the individual’s income for the year under subparagraph *a* of the second paragraph of section 497 by

- i. 7.2848/16, for the taxation year 2018,
- ii. 6.3825/15, for the taxation year 2019,
- iii. 5.4855/15, for the taxation year 2020, and
- iv. 4.6115/15, for a taxation year subsequent to the taxation year 2020; and

“(b) the amount obtained by multiplying the amount the individual is required to include in computing the individual’s income for the year under subparagraph *b* of the second paragraph of section 497 by

- i. 16.3668/38, for the taxation year 2018,
- ii. 16.2564/38, for the taxation year 2019, and
- iii. 16.146/38, for a taxation year subsequent to the taxation year 2019.”

(2) Subsection 1 applies from the taxation year 2018. However, where section 767 of the Act applies in relation to a dividend received before 28 March 2018, it is to be read

(1) as if “7.2848/16” in subparagraph i of subparagraph *a* of the first paragraph were replaced by “8.178/16”; and

(2) as if “16.3668/38” in subparagraph i of subparagraph *b* of the first paragraph were replaced by “16.422/38”.

238. (1) Section 771.0.2.4 of the Act is amended, in subparagraph i of subparagraph *c* of the first paragraph,

(1) by replacing subparagraph 2 by the following subparagraph:

“(2) the proportion of 3.7% that the number of days in the taxation year that follow 31 December 2017 but precede 28 March 2018 is of the number of days in the taxation year;”;

(2) by inserting the following subparagraph after subparagraph 2:

“(2.1) the proportion of 4.7% that the number of days in the taxation year that follow 27 March 2018 but precede 1 January 2019 is of the number of days in the taxation year;”;

(3) by replacing “3.6%” in subparagraph 3 by “5.6%”;

(4) by replacing subparagraph 4 by the following subparagraph:

“(4) the proportion of 6.5% that the number of days in the taxation year that follow 31 December 2019 but precede 1 January 2021 is of the number of days in the taxation year, and”;

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

“(5) the proportion of 7.5% that the number of days in the taxation year that follow 31 December 2020 is of the number of days in the taxation year, or”.

(2) Subsection 1 applies to a taxation year that ends after 27 March 2018. In addition, in applying subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph iii of that subparagraph *a* and subparagraph *a* of the third paragraph of that section 1027, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of that section 1027 for a taxation year that ends after 27 March 2018, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation’s estimated tax or tax payable, as the case may be, for that taxation year must, in respect of a payment that the corporation is required to make before 28 March 2018, be determined without reference to this section.

239. (1) Section 771.0.2.6 of the Act is amended

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

“ii. $[C \times (D - 5,000)/500] + [E \times (B - 25\%)/25\%]$.”;

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

“ii. the proportion of 3.7% that the number of days in the taxation year that follow 31 December 2017 but precede 28 March 2018 is of the number of days in the taxation year.”;

(3) by inserting the following subparagraph after subparagraph ii of subparagraph *c* of the second paragraph:

“ii.1. the proportion of 4.7% that the number of days in the taxation year that follow 27 March 2018 but precede 1 January 2019 is of the number of days in the taxation year.”;

(4) by replacing “3.6%” in subparagraph iii of subparagraph *c* of the second paragraph by “5.6%”;

(5) by replacing subparagraph iv of subparagraph *c* of the second paragraph by the following subparagraph:

“iv. the proportion of 6.5% that the number of days in the taxation year that follow 31 December 2019 but precede 1 January 2021 is of the number of days in the taxation year, and”;

(6) by adding the following subparagraph at the end of subparagraph *c* of the second paragraph:

“v. the proportion of 7.5% that the number of days in the taxation year that follow 31 December 2020 is of the number of days in the taxation year;”;

(7) by adding the following subparagraph at the end of the second paragraph:

“(e) E is the total of

i. the proportion of 4% that the number of days in the taxation year that precede 28 March 2018 is of the number of days in the taxation year,

ii. the proportion of 3% that the number of days in the taxation year that follow 27 March 2018 but precede 1 January 2019 is of the number of days in the taxation year,

iii. the proportion of 2% that the number of days in the taxation year that follow 31 December 2018 but precede 1 January 2020 is of the number of days in the taxation year,

iv. the proportion of 1% that the number of days in the taxation year that follow 31 December 2019 but precede 1 January 2021 is of the number of days in the taxation year, and

v. a nil percentage in respect of the days in the taxation year that follow 31 December 2020.”

(2) Subsection 1 applies to a taxation year that ends after 27 March 2018. In addition, in applying subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph iii of that subparagraph *a* and subparagraph *a* of the third paragraph of that section 1027, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of that section 1027 for a taxation year that ends after 27 March 2018, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation’s estimated tax or tax payable, as the case may be, for that taxation year must, in respect of a payment that the corporation is required to make before 28 March 2018, be determined without reference to this section.

240. (1) Section 771.1 of the Act is amended

(1) by inserting the following definition in alphabetical order in the first paragraph:

““designated member”, of a particular partnership in a taxation year, means a Canadian-controlled private corporation that provides (directly or indirectly, in any manner whatever) services or property to the particular partnership at any time in the corporation’s taxation year if

(a) the corporation is not, at any time in the taxation year, a member of the particular partnership; and

(b) at any time in the taxation year,

i. one of the corporation’s shareholders holds a direct or indirect interest in the particular partnership, or

ii. if subparagraph i does not apply, the corporation does not deal at arm’s length with a person that holds a direct or indirect interest in the particular partnership, and it may not be considered that all or substantially all of the corporation’s income from an eligible business for the year is from the provision of services or property to persons with which the corporation deals at arm’s length or to partnerships (other than the particular partnership) with which the corporation deals at arm’s length, other than a partnership in which a person that does not deal at arm’s length with the corporation holds a direct or indirect interest;”;

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

““specified partnership business limit”, of a person for a taxation year, at a particular time, means the amount determined by the formula

$(A/B) \times C - D$;”;

(3) by replacing paragraph *a* of the definition of “specified partnership income” in the first paragraph by the following paragraph:

“(a) the aggregate of all amounts each of which is an amount, in respect of a partnership of which the corporation is a member or a designated member in the year that would be a primary and manufacturing sectors corporation for the year if the partnership were a corporation for its last fiscal period that ends in the year, if that fiscal period were its taxation year and if its proportion of primary and manufacturing sectors activities for the year were determined without reference to the activities of any other partnership of which it is a member, or that is a partnership described in section 771.2.1.2.2 for the year, equal to the least of

i. the aggregate of all amounts each of which is an amount, in respect of an eligible business carried on in Canada by the corporation as a member, or a designated member, of the partnership, equal to the amount by which the aggregate of all amounts each of which is the corporation's share of the income (determined in accordance with Title XI of Book III) of the partnership from the business for a fiscal period of the business that ends in the year, an amount of the corporation's particular income for the year from the provision (directly or indirectly, in any manner whatever) of services or property to the partnership, or an amount included in computing the corporation's income for the year under any of sections 217.19, 217.20 and 217.28 in respect of the business exceeds the aggregate of all amounts each of which is an amount deducted in computing the corporation's income for the year from the business (other than an amount that was deducted by the partnership in computing its income from the business or in computing the corporation's particular income) or an amount deducted in that computation for the year in respect of the business under section 217.21 or 217.27,

ii. where the corporation is a member of the partnership, the corporation's specified partnership business limit for the year and, where the corporation is a designated member of the partnership, the aggregate of all amounts assigned to it in accordance with section 771.2.1.4.3 for the year or, if no such amounts have been assigned, nil, and

iii. nil, where the corporation is (directly or indirectly, through one or more other partnerships) a member, or a designated member, of the partnership in the year and the partnership provides services or property to either

(1) a private corporation (directly or indirectly, in any manner whatever) in the year, if the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and if it may not be considered that all or substantially all of the partnership's income for the year from an eligible business is from the provision of services or property to persons (other than the private corporation) that deal at arm's length with the partnership or with any person that holds a direct or indirect interest in the partnership or to other partnerships with which the partnership deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest, or

(2) a particular partnership (directly or indirectly, in any manner whatever) in the year, if the corporation (or one of its shareholders) does not deal at arm's length with the particular partnership or with a person that holds a direct or indirect interest in the particular partnership, and if it may not be considered that all or substantially all of the partnership's income for the year from an eligible business is from the provision of services or property to persons that deal at arm's length with the partnership or with any person that holds a direct or indirect interest in the partnership or to other partnerships (other than the particular partnership) with which the partnership deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest; and";

(4) by replacing subparagraph ii of paragraph *b* of the definition of “specified partnership income” in the first paragraph by the following subparagraph:

“ii. the aggregate of all amounts each of which is an amount, in respect of a partnership of which the corporation is a member or a designated member in the year, equal to the amount by which the amount determined in respect of the partnership for the year under subparagraph i of paragraph *a* exceeds the amount determined in respect of the partnership for the year under subparagraph ii of that paragraph *a*, according to whether the corporation is a member or a designated member of the partnership;”;

(5) by inserting the following definition in alphabetical order in the first paragraph:

““specified corporate income”, of a corporation for a taxation year, means the lesser of the amount that the Minister determines to be reasonable in the circumstances and the lesser of

(*a*) the aggregate of all amounts each of which is the corporation’s income from an eligible business for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if

i. at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm’s length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and

ii. it may not be considered that all or substantially all of the corporation’s income for the year from an eligible business is from the provision of services or property to persons (other than the private corporation) with which the corporation deals at arm’s length or to partnerships with which the corporation deals at arm’s length, other than a partnership in which a person that does not deal at arm’s length with the corporation holds a direct or indirect interest; and

(*b*) the aggregate of all amounts each of which is the portion of the business limit of a private corporation described in paragraph *a* for a taxation year that the private corporation assigns to the corporation in accordance with section 771.2.1.4.2.”;

(6) by inserting the following paragraph after the fourth paragraph:

“In the formula in the definition of “specified partnership business limit” in the first paragraph,

(*a*) *A* is the aggregate of all amounts each of which is the person’s share of the income (determined in accordance with Title XI of Book III) of a partnership of which the person is a member from an eligible business carried on in Canada for a fiscal period ending in the year;

(b) B is the aggregate of all amounts each of which is the partnership's income from an eligible business carried on in Canada for a fiscal period referred to in subparagraph i of paragraph a of the definition of "specified partnership income" in the first paragraph;

(c) C is the lesser of the business limit specified in the first paragraph of section 771.2.1.3 for a corporation that is not associated in a taxation year with one or more other Canadian-controlled private corporations and the proportion of that business limit that the number of days in a fiscal period of the partnership that ends in the year is of 365; and

(d) D is the aggregate of all amounts each of which is an amount that the person assigns in accordance with section 771.2.1.4.3."

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

(3) Subsection 1 also applies to the taxation year of a corporation that ends after 21 March 2016 and includes that date if the corporation has made a valid election under paragraph b of subsection 9 of section 44 of the Budget Implementation Act, 2016, No. 2 (Statutes of Canada, 2016, chapter 12).

(4) However, despite subsections 2 and 3, where section 771.1 of the Taxation Act applies to a taxation year that begins before 1 January 2017, it is to be read as if the portion of paragraph a of the definition of "specified partnership income" in the first paragraph before subparagraph i were replaced by the following:

"(a) the aggregate of all amounts each of which is an amount, in respect of a partnership that is described in section 771.2.1.2.2 for the year and of which the corporation is a member or a designated member in the year, equal to the lesser of".

(5) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election made under subsection 9 of section 44 of the Budget Implementation Act, 2016, No. 2. However, for the purpose of applying section 21.4.7 of the Taxation Act to such an election, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 16 December 2019.

241. (1) Section 771.2.1.2 of the Act is amended by replacing the portion of paragraph *a* before subparagraph i by the following:

“(a) the amount by which the total of—where the corporation would be a primary and manufacturing sectors corporation for the year if its proportion of primary and manufacturing sectors activities for the year were determined without reference to the activities of any partnership of which it is a member or if it is described in section 771.2.1.2.1 for the year—the aggregate of all amounts each of which is the corporation’s income for the year from an eligible business carried on by the corporation in Canada (other than an amount referred to in section 771.2.1.2.0.1) or the corporation’s specified corporate income for the year and the corporation’s specified partnership income for the year exceeds the aggregate of”.

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

(3) Subsection 1 also applies to a corporation’s taxation year that ends after 21 March 2016 and includes that date if the corporation has made an election referred to in subsection 3 of section 240.

(4) However, despite subsections 2 and 3, where section 771.2.1.2 of the Act applies to a taxation year that begins before 1 January 2017, it is to be read as if the portion of paragraph *a* before subparagraph i were replaced by the following:

“(a) the amount by which the aggregate of all amounts each of which is the corporation’s income for the year from an eligible business carried on by it in Canada, other than an amount referred to in section 771.2.1.2.0.1, the corporation’s specified corporate income for the year or the corporation’s specified partnership income for the year exceeds the aggregate of”.

242. (1) The Act is amended by inserting the following section after section 771.2.1.2:

“771.2.1.2.0.1. An amount to which paragraph *a* of section 771.2.1.2 refers in respect of a corporation for a taxation year means

(a) the amount referred to in subparagraph i of paragraph *a* of the definition of “specified partnership income” in the first paragraph of section 771.1 for the year;

(b) the amount referred to in paragraph *a* of the definition of “specified corporate income” in the first paragraph of section 771.1 for the year; or

(c) an amount that is paid or becomes payable to the corporation by another corporation with which it is associated and that is deemed under paragraph *a* of section 771.4 to be income of the corporation for the year from an eligible business carried on by the corporation, where the associated corporation is not a Canadian-controlled private corporation or is a Canadian-controlled private corporation that has made an election under the second paragraph of section 771.2.1.3 in respect of its taxation year that includes the time when the amount was paid or became payable.”

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

(3) Subsection 1 also applies to a corporation’s taxation year that ends after 21 March 2016 and includes that date if the corporation has made an election referred to in subsection 3 of section 240.

243. Section 771.2.1.2.2 of the Act is amended by replacing all occurrences of “fiscal year” in the first paragraph and in subparagraph *c* of the second paragraph by “fiscal period”.

244. (1) Section 771.2.1.3 of the Act is amended by replacing the second paragraph by the following paragraph:

“For the purposes of the first paragraph and sections 771.2.1.4 to 771.2.1.8, the following rules apply:

(a) section 21.21 does not apply to deem two corporations to be associated with each other at any time because they are associated, or deemed to be associated under section 21.21, at that time with the same corporation (in this paragraph referred to as the “third corporation”), if the third corporation is not a Canadian-controlled private corporation at that time or is a Canadian-controlled private corporation that has made a valid election under subsection 2 of section 256 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in relation to its taxation year that includes that time; and

(b) where the third corporation has made the valid election referred to in subparagraph *a*, its business limit for its taxation year that includes that time is deemed to be equal to zero.”

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

245. (1) The Act is amended by inserting the following sections after section 771.2.1.4:

“771.2.1.4.1. The business limit of a corporation for a taxation year, determined under the first paragraph of section 771.2.1.3 or under section 771.2.1.4 or 771.2.1.5, is reduced by the total of all amounts each of which is the portion, if any, of the business limit that the corporation assigns to another corporation in accordance with section 771.2.1.4.2.

“771.2.1.4.2. For the purposes of this Title, a Canadian-controlled private corporation (in this section referred to as the “first corporation”) may assign all or any portion of its business limit, determined under the first paragraph of section 771.2.1.3 or any of sections 771.2.1.4 to 771.2.1.6, for a taxation year of the first corporation to another Canadian-controlled private corporation (in this section referred to as the “second corporation”) for a taxation year of the second corporation if

(a) the second corporation has an amount of income, for its taxation year, referred to in paragraph *a* of the definition of “specified corporate income” in the first paragraph of section 771.1 from the provision of services or property directly to the first corporation;

(b) the first corporation’s taxation year ends in the second corporation’s taxation year;

(c) the amount assigned does not exceed the amount determined by the formula

$A - B$; and

(d) the first corporation and the second corporation each file a prescribed form with the Minister in their respective fiscal returns for their respective taxation years.

In the formula in the first paragraph,

(a) *A* is the amount of income to which subparagraph *a* of the first paragraph refers; and

(b) *B* is the portion of the amount of income to which subparagraph *a* of the first paragraph refers that is deductible by the first corporation in respect of the amount of income referred to in paragraph *a* or *b* of section 771.2.1.2.0.1 for the taxation year.

“771.2.1.4.3. For the purposes of the definition of “specified partnership income” in the first paragraph of section 771.1, a person that is a member of a partnership in a taxation year may assign to a designated member of the partnership—for a taxation year of the designated member—all or any portion (determined without reference to this assignment) of the person’s specified partnership business limit in respect of the person’s taxation year if

(a) the person is described in paragraph *b* of the definition of “designated member” in the first paragraph of section 771.1 in respect of the designated member in the designated member’s taxation year;

(b) the person’s specified partnership business limit is in respect of a fiscal period of the partnership that ends in the designated member’s taxation year; and

(c) the designated member and the person each file a prescribed form with the Minister in their respective fiscal returns for their respective taxation years.”

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

(3) Subsection 1 also applies to a corporation’s taxation year that ends after 21 March 2016 and includes that date if the corporation has made an election referred to in subsection 3 of section 240.

246. (1) The Act is amended by inserting the following sections after section 771.2.1.6:

“771.2.1.6.1. Where a Canadian-controlled private corporation assigns all or any portion of its business limit for a taxation year to another Canadian-controlled private corporation in accordance with subsection 3.2 of section 125 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) and either Canadian-controlled private corporation has, in the taxation year, an establishment in a province other than Québec, the corporation is deemed to assign to the other corporation for the year, in accordance with section 771.2.1.4.2, an amount equal to the amount it assigns to the other corporation in accordance with that subsection 3.2.

Chapter V.2 of Title II of Book I applies in relation to a form filed with the Minister of National Revenue in accordance with paragraph *d* of subsection 3.2 of section 125 of the Income Tax Act.

“771.2.1.6.2. Where a person that is a member of a partnership in a taxation year assigns all or any portion of its specified partnership business limit, in respect of that taxation year, to a designated member of the partnership in accordance with subsection 8 of section 125 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) and the person or the designated member has an establishment in a province other than Québec, the person is deemed to assign to the designated member in accordance with section 771.2.1.4.3, in respect of the taxation year, an amount equal to the amount it assigns to the designated member in accordance with that subsection 8.

Chapter V.2 of Title II of Book I applies in relation to a form filed with the Minister of National Revenue in accordance with paragraph *c* of subsection 8 of section 125 of the Income Tax Act.”

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

(3) Subsection 1 also applies to a corporation’s taxation year that ends after 21 March 2016 and includes that date if the corporation has made an election referred to in subsection 3 of section 240.

247. (1) Section 771.2.1.7 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

“**771.2.1.7.** Despite the first paragraph of section 771.2.1.3 and sections 771.2.1.4, 771.2.1.5 and 771.2.1.6, the following rules apply:”.

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

(3) Subsection 1 also applies to a corporation’s taxation year that ends after 21 March 2016 and includes that date if the corporation has made an election referred to in subsection 3 of section 240.

248. (1) Section 771.2.1.8 of the Act is amended by replacing the portion before the formula in the first paragraph by the following:

“**771.2.1.8.** Despite the first paragraph of section 771.2.1.3 and sections 771.2.1.4, 771.2.1.5, 771.2.1.6 and 771.2.1.7, a Canadian-controlled private corporation’s business limit for a taxation year ending in a calendar year is equal to the amount by which its business limit for the taxation year, determined without reference to this section, exceeds the amount determined by the formula”.

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

(3) Subsection 1 also applies to a corporation’s taxation year that ends after 21 March 2016 and includes that date if the corporation has made an election referred to in subsection 3 of section 240.

249. (1) The Act is amended by inserting the following sections after section 771.2.1.13:

“**771.2.1.14.** Where a corporation provides services or property to a person or partnership that has a direct or indirect interest in a particular corporation or a direct or indirect interest in a particular partnership and one of the reasons for the provision of the services or property to the person or partnership, instead of to the particular corporation or the particular partnership, is to avoid the application of paragraph *a* of section 771.2.1.2 (where the portion of that paragraph before subparagraph *i* refers to the specified partnership income or specified corporate income of the corporation), in respect of its income from the provision of the services or property, no portion of that income may be considered for the purpose of computing the excess amount provided for in that paragraph *a*.”

“**771.2.1.15.** For the purpose of determining an amount for a taxation year in respect of a corporation under paragraph *a* of section 771.2.1.2 (where that paragraph refers to the specified corporate income of the corporation) or under paragraph *b* of section 771.2.1.2.0.1, an amount of income is to be excluded if

(a) the amount is income of the corporation from an eligible business for the year from the provision of services or property to another corporation with which the corporation is associated (in paragraph *b* referred to as the “associated corporation”); and

(b) the amount is not deductible by the associated corporation for its taxation year in respect of a particular amount included in computing its income that is referred to in any of paragraphs *a* to *c* of section 771.2.1.2.0.1 or that may reasonably be considered as being attributable to or derived from an amount referred to in that paragraph *c*.”

(2) Subsection 1 applies to a taxation year that begins after 21 March 2016.

(3) Subsection 1 also applies to a corporation’s taxation year that ends after 21 March 2016 and includes that date if the corporation has made an election referred to in subsection 3 of section 240.

250. (1) Section 771.2.5 of the Act is repealed.

(2) Subsection 1 applies from 1 January 2021.

251. Section 771.2.5.1 of the Act is amended by replacing “fiscal year” in the first paragraph by “fiscal period”.

252. (1) Section 772.5.4 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) sections 83.0.4, 83.0.5, 281 to 283 and 428 to 451, Chapter I of Title I.1 of Book VI, Title I.2 of Book VI, sections 832.1 and 851.22.15, paragraph *b* of section 851.22.23 and sections 851.22.23.1, 851.22.23.2 and 999.1 do not apply to deem a disposition or acquisition of property to have been made;”.

(2) Subsection 1 has effect from 1 January 2017.

253. Section 772.5.6 of the Act is amended

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

“(a) the amount by which the total of all amounts each of which is, but for this section, income or profits tax paid in the year in respect of the business to the government of the taxing country is exceeded by the amount obtained by multiplying the taxpayer’s income from the business carried on in the taxing country for the year by the total of”;

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

“(b) the taxpayer’s production tax amount for the business carried on in the taxing country for the year.”

254. (1) Section 772.7 of the Act is amended by replacing “725.2 to 725.6” in subparagraph ii of subparagraph *b* of the first paragraph by “725.2 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

255. (1) Section 772.9 of the Act is amended by replacing “725.2 to 725.6” in subparagraph 2 of subparagraph ii of paragraph *a* by “725.2 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

256. (1) Section 772.11 of the Act is amended by replacing “725.2 to 725.6” in subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph by “725.2 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

257. (1) Section 776.1.1.2 of the Act is amended by replacing “31 May 2018” in the second paragraph by “31 May 2021”.

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

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

“CREDITS RELATING TO SHARES ISSUED BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS”.

(2) Subsection 1 has effect from 1 March 2018.

259. (1) The Act is amended by inserting the following before section 776.1.5.0.10.1:

“DIVISION I

“CREDIT RELATING TO THE ACQUISITION OF CLASS “A” SHARES ISSUED BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS”.

(2) Subsection 1 has effect from 1 March 2018. However, where the Act applies before 19 June 2019, it is to be read as if the heading of Division I of Chapter IV of Title III of Book V of Part I were replaced by the following heading:

“CREDIT RELATING TO THE ACQUISITION OF SHARES ISSUED BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS”.

260. (1) Section 776.1.5.0.10.1 of the Act is amended, in the first paragraph,

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

“**776.1.5.0.10.1.** In this division, “acquisition period” means any of the following periods:”;

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

“(f) a period that begins on 1 March of a year after 2015 and before 2018 and ends on the last day of the month of February of the following year; or”;

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

“(g) a period that begins on 1 March of a year after 2017 and ends on the last day of the month of February of the following year.”

(2) Subsection 1 has effect from 1 March 2018.

261. (1) Section 776.1.5.0.11 of the Act is amended

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

“An individual, other than a trust, who is resident in Québec at the end of 31 December of a particular taxation year and who is not a dealer acting as an intermediary or firm underwriter may deduct from the individual’s tax otherwise payable for the particular year under this Part an amount equal to the product obtained by multiplying the percentage specified in the second paragraph by the aggregate of the amounts paid by the individual in an acquisition period beginning in the particular year for the purchase, as first purchaser, of a class “A” share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).”;

(2) by replacing “subparagraph *a* or *b*” in subparagraph *a* of the second paragraph by “any of subparagraphs *a*, *b* and *g*”;

(3) by replacing “*d* to *f*” in subparagraph *c* of the third paragraph by “*d* to *g*”.

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

262. Section 776.1.5.0.13 of the Act is amended, in subparagraph *b* of the first paragraph,

(1) by replacing the portion before subparagraph *i* by the following:

“(b) the corporation governed by the Act constituting Capital régional et coopératif Desjardins, before 1 March of the year following the particular year, in relation to another share of the capital stock of that corporation held by the individual,”;

(2) by replacing “section 776.1.5.0.11” in subparagraph ii by “any of sections 776.1.5.0.11, 776.1.5.0.15.2 and 776.1.5.0.15.4”.

263. (1) Section 776.1.5.0.15 of the Act is replaced by the following section:

“776.1.5.0.15. For the purposes of this division, an amount paid for the purchase of a class “A” share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) consists solely of the issue price paid in respect of that share.”

(2) Subsection 1 has effect from 1 March 2018. However, where section 776.1.5.0.15 of the Act applies before 19 June 2019, it is to be read without reference to “class “A””.

264. (1) The Act is amended by inserting the following division after section 776.1.5.0.15:

“DIVISION II

“CREDITS RELATING TO THE EXCHANGE OF SHARES ISSUED BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

“776.1.5.0.15.1. In this division,

“conversion period” means a period that begins on 1 March of a year subsequent to the year 2017 and preceding the year 2021 and that ends on the last day of the month of February of the following year;

“promise to purchase by way of exchange” has the meaning assigned by section 8.1 of the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).

“776.1.5.0.15.2. Subject to section 776.1.5.0.15.3, an individual, other than a trust, who is resident in Québec at the end of 31 December of a taxation year and who is not a dealer acting as an intermediary or firm underwriter may deduct from the individual’s tax otherwise payable for the year under this Part, if the individual encloses the document described in the second paragraph with the fiscal return the individual is required to file for the year under section 1000, an amount equal to the lesser of \$1,500 and the product obtained by multiplying by 10% the aggregate of all amounts each of which is the value of the consideration the individual has undertaken to pay, in the form of a share, under a promise to purchase by way of exchange, which promise the individual made at a particular time, before 19 June 2019, in a conversion period beginning in the year.

The document to which the first paragraph refers is a copy of the prescribed form the individual received from the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) in respect of the consideration described in that paragraph.

For the purposes of the first paragraph, the value of the consideration that an individual has undertaken to pay, in the form of a share, under a promise to purchase by way of exchange corresponds to the amount determined in respect of the individual, in relation to that promise, under subparagraph *a* of subparagraph 2 of the second paragraph of section 10.1 of the Act constituting Capital régional et coopératif Desjardins.

“776.1.5.0.15.3. No individual may deduct, from the individual’s tax otherwise payable for a particular taxation year, an amount under section 776.1.5.0.15.2, where the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1), before 1 March of the year following the particular year, in relation to a share of its capital stock held by the individual,

(*a*) redeemed the share in accordance with paragraph 1 or 4 of section 12 of that Act; or

(*b*) purchased the share in accordance with the purchase by agreement policy approved by the Minister of Finance under the second paragraph of section 11 of that Act, except where the purchase is made in accordance with a provision of that policy under which the corporation may purchase by agreement a share it issued because no amount was deducted in respect of the share under any of sections 776.1.5.0.11, 776.1.5.0.15.2 and 776.1.5.0.15.4.

“776.1.5.0.15.4. Subject to section 776.1.5.0.15.5, an individual, other than a trust, who is resident in Québec at the end of 31 December of a taxation year and who is not a dealer acting as an intermediary or firm underwriter may deduct from the individual’s tax otherwise payable for the year under this Part, if the individual encloses the document described in the second paragraph with the fiscal return the individual is required to file for the year under section 1000, an amount equal to the lesser of \$1,500 and the product obtained by multiplying by 10% the aggregate of all amounts each of which is the value of the consideration the individual paid, in the form of a share, in a conversion period beginning in the year for the purchase, as first purchaser, of a class “B” share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).

The document to which the first paragraph refers is a copy of the prescribed form the individual received from the corporation governed by the Act constituting Capital régional et coopératif Desjardins in respect of the consideration described in that paragraph.

For the purposes of the first paragraph, the value of the consideration paid, in the form of a share, by an individual corresponds to the amount determined in respect of the individual, in relation to that consideration, under subparagraph *b* of subparagraph 2 of the second paragraph of section 10.1 of the Act constituting Capital régional et coopératif Desjardins.

“776.1.5.0.15.5. No individual may deduct, from the individual’s tax otherwise payable for a particular taxation year, an amount under section 776.1.5.0.15.4 in respect of the value of a consideration the individual paid in the conversion period described in the first paragraph of that section for the purchase of a class “B” share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1), where, as the case may be,

(a) the individual paid the consideration in fulfilment of a promise to purchase by way of exchange;

(b) the individual requested, during that conversion period or within the following 30 days, the redemption of the class “B” share in accordance with paragraph 3 of section 12 of the Act constituting Capital régional et coopératif Desjardins; or

(c) the corporation governed by the Act constituting Capital régional et coopératif Desjardins, before 1 March of the year following the particular year, in relation to another share of its capital stock held by the individual,

i. redeemed the share in accordance with paragraph 1 or 4 of section 12 of that Act, or

ii. purchased the share in accordance with the purchase by agreement policy approved by the Minister of Finance under the second paragraph of section 11 of that Act, otherwise than under a provision of that policy that allows the corporation to purchase by agreement a share it issued because no amount was deducted in respect of the share under any of sections 776.1.5.0.11, 776.1.5.0.15.2 and 776.1.5.0.15.4.”

(2) Subsection 1 has effect from 1 March 2018. However, where Division II of Chapter IV of Title III of Book V of Part I of the Act applies before 19 June 2019,

(1) the heading of that division is to be read as if “Credits relating” were replaced by “Credit relating”; and

(2) that division is to be read without reference to sections 776.1.5.0.15.4 and 776.1.5.0.15.5 of the Act.

265. (1) Section 776.1.7 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

266. (1) Section 776.1.27 of the Act is amended by replacing “\$66,667” in paragraph *a* of the definition of “qualified wages” by “\$75,000”.

(2) Subsection 1 applies to a taxation year that ends after 20 December 2017 in respect of qualified wages incurred after that date. However, where section 776.1.27 of the Act applies to such a taxation year that includes that date, it is to be read as if “\$75,000” in paragraph *a* of the definition of “qualified wages” were replaced by the aggregate of

(1) the amount obtained by multiplying \$66,667 by the proportion that the number of days in the taxation year that precede 21 December 2017 is of the number of days in the taxation year; and

(2) the amount obtained by multiplying \$75,000 by the proportion that the number of days in the taxation year that follow 20 December 2017 is of the number of days in the taxation year.

267. (1) Section 776.41.5 of the Act is amended by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) A is the aggregate of all amounts each of which is an amount that the individual’s eligible spouse for the taxation year may deduct under this Book in computing the eligible spouse’s tax otherwise payable for the year under this Part, other than an amount deductible under any of sections 752.0.10.0.3, 752.0.10.0.9, 752.0.10.6.1, 752.12, 776.1.5.0.17 and 776.1.5.0.18; and

“(b) B is the tax otherwise payable of the individual’s eligible spouse for the taxation year, computed without reference to the deductions provided for in this Book, except those provided for in sections 752.0.10.0.3, 752.0.10.0.9, 752.0.10.6.1, 752.12, 776.1.5.0.17 and 776.1.5.0.18.”

(2) Subsection 1 applies from the taxation year 2018.

268. (1) Section 776.41.21 of the Act is amended by replacing subparagraph *b* of the second paragraph by the following subparagraph:

“(b) B is the person’s tax otherwise payable for the year under this Part, computed by taking into account only the amounts that the person may deduct under sections 752.0.0.1, 752.0.1, 752.0.7.4, 752.0.10.0.3, 752.0.10.0.5, 752.0.10.0.7, 752.0.10.0.9, 752.0.10.6 to 752.0.10.6.2, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.14, 752.0.18.3, 752.0.18.8, 776.1.5.0.17, 776.1.5.0.18 and 776.41.14.”

(2) Subsection 1 applies from the taxation year 2018.

269. (1) Section 776.60 of the Act is amended

(1) by striking out the first paragraph;

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

“For the purposes of section 776.51 and subject to the second paragraph, an amount otherwise deductible by the individual for the year in computing the individual’s taxable income or the individual’s taxable income earned in Canada, as the case may be, other than an amount referred to in this Title, must be equal to the amount that would otherwise be deductible were it not for this Book.”

(2) Subsection 1 has effect from 1 January 2018.

270. (1) Section 776.65 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) the amount deducted under any of sections 752.0.0.1 to 752.0.10.0.9, 752.0.14, 752.0.18.3 to 752.0.18.15, 776.1.5.0.17, 776.1.5.0.18 and 776.41.14 in computing the individual’s tax payable for the year under this Part; or”.

(2) Subsection 1 applies from the taxation year 2018.

271. (1) Section 779 of the Act is replaced by the following section:

“**779.** Except for the purposes of sections 752.0.2, 752.0.7.1 to 752.0.10 and 752.0.11 to 752.0.13.0.1, Division II of Chapter II.1 of Title I of Book V, Chapter V of Title III of Book V, the second paragraph of sections 776.41.14 and 776.41.21, sections 935.4 and 935.15 and Divisions II.8.3, II.11.1, II.11.3 to II.11.10, II.12.1 to II.17.1, II.17.3 to II.20 and II.25 to II.27 of Chapter III.1 of Title III of Book IX, the taxation year of a bankrupt is deemed to begin on the date of the bankruptcy and the current taxation year is deemed, if the bankrupt is an individual other than a succession that is a graduated rate estate, to end on the day immediately before the date of the bankruptcy.”

(2) Subsection 1 applies from the taxation year 2016. However,

(1) where section 779 of the Act applies to the taxation year 2016, it is to be read as if “II.11.10” and “II.25 to II.27” were replaced by “II.11.9” and “II.25”, respectively; and

(2) where section 779 of the Act applies to the taxation year 2017, it is to be read as if “II.11.10” were replaced by “II.11.9”.

272. (1) Section 782 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) in Chapters I.0.1 to I.0.2.0.4 and I.0.3 of Title I of Book V;”.

(2) Subsection 1 has effect from 1 January 2018.

273. (1) Section 785.1 of the Act is amended by replacing subparagraph iii of paragraph *b* by the following subparagraph:

“iii. property that is included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of a business carried on by the taxpayer in Canada at the time of disposition, and”.

(2) Subsection 1 has effect from 1 January 2017.

274. (1) Section 785.2 of the Act is amended by replacing subparagraph ii of subparagraph *b* of the first paragraph by the following subparagraph:

“ii. capital property used in, property included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in respect of or property included in the inventory of, a business carried on by the taxpayer through an establishment in Canada at the particular time,”.

(2) Subsection 1 has effect from 1 January 2017.

275. (1) Section 832.14 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) no amount paid or payable to a stakeholder in connection with the disposition, alteration or dilution of the stakeholder’s ownership rights in the particular corporation may be included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1);”.

(2) Subsection 1 has effect from 1 January 2017.

276. (1) Section 832.25 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**832.25.** For the purposes of sections 6.2, 21.2 to 21.3.1, 83.0.3, 93.3.1 and 93.4, Division X.1 of Chapter III of Title III of Book III, sections 175.9, 222 to 230.0.0.2, 237 to 238.1, 308.0.1 to 308.6, 384, 384.4, 384.5, 418.26 to 418.30 and 485 to 485.18, paragraph *d* of section 485.42, sections 564.2 to 564.4.2 and 727 to 737, paragraph *f* of section 772.13 and section 776.1.5.6, control of an insurance corporation and each corporation controlled by it is deemed not to be acquired solely because of the acquisition of shares of the capital stock of the insurance corporation, in connection with the demutualization of the insurance corporation, by a particular corporation that at a particular time becomes a holding corporation in connection with the demutualization where, immediately after the particular time,”.

(2) Subsection 1 has effect from 1 January 2017.

277. Section 835 of the Act is amended by replacing “, 570 and 736.1” in the portion before subparagraph *b* of the first paragraph by “and 570”.

278. (1) Section 851.22.42 of the Act is amended

(1) by striking out subparagraph ii of paragraph *a*;

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

“(c) for the purpose of applying sections 93.3.1, 175.9 and 238.1 in relation to any property that was disposed of by the affiliate, after the dissolution or winding-up of the affiliate, the entrant bank is deemed to be the same corporation as, and a continuation of, the affiliate.”

(2) Subsection 1 has effect from 1 January 2017.

279. (1) Section 905.0.3 of the Act is amended by replacing the portion of the definition of “specified year” in the first paragraph before paragraph *a* by the following:

““specified year” for a disability savings plan of a beneficiary means a calendar year, other than an excluded year, that is either the particular calendar year in which a physician or specialized nurse practitioner licensed to practise under the laws of a province (or of the jurisdiction where the beneficiary resides) certifies in writing that the beneficiary’s state of health is such that, in the professional opinion of the physician or specialized nurse practitioner, the beneficiary is not likely to survive more than five years, or”.

(2) Subsection 1 applies in respect of a certification made after 7 September 2017.

280. (1) Section 905.0.4.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“If, in respect of a beneficiary under a registered disability savings plan, a physician or specialized nurse practitioner licensed to practise under the laws of a province (or of the jurisdiction where the beneficiary resides) certifies in writing that the beneficiary’s state of health is such that, in the professional opinion of the physician or specialized nurse practitioner, the beneficiary is not likely to survive more than five years, the holder of the plan elects in prescribed form and provides the election and the certification of the physician or of the specialized nurse practitioner, as the case may be, in respect of the beneficiary under the plan to the issuer of the plan, and the issuer notifies the Minister of the election in a manner and format acceptable to the Minister, the plan becomes a specified disability savings plan at the time the notification is received by the Minister.”

(2) Subsection 1 applies in respect of a certification made after 7 September 2017.

281. Section 908 of the Act is amended, in the French text,

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

“*b*) l’enfant, le petit-fils ou la petite-fille du rentier qui, immédiatement avant son décès, était financièrement à sa charge.”;

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

“Pour l’application du paragraphe *b* du premier alinéa, un enfant, un petit-fils ou une petite-fille du rentier est présumé ne pas être financièrement à sa charge au moment de son décès si le revenu de l’enfant, du petit-fils ou de la petite-fille, pour l’année d’imposition précédant l’année d’imposition dans laquelle le rentier est décédé, était supérieur au montant déterminé selon la formule prévue au paragraphe 1.1 de l’article 146 de la Loi de l’impôt sur le revenu (Lois révisées du Canada (1985), chapitre 1, 5^e supplément) pour cette année précédente.”

282. Section 965.0.19 of the Act is amended, in the French text,

(1) by replacing paragraph *b* of the definition of “survivant admissible” in the first paragraph by the following paragraph:

“*b*) soit l’enfant, le petit-fils ou la petite-fille du participant qui était financièrement à sa charge.”;

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

“Pour l’application de la définition de l’expression « survivant admissible » prévue au premier alinéa, un enfant, un petit-fils ou une petite-fille du participant est présumé ne pas être financièrement à sa charge au moment de son décès si le revenu de l’enfant, du petit-fils ou de la petite-fille, pour l’année d’imposition précédant l’année d’imposition dans laquelle le participant est décédé, était supérieur au montant déterminé selon la formule prévue au paragraphe 1.1 de l’article 146 de la Loi de l’impôt sur le revenu pour cette année précédente.”

283. (1) Section 966 of the Act is amended

(1) by replacing paragraph *b.3* by the following paragraph:

“(b.3) “premium” under a life insurance policy includes a prepaid premium under the policy which is refundable only on termination or cancellation of the policy and interest paid after 31 December 1977 to a life insurer in respect of a policy loan in respect of the policy, except such interest deductible after 31 December 1980 in accordance with sections 160 to 163.1, but does not include the portion of any amount paid under the policy with respect to an accidental death benefit, a disability benefit, an additional risk as a result of insuring a substandard life, an additional risk in respect of the conversion of a term policy into another policy after the end of the year, an additional risk under a settlement option, or an additional risk under a guaranteed insurability benefit, if

i. in the case of an annuity contract, a policy issued before 1 January 2017 or a policy in respect of which the particular time at which the policy is issued is determined under section 967.1, where the interest in the policy was last acquired after 1 December 1982, the payment is made after 31 May 1985 and, if the particular time at which the policy is issued is determined under section 967.1, before the particular time, or

ii. in the case where the individual’s interest in the policy was last acquired before 2 December 1982, subsection 9 of section 12.2 of the Income Tax Act (Revised Statutes of Canada, 1952, chapter 148) applies to the interest, the particular time at which the policy is issued is determined under section 967.1 and the payment is made in the period that starts on the later of 31 May 1985 and the first day on which that subsection 9 applies in respect of the interest and that ends at the particular time;”;

(2) by replacing subparagraph 1 of subparagraph i of paragraph *b.4* by the following subparagraph:

“(1) an amount that reduces, because of the disposition, the amount payable in respect of a policy loan in respect of the policy but, in the case where the policy is issued after 31 December 2016, the disposition is of a part of the interest and, if the particular time at which the policy is issued is determined under section 967.1, the disposition occurs at or after the particular time, only to the extent that the amount represents the portion of the loan applied, immediately after the loan, to pay a premium under the policy, as provided for under the terms and conditions of the policy,”.

(2) Subsection 1 has effect from 16 December 2014.

284. (1) Section 967 of the Act is amended by adding the following paragraph at the end:

“(d) where, in respect of a life insurance policy issued after 31 December 2016 that is an exempt policy, a death benefit, within the meaning of section 92.11R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1), under a coverage, within the meaning of paragraph *b* of the definition of that expression in the first paragraph of that section 92.11R1, under the policy is paid at a particular time, the payment results in the termination of the coverage but not the policy and the amount of the fund value benefit, within the meaning of that section 92.11R1, paid in respect of the coverage at that time exceeds the amount determined in respect of the coverage under subparagraph 1 of subparagraph *i* of subparagraph *b* of the second paragraph of section 92.19R4 of that Regulation on the policy anniversary, within the meaning of section 92.11R1 of that Regulation, that is on, or that first follows, the date of the death of an individual whose life is insured under the coverage, a policyholder with an interest in the policy that gives rise to an entitlement of the policyholder to receive all or a portion of that excess as a policyholder, beneficiary or assignee, as the case may be, is deemed, at that time, to dispose of a part of the interest and to be entitled to receive proceeds of the disposition equal to that excess or portion, as the case may be.”

(2) Subsection 1 has effect from 16 December 2014.

285. (1) The Act is amended by inserting the following section after section 967:

“**967.1.** For the purpose of determining, as of a particular time, whether a life insurance policy (other than an annuity contract) issued before 1 January 2017 is treated as issued after 31 December 2016 for the purposes of this Title (except this section), Divisions I, II and IV of Chapter IV of Title XI of the Regulation respecting the Taxation Act (chapter I-3, r. 1) and Chapter VIII of Title XXXV of that Regulation, the policy is deemed to be a policy issued at the particular time if the particular time is the first time after 31 December 2016 at which life insurance—in respect of a life, or two or more lives jointly insured, and in respect of which a particular schedule of premium or cost of insurance rates applies—is

(a) converted into another type of life insurance, other than only because of a change in premium or cost of insurance rates; or

(b) added to the policy, if the insurance (other than insurance paid for with policy dividends or that is reinstated) is medically underwritten after 31 December 2016, other than to obtain a reduction in the premium or cost of insurance rates under the policy.”

(2) Subsection 1 has effect from 16 December 2014.

286. (1) Section 971 of the Act is replaced by the following section:

“971. Where, at a particular time, a policyholder in a life insurance policy disposes in any manner whatever of the policyholder’s interest in the policy to a person with whom the policyholder is not dealing at arm’s length or disposes, by gift, by distribution from a corporation or by operation of law only, of the interest to a person, the following rules apply:

(a) the policyholder is deemed thereupon to become entitled to receive, at the particular time, proceeds of disposition equal to the greatest of

i. the value of the interest at the particular time,

ii. if the particular time is after 21 March 2016, the greater of

(1) the fair market value of the consideration given, if any, for the interest at the particular time, and

(2) the adjusted cost basis to the policyholder of the interest immediately before the particular time, and

iii. if the particular time is before 22 March 2016, an amount equal to zero;

(b) the person to whom the disposition is made is deemed to acquire the interest, at the particular time, at a cost equal to the amount determined in accordance with subparagraph *a*, in respect of the disposition;

(c) any contribution of capital to a corporation or partnership in connection with the disposition is deemed, to the extent that it exceeds the amount determined in accordance with subparagraph i of subparagraph *a* in respect of the disposition, not to result in a contribution of capital for the purpose of applying paragraphs *e* and *i* of section 255 at or after the particular time;

(d) any contributed surplus of a corporation that arose in connection with the disposition is deemed, to the extent that it exceeds the amount determined in accordance with subparagraph i of subparagraph *a* in respect of the disposition, not to be contributed surplus for the purpose of applying section 504 at or after the particular time; and

(e) if the particular time is before 22 March 2016,

i. subparagraphs *c* and *d* apply only in respect of a disposition that occurs after 31 December 1999 and only if at least one person whose life was insured under the policy before 22 March 2016 is alive on that date, and subparagraphs *c* and *d*, where they apply in respect of the disposition, are to be read as if “the particular time” were replaced by “the beginning of 22 March 2016”, and

ii. where any consideration given for the interest includes a share of the capital stock of a corporation, the share (or a share substituted for the share) is disposed of after 21 March 2016 by a taxpayer and section 517.2 applies in respect of the share disposition, then for the purpose of applying Chapter III.1 of Title IX of Book III, the adjusted cost base to the taxpayer of the share immediately before the share disposition is to be reduced by the amount determined by the formula

$$[A - (B \times A/C)]/D.$$

In the formula in the first paragraph,

(a) A is the aggregate of all amounts each of which is the fair market value at the particular time of a share of that capital stock given as consideration for the interest;

(b) B is the greater of the amount determined under subparagraph i of subparagraph a of the first paragraph in respect of the disposition of the interest and the adjusted cost basis to the policyholder of the interest immediately before the disposition of the interest;

(c) C is the fair market value at the particular time of the consideration given for the interest, if any; and

(d) D is the total number of shares of that capital stock given as consideration for the interest.

However, the first paragraph does not apply in the case of a deemed disposition described in paragraph b of section 967.”

(2) Subsection 1 has effect from 15 December 2016.

287. (1) Section 976 of the Act is amended

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

“(d) the amounts in respect of the repayment, before the particular time and after 31 March 1978, of a policy loan, without exceeding the amount determined under section 976.0.1;”;

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

“(i) in the case of an interest in a life insurance policy, other than an annuity contract, to which section 971.3 applied before the particular time, all amounts each of which is a mortality gain, within the meaning of the regulations and determined by the issuer of the policy in accordance with the regulations, in respect of the interest immediately before the end of the calendar year that ended in a taxation year that began before the particular time.”

(2) Subsection 1 has effect from 16 December 2014.

288. (1) The Act is amended by inserting the following sections after section 976:

“**976.0.1.** The amount to which paragraph *d* of section 976 refers in respect of a policy loan referred to in that paragraph is determined by the formula

A – B.

In the formula in the first paragraph,

(a) A is the aggregate of

i. the proceeds of the disposition in respect of the loan,

ii. if the policy is issued after 31 December 2016 and, in the case where the particular time at which the policy is issued is determined under section 967.1, the repayment is at or after the particular time, the portion of the loan applied, immediately after the loan, to pay a premium under the policy as provided for under the terms and conditions of the policy, except to the extent that the portion is described in subparagraph 1 of subparagraph i of paragraph *b.4* of section 966, and

iii. the amount described in paragraph *b* of section 976.1, but not including any payment of interest in respect of the loan; and

(b) B is the aggregate of all amounts each of which is an amount in respect of a repayment of the loan that is deductible under paragraph *k* of section 157, as it read before being struck out, or paragraph *i* of section 336, or referred to in subparagraph 2 of subparagraph ii of paragraph *a* of section 967.

“**976.0.2.** For the purposes of paragraph *i* of section 336 and sections 976 and 976.0.1, a particular amount is deemed to be a repayment made at a particular time by a taxpayer in respect of a policy loan in respect of a life insurance policy if

(a) the policy is issued after 31 December 2016;

(b) the taxpayer disposes of a part of the taxpayer’s interest in the policy immediately after the particular time;

(c) subparagraph i of paragraph *b.4* of section 966 applies to determine the proceeds of the disposition of the interest;

(d) the particular amount is not

i. otherwise a repayment by the taxpayer in respect of the policy loan, and

ii. described in subparagraph 1 of subparagraph i of paragraph *b.4* of section 966; and

(e) the amount payable by the taxpayer in respect of the policy loan is reduced by the particular amount as a consequence of the disposition.”

(2) Subsection 1 has effect from 16 December 2014.

289. (1) Section 976.1 of the Act is amended by adding the following paragraphs at the end:

“(h) in the case of a policy that is issued after 31 December 2016 and is not an annuity contract, the aggregate of all amounts each of which is a premium paid by or on behalf of the policyholder, or a cost of insurance charge incurred by the policyholder, before that time, and, in the case where the particular time at which the policy is issued is determined under section 967.1, at or after that latter particular time, to the extent that the premium or charge is in respect of a benefit under the policy, other than a death benefit within the meaning of section 92.11R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1);

“(i) in the case of a policy that is issued after 31 December 2016 and is not an annuity contract, the aggregate of all amounts each of which is the policyholder’s interest in an amount paid before that time and, in the case where the particular time at which the policy is issued is determined under section 967.1, at or after that latter particular time, to the extent that the amount paid reduced the cash surrender value of the policy or the fund value of the life insurance policy, within the meaning of section 92.11R1 of the Regulation respecting the Taxation Act, and that

i. is a death benefit, within the meaning of section 92.11R1 of the Regulation respecting the Taxation Act, or a disability benefit under the policy, and

ii. does not result in the termination of a coverage, within the meaning of paragraph *b* of the definition of that expression in the first paragraph of that section 92.11R1, under the policy; and

“(j) in the case of a policy that is issued after 31 December 2016 and is not an annuity contract, if a death benefit, within the meaning of section 92.11R1 of the Regulation respecting the Taxation Act, under a coverage, within the meaning of paragraph *b* of the definition of that expression in the first paragraph of that section 92.11R1, under the policy is paid before that time and, in the case where the particular time at which the policy is issued is determined under section 967.1, at or after that latter particular time, and the payment results in the termination of the coverage, the amount determined under section 976.2 with respect to the coverage.”

(2) Subsection 1 has effect from 16 December 2014.

290. (1) The Act is amended by inserting the following section after section 976.1:

“**976.2.** The amount to which paragraph *j* of section 976.1 refers in respect of the termination of a coverage under a policy referred to in that paragraph is determined by the formula

$$[A \times (B + C + D)/E] - F.$$

In the formula in the first paragraph,

(a) A is the adjusted cost basis of the policyholder’s interest immediately before the termination;

(b) B is the amount of the fund value of the policy, within the meaning of section 92.11R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1), paid in respect of the coverage on the termination;

(c) C is the amount that would be the present value, determined for the purposes of Division II of Chapter IV of Title XI of the Regulation respecting the Taxation Act, on the last policy anniversary, within the meaning of section 92.11R1 of that Regulation, on or before the termination, of the fund value of the coverage, within the meaning of that section 92.11R1, if the fund value of the coverage on that policy anniversary were equal to the fund value of the coverage on the termination;

(d) D is the amount that, on the policy anniversary referred to in subparagraph *c*, would be determined under subparagraph *f* of the fourth paragraph of section 92.11R1.1 of the Regulation respecting the Taxation Act in respect of the coverage, if the death benefit under the coverage, and the fund value of the coverage, on that policy anniversary were equal to the death benefit under the coverage and the fund value of the coverage, respectively, on the termination;

(e) E is the amount that would be, on the policy anniversary referred to in subparagraph *c*, the net premium reserve, within the meaning of section 92.11R1 of the Regulation respecting the Taxation Act, determined in respect of the policy for the purposes of Division II of Chapter IV of Title XI of that Regulation, if the fund value benefit under the policy, the death benefit under each coverage and the fund value of each coverage on that policy anniversary were equal to the fund value benefit, the death benefit under each coverage and the fund value of each coverage, respectively, under the policy on the termination; and

(f) F is the amount determined under section 977.1 in respect of a disposition before that time of the interest because of paragraph *d* of section 967 in respect of the payment in respect of the fund value benefit under the policy paid in respect of the coverage on the termination.”

(2) Subsection 1 has effect from 16 December 2014.

291. (1) Section 977.1 of the Act is amended

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

“Where a taxpayer disposes of a part of the taxpayer’s interest in an annuity contract or a life insurance policy (other than such a contract) last acquired after 1 December 1982, the adjusted cost basis to the taxpayer, immediately before the disposition, of the part is equal to the amount determined by the formula

$A \times B/C$.”;

(2) by inserting the following paragraphs after the first paragraph:

“In the formula in the first paragraph,

(a) A is the adjusted cost basis to the taxpayer of the taxpayer’s interest immediately before the disposition;

(b) B is the proceeds of the disposition; and

(c) C is

i. if the policy is a policy (other than an annuity contract) issued after 31 December 2016, the amount determined by the formula

$D - E$, and

ii. in any other case, the accumulating fund with respect to the taxpayer’s interest, as determined in prescribed manner, immediately before the disposition.

In the formula in subparagraph *c* of the second paragraph,

(a) D is the interest’s cash surrender value immediately before the disposition; and

(b) E is the aggregate of all amounts each of which is an amount payable, immediately before the disposition, by the taxpayer in respect of a policy loan in respect of the policy.”

(2) Subsection 1 has effect from 16 December 2014.

292. (1) Section 998 of the Act is amended by striking out paragraph *k*.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

293. (1) Sections 999.0.1 to 999.0.5 of the Act are repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

294. (1) Section 999.1 of the Act is amended

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

“999.1. Where, at any time (in this section referred to as “that time”), a person that is a corporation or, if that time is after 12 September 2013, a trust becomes or ceases to be exempt from tax under this Part on its taxable income, the following rules apply:”;

(2) by striking out paragraph *f*.

(2) Paragraph 1 of subsection 1 applies to a taxation year that begins after 31 December 2018.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2017.

295. (1) Section 1003 of the Act is amended by replacing “725 to 725.7” in subparagraph ii of subparagraph *b* of the first paragraph by “725 to 725.5”.

(2) Subsection 1 has effect from 1 January 2018.

296. (1) The Act is amended by inserting the following section after section 1012.4:

“1012.5. Where a taxpayer has filed the fiscal return required by section 1000 for a taxation year and where a formal demand relating to an amount that may be owed by the taxpayer under this Act for the year has been notified in accordance with the first paragraph of section 39 of the Tax Administration Act (chapter A-6.002) to a person regarding the filing of information, additional information or documents, the time limit described in paragraph *a* or *a.0.1* of subsection 2 of section 1010 for redetermining the tax, interest and penalties payable by the taxpayer and for making a reassessment or an additional assessment, in respect of the taxation year concerned, is suspended for the period that begins on the day the formal demand is notified by registered mail or by personal service and ends on the day the formal demand or the order provided for in section 39.2 of the Tax Administration Act is complied with or, in case of contestation, the day on which a final judgement is rendered in relation to the formal demand or the order and on which, if applicable, the information, additional information or documents, as the case may be, are filed in accordance with the formal demand or the order.”

(2) Subsection 1 applies in respect of a formal demand notified after 10 July 2018 or of an order issued after that date.

297. (1) Section 1029.6.0.0.1 of the Act is amended, in the second paragraph,

(1) by replacing “II.26” in the portion before subparagraph *a* by “II.27”;

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

“(b) in the case of each of Divisions II.4.2, II.5.1.1 to II.5.1.3, II.5.2, II.6.0.0.1, II.6.0.1.7, II.6.0.1.8, II.6.0.1.10, II.6.0.1.11, II.6.0.4 to II.6.0.7, II.6.0.10, II.6.0.11, II.6.2, II.6.4.2, II.6.4.2.1, II.6.5, II.6.5.3, II.6.5.6, II.6.5.7, II.6.6.1 to II.6.6.7, II.6.14.3 to II.6.14.5 and II.27, government assistance or non-government assistance does not include an amount deemed to have been paid to the Minister for a taxation year under that division;”;

(3) by inserting the following subparagraph after subparagraph *i.2*:

“(i.3) in the case of Division II.6.0.9.2, government assistance or non-government assistance does not include

i. an amount deemed to have been paid to the Minister for a taxation year under that division, or

ii. the amount of assistance attributable to a workforce training program;”;

(4) by replacing subparagraph *ii* of subparagraph *n* by the following subparagraph:

“ii. the amount of financial assistance granted by the Ministère des Ressources naturelles et de la Faune under the Rénoclimat program or the Chauffez vert program; and”.

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2017. However, where section 1029.6.0.0.1 of the Act applies before 28 March 2018, subparagraph *b* of the second paragraph is to be read as if “to II.5.1.3” were replaced by “, II.5.1.2” and as if “II.6.0.1.11,” were struck out.

(3) Paragraph 3 of subsection 1 has effect from 1 April 2018.

(4) Paragraph 4 of subsection 1 has effect from 31 March 2018.

298. (1) The Act is amended by inserting the following section after section 1029.6.0.0.1:

“1029.6.0.0.2. A taxpayer may be deemed to have paid an amount to the Minister on account of the taxpayer’s tax payable for a taxation year under any of Divisions II to II.6.15 only to the extent that the cost, expenditure or expenses taken into account in computing that amount are reasonable in the circumstances.”

(2) Subsection 1 applies in respect of a cost, an expenditure or expenses incurred in a taxation year or a fiscal period, as the case may be, that ends after 30 June 2016.

299. (1) Section 1029.6.0.1 of the Act is amended by replacing the second paragraph by the following paragraph:

“Despite subparagraph *b* of the first paragraph, where a person or a member of a partnership may, for a taxation year, be deemed to have paid an amount to the Minister under Division II.6.0.1.11, in respect of costs under a particular contract that are incurred for the provision of services, or under Division II.6.14.2.2, in respect of costs relating to a particular contract, another taxpayer may, for any taxation year, be deemed to have paid an amount to the Minister under Division II.6.0.1.9, in respect of an expenditure, incurred in performing the particular contract, that may reasonably be considered to relate to those costs.”

(2) Subsection 1 has effect from 28 March 2018.

300. (1) Section 1029.6.0.1.2 of the Act is amended

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

“Subject to any special provisions in this chapter, a taxpayer may be deemed to have paid an amount to the Minister on account of the taxpayer’s tax payable for a particular taxation year under any of Divisions II to II.6.15 (in this paragraph referred to as the “particular division”), only if the taxpayer files with the Minister the prescribed form containing prescribed information and, if applicable, a copy of each agreement, certificate, favourable advance ruling, qualification certificate, rate schedule, receipt or report the taxpayer is required to file in accordance with that division, on or before the day that is the last of the following days:

(a) the last day of the 12-month period that follows the taxpayer’s filing-due date for the particular year; or

(b) either of the following days:

i. where a favourable advance ruling that the taxpayer is required to file with the Minister in accordance with the particular division is issued by the Société de développement des entreprises culturelles, the last day of the 3-month period that follows the date on which the ruling was given, or

ii. in any other case, the last day of the 3-month period that follows the date on which the certificate or qualification certificate that the taxpayer is required to file with the Minister in accordance with the particular division is issued.”;

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

“For the purposes of the first paragraph and subparagraph *b* of the second paragraph, a taxpayer is deemed to have filed with the Minister, within the time limit provided for in the first paragraph that is applicable to the taxpayer for a particular taxation year, a copy of the certificate, qualification certificate or favourable advance ruling which the taxpayer files with the Minister in accordance with any of Divisions II to II.6.15, if the taxpayer filed, before the expiry of that time limit, the prescribed form containing prescribed information and provided for in that division.”

(2) Paragraph 1 of subsection 1 applies to a taxation year that begins after 26 March 2015.

(3) Paragraph 2 of subsection 1 applies to a taxation year of a taxpayer for which a copy of a particular document is required to be filed with the Minister in accordance with any of Divisions II to II.6.15 of Chapter III.1 of Title III of Book IX of Part I of the Act on or before a particular date that follows 30 June 2015, provided that, if the particular date precedes 21 December 2017, the prescribed form containing prescribed information provided for in that division is filed again with the Minister for that taxation year with a copy of the particular document on or before 21 June 2018.

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

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

“(a.1) the amounts of \$663 and \$542 mentioned in section 1029.8.61.64;

“(b) the amount of \$24,105 mentioned in section 1029.8.61.64;”;

(2) by replacing subparagraphs *b.2* and *b.3* by the following subparagraphs:

“(b.2) the amounts of \$663 and \$542 mentioned in section 1029.8.61.85;

“(b.3) the amount of \$24,105 mentioned in section 1029.8.61.85;”;

(3) by replacing subparagraph *b.5* by the following subparagraph:

“(b.5) the amount of \$1,032 mentioned in section 1029.8.61.93;”;

(4) by inserting the following subparagraphs after subparagraph *b.5*:

“(b.5.0.1) the amount of \$542 mentioned in section 1029.8.61.96.3;

“(b.5.0.2) the amount of \$24,105 mentioned in section 1029.8.61.96.3;

“(b.5.0.3) the amount of \$203 mentioned in subparagraphs *i* and *ii* of subparagraph *a* of the second paragraph of section 1029.8.61.104;

“(b.5.0.4) the amounts of \$22,885 and \$37,225 mentioned in subparagraphs i and ii of subparagraph *b* of the second paragraph of section 1029.8.61.104;”;

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

“(c) the amount of \$10,482 mentioned in the definition of “eligible child” in section 1029.8.67;”;

(6) by inserting the following subparagraph after subparagraph *c*:

“(c.1) the amounts of \$5,085, \$9,660 and \$13,220 mentioned in the definition of “qualified child care expense” in section 1029.8.67;”;

(7) by replacing subparagraphs *d* and *e* by the following subparagraphs:

“(d) the amounts between \$35,950 and \$160,220 mentioned in section 1029.8.80;

“(e) the amounts between \$35,950 and \$157,545 mentioned in section 1029.8.80.3;”;

(8) by replacing subparagraph *n* by the following subparagraph:

“(n) the amount of \$584 mentioned in sections 1029.9.1, 1029.9.2 and 1029.9.2.1.”

(2) Paragraphs 1 to 7 of subsection 1 apply from the taxation year 2019. However, where section 1029.6.0.6 of the Act applies to the taxation year 2019, it is to be read without reference to subparagraphs *a.1*, *b*, *b.2*, *b.3*, *b.5* to *b.5.0.4* and *c* to *e* of the fourth paragraph.

(3) Paragraph 8 of subsection 1 applies to a taxation year in which a fiscal period of a partnership that includes 31 December of a calendar year subsequent to the calendar year 2018 ends, except where it replaces “\$500” by “\$584” in relation to sections 1029.9.1 and 1029.9.2 of the Act, in which case it applies to a taxation year that ends after 30 December 2019. However, where section 1029.6.0.6 of the Act applies to a taxation year in which a fiscal period of a partnership that includes 31 December 2019 ends or, as the case may be, a taxation year that includes that date, it is to be read without reference to subparagraph *n* of the fourth paragraph.

302. (1) Section 1029.6.0.6.2 of the Act is amended

(1) by replacing “2016” in the first paragraph by “2019”;

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

“(a) the amounts of \$121, \$139, \$292, \$372, \$567, \$687 and \$1,719, wherever they are mentioned in section 1029.8.116.16;

“(b) the amount of \$34,800 mentioned in section 1029.8.116.16; and

“(c) the amount of \$21,105 mentioned in section 1029.8.116.34.”

(2) Subsection 1 applies to a period that begins after 30 June 2019. In addition, where section 1029.6.0.6.2 of the Act applies to the period that began on 1 July 2017 or the one that began on 1 July 2018, it is to be read without reference to subparagraph *c* of the second paragraph.

303. (1) Section 1029.6.0.7 of the Act is amended

(1) by replacing “*b.6, b.7, d to f*” in the first paragraph by “*b.5.0.2, b.5.0.4, b.6, b.7, c.1 to f*”;

(2) by replacing “*b.5 to b.5.5*” in the second paragraph by “*b.5, b.5.0.1, b.5.0.3, b.5.1 to b.5.5*”.

(2) Subsection 1 applies from the taxation year 2020.

304. (1) Section 1029.6.1 of the Act is amended by replacing paragraph *a* of the definition of “tax-exempt corporation” by the following paragraph:

“(a) is exempt from tax under Book VIII;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

305. Section 1029.8.0.0.1 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

“**1029.8.0.0.1.** A taxpayer may be deemed to have paid to the Minister an amount on account of the taxpayer’s tax payable for a taxation year under section 1029.7 or 1029.8 in respect of an expenditure that is a portion of a consideration referred to in any of subparagraphs *c, e, g* and *i* of the first paragraph of that section, only if, within the time limit provided for in that paragraph that applies to the taxpayer for the year, the taxpayer files with the Minister the prescribed form referred to in the first paragraph of section 1029.6.0.1.2 and containing the following information:”.

306. (1) Section 1029.8.1 of the Act is amended by replacing subparagraph *i* of paragraph *k* by the following subparagraph:

“i. exempt from tax under Book VIII;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

307. Section 1029.8.16.1.4 of the Act is amended by replacing subparagraphs *a* to *c* of the first paragraph by the following subparagraphs:

“(a) all or part of a qualified expenditure that the taxpayer has made in Québec, that can reasonably be attributed to such research and development directly undertaken by the taxpayer in that year and that the taxpayer has paid;

“(b) all or part of a qualified expenditure that the taxpayer has made in Québec under a contract entered into with a person or partnership with which the taxpayer was not dealing at arm’s length at the time the contract was entered into, that can reasonably be attributed to such research and development directly undertaken by the person or partnership on behalf of the taxpayer in that year and that the taxpayer has paid; and

“(c) 80% of an amount representing all or part of a qualified expenditure that the taxpayer has made in Québec under a contract entered into with a person or partnership with which the taxpayer was dealing at arm’s length at the time the contract was entered into, that can reasonably be attributed to such research and development directly undertaken by the person or partnership on behalf of the taxpayer in that year and that the taxpayer has paid.”

308. Section 1029.8.16.1.5 of the Act is amended by replacing subparagraphs *a* to *c* of the first paragraph by the following subparagraphs:

“(a) all or part of a qualified expenditure that the particular partnership has made in Québec, that can reasonably be attributed to such research and development directly undertaken by the particular partnership in that fiscal period and that the particular partnership has paid;

“(b) all or part of a qualified expenditure that the particular partnership has made in Québec under a contract entered into with a person or another partnership with which a member of the particular partnership was not dealing at arm’s length at the time the contract was entered into, that can reasonably be attributed to such research and development directly undertaken by the person or the other partnership on behalf of the particular partnership in that fiscal period and that the particular partnership has paid; and

“(c) 80% of an amount representing all or part of a qualified expenditure that the particular partnership has made in Québec under a contract entered into with a person or another partnership with which all the members of the particular partnership were dealing at arm’s length at the time the contract was entered into, that can reasonably be attributed to such research and development directly undertaken by the person or the other partnership on behalf of the particular partnership in that fiscal period and that the particular partnership has paid.”

309. (1) Section 1029.8.21.17 of the Act is amended by replacing paragraph *a* of the definition of “qualified corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

310. (1) Section 1029.8.33.2 of the Act is amended, in the first paragraph,

(1) by replacing the definition of “qualified expenditure” by the following definition:

““qualified expenditure” made by an eligible taxpayer in a taxation year or by a qualified partnership in a fiscal period means an expenditure incurred by the taxpayer in the taxation year or by the partnership in the fiscal period, as the case may be, in respect of an eligible trainee, within the framework of a qualified training period, that is related to a business carried on by the taxpayer or partnership in Québec, and that corresponds to the amount determined in accordance with section 1029.8.33.3 in respect of the eligible trainee for a week completed in the taxation year or fiscal period, as the case may be;”;

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

““Native person”, at a particular time in a qualified training period, means a person who, at that time, is

(a) an Indian registered under the Indian Act (Revised Statutes of Canada, 1985, chapter I-5); or

(b) an Inuit beneficiary under the Act respecting Cree, Inuit and Naskapi Native persons (chapter A-33.1);”;

(3) by replacing paragraph *a* of the definition of “qualified corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII; or”.

(2) Paragraph 1 of subsection 1 applies in respect of an expenditure incurred in a taxation year or a fiscal period, as the case may be, that ends after 30 June 2016.

(3) Paragraph 2 of subsection 1 applies in respect of a qualified expenditure incurred after 27 March 2018 in relation to a qualified training period that begins after that date.

(4) Paragraph 3 of subsection 1 applies to a taxation year that begins after 31 December 2018.

311. (1) Section 1029.8.33.3 of the Act is amended

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

“ii. the amount obtained by multiplying the number of hours, determined under section 1029.8.33.4, devoted by an eligible supervisor to the supervision of an eligible trainee during the week within the framework of the qualified training period by \$35 if the qualified training period begins after 27 March 2018, and \$30 in any other case; and”;

(2) by replacing the fifth and sixth paragraphs by the following paragraphs:

“The weekly limit referred to in the first paragraph is \$700 if the qualified training period begins after 27 March 2018, \$600 if the qualified training period begins after 31 December 2006 and before 28 March 2018, and \$500 in any other case.

The hourly rate referred to in the first paragraph is \$21 if the qualified training period begins after 27 March 2018, \$18 if the qualified training period begins after 31 December 2006 and before 28 March 2018, and \$15 in any other case.”

(2) Subsection 1 applies in respect of a qualified expenditure incurred after 27 March 2018 in relation to a qualified training period that begins after that date.

312. (1) Section 1029.8.33.4.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) the amounts of “\$700”, “\$600” and “\$500” in the fifth paragraph of section 1029.8.33.3 are to be replaced by the amounts of “\$875”, “\$750” and “\$625”, respectively; and”.

(2) Subsection 1 applies in respect of a qualified expenditure incurred after 27 March 2018 in relation to a qualified training period that begins after that date.

313. (1) Section 1029.8.33.4.3 of the Act is amended by inserting the following paragraph after paragraph *a*:

“(a.1) the amount of “\$700” in the fifth paragraph of section 1029.8.33.3 is to be replaced by an amount of “\$875” or, if section 1029.8.33.4.1 applies, the amount of “\$875” that, because of section 1029.8.33.4.1, replaces that amount of “\$700” is itself to be replaced by an amount of “\$1,225”; and”.

(2) Subsection 1 applies in respect of a qualified expenditure incurred after 27 March 2018 in relation to a qualified training period that begins after that date.

314. (1) Section 1029.8.33.7.2 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) where the eligible taxpayer referred to in either of those sections is a qualified corporation, the percentage of 12% mentioned in the first paragraph of that section is to be replaced,

i. where the qualified expenditure is made in respect of an eligible trainee who is an immigrant, a Native person or a disabled person, or who is serving a qualified training period in an establishment of the trainee’s employer that is situated in an eligible region, by a percentage of 32% in respect of that expenditure, and

ii. in any other case, by a percentage of 24%; and

“(b) where the eligible taxpayer referred to in either of those sections is an individual (other than a tax-exempt individual) and the qualified expenditure is made in respect of an eligible trainee who is an immigrant, a Native person or a disabled person, or who is serving a qualified training period in an establishment of the trainee’s employer that is situated in an eligible region, the percentage of 12% mentioned in the first paragraph of that section is to be replaced, in respect of that expenditure, by a percentage of 16%.”

(2) Subsection 1 applies in respect of a qualified expenditure incurred after 27 March 2018 in relation to a qualified training period that begins after that date.

315. (1) Section 1029.8.33.7.3 of the Act is amended, in the first paragraph,

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

“i. where the student trainee is an immigrant, a Native person or a disabled person, or is serving a qualified training period in an establishment of the trainee’s employer that is situated in an eligible region, by a percentage of 50%, and”;

(2) by replacing subparagraph i of subparagraph *b* by the following subparagraph:

“i. where the student trainee is an immigrant, a Native person or a disabled person, or is serving a qualified training period in an establishment of the trainee’s employer that is situated in an eligible region, by a percentage of 25%, and”.

(2) Subsection 1 applies in respect of a qualified expenditure incurred after 27 March 2018 in relation to a qualified training period that begins after that date.

316. (1) Section 1029.8.33.11.1 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) is exempt from tax for the year under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

317. (1) The Act is amended by inserting the following division after section 1029.8.33.11.20:

“DIVISION II.5.1.3

“CREDIT FOR THE TRAINING OF WORKERS EMPLOYED BY SMALL AND MEDIUM-SIZED BUSINESSES

“§1. — *Interpretation and general rules*

“1029.8.33.11.21. In this division,

“eligible employee” of an eligible employer for a taxation year or a fiscal period, as the case may be, means an employee of an establishment of the employer situated in Québec, other than an excluded employee at a particular time in that year or fiscal period, who meets the following conditions:

(a) the employee holds, in the year or fiscal period, a full-time employment requiring at least 26 hours of work per week, for an expected minimum period of 40 weeks; and

(b) the employee’s duties, for the year or fiscal period, consist in undertaking or directly supervising activities of the eligible employer in an establishment of that employer situated in Québec;

“eligible employer” means a qualified corporation for a taxation year or a qualified partnership for a fiscal period the total payroll of which is, for the taxation year or fiscal period, less than \$7,000,000;

“eligible training” means training taken by an eligible employee with a recognized educational institution but does not include a course taken because the eligible employer is required to comply with a law or regulation;

“eligible training fees” of an eligible employer for a taxation year or a fiscal period, as the case may be, means, subject to the second paragraph, the aggregate of all amounts each of which is the salary or wages, computed on an hourly basis, incurred after 27 March 2018 and before 1 January 2023 by the eligible employer in respect of an eligible employee for that year or fiscal period, to the extent that the salary or wages are payable in currency and are attributable to an eligible training period of the eligible employee;

“eligible training period” of an eligible employee means, subject to the third paragraph, all of the hours included in a standard workweek of the eligible employee during which the employee is released from his or her regular duties to attend eligible training;

“excluded corporation” for a taxation year means a corporation that

(a) is exempt from tax for the year under Book VIII; or

(b) would be exempt from tax for the year under section 985, but for section 192;

“excluded employee” of an eligible employer at a particular time means,

(a) where the employer is a corporation, an employee who is, at that time, a specified shareholder of the corporation or, where the corporation is a cooperative, a specified member of the corporation;

(b) where the employer is a partnership, an employee who

i. is, at that time, a specified shareholder or specified member, as the case may be, of a member of that partnership, or

ii. is not, at that time, dealing at arm’s length with a member of the partnership, or with a specified shareholder or specified member, as the case may be, of that member;

(c) an employee in respect of whom it may reasonably be considered that one of the purposes for which the employee works for the eligible employer would be to allow, but for this paragraph, the employer or a corporation that is a member of the employer to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.33.11.22 or 1029.8.33.11.23, as the case may be; or

(d) an employee in respect of whom it may reasonably be considered that the conditions of employment with the eligible employer have been changed mainly to allow, but for this paragraph, the employer or a corporation that is a member of the employer to be deemed to have paid, in respect of the employee, an amount to the Minister under section 1029.8.33.11.22 or 1029.8.33.11.23, as the case may be, or to increase an amount that the employer or a corporation that is a member of the employer would be deemed, but for this paragraph, to have paid to the Minister under either of those sections in respect of the employee;

“qualified corporation” for a taxation year means a corporation (other than an excluded corporation for the year) that, in the year, carries on a business in Québec and has an establishment in Québec;

“qualified partnership” for a fiscal period means a partnership that, in the fiscal period, carries on a business in Québec and has an establishment in Québec;

“recognized educational institution” means an educational institution that is

(a) a secondary-level or college-level educational institution under the authority of the Ministère de l'Éducation, du Loisir et du Sport or of the Ministère de l'Enseignement supérieur, de la Recherche, de la Science et de la Technologie;

(b) an educational institution accredited for purposes of subsidies under section 77 of the Act respecting private education (chapter E-9.1);

(c) an educational institution mentioned in the list established by the Minister of Higher Education, Research, Science and Technology under any of subparagraphs 1 to 3 of the first paragraph or of the second paragraph of section 56 of the Act respecting financial assistance for education expenses (chapter A-13.3); or

(d) an educational institution operated by a person holding a permit issued, for that educational institution, by the Minister of Education, Recreation and Sports or by the Minister of Higher Education, Research, Science and Technology under section 12 of the Act respecting private education, provided that it offers a vocational education or vocational training program referred to in Chapter I of that Act;

“salary or wages” means the income computed under Chapters I and II of Title II of Book III, but does not include directors' fees, premiums, incentive bonuses, overtime compensation, other than remuneration related to eligible training, for hours done in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III;

“specified member” of a corporation that is a cooperative at any time means a member having, directly or indirectly, at that time, at least 10% of the votes at a meeting of the members of the cooperative;

“total payroll” of an eligible employer for a taxation year or a fiscal period, as the case may be, means the total payroll of the eligible employer for that year or fiscal period, determined in accordance with Division I of Chapter IV of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5).

For the purposes of the definition of “eligible training fees” in the first paragraph, the following rules apply:

(a) the salary or wages incurred by an eligible employer in respect of an eligible employee for an hour included in an eligible training period are deemed to be equal to the lesser of the salary or wages otherwise determined and \$35; and

(b) where the conditions of an eligible employee’s contract of employment do not allow the employee’s salary or wages to be computed on an hourly basis, the salary or wages are deemed to be equal to the quotient obtained by dividing the employee’s salary or wages computed on an annual basis by 2,080.

For the purposes of the definition of “eligible training period” in the first paragraph, the following rules apply:

(a) the number of hours during which an employee is released from the employee’s regular duties to attend eligible training that are included in a standard workweek of the employee is deemed to be equal to the lesser of that number of hours otherwise determined and 40; and

(b) the number of hours determined in accordance with subparagraph *a*, in relation to an eligible employee of an eligible employer, for all of the eligible employee’s standard workweeks that are included in a taxation year or fiscal period of the eligible employer, as the case may be, is deemed to be equal to the lesser of that number of hours otherwise determined and 520.

“§2.— *Credits*

“1029.8.33.11.22. An eligible employer that is a qualified corporation for a taxation year, incurs eligible training fees in the year and encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the fourth paragraph, to have paid to the Minister on the eligible employer’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the product obtained by multiplying the amount of the eligible training fees, to the extent that those fees have been paid, by the rate determined in respect of the eligible employer for the year in accordance with the second paragraph.

The rate to which the first paragraph refers for a taxation year of the eligible employer is

(a) where the eligible employer's total payroll for the year does not exceed \$5,000,000, 30%; and

(b) where the eligible employer's total payroll for the year exceeds \$5,000,000 and is less than \$7,000,000, the amount by which 30% exceeds the rate determined by the formula

$$30\% [(A - \$5,000,000)/\$2,000,000].$$

In the formula in the second paragraph, A is the eligible employer's total payroll for the year.

For the purpose of computing the payments that an eligible employer referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the employer is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.8.33.11.23. Where, in a fiscal period, an eligible employer that is a qualified partnership incurs eligible training fees, each corporation, other than an excluded corporation, that is a member of that partnership at the end of the fiscal period and encloses the prescribed form containing prescribed information with the fiscal return the corporation is required to file under section 1000 for the corporation's taxation year in which the fiscal period ends is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the product obtained by multiplying the corporation's share of the eligible training fees, to the extent that those fees have been paid, by the rate determined in respect of the eligible employer for the fiscal period in accordance with the second paragraph.

The rate to which the first paragraph refers for a fiscal period of the eligible employer is

(a) where the eligible employer's total payroll for the fiscal period does not exceed \$5,000,000, 30%; and

(b) where the eligible employer's total payroll for the fiscal period exceeds \$5,000,000 and is less than \$7,000,000, the amount by which 30% exceeds the rate determined by the formula

$$30\% [(A - \$5,000,000)/\$2,000,000].$$

In the formula in the second paragraph, A is the eligible employer's total payroll for the fiscal period.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of the corporation's tax payable for the year under this Part and of the corporation's tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

For the purposes of the first paragraph, the corporation's share of eligible training fees incurred by an eligible employer that is a qualified partnership in a fiscal period is equal to the agreed proportion of the fees in respect of the corporation for the fiscal period.

“1029.8.33.11.24. For the purpose of computing the amount that is deemed to have been paid to the Minister by a corporation, for a taxation year, under section 1029.8.33.11.22 or 1029.8.33.11.23, the following rules apply:

(a) the amount of the salary or wages considered in the corporation's eligible training fees referred to in the first paragraph of section 1029.8.33.11.22 is to be reduced, if applicable, by the amount of any government assistance or non-government assistance, attributable to the salary or wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year; and

(b) the corporation's share of the salary or wages considered in the eligible training fees referred to in the first paragraph of section 1029.8.33.11.23 of a qualified partnership of which the corporation is a member, for a fiscal period of the partnership that ends in the corporation's taxation year, is to be reduced, if applicable,

i. by the corporation's share of the amount of any government assistance or non-government assistance, attributable to the salary or wages, that the qualified partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of any government assistance or non-government assistance, attributable to the salary or wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the corporation's share, for the qualified partnership's fiscal period, of the amount of any government assistance or non-government assistance that the qualified partnership has received, is entitled to receive or may reasonably expect to receive, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

“1029.8.33.11.25. Where, in respect of salary or wages considered in the eligible training fees incurred by a qualified corporation in a taxation year or by a qualified partnership in a fiscal period in relation to eligible training, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the eligible training, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that is deemed to have been paid to the Minister, for the taxation year, by the qualified corporation under section 1029.8.33.11.22, the amount of the salary or wages is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation's filing-due date for the taxation year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister under section 1029.8.33.11.23 by a corporation that is a member of the qualified partnership for the corporation's taxation year in which the fiscal period ends, the corporation's share of the salary or wages is to be reduced, if applicable,

i. by the corporation's share of the amount of the benefit or advantage that a partnership or a person, other than a person referred to in subparagraph ii, has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of the benefit or advantage that the corporation or a person with whom it does not deal at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the corporation's share, for the qualified partnership's fiscal period, of the amount of the benefit or advantage that a partnership or a person has obtained, is entitled to obtain or may reasonably expect to obtain, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

“1029.8.33.11.26. Where, before 1 January 2025, a corporation pays, in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *a* of the first paragraph of section 1029.8.33.11.24, salary or wages considered in the eligible training fees of the corporation for a particular taxation year for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the particular taxation year under section 1029.8.33.11.22, the corporation is deemed, if the corporation encloses the prescribed form containing prescribed information with the fiscal return the corporation is required to file for the repayment year under section 1000, to have paid to the Minister on the corporation's balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.33.11.22, in respect of the eligible training fees, if any amount of such assistance so repaid at or before the end of the repayment year had reduced, for the particular taxation year, the amount of any government assistance or non-government assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.33.11.24, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.22 for the particular taxation year in respect of the eligible training fees; and

(*b*) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

“1029.8.33.11.27. Where, before 1 January 2025, a partnership pays, in a fiscal period (in this section referred to as the “fiscal period of repayment”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.33.11.24, a corporation’s share of the salary or wages considered in the partnership’s eligible training fees for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.23, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.33.11.23 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(*a*) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.33.11.23, for its taxation year in which the particular fiscal period ends, in respect of the partnership’s eligible training fees, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(*b*) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The particular amount to which the first paragraph refers is to be computed as if

(*a*) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.33.11.24; and

(*b*) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

“1029.8.33.11.28. Where, before 1 January 2025, a corporation is a member of a partnership at the end of a fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) and pays, in the fiscal period of repayment, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.33.11.24, its share of the salary or wages considered in the partnership’s eligible training fees for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.33.11.23, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.33.11.23 for its taxation year in which the particular fiscal period ends, in respect of the share, exceeds the aggregate of

(*a*) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.33.11.23 for its taxation year in which the particular fiscal period ends, in respect of the share, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(*b*) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The particular amount to which the first paragraph refers is to be computed as if

(*a*) any amount of assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.33.11.24; and

(*b*) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

“1029.8.33.11.29. For the purposes of sections 1029.8.33.11.26 to 1029.8.33.11.28, an amount of assistance is deemed to be repaid by a corporation or a partnership, as the case may be, at a particular time, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.33.11.24, salary or wages considered in eligible training fees or the share of a corporation that is a member of the partnership of the salary or wages considered in such fees, for the purpose of computing the amount that the corporation or the corporation that is a member of the partnership is deemed to have paid to the Minister for a taxation year under section 1029.8.33.11.22 or 1029.8.33.11.23;

(b) was not received by the corporation or partnership; and

(c) ceased at the particular time to be an amount that the corporation or partnership could reasonably expect to receive.”

(2) Subsection 1 has effect from 28 March 2018.

318. (1) Section 1029.8.34 of the Act is amended

(1) by replacing subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph by the following subparagraphs:

“(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in paragraph *b* of the definition of “expenditure for services rendered outside the Montréal area” in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, up to the product obtained by multiplying the conversion factor determined in respect of the property under the ninth paragraph by the amount of the tax under Part III.1 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i in relation to that assistance, and

“(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the corporation’s expenditure for services rendered outside the Montréal area or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the corporation’s qualified expenditure for services rendered outside the Montréal area in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor determined in respect of the property under the ninth paragraph by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 for a year preceding the year because of subparagraph i of subparagraph c of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds”;

(2) by replacing subparagraph ii of paragraph *b* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph by the following subparagraph:

“ii. the amount by which the aggregate of all amounts each of which is the corporation’s qualified expenditure for services rendered outside the Montréal area in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor determined in respect of the property under the ninth paragraph by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 in respect of the property for a taxation year preceding the year;”;

(3) by replacing subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph by the following subparagraphs:

“(2) any repayment made in the year by the corporation, another person or a partnership, as the case may be, pursuant to a legal obligation, of any assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph ii or in paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in respect of a taxation year for which the corporation is a qualified corporation, or of any other assistance that was received by the corporation, the other person or the partnership and that is referred to, in relation to the property, in subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, up to the product obtained by multiplying the conversion factor determined in respect of the property under the tenth paragraph by the amount of the tax under Part III.1 that the corporation is required to pay in a taxation year preceding the year because of that subparagraph i in relation to that assistance, and

“(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the corporation’s computer-aided special effects and animation expenditure or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the corporation’s qualified computer-aided special effects and animation expenditure in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor determined in respect of the property under the tenth paragraph by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 for a year preceding the year because of subparagraph i of subparagraph c of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds”;

(4) by replacing subparagraph ii of paragraph *b* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph by the following subparagraph:

“ii. the amount by which the aggregate of all amounts each of which is the corporation’s qualified computer-aided special effects and animation expenditure in respect of the property, for a taxation year before the end of which an application for an advance ruling or, in the absence of such an application, an application for a certificate was filed in respect of that property with the Société de développement des entreprises culturelles and which precedes the year, exceeds the product obtained by multiplying the conversion factor determined in respect of the property under the tenth paragraph by the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 in respect of the property for a taxation year preceding the year;”;

(5) by replacing the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a Québec film production means, subject to the second paragraph, the aggregate of the following amounts included in the production cost, cost or capital cost, as the case may be, of the property to the corporation:”;

(6) by replacing subparagraphs ii and iii of paragraph *b* of the definition of “labour expenditure” in the first paragraph by the following subparagraphs:

“ii. a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation referred to in subparagraph iv, a corporation described in paragraph *a.2* or *a.4* of the definition of “qualified corporation” (in this definition referred to as an “excluded corporation”), or a corporation that is not dealing at arm’s length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation’s eligible employees who rendered services as part of the production of the property,

“iii. despite subparagraph ii, a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm’s length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation’s eligible employees who rendered services exclusively at the post-production stage of the property;”;

(7) by replacing subparagraphs ii and iii of paragraph *b.1* of the definition of “labour expenditure” in the first paragraph by the following subparagraphs:

“ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not an excluded corporation, or a corporation that is not dealing at arm’s length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

“iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm’s length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or”;

(8) by replacing subparagraphs ii and iii of paragraph *b.2* of the definition of “labour expenditure” in the first paragraph by the following subparagraphs:

“ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not an excluded corporation, or a corporation that is not dealing at arm’s length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

“iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm’s length with an excluded corporation, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or”;

(9) by replacing “conversion factor applicable to the property, specified in the eleventh paragraph,” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “conversion factor determined in respect of the property under the twelfth paragraph”;

(10) by inserting the following definition in alphabetical order in the first paragraph:

““eligible online video service” means an online video service that carries other pre-screened or pre-qualified content, is accessible in Québec, has Québec as part of its target audience and is considered to be an acceptable online service for the purposes of Public Notice 2017-01 of the Canadian Audio-Visual Certification Office;”;

(11) by replacing paragraph *a.1* of the definition of “qualified corporation” in the first paragraph by the following paragraph:

“(a.1) a corporation that, at any time in the year or during the 24 months preceding the year, would be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by that particular person;”;

(12) by inserting the following paragraphs after paragraph *a.3* of the definition of “qualified corporation” in the first paragraph:

“(a.4) a corporation that, at any time in the year or during the 24 months preceding the year, is an eligible online video service provider;

“(a.5) a corporation that, at any time in the year or during the 24 months preceding the year, is not dealing at arm’s length with another corporation that is an eligible online video service provider, unless the corporation holds, for that year, a qualification certificate issued by the Société de développement des entreprises culturelles for the purposes of this division; or”;

(13) by replacing subparagraphs 3 and 4 of subparagraph i of subparagraph *c.1* of the second paragraph by the following subparagraphs:

“(3) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is described in paragraph *a.2* or *a.4* of the definition of “qualified corporation” (in this subparagraph *c.1* referred to as an “excluded corporation”), for services rendered as part of the production of the property, or

“(4) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not dealing at arm’s length with an excluded corporation for services rendered at a stage of production of the property that is not the post-production stage;”;

(14) by replacing subparagraphs *iv* and *v* of subparagraph *c.1* of the second paragraph by the following subparagraphs:

“*iv.* the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, is an excluded corporation, for services rendered as part of the production of the property, and

“*v.* the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, is not dealing at arm’s length with a corporation that is an excluded corporation, for services rendered at a stage of production of the property that is not the post-production stage;”;

(15) by striking out subparagraph *a* of the fourth paragraph;

(16) by replacing subparagraph *b* of the fifth paragraph by the following subparagraph:

“(b) an expenditure that would, but for this subparagraph, be a labour expenditure of a corporation for a particular taxation year in respect of a property that is a Québec film production or would constitute production costs directly attributable to the production of such a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.35 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property.”;

(17) by replacing the ninth paragraph by the following paragraph:

“For the purpose of determining the qualified expenditure for services rendered outside the Montréal area of a corporation in respect of a property for a taxation year, the conversion factor applicable to the property is the factor determined by the formula

$1/A$.”;

(18) by inserting the following paragraph after the ninth paragraph:

“For the purpose of determining the qualified computer-aided special effects and animation expenditure of a corporation in respect of a property for a taxation year, the conversion factor applicable to the property is the factor determined by the formula

$1/B$.”;

(19) by replacing the eleventh paragraph by the following paragraph:

“For the purpose of determining the qualified labour expenditure of a corporation in respect of a property for a taxation year, the conversion factor applicable to the property is the factor determined by the formula

$1/(C + D)$.”;

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

“In the formulas in the ninth, tenth and twelfth paragraphs,

(a) A is the percentage applicable to the amount of the qualified expenditure for services rendered outside the Montréal area for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *a.1* of the first paragraph of section 1029.8.35;

(b) B is the percentage applicable to the amount of the qualified computer-aided special effects and animation expenditure for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *b* of the first paragraph of section 1029.8.35;

(c) C is the percentage applicable to the amount of the qualified labour expenditure for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *a* of the first paragraph of section 1029.8.35; and

(d) D is the percentage applicable to the amount of the qualified labour expenditure for a taxation year in respect of the property that was used to determine the amount deemed to be paid in respect of the property for that year under subparagraph *c* of the first paragraph of section 1029.8.35.”

(2) Paragraphs 1 to 4, 9 and 17 to 20 of subsection 1 have effect from 28 March 2017.

(3) Paragraphs 5 and 15 of subsection 1 apply in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

(4) Paragraphs 6 to 8, 10 and 12 to 14 of subsection 1 apply in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 27 March 2018.

319. (1) Section 1029.8.34.1 of the Act is amended

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

“1029.8.34.1. Despite Chapter IV of Title II of Book I, where, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to another corporation that is described in paragraph *a.2* or *a.4* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34 (in this section and section 1029.8.34.2 referred to as the “excluded corporation”) as a consequence of the particular corporation and the excluded corporation being controlled at that time by a specified entity, within the meaning of section 1029.8.34.3, no right referred to in paragraph *b* of section 20 that is held by the specified entity in relation to shares of the capital stock of the particular corporation and the excluded corporation is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm’s length with the excluded corporation for the purposes of the following provisions:”;

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

“(b) paragraphs *a.3* and *a.5* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34; and”;

(3) by replacing the second paragraph by the following paragraph:

“Despite Chapter IV of Title II of Book I, where, at any time, a particular corporation would, but for this paragraph, be deemed to be related to an excluded corporation under subsection 2 of section 19 as a consequence of the particular corporation and the excluded corporation being related at that time to the same corporation (in this paragraph referred to as the “third corporation”), no right referred to in paragraph *b* of section 20 that is held by a specified entity in relation to shares of the capital stock of the particular corporation, the excluded corporation and the third corporation is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm’s length with the excluded corporation for the purposes of the provisions referred to in subparagraphs *a* to *c* of the first paragraph.”

(2) Subsection 1 applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 27 March 2018.

320. (1) Section 1029.8.34.2 of the Act is amended

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

“1029.8.34.2. Despite Chapter IV of Title II of Book I, where, at any time in a taxation year that ends before 1 March 2014 or begins after 26 March 2015, a particular corporation would, but for this paragraph, be related to an excluded corporation as a consequence of the particular corporation and the excluded corporation being controlled at that time by the same group of persons that includes one or more specified entities, within the meaning of section 1029.8.34.3, neither the shares of the capital stock of the particular corporation and the excluded corporation owned by any specified entity that is a member of that group, nor any right referred to in paragraph *b* of section 20 that is held by any specified entity that is a member of that group in relation to shares of the capital stock of the particular corporation and the excluded corporation is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm’s length with the excluded corporation for the purposes of the following provisions:”;

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

“(b) paragraphs *a.3* and *a.5* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34; and”;

(3) by replacing the second paragraph by the following paragraph:

“However, the first paragraph does not apply where a specified entity is a member at a particular time of a group of persons that controls several corporations, including the particular corporation and the excluded corporation, and where, at that time, the specified entity acts in concert with one or more members of that group to control those corporations.”

(2) Subsection 1 applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 27 March 2018.

321. (1) Section 1029.8.35 of the Act is amended

(1) by replacing subparagraphs 1 and 2 of subparagraph *i* of subparagraph *a.1* of the first paragraph by the following subparagraphs:

“(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 28 March 2017, 10%,

“(2) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property before 29 March 2017 and after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 8%, or”;

(2) by adding the following subparagraph at the end of subparagraph i of subparagraph *a.1* of the first paragraph:

“(3) in any other case, 9.1875% if the taxation year ends before 1 January 2009, or 10% if it ends after 31 December 2008, or”;

(3) by replacing subparagraphs 1 and 2 of subparagraph ii of subparagraph *a.1* of the first paragraph by the following subparagraphs:

“(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 28 March 2017, 20%,

“(2) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property before 29 March 2017 and after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 16%, or”;

(4) by adding the following subparagraph at the end of subparagraph ii of subparagraph *a.1* of the first paragraph:

“(3) in any other case, 19.3958% if the taxation year ends before 1 January 2009, or 20% if it ends after 31 December 2008;”;

(5) by replacing subparagraphs i and ii of subparagraph *b* of the first paragraph by the following subparagraphs:

“i. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 28 March 2017, 10%,

“ii. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property before 29 March 2017 and after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 8%, or”;

(6) by adding the following subparagraph at the end of subparagraph *b* of the first paragraph:

“iii. in any other case,

(1) if an amount included in computing the corporation’s qualified computer-aided special effects and animation expenditure for the year in respect of the property was incurred before 1 January 2009, 10.2083%, or

(2) if subparagraph 1 does not apply, 10%; and”;

(7) by replacing subparagraph *c* of the first paragraph by the following subparagraph:

“(c) one of the following amounts:

i. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 28 March 2017, and where the corporation encloses with the fiscal return it is required to file for the year a copy of the valid certificate issued to it by the Société de développement des entreprises culturelles in respect of the property certifying that the property qualifies for the tax credit enhancement determined by reference to public financial assistance, the amount obtained by multiplying its qualified labour expenditure by the rate determined by the formula

$16\% \times [(32\% - A)/32\%]$, or

ii. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property before 29 March 2017, and where the corporation encloses with the fiscal return it is required to file for the year a copy of the valid certificate issued to it by the Société de développement des entreprises culturelles in respect of the property certifying that the property qualifies for the tax credit enhancement applicable to certain productions that do not receive an amount of financial assistance granted by a public body and that none of the amounts of assistance referred to in subparagraphs ii to viii.5 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted for the production of the property,

(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 8% of the corporation’s qualified labour expenditure for the year in respect of the property, or

(2) in any other case, 10% of the portion of its qualified labour expenditure for the year in respect of the property that may reasonably be considered to be attributable to a labour expenditure incurred after 31 December 2008 in respect of the property.”;

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

“In the formula in subparagraph *i* of subparagraph *c* of the first paragraph, *A* is the proportion that the aggregate of all amounts each of which is the amount of financial assistance granted for the production of the property and referred to in any of subparagraphs *ii* to *viii.5* of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is of the aggregate of the production costs attributable to the production of the property that would be referred to in subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.34 if that subparagraph *i* were read as if “incurred by the corporation before the end of the year” were replaced by “incurred by the corporation”.”

(2) Subsection 1 has effect from 28 March 2017.

322. (1) Section 1029.8.35.3 of the Act is amended

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

“(a) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 28 March 2017,

i. if the favourable advance ruling given and the certificate issued in relation to the property specify that the property is a film adapted from a foreign format, 62%, or

ii. if the favourable advance ruling given and the certificate issued in relation to the property do not specify that the property is a film adapted from a foreign format, 66%.”;

(2) by inserting the following paragraph after paragraph *a*:

“(a.0.1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 and before 27 March 2015 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date and before 27 March 2015, or where an application for a favourable advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de

développement des entreprises culturelles in respect of the property after 26 March 2015 and before 29 March 2017, if the favourable advance ruling given and the certificate issued in relation to the property specify that the property is a film adapted from a foreign format, 52%.”;

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

“(a.1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 26 March 2015 and before 29 March 2017, if the favourable advance ruling given and the certificate issued in relation to the property do not specify that the property is a film adapted from a foreign format, 56%; or”.

(2) Subsection 1 has effect from 28 March 2017.

323. (1) Section 1029.8.36.0.0.1 of the Act is amended

(1) by replacing the portion of the definition of “qualified film dubbing expenditure” in the first paragraph before paragraph *a* by the following:

““qualified film dubbing expenditure” of a corporation for a taxation year in respect of the production of a property that is a qualified production means, where the taxation year begins after 27 March 2018, the amount referred to in paragraph *a* and, in any other case, the lesser of”;

(2) by replacing the portion of the definition of “film dubbing expenditure” in the first paragraph before paragraph *a* by the following:

““film dubbing expenditure” of a corporation for a taxation year in respect of the production of a property that is a qualified production means, subject to the second paragraph, the aggregate of”;

(3) by replacing subparagraph *b* of the fifth paragraph by the following subparagraph:

“(b) an expenditure that would, but for this subparagraph, be a film dubbing expenditure of a corporation for a particular taxation year in respect of the production of a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.2 for that particular year, in respect of the production of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in that particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the production of the property.”

(2) Paragraph 1 of subsection 1 has effect from 28 March 2018.

(3) Paragraph 2 of subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

324. (1) Section 1029.8.36.0.0.4 of the Act is amended

(1) by replacing the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means, subject to the second paragraph, the aggregate of”;

(2) by replacing the portion of the definition of “production costs” in the first paragraph before paragraph *a* by the following:

““production costs” to a corporation for a taxation year, in respect of a property that is a qualified production, means, subject to the third paragraph, the aggregate of”;

(3) by replacing the definition of “qualified low-budget production” in the first paragraph by the following definition:

““qualified low-budget production” for a taxation year means a property that is a production, other than a qualified production or an excluded production, in respect of which an application for an approval certificate was filed with the Société de développement des entreprises culturelles before 29 March 2017 and in respect of which the Société de développement des entreprises culturelles certifies, on the approval certificate it issues to a corporation in respect of the production, that the production is recognized as a qualified low-budget production for the purposes of this division;”;

(4) by replacing “that is” in the portion of the definition of “excluded corporation” in the first paragraph before paragraph *b* by “that”;

(5) by replacing paragraphs *b* and *c* of the definition of “excluded corporation” in the first paragraph by the following paragraphs:

“(b) is exempt from tax for the year under Book VIII;

“(c) is controlled, directly or indirectly in any manner whatever, by one or more corporations exempt from tax under Book VIII at any time in the year and whose mission is cultural;”;

(6) by replacing paragraphs *e* and *f* of the definition of “excluded corporation” in the first paragraph by the following paragraphs:

“(e) is holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission; or

“(f) is not, at any time in the year or during the 24 months preceding the year, dealing at arm’s length with another corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission unless the corporation holds, for that year, a qualification certificate issued by the Société de développement des entreprises culturelles for the purposes of this division;”;

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

“For the purposes of this division, an expenditure that would, but for this paragraph, qualify as a corporation’s “production costs” for a particular taxation year in respect of the production of a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.5 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property.”

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

(3) Paragraph 3 of subsection 1 has effect from 29 March 2017.

325. (1) Section 1029.8.36.0.0.7 of the Act is amended

(1) by replacing the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified property means, subject to the second paragraph, the aggregate of”;

(2) by replacing paragraph *a.1* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a.1) a corporation that would, at any time in the year or during the 24 months preceding the year, be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by the particular person;”;

(3) by replacing subparagraph *b* of the third paragraph by the following subparagraph:

“(b) an expenditure that would, but for this subparagraph, be a labour expenditure of a corporation for a particular taxation year in respect of a property that is a qualified property or would constitute production costs directly attributable to the production of such a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.8 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property; and”;

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

“i. the portion of the production costs, other than the production fees and administration costs, to the extent that they are included in the production cost, cost or capital cost, as the case may be, of the property to the corporation, and

“ii. the production fees and administration costs;”.

(2) Paragraphs 1 and 4 of subsection 1 apply in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

326. (1) Section 1029.8.36.0.0.10 of the Act is amended

(1) by replacing the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified performance means, subject to the second paragraph, the aggregate of the following amounts, but does not include any amount relating to the broadcasting or promotion of the property:”;

(2) by replacing paragraph *a.1* of the definition of “qualified corporation” in the first paragraph by the following paragraph:

“(a.1) a corporation that, at any time in the year or during the 24 months preceding the year, would be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by the particular person;”;

(3) by replacing subparagraph *b* of the third paragraph by the following subparagraph:

“(b) an expenditure that would, but for this subparagraph, be a labour expenditure of a corporation for a particular taxation year in respect of a property that is a qualified performance or would constitute production costs directly attributable to the production of such a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.11 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property.”;

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

“i. the portion of the production costs, other than the production fees and administration costs, to the extent that they are included in the production cost, cost or capital cost, as the case may be, of the property to the corporation, and

“ii. the production fees and administration costs;”.

(2) Paragraphs 1 and 4 of subsection 1 apply in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

327. (1) Section 1029.8.36.0.0.12.1 of the Act is amended

(1) by replacing the portion of the definition of “labour expenditure” in the first paragraph before paragraph *a* by the following:

““labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means, subject to the second and third paragraphs, the aggregate of the following amounts, but does not include any amount relating to the promotion of the property:”;

(2) by replacing paragraph *b* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(b) a corporation that would, at any time in the year or during the 24 months preceding the year, be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by the particular person;”;

(3) by replacing subparagraph *b* of the third paragraph by the following subparagraph:

“(b) an expenditure that would, but for this subparagraph, be a labour expenditure of a corporation for a particular taxation year in respect of a property that is a qualified production or would constitute production costs directly attributable to the production of such a property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.12.2 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property; and”;

(4) by replacing the portion of subparagraph *a* of the fifth paragraph before subparagraph *i* by the following:

“(a) the production costs directly attributable to the production of a property that is described in paragraph *a* of the definition of “qualified production” in the first paragraph are the following amounts, but do not include however the costs incurred for the promotion of the property:”.

(2) Paragraphs 1 and 4 of subsection 1 apply in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

328. (1) Section 1029.8.36.0.0.12.2 of the Act is amended by replacing the third paragraph by the following paragraph:

“The amount that a corporation is deemed to have paid to the Minister, under the first paragraph, on account of its tax payable for a taxation year under this Part in respect of a property that is a qualified production for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles before 28 March 2018, must not exceed the amount by which, where the property is co-produced by the corporation and one or more other qualified corporations, the amount obtained by applying to \$350,000

the corporation's share, expressed as a percentage, of the production costs in relation to the production of the property that is specified in the favourable advance ruling given or the qualification certificate issued, as the case may be, by the Société de développement des entreprises culturelles in respect of the property or, in any other case, \$350,000, exceeds the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under that paragraph in respect of the property for a preceding taxation year exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under section 1129.4.0.16.2 in respect of the property for a preceding taxation year."

(2) Subsection 1 has effect from 27 March 2018.

329. (1) Section 1029.8.36.0.0.13 of the Act is amended

(1) by replacing the portion of the definition of "labour expenditure attributable to printing and reprinting costs" in the first paragraph before paragraph *a* by the following:

"“labour expenditure attributable to printing and reprinting costs” of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the third and fourth paragraphs, the aggregate of”;

(2) by replacing the portion of the definition of "labour expenditure attributable to preparation costs and digital version publishing costs" in the first paragraph before paragraph *a* by the following:

"“labour expenditure attributable to preparation costs and digital version publishing costs” of a corporation for a taxation year, in respect of property that is an eligible work or an eligible group of works, means, subject to the fourth and fifth paragraphs, the aggregate of”;

(3) by replacing paragraph *a.1* of the definition of "excluded corporation" in the first paragraph by the following paragraph:

"“(a.1) a corporation that would, at any time in the year or during the 24 months preceding the year, be controlled by a particular person, if each share of the capital stock of a corporation owned by a person not resident in Québec were owned by the particular person;”;

(4) by replacing subparagraph *b* of the fourth paragraph by the following subparagraph:

“(b) an expenditure that would, but for this subparagraph, be a labour expenditure attributable to printing and reprinting costs of a corporation for a particular taxation year in respect of a property that is an eligible work or an eligible group of works or a labour expenditure attributable to preparation costs and digital version publishing costs for the particular year in respect of the property or would constitute printing and reprinting costs directly attributable to the printing and reprinting of the property, preparation costs directly attributable to the preparation of the property or digital version publishing costs directly attributable to the publishing of an eligible digital version relating to the property, such expenditure being otherwise incurred in the particular year, and that is outstanding at the particular time the corporation first files with the Minister the prescribed form containing prescribed information provided for in the first paragraph of section 1029.8.36.0.0.14 for that particular year, in respect of the property, or, in the absence of such filing with the Minister, on the corporation’s filing-due date for that particular year, is deemed not to be incurred in the particular year and to be incurred in a subsequent taxation year if that expenditure is paid in that subsequent year and after the particular time or after that filing-due date, as the case may be, or in the taxation year that immediately follows that subsequent year and before the time the corporation first files with the Minister that prescribed form for that subsequent year, in respect of the property; and”;

(5) by replacing subparagraph *b* of the seventh paragraph by the following subparagraph:

“(b) the publishing fees and administration costs pertaining to the property; and”.

(2) Paragraphs 1, 2 and 5 of subsection 1 apply in respect of an expenditure or costs incurred in a taxation year that ends after 30 June 2016.

330. (1) Section 1029.8.36.0.3.8 of the Act is amended by replacing the portion of the definition of “qualified labour expenditure” in the first paragraph before paragraph *a* by the following:

““qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a multimedia title means, subject to the second paragraph, the aggregate of”.

(2) Subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

331. (1) Section 1029.8.36.0.3.18 of the Act is amended by replacing the portion of the definition of “qualified labour expenditure” in the first paragraph before paragraph *a* by the following:

““qualified labour expenditure” of a qualified corporation for a taxation year means, subject to the second paragraph, the aggregate of”.

(2) Subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

332. (1) The Act is amended by inserting the following division after section 1029.8.36.0.3.87:

“DIVISION II.6.0.1.11

“CREDIT FOR THE DIGITAL TRANSFORMATION OF PRINT MEDIA

“§1.—*Interpretation and general rules*

“1029.8.36.0.3.88. In this division,

“eligibility period” means the period that begins on 28 March 2018 and ends on 31 December 2022;

“eligible digital conversion activity” that relates to an eligible media means an activity (other than an excluded activity) that

(*a*) is an information system development activity, a technological infrastructure integration activity, or an activity relating to the maintenance or upgrade of such a system or infrastructure that is incidental to such a development or integration activity, as the case may be, including an interactive decision aid development activity or a tool providing an image of the current state of the eligible media publishing business for data analysis purposes, but excluding any activity using such an aid or tool on a day-to-day basis; and

(*b*) is directly related to the start or continuation of the digital conversion of the eligible media;

“eligible digital conversion contract” to which a corporation or a partnership is a party means a contract in respect of which a certificate has been issued to the corporation or partnership for the purposes of this division;

“eligible digital conversion costs” of a corporation or a partnership for a taxation year or a fiscal period, as the case may be, means the total of

(*a*) the aggregate of all amounts each of which is the qualified wages incurred by the corporation in the year, or by the partnership in the fiscal period, in respect of an eligible employee of the corporation or partnership for all or part of the year or fiscal period, to the extent that such wages are paid; and

(b) the aggregate of all amounts each of which is a qualified expenditure of the corporation for the year, or of the partnership for the fiscal period, in respect of an eligible digital conversion contract to which it is a party, to the extent that the amount of the costs composing such an expenditure are paid;

“eligible employee” of a corporation or a partnership for all or part of a taxation year or fiscal period, as the case may be, means an individual in respect of whom the following conditions are met:

(a) in all or part of the year or fiscal period, the individual is an employee of the corporation or partnership (other than an excluded employee) who reports for work at an establishment of the corporation or partnership situated in Québec; and

(b) a certificate has been issued, for the purposes of this division, to the corporation or partnership, for the year or fiscal period, according to which the individual is recognized as an eligible employee for all or part of the year or fiscal period;

“eligible media” of a corporation or a partnership, for a taxation year or a fiscal period, as the case may be, means a media whose name is specified in a certificate that has been issued, for the purposes of this division, to the corporation or partnership for the year or fiscal period;

“eligible right of use” attributed to a corporation or a partnership, in relation to a property of another person or partnership, means a right of use or licence that is granted to the corporation or partnership in relation to the property, under an eligible digital conversion contract, and that is attributable, in whole or in part, to the carrying out of eligible digital conversion activities relating to an eligible media of the corporation or partnership and relates to an establishment of the corporation or partnership situated in Québec in which the eligible media is produced or from which it is disseminated;

“eligible services” supplied to a corporation or a partnership means the services that another person or partnership renders to the corporation or partnership, under an eligible digital conversion contract, and in respect of which the following conditions are met:

(a) the services consist in eligible digital conversion activities that relate, in whole or in part, to an eligible media of the corporation or partnership and to an establishment of the corporation or partnership situated in Québec in which the eligible media is produced or from which it is disseminated; and

(b) the services may reasonably be attributed to the wages that the other person or partnership has incurred and paid in respect of its employees of an establishment situated in Québec or could be so attributed if the other person or partnership had such employees;

“excluded activity” means

(a) the management or operation of a computer system, an application or a technological infrastructure;

(b) the operation of a customer relations management service;

(c) the management or operation of a marketing information system designed to raise the visibility of the eligible media and promote it to an existing or potential clientele; and

(d) any other management or operation activity carried on to produce or disseminate the eligible media;

“excluded corporation” for a taxation year means

(a) a corporation that is exempt from tax for the year under Book VIII; or

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192;

“excluded employee” in all or part of a taxation year of a corporation, or of a fiscal period of a partnership, means

(a) where the employer is a corporation, an employee who is a specified shareholder of the corporation in the year; or

(b) where the employer is a partnership, an employee who is a specified shareholder of a member of the partnership in the member’s taxation year in which the fiscal period ends, or an employee who does not deal at arm’s length with a member of the partnership or with such a specified shareholder at any time in the fiscal period;

“qualified corporation” for a taxation year means a corporation (other than an excluded corporation) that, in the year

(a) carries on a business in Québec and has an establishment in Québec; and

(b) produces and disseminates one or more eligible media;

“qualified expenditure” of a corporation or a partnership, for a taxation year or a fiscal period, in respect of an eligible digital conversion contract to which it is a party, means 80% of the aggregate of all amounts each of which is the costs provided for in the contract and incurred by the corporation or partnership, in all or part of the year or fiscal period, as the case may be, that is included in the eligibility period for the acquisition or lease of a qualified property, the supply of eligible services or the attribution of an eligible right of use, to the extent that those costs are reasonably attributable to eligible digital conversion activities that relate to an eligible media of the corporation or partnership for the year or fiscal period;

“qualified partnership” for a fiscal period means a partnership that, in the fiscal period

- (a) carries on a business in Québec and has an establishment in Québec; and
- (b) produces and disseminates one or more eligible media;

“qualified property” acquired or leased by a corporation or a partnership means a property in respect of which the following conditions are met:

- (a) the property is acquired or leased by the corporation or partnership under an eligible digital conversion contract;
- (b) before being acquired or leased by the corporation or partnership, the property has not been used for any purpose whatsoever nor acquired for use or lease for a purpose other than its lease to the corporation or partnership;
- (c) the corporation or partnership begins to use the property within a reasonable time after its acquisition or the beginning of its lease; and
- (d) the property is used exclusively or almost exclusively by the corporation or partnership, on the one hand, to carry out eligible digital conversion activities that relate, in whole or in part, to an eligible media of the corporation or partnership and, on the other hand, in an establishment of the corporation or partnership situated in Québec in which the eligible media is produced or from which it is disseminated;

“qualified wages” incurred by a corporation in a taxation year, or by a partnership in a fiscal period, in respect of an eligible employee, means the wages incurred by the corporation or partnership, in all or part of the year or fiscal period, as the case may be, that is included in the eligibility period, in respect of the individual where the individual is recognized as an eligible employee of the corporation or partnership, to the extent that the wages may reasonably be attributed to eligible digital conversion activities relating to an eligible media of the corporation or partnership for the year or fiscal period;

“wages” means the income computed under Chapters I and II of Title II of Book III.

For the purposes of the definition of “qualified expenditure” in the first paragraph, the following rules are taken into account:

- (a) costs provided for in an eligible digital conversion contract that are incurred for the acquisition of a qualified property may be included in the aggregate of the amounts described in that definition only if the property is acquired before 1 January 2022 and if they are costs included in computing the capital cost of the property, otherwise than under section 180 or 182; and

(b) costs provided for in an eligible digital conversion contract that are incurred for the lease of a qualified property may be included in the aggregate of the amounts described in that definition only to the extent that they are deductible in computing the income of the corporation or partnership under this Part.

For the purposes of the definition of “eligible employee” in the first paragraph, the following rules are taken into account:

(a) where, during all or part of a taxation year or fiscal period, an employee reports for work at an establishment of a corporation or partnership situated in Québec and at an establishment of the corporation or partnership situated outside Québec, the employee is deemed, for that period,

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the corporation or partnership situated outside Québec; and

(b) where, during all or part of a taxation year or fiscal period, an employee is not required to report for work at an establishment of a corporation or partnership and the employee’s wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

“1029.8.36.0.3.89. For the purposes of this division, the digital conversion costs limit of a qualified corporation or of a qualified partnership for a taxation year or a fiscal period, as the case may be, is equal to

(a) where the qualified corporation or qualified partnership is not a member of an associated group in the year or fiscal period, \$20,000,000; or

(b) in any other case,

i. the amount attributed for the year to the qualified corporation, or for the fiscal period to the qualified partnership, pursuant to the agreement described in section 1029.8.36.0.3.90 that is enclosed with the fiscal return that is required to be filed under section 1000 by the qualified corporation for the year or by a corporation that is a member of the qualified partnership for the corporation’s taxation year in which the fiscal period ends, or

ii. if no amount is attributed under the agreement to which subparagraph i refers or in the absence of such an agreement, zero.

“1029.8.36.0.3.90. The agreement to which subparagraph i of paragraph *b* of section 1029.8.36.0.3.89 refers is the agreement under which all the qualified corporations and qualified partnerships that are members of the associated group in the year or fiscal period attribute for the year or fiscal period, in the prescribed form, to one or more of their number, for the purposes of this division, one or more amounts the total of which does not exceed \$20,000,000.

Where the aggregate of the amounts attributed, in respect of a taxation year or fiscal period, pursuant to an agreement described in the first paragraph and entered into by the qualified corporations and qualified partnerships that are members of an associated group in the year or fiscal period exceeds \$20,000,000, the amount determined under subparagraph i of paragraph *b* of section 1029.8.36.0.3.89 in respect of each of those corporations or partnerships for the taxation year or fiscal period, as the case may be, is deemed, for the purposes of this division, to be equal to the amount obtained by multiplying \$20,000,000 by the proportion that the amount that was attributed to the corporation or partnership in the agreement, in respect of the year or fiscal period, is of the aggregate of the amounts that were so attributed.

“1029.8.36.0.3.91. Where qualified corporations or qualified partnerships are part, in a taxation year or fiscal period, of an associated group and where a corporation (other than an excluded corporation) that is a member of that group or of any of those qualified partnerships fails to file with the Minister the agreement to which subparagraph i of paragraph *b* of section 1029.8.36.0.3.89 refers within 30 days after notice in writing by the Minister has been sent to such a corporation that such an agreement is required for the purposes of any assessment of tax under this Part or for the determination of another amount, the Minister shall, for the purposes of this division, attribute an amount to one or more of those qualified corporations or qualified partnerships for the taxation year or fiscal period, which amount or the aggregate of which amounts, as the case may be, must be equal to \$20,000,000, and in such a case, despite subparagraph ii of that paragraph *b*, the digital conversion costs limit of each of those qualified corporations or qualified partnerships that are members of that group, for the year or fiscal period, is equal to the amount so attributed to it.

“1029.8.36.0.3.92. Despite sections 1029.8.36.0.3.89 to 1029.8.36.0.3.91, the following rules apply:

(a) where a corporation or partnership that is a member of an associated group (in this paragraph referred to as the “first entity”) has more than one taxation year or fiscal period, as the case may be, ending in the same calendar year and is associated in at least two of those taxation years or fiscal periods with another corporation or partnership that is a member of the group and that has a taxation year or fiscal period, as the case may be, ending in that calendar year, the digital conversion costs limit of the first entity for each particular

taxation year or particular fiscal period that ends in the calendar year in which it is associated with the other corporation or partnership and after the first taxation year or fiscal period ending in that calendar year and after 27 March 2018 is, subject to paragraph *b*, an amount equal to the lesser of

i. its digital conversion costs limit for that first taxation year or fiscal period, determined without reference to this section, and

ii. its digital conversion costs limit for the particular taxation year or particular fiscal period, determined without reference to this section;

(*b*) where the taxation year of a corporation or the fiscal period of a partnership has fewer than 51 weeks and paragraph *c* does not apply, the digital conversion costs limit of the corporation or partnership for the year or fiscal period, as the case may be, is equal to the amount obtained by multiplying its digital conversion costs limit for the year or fiscal period, determined without reference to this paragraph, by the proportion that the number of days in the year or fiscal period is of 365; and

(*c*) where only a part of the taxation year of a corporation or of the fiscal period of a partnership is included in the eligibility period, the digital conversion costs limit of the corporation for the year, or of the partnership for the fiscal period, is equal to the amount obtained by multiplying its digital conversion costs limit for the year or fiscal period, determined without reference to this paragraph, by the proportion that the number of days in the part of the year or fiscal period is of the number of days in the year or fiscal period.

“1029.8.36.0.3.93. Where it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations or partnerships in a taxation year or fiscal period, as the case may be, is to cause a qualified corporation or a corporation that is a member of a qualified partnership to be deemed to have paid an amount to the Minister under this division for that year or for the taxation year in which the fiscal period ends or to increase an amount that such a corporation is deemed to have paid to the Minister under this division for such a year, those corporations or partnerships are deemed, for the purposes of this division, to be associated with each other in the year or fiscal period, as the case may be.

“1029.8.36.0.3.94. For the purposes of sections 1029.8.36.0.3.89 to 1029.8.36.0.3.92, “associated group” in a taxation year or a fiscal period means all the qualified corporations and qualified partnerships that are associated with each other in the year or fiscal period, as the case may be.

“1029.8.36.0.3.95. For the purposes of this division, a corporation’s share of an amount, in relation to a partnership of which the corporation is a member at the end of a fiscal period, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

“§2. — *Credits*

“**1029.8.36.0.3.96.** A qualified corporation for a taxation year that encloses the documents described in the third paragraph with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to 35% of the lesser of

- (a) its eligible digital conversion costs for the year; and
- (b) its digital conversion costs limit for the year.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1159.7, 1175 and 1175.19 where those sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date for the purpose of computing that payment.

The documents to which the first paragraph refers are the following:

- (a) the prescribed form containing prescribed information; and
- (b) a copy of
 - i. any certificate issued to the corporation for the year in respect of a media business for the purposes of this division,
 - ii. any certificate issued to the corporation, for the purposes of this division, in respect of a contract,
 - iii. any contract referred to in subparagraph ii,
 - iv. any certificate issued to the corporation for the year in respect of an individual for the purposes of this division, and
 - v. the agreement referred to in section 1029.8.36.0.3.90, if applicable.

“1029.8.36.0.3.97. A corporation (other than an excluded corporation) that is a member of a qualified partnership at the end of a fiscal period of the qualified partnership that ends in a taxation year and that encloses the documents described in the third paragraph with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to 35% of the lesser of

(a) its share of the partnership’s eligible digital conversion costs for the fiscal period; and

(b) its share of the partnership’s digital conversion costs limit for the fiscal period.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1159.7, 1175 and 1175.19 where those sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date for the purpose of computing that payment.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing prescribed information; and

(b) a copy of

i. any certificate issued to the partnership for the fiscal period in respect of a media business for the purposes of this division,

ii. any certificate issued to the partnership, for the purposes of this division, in respect of a contract,

iii. any contract referred to in subparagraph ii,

iv. any certificate issued to the partnership for the fiscal period in respect of an individual for the purposes of this division, and

v. the agreement referred to in section 1029.8.36.0.3.90, if applicable.

“1029.8.36.0.3.98. Despite section 1029.8.36.0.3.96, no amount may be deemed to have been paid to the Minister by a qualified corporation for a taxation year in respect of the portion of its eligible digital conversion costs for the year that corresponds to the portion of a qualified expenditure of the corporation that relates to the acquisition costs of a qualified property that the corporation incurred, where, at any time on or before the date described in the second paragraph, the property ceases, otherwise than by reason of its loss, the involuntary destruction of the property by fire, theft or water, a major breakdown of the property or its obsolescence, to be used exclusively or almost exclusively by the corporation, on the one hand, to carry out eligible digital conversion activities that relate, in whole or in part, to an eligible media of the corporation and, on the other hand, in an establishment of the corporation situated in Québec in which the eligible media is produced or from which it is disseminated.

The date to which the first paragraph refers is the earlier of

(a) the 730th day of the period that begins on the date of the acquisition of the property by the corporation; and

(b) the corporation’s filing-due date for the year.

For the purposes of the first paragraph, where, at any time, a corporation disposes of a qualified property for proceeds of disposition equal to or greater than 10% of the cost of acquiring it, the corporation is deemed not to have ceased to use, at that time, the property by reason of its obsolescence.

In this section, a print media is deemed to be an eligible media for a particular period that follows the last day of the eligibility period, if the conditions of section 18.4 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) are met in its respect for that period.

“1029.8.36.0.3.99. Despite section 1029.8.36.0.3.97, no amount may be deemed to have been paid to the Minister by a corporation for the taxation year in which a fiscal period of a partnership of which the corporation is a member ends, in respect of the portion of the partnership’s eligible digital conversion costs for the fiscal period that corresponds to the portion of a qualified expenditure of the partnership that relates to the acquisition costs of a qualified property that the partnership incurred, where, at any time on or before the date described in the second paragraph, the property ceases, otherwise than by reason of its loss, the involuntary destruction of the property by fire, theft or water, a major breakdown of the property or its obsolescence, to be used exclusively or almost exclusively by the partnership, on the one hand, to carry out eligible digital conversion activities that relate, in whole or in part, to an eligible media of the partnership and, on the other hand, in an establishment of the partnership situated in Québec in which the eligible media is produced or from which it is disseminated.

The date to which the first paragraph refers is the earlier of

- (a) the 730th day of the period that begins on the date of the acquisition of the property by the partnership; and
- (b) the corporation's filing-due date for the year.

For the purposes of the first paragraph, where, at any time, a partnership disposes of a qualified property for proceeds of disposition equal to or greater than 10% of the cost of acquiring it, the partnership is deemed not to have ceased to use, at that time, the property by reason of its obsolescence.

In this section, a print media is deemed to be an eligible media for a particular period that follows the last day of the eligibility period, if the conditions of section 18.4 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) are met in its respect for that period.

“§3.— Government assistance, non-government assistance and other particulars

“1029.8.36.0.3.100. For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.3.96, in respect of its eligible digital conversion costs for the year, the following rules apply:

(a) the amount of the qualified wages incurred by the corporation in the year in respect of an eligible employee, included in those eligible digital conversion costs, is to be reduced, where applicable, by the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to those wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year; and

(b) the amount of the corporation's qualified expenditure for the year, in respect of an eligible digital conversion contract, included in those eligible digital conversion costs, is to be determined by reducing, where applicable, the costs that were taken into consideration in computing the qualified expenditure and that were incurred by the corporation for the acquisition or lease of a qualified property, the supply of eligible services or the attribution of an eligible right of use, as the case may be, by the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to those costs, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year.

“1029.8.36.0.3.101. For the purpose of computing the amount that a corporation that is a member of a qualified partnership is deemed to have paid to the Minister under section 1029.8.36.0.3.97 for the taxation year in which a fiscal period of the partnership ends, in respect of the partnership’s eligible digital conversion costs for that fiscal period, the following rules apply:

(a) the amount of the qualified wages incurred by the partnership in the fiscal period in respect of an eligible employee, included in those eligible digital conversion costs, is to be reduced, where applicable, by the total of

i. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to those wages, that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of that fiscal period, and

ii. the aggregate of all amounts each of which is the product obtained by multiplying an amount of government assistance or non-government assistance, attributable to those wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the partnership’s fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period; and

(b) the amount of the partnership’s qualified expenditure for the fiscal period, in respect of an eligible digital conversion contract, included in those eligible digital conversion costs, is to be determined by reducing, where applicable, the costs that were taken into consideration in computing the qualified expenditure and that were incurred by the partnership for the acquisition or lease of a qualified property, the supply of eligible services or the attribution of an eligible right of use, as the case may be, by the total of

i. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to those costs, that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of that fiscal period, and

ii. the aggregate of all amounts each of which is the product obtained by multiplying an amount of government assistance or non-government assistance, attributable to those costs, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the partnership’s fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period.

“1029.8.36.0.3.102. Where, before 1 January 2025, a corporation pays in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of section 1029.8.36.0.3.100, the corporation’s eligible digital conversion costs for a particular taxation year, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.96 for the particular year, the corporation is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on its balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister under section 1029.8.36.0.3.96 for the particular year if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the aggregate of the amounts of assistance described in paragraph *a* or *b* of section 1029.8.36.0.3.100 to which it relates, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.96 for the particular year; and

(*b*) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year, in respect of an amount of repayment of such assistance.

“1029.8.36.0.3.103. Where, before 1 January 2025, a partnership pays in a fiscal period (in this section referred to as the “fiscal period of repayment”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *i* of paragraph *a* or *b* of section 1029.8.36.0.3.101, the partnership’s eligible digital conversion costs for a particular fiscal period, for the purpose of computing the amount that a corporation that is a member of the partnership is deemed to have paid to the Minister under section 1029.8.36.0.3.97, in respect of its share of those costs, for its taxation year in which the particular fiscal period ended (in this section referred to as the “particular year”), the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.36.0.3.97 for the particular year, in respect of its share of those costs, exceeds the total of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.97 for the particular year, in respect of its share of the partnership's eligible digital conversion costs for the particular fiscal period, if the agreed proportion in respect of the corporation for that fiscal period were the same as that for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of such assistance repaid by the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount of such assistance repaid by the partnership at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the aggregate of the amounts of assistance described in subparagraph i of paragraph *a* or *b* of section 1029.8.36.0.3.101 to which it relates; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

“1029.8.36.0.3.104. Where, before 1 January 2025, a corporation that is a member of a partnership at the end of a fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) pays, in that fiscal period, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, in the manner described in subparagraph ii of paragraph *a* or *b* of section 1029.8.36.0.3.101, the partnership's eligible digital conversion costs for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.97, in respect of its share of those costs, for its taxation year in which the particular fiscal period ended (in this section referred to as the “particular year”), the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister under section 1029.8.36.0.3.97 for the particular year, in respect of its share of those costs, exceeds the total of

(a) the amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.97 for the particular year, in respect of its share of the partnership's eligible digital conversion costs for the particular fiscal period, if the agreed proportion in respect of the corporation for that fiscal period were the same as that for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of such assistance repaid by the corporation, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The particular amount to which the first paragraph refers is to be computed as if

(a) any amount obtained by multiplying the reciprocal of the agreed proportion, in respect of the corporation for the fiscal period of repayment, by an amount of such assistance repaid at or before the end of the fiscal period of repayment reduced, for the particular fiscal period, the aggregate described in subparagraph ii of paragraph *a* or *b* of section 1029.8.36.0.3.101 to which it relates; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

“1029.8.36.0.3.105. For the purposes of sections 1029.8.36.0.3.102 to 1029.8.36.0.3.104, an amount of assistance is deemed to be repaid at a particular time by a corporation or a partnership, as the case may be, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.0.3.100 or 1029.8.36.0.3.101, the amount of qualified wages included in the eligible digital conversion costs in respect of which the corporation or a corporation that is a member of the partnership is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.96 or 1029.8.36.0.3.97, as the case may be, or costs that are used to determine the amount of a qualified expenditure included in those eligible digital conversion costs;

(b) was not received by the corporation or the partnership; and

(c) ceased at the particular time to be an amount that the corporation or the partnership may reasonably expect to receive.

“1029.8.36.0.3.106. In determining, for the purposes of sections 1029.8.36.0.3.96 and 1029.8.36.0.3.97, the amount of a qualified expenditure of a corporation or a partnership for a taxation year or a fiscal period, as the case may be, that is included in the eligible digital conversion costs of the corporation or partnership for that year or fiscal period, the costs that were taken into consideration in computing the expenditure must be reduced by the amount of the consideration for the disposition or lease of a property, or for the supply of services, to the corporation or a person with whom the corporation does not deal at arm’s length, or to the partnership, one of its members or a person with whom one of its members does not deal at arm’s length, except to the extent that the consideration may reasonably be considered to relate to the acquisition, lease or installation of a qualified property, the acquisition of a property resulting from eligible digital conversion activities or of a property consumed in connection with the carrying out of such activities, the supply of eligible services or the attribution of an eligible right of use.

“1029.8.36.0.3.107. Where, in respect of the employment of an individual with a qualified corporation or a qualified partnership as an eligible employee, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the employment, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.3.96 in respect of its eligible digital conversion costs for that year, the amount of the qualified wages incurred by the corporation in the particular year in respect of the individual that is included in those eligible digital conversion costs is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for the particular year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.0.3.97, by a corporation that is a member of the qualified partnership at the end of the partnership’s particular fiscal period ending in the year, in respect of the partnership’s eligible digital conversion costs for that fiscal period, the amount of the qualified wages incurred by the partnership in that fiscal period in respect of the individual that is included in those eligible digital conversion costs is to be reduced by

i. the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, or

ii. the product obtained by multiplying the amount of the benefit or advantage that the corporation or a person with whom the corporation is not dealing at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period.

“1029.8.36.0.3.108. Where, in respect of an eligible digital conversion contract to which a qualified corporation or a qualified partnership is a party, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the acquisition or lease of a qualified property, the supply of eligible services or the attribution of an eligible right of use, carried out under the contract, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a particular taxation year under section 1029.8.36.0.3.96 in respect of its eligible digital conversion costs for that year, the amount of the corporation's qualified expenditure for the particular year in relation to the contract that is included in those eligible digital conversion costs is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation's filing-due date for the particular year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.0.3.97, by a corporation that is a member of the qualified partnership at the end of the partnership's particular fiscal period ending in the year, in respect of the partnership's eligible digital conversion costs for that fiscal period, the amount of the partnership's qualified expenditure for that fiscal period in relation to the contract that is included in those eligible digital conversion costs is to be reduced by

i. the amount of the benefit or advantage that a partnership or a person other than a person referred to in subparagraph ii has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, or

ii. the product obtained by multiplying the amount of the benefit or advantage that the corporation or a person with whom the corporation is not dealing at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the particular fiscal period, by the reciprocal of the agreed proportion in respect of the corporation for that fiscal period.”

(2) Subsection 1 applies in respect of wages or costs incurred after 27 March 2018.

333. (1) Section 1029.8.36.0.94 of the Act is amended, in the first paragraph,

(1) by replacing the definition of “shipment of eligible ethanol” by the following definition:

““shipment of eligible ethanol” of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of eligible ethanol that the qualified corporation produces in Québec after 17 March 2011 and before 1 April 2023, that is sold in Québec, in that period, to the holder of a collection officer’s permit issued under the Fuel Tax Act (chapter T-1) (in subparagraph *b* of the second paragraph referred to as the “purchaser”) who takes possession of the ethanol in the particular month and before 1 April 2023, and that is intended for Québec.”;

(2) by replacing paragraph *b* of the definition of “associated group” by the following paragraph:

“(b) each corporation is a qualified corporation for the taxation year.”;

(3) by striking out the definitions of “average monthly price of crude oil” and “eligibility period”.

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.94 of the Act applies in respect of a particular month that includes that date, it is to be read as if the following definition were inserted in alphabetical order in the first paragraph:

““average monthly price of crude oil” in respect of a part of a particular month means the arithmetic average of the daily closing values, for that part of the particular month, on the New York Mercantile Exchange (NYMEX) of the price per barrel of West Texas Intermediate in Oklahoma in the United States (WTI-Cushing), expressed in American dollars.”;

(3) In addition, for the purposes of the definitions of “eligible production of ethanol” and “shipment of eligible ethanol” in the first paragraph of section 1029.8.36.0.94 of the Act, in respect of a particular month that ends after 31 March 2018 and includes that date, “particular month” means a part of a particular month.

334. (1) Section 1029.8.36.0.95 of the Act is amended

(1) by striking out “included in whole or in part in the corporation’s eligibility period” in the portion of the first paragraph before the formula;

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

“ $A \times \$0.03$ ”;

(3) by replacing the second paragraph by the following paragraph:

“In the formula in the first paragraph, A, expressed as a number of litres, is the lesser of

(a) the qualified corporation’s eligible production of ethanol for the particular month; and

(b) the qualified corporation’s monthly ceiling on the production of ethanol for the particular month.”;

(4) by replacing subparagraph *b* of the third paragraph by the following subparagraph:

“(b) a copy of a report specifying, in respect of each month of the taxation year, the qualified corporation’s eligible production of ethanol; and”.

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.95 of the Act applies in respect of a particular month that includes that date, it is to be read

(1) as if the formula in the first paragraph were replaced by the following formula:

“ $A \times [\$0.185 - (\$0.0082 \times B + \$0.004 \times C)] + D \times \0.03 ”;

(2) as if the second paragraph were replaced by the following paragraph:

“In the formula in the first paragraph,

(a) A, expressed as a number of litres, is the lesser of

i. the qualified corporation’s eligible production of ethanol for the part of the particular month that is before 1 April 2018, and

ii. the qualified corporation’s monthly ceiling on the production of ethanol for the part of the particular month that is before 1 April 2018;

(b) B is

i. if the average monthly price of crude oil in respect of the part of the particular month that is before 1 April 2018 is greater than US\$31, the number that represents the amount by which the average monthly price of crude oil, up to US\$43, exceeds US\$31, and

ii. in any other case, zero;

(c) C is

i. if the average monthly price of crude oil in respect of the part of the particular month that is before 1 April 2018 is greater than US\$43, the number that represents the amount by which the average monthly price of crude oil, up to US\$65, exceeds US\$43, and

ii. in any other case, zero; and

(d) D, expressed as a number of litres, is the lesser of

i. the qualified corporation's eligible production of ethanol for the part of the particular month that is after 31 March 2018, and

ii. the qualified corporation's monthly ceiling on the production of ethanol for the part of the particular month that is after 31 March 2018.”; and

(3) as if subparagraph *b* of the third paragraph were replaced by the following subparagraph:

“(b) a copy of a report specifying, in respect of the part of the particular month that is before 1 April 2018, the qualified corporation's eligible production of ethanol and the average monthly price of crude oil and, in respect of the part of the particular month that is after 31 March 2018, the qualified corporation's eligible production of ethanol; and”.

335. (1) Section 1029.8.36.0.96 of the Act is amended

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

“**1029.8.36.0.96.** For the purposes of subparagraph *b* of the second paragraph of section 1029.8.36.0.95, the monthly ceiling on the production of ethanol of a qualified corporation, for a particular month of a taxation year, is,”;

(2) by replacing “345,205” in subparagraph *b* of the first paragraph by “821,917”;

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

“For the purposes of this section, where the particular month of a taxation year includes 31 March 2023 and does not end on that date, subparagraph *b* of the first paragraph is to be read as if “that precede 1 April 2023” were inserted at the end.”

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.96 of the Act applies in respect of a particular month that includes that date, it is to be read as follows:

“**1029.8.36.0.96.** For the purposes of subparagraph ii of subparagraph *a* of the second paragraph of section 1029.8.36.0.95, the monthly ceiling on the production of ethanol of a qualified corporation, for the part of the particular month of the taxation year that is before 1 April 2018, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the part of the particular month to the qualified corporation pursuant to the agreement described in the third paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the third paragraph, attributed to the qualified corporation by the Minister, if applicable, for the part of the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 345,205 by the number of days in the part of the particular month.

For the purposes of subparagraph ii of subparagraph *d* of the second paragraph of section 1029.8.36.0.95, the monthly ceiling on the production of ethanol of a qualified corporation, for the part of the particular month of the taxation year that is after 31 March 2018, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the part of the particular month to the qualified corporation pursuant to the agreement described in the third paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the third paragraph, attributed to the qualified corporation by the Minister, if applicable, for the part of the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 821,917 by the number of days in the part of the particular month.

The agreement to which subparagraph *a* of the first and second paragraphs refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the part of the particular month must not exceed the number of litres determined under subparagraph *b* of the first or second paragraph, as the case may be, for the part of the particular month.”

336. (1) The Act is amended by inserting the following section after section 1029.8.36.0.96:

“1029.8.36.0.96.1. No corporation may be deemed to have paid an amount to the Minister under section 1029.8.36.0.95 on account of its tax payable for a taxation year in relation to all or part of its eligible production of ethanol for a particular month of that year where the production results from eligible activities of the corporation, within the meaning of section 737.18.17.1, in relation to a large investment project, within the meaning of that section, in respect of which the corporation either filed, after 27 March 2018, an application for a qualification certificate referred to in the first paragraph of section 8.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) or obtained a qualification certificate that was issued to it in accordance with subparagraph 4 of the first paragraph of section 8.4 of Schedule E to that Act and that came into force after that date.”

(2) Subsection 1 has effect from 28 March 2018.

337. (1) Section 1029.8.36.0.99 of the Act is amended by replacing “determined under subparagraph *a* of the second paragraph” in paragraphs *a* and *b* by “determined under the second paragraph”.

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.99 of the Act applies in respect of a particular month that includes that date, it is to be read as if “determined under the second paragraph” in paragraphs *a* and *b* were replaced by “determined under subparagraphs *a* and *d* of the second paragraph”.

338. Section 1029.8.36.0.100 of the Act is repealed.

339. (1) Section 1029.8.36.0.103 of the Act is amended, in the first paragraph,

(1) by replacing “2018” in the definitions of “eligible cellulosic ethanol” and “shipment of eligible cellulosic ethanol” by “2023”;

(2) by striking out the definition of “average monthly market price of ethanol”.

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.103 of the Act applies in respect of a particular month that includes that date, it is to be read as if the following definition were inserted in alphabetical order in the first paragraph:

““average monthly market price of ethanol” in respect of a part of a particular month means the arithmetic average of the daily closing values on the Chicago Board of Trade of a US gallon of ethanol, expressed in American dollars, for that part of the particular month;”.

(3) In addition, for the purposes of the definitions of “eligible production of cellulosic ethanol” and “shipment of eligible cellulosic ethanol” in the first paragraph of section 1029.8.36.0.103 of the Act, in respect of a particular month that ends after 31 March 2018 and includes that date, “particular month” means a part of a particular month.

340. (1) Section 1029.8.36.0.105 of the Act is amended

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

“ $A \times \$0.16$ ”;

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

“In the formula in the first paragraph, A, expressed as a number of litres, is the lesser of

(a) the qualified corporation’s eligible production of cellulosic ethanol for the particular month; and

(b) the qualified corporation’s monthly ceiling on the production of cellulosic ethanol for the particular month.”;

(3) by replacing subparagraph *b* of the third paragraph by the following subparagraph:

“(b) a copy of a report specifying, in respect of each month included in the taxation year, the qualified corporation’s eligible production of cellulosic ethanol; and”.

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.105 of the Act applies in respect of a particular month that includes that date, it is to be read

(1) as if the formula in the first paragraph were replaced by the following formula:

“ $A \times [\$0.15 - (\$0.05 \times B + \$0.15 \times C)] + D \times \0.16 ”;

(2) as if the second paragraph were replaced by the following paragraph:

“In the formula in the first paragraph,

(a) A, expressed as a number of litres, is the lesser of

i. the qualified corporation’s eligible production of cellulosic ethanol for the part of the particular month that is before 1 April 2018, and

ii. the qualified corporation's monthly ceiling on the production of cellulosic ethanol for the part of the particular month that is before 1 April 2018;

(b) B is

i. if the average monthly market price of ethanol in respect of the part of the particular month that is before 1 April 2018 is greater than US\$2.00, the number that represents the amount by which the average monthly price of ethanol, up to US\$2.20, exceeds US\$2.00, and

ii. in any other case, zero; and

(c) C is

i. if the average monthly market price of ethanol in respect of the part of the particular month that is before 1 April 2018 is greater than US\$2.20, the number that represents the amount by which the average monthly price of ethanol, up to US\$3.1333, exceeds US\$2.20, and

ii. in any other case, zero; and

(d) D, expressed as a number of litres, is the lesser of

i. the qualified corporation's eligible production of cellulosic ethanol for the part of the particular month that is after 31 March 2018, and

ii. the qualified corporation's monthly ceiling on the production of cellulosic ethanol for the part of the particular month that is after 31 March 2018.”; and

(3) as if subparagraph *b* of the third paragraph were replaced by the following subparagraph:

“(b) a copy of a report specifying, in respect of the part of the particular month that is before 1 April 2018, the qualified corporation's eligible production of cellulosic ethanol and the average monthly market price of ethanol and, in respect of the part of the particular month that is after 31 March 2018, the qualified corporation's eligible production of cellulosic ethanol; and”.

341. (1) Section 1029.8.36.0.106 of the Act is amended

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

“**1029.8.36.0.106.** For the purposes of subparagraph *b* of the second paragraph of section 1029.8.36.0.105, the monthly ceiling on the production of cellulosic ethanol of a qualified corporation, for a particular month included in a taxation year, is,”;

(2) by replacing “109,589” in subparagraph *b* of the first paragraph by “821,917”;

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

“For the purposes of this section, where the particular month of a taxation year includes 31 March 2023 and does not end on that date, subparagraph *b* of the first paragraph is to be read as if “that precede 1 April 2023” were inserted at the end.”

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.106 of the Act applies in respect of a particular month that includes that date, it is to be read as follows:

“1029.8.36.0.106. For the purposes of subparagraph ii of subparagraph *a* of the second paragraph of section 1029.8.36.0.105, the monthly ceiling on the production of cellulosic ethanol of a qualified corporation, for the part of the particular month of the taxation year that is before 1 April 2018, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the part of the particular month to the qualified corporation pursuant to the agreement described in the third paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the third paragraph, attributed to the qualified corporation by the Minister, if applicable, for the part of the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 109,589 by the number of days in the part of the particular month.

For the purposes of subparagraph ii of subparagraph *d* of the second paragraph of section 1029.8.36.0.105, the monthly ceiling on the production of cellulosic ethanol of a qualified corporation, for the part of the particular month of the taxation year that is after 31 March 2018, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the part of the particular month to the qualified corporation pursuant to the agreement described in the third paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the third paragraph, attributed to the qualified corporation by the Minister, if applicable, for the part of the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 821,917 by the number of days in the part of the particular month.

The agreement to which subparagraph *a* of the first and second paragraphs refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the part of the particular month must not exceed the number of litres determined under subparagraph *b* of the first or second paragraph, as the case may be, for the part of the particular month.”

342. (1) The Act is amended by inserting the following section after section 1029.8.36.0.106:

“1029.8.36.0.106.0.1. No corporation may be deemed to have paid an amount to the Minister under section 1029.8.36.0.105 on account of its tax payable for a taxation year in relation to all or part of its eligible production of cellulosic ethanol for a particular month of that year where the production results from eligible activities of the corporation, within the meaning of section 737.18.17.1, in relation to a large investment project, within the meaning of that section, in respect of which the corporation either filed, after 27 March 2018, an application for a qualification certificate referred to in the first paragraph of section 8.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) or obtained a qualification certificate that was issued to it in accordance with subparagraph 4 of the first paragraph of section 8.4 of Schedule E to that Act and that came into force after that date.”

(2) Subsection 1 has effect from 28 March 2018.

343. (1) Section 1029.8.36.0.106.1 of the Act is amended, in the first paragraph,

(1) by replacing “2018” wherever it appears in the definition of “shipment of biodiesel fuel” by “2023”;

(2) by striking out the definition of “average monthly price of crude oil”.

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.106.1 of the Act applies in respect of a particular month that includes that date, it is to be read as if the following definition were inserted in alphabetical order in the first paragraph:

““average monthly price of crude oil” in respect of a part of a particular month means the arithmetic average of the daily closing values, for that part of the particular month, on the New York Mercantile Exchange (NYMEX) of the price per barrel of West Texas Intermediate in Oklahoma in the United States (WTI-Cushing), expressed in American dollars;”.

(3) In addition, for the purposes of the definitions of “eligible production of biodiesel fuel” and “shipment of biodiesel fuel” in the first paragraph of section 1029.8.36.0.106.1 of the Act, in respect of a particular month that ends after 31 March 2018 and includes that date, “particular month” means a part of a particular month.

344. (1) Section 1029.8.36.0.106.2 of the Act is amended

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

“ $A \times \$0.14$ ”;

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

“In the formula in the first paragraph, A, expressed as a number of litres, is the lesser of

(a) the qualified corporation’s eligible production of biodiesel fuel for the particular month; and

(b) the qualified corporation’s monthly ceiling on the production of biodiesel fuel for the particular month.”;

(3) by replacing subparagraph *b* of the third paragraph by the following subparagraph:

“(b) a copy of a report specifying, in respect of each month of the taxation year, the qualified corporation’s eligible production of biodiesel fuel; and”.

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.106.2 of the Act applies in respect of a particular month that includes that date, it is to be read

(1) as if the formula in the first paragraph were replaced by the following formula:

“ $A \times [\$0.185 - (\$0.0082 \times B + \$0.004 \times C)] + D \times \0.14 ”;

(2) as if the second paragraph were replaced by the following paragraph:

“In the formula in the first paragraph,

(a) A, expressed as a number of litres, is the lesser of

i. the qualified corporation’s eligible production of biodiesel fuel for the part of the particular month that is before 1 April 2018, and

ii. the qualified corporation’s monthly ceiling on the production of biodiesel fuel for the part of the particular month that is before 1 April 2018;

(b) B is

i. if the average monthly price of crude oil in respect of the part of the particular month that is before 1 April 2018 is greater than US\$31, the number that represents the amount by which the average monthly price of crude oil, up to US\$43, exceeds US\$31, and

ii. in any other case, zero;

(c) C is

i. if the average monthly price of crude oil in respect of the part of the particular month that is before 1 April 2018 is greater than US\$43, the number that represents the amount by which the average monthly price of crude oil, up to US\$65, exceeds US\$43, and

ii. in any other case, zero; and

(d) D, expressed as a number of litres, is the lesser of

i. the qualified corporation's eligible production of biodiesel fuel for the part of the particular month that is after 31 March 2018, and

ii. the qualified corporation's monthly ceiling on the production of biodiesel fuel for the part of the particular month that is after 31 March 2018.”; and

(3) as if subparagraph *b* of the third paragraph were replaced by the following subparagraph:

“(b) a copy of a report specifying, in respect of the part of the particular month that is before 1 April 2018, the qualified corporation's eligible production of biodiesel fuel and the average monthly price of crude oil and, in respect of the part of the particular month that is after 31 March 2018, the qualified corporation's eligible production of biodiesel fuel; and”.

345. (1) Section 1029.8.36.0.106.3 of the Act is amended

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

“**1029.8.36.0.106.3.** For the purposes of subparagraph *b* of the second paragraph of section 1029.8.36.0.106.2, the monthly ceiling on the production of biodiesel fuel of a qualified corporation, for a particular month of a taxation year, is,”;

(2) by replacing “345,205” in subparagraph *b* of the first paragraph by “821,917”;

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

“For the purposes of this section, where the particular month of a taxation year includes 31 March 2023 and does not end on that date, subparagraph *b* of the first paragraph is to be read as if “that precede 1 April 2023” were inserted at the end.”

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.106.3 of the Act applies in respect of a particular month that includes that date, it is to be read as follows:

“1029.8.36.0.106.3. For the purposes of subparagraph ii of subparagraph *a* of the second paragraph of section 1029.8.36.0.106.2, the monthly ceiling on the production of biodiesel fuel of a qualified corporation, for the part of the particular month of the taxation year that is before 1 April 2018, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the part of the particular month to the qualified corporation pursuant to the agreement described in the third paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the third paragraph, attributed to the qualified corporation by the Minister, if applicable, for the part of the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 345,205 by the number of days in the part of the particular month.

For the purposes of subparagraph ii of subparagraph *d* of the second paragraph of section 1029.8.36.0.106.2, the monthly ceiling on the production of biodiesel fuel of a qualified corporation, for the part of the particular month of the taxation year that is after 31 March 2018, is,

(*a*) if the qualified corporation is a member of an associated group in the year, the number of litres attributed for the part of the particular month to the qualified corporation pursuant to the agreement described in the third paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the third paragraph, attributed to the qualified corporation by the Minister, if applicable, for the part of the particular month; or

(*b*) if subparagraph *a* does not apply, the number of litres obtained by multiplying 821,917 by the number of days in the part of the particular month.

The agreement to which subparagraph *a* of the first and second paragraphs refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the part of the particular month must not exceed the number of litres determined under subparagraph *b* of the first or second paragraph, as the case may be, for the part of the particular month.”

346. (1) The Act is amended by inserting the following section after section 1029.8.36.0.106.3:

“1029.8.36.0.106.3.1. No corporation may be deemed to have paid an amount to the Minister under section 1029.8.36.0.106.2 on account of its tax payable for a taxation year in relation to all or part of its eligible production of biodiesel fuel for a particular month of that year where the production results from eligible activities of the corporation, within the meaning of section 737.18.17.1, in relation to a large investment project, within the meaning of that section, in respect of which the corporation either filed, after 27 March 2018, an application for a qualification certificate referred to in the first paragraph of section 8.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) or obtained a qualification certificate that was issued to it in accordance with subparagraph 4 of the first paragraph of section 8.4 of Schedule E to that Act and that came into force after that date.”

(2) Subsection 1 has effect from 28 March 2018.

347. (1) Section 1029.8.36.0.106.4 of the Act is amended by replacing “determined under subparagraph *a* of the second paragraph” in paragraphs *a* and *b* by “determined under the second paragraph”.

(2) Subsection 1 applies in respect of a particular month that ends after 31 March 2018. However, where section 1029.8.36.0.106.4 of the Act applies in respect of a particular month that includes that date, it is to be read as if “determined under the second paragraph” in paragraphs *a* and *b* were replaced by “determined under subparagraphs *a* and *d* of the second paragraph”.

348. (1) The Act is amended by inserting the following division after section 1029.8.36.0.106.6:

“DIVISION II.6.0.9.2

“CREDIT FOR THE PRODUCTION OF PYROLYSIS OIL IN QUÉBEC

“§1. — *Interpretation and general rules*

“1029.8.36.0.106.7. In this division,

“associated group” in a taxation year means all the corporations that meet the following conditions:

- (a) the corporations are associated with each other in the taxation year; and
- (b) each corporation is a qualified corporation for the taxation year;

“eligible production of pyrolysis oil” of a qualified corporation for a particular month means the total number of litres that corresponds to all of the qualified corporation’s shipments of eligible pyrolysis oil for the particular month;

“eligible pyrolysis oil” means a liquid mixture of oxygenated organic compounds obtained from the condensation of vapours resulting from the thermal decomposition of residual forest biomass;

“month” means, in the case where a taxation year begins on a day in a calendar month other than the first day of that month, any period that begins on that day in a calendar month within the taxation year, other than the month in which the year ends, and that ends on the day immediately preceding that day in the calendar month that follows that month or, for the month in which the taxation year ends, on the day on which that year ends, and if there is no such immediately preceding day in the following month, on the last day of that month;

“pyrolysis oil production unit” of a qualified corporation means all the property the qualified corporation uses in producing eligible pyrolysis oil or another type of pyrolysis oil in Québec;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec where it carries on a business engaged in the production of eligible pyrolysis oil, other than a corporation

- (a) that is exempt from tax for the year under Book VIII; or
- (b) that would be exempt from tax for the year under section 985, but for section 192;

“residual forest biomass” means forest biomass resulting from harvesting activities or primary or secondary processing activities, including non-contaminated, additive-free wood from deconstruction, where it is not used in a 4R-D-type hierarchical use approach, within the meaning of the Québec residual materials management policy (chapter Q-2, r. 35.1), but excluding standing trees;

“shipment of eligible pyrolysis oil” of a qualified corporation in respect of a particular month means a shipment consisting of a number of litres of eligible pyrolysis oil that the qualified corporation produces in Québec after 31 March 2018 and before 1 April 2023, that is sold in Québec in that period to a person or partnership that takes possession of the eligible pyrolysis oil in the particular month and before 1 April 2023, and that is intended for Québec.

For the purposes of the definition of “shipment of eligible pyrolysis oil” in the first paragraph, a shipment of pyrolysis oil is intended for Québec only if

(a) it is sold by the qualified corporation to a person or a partnership and it is reasonable to expect that that person or partnership, as the case may be, acquires it for its own use or consumption in Québec or for use or consumption in Québec by another person or partnership with which it is not dealing at arm’s length; and

(b) it is delivered, by the qualified corporation or on its behalf, and possession is taken in Québec.

“1029.3.36.0.106.8. Where, after 31 March 2018, a qualified corporation produces eligible pyrolysis oil in Québec and stores it in a reservoir with another type of pyrolysis oil it produced or with pyrolysis oil that it acquired from a person or partnership and that constitutes another source of supply for the reservoir, each shipment of pyrolysis oil the qualified corporation draws from that reservoir for a particular month (in this section referred to as a “shipment of mixed pyrolysis oil”) is deemed to consist of distinct shipments derived from each of the qualified corporation’s pyrolysis oil production units or each of the other sources of supply, as the case may be, that feeds the reservoir and in respect of which the number of litres is equal to the amount obtained by multiplying the number of litres making up the shipment of mixed pyrolysis oil by the proportion determined in respect of each production unit or each of the other sources of supply by the formula

$$(A + B)/(B + C + D).$$

In the formula in the first paragraph,

(a) A is the portion of the stock of mixed pyrolysis oil in the reservoir that is attributable to the qualified corporation’s pyrolysis oil production unit or the other source of supply, as the case may be, at the beginning of the particular month;

(b) B is the number of litres of pyrolysis oil derived from the qualified corporation’s pyrolysis oil production unit or the other source of supply, as the case may be, that is added to the reservoir during the particular month;

(c) C is the number of litres of pyrolysis oil that is added to the reservoir during the particular month and that is not derived from the qualified corporation’s pyrolysis oil production unit or the other source of supply, as the case may be; and

(d) D is the number of litres of pyrolysis oil that corresponds to the total stock of mixed pyrolysis oil in the reservoir at the beginning of the particular month.

For the purposes of subparagraph *a* of the second paragraph, the portion of the stock of mixed pyrolysis oil in the reservoir that is attributable to the qualified corporation's pyrolysis oil production unit or the other source of supply, as the case may be, at the beginning of the particular month is equal to the number of litres of pyrolysis oil obtained by multiplying the number of litres of pyrolysis oil that corresponds to the total stock of mixed pyrolysis oil in the reservoir at the beginning of the particular month by the proportion referred to in the first paragraph that applied for the month that precedes the particular month in respect of the qualified corporation's pyrolysis oil production unit or the other source of supply, as the case may be.

For the purposes of this division, the portion of a shipment of mixed pyrolysis oil for a particular month that, under the first paragraph, is deemed to be a distinct shipment derived from a pyrolysis oil production unit of a qualified corporation is deemed to be a shipment of eligible pyrolysis oil of the qualified corporation for the particular month only if the qualified corporation's facilities allow for the precise measurement of the number of litres of pyrolysis oil derived from each of the qualified corporation's pyrolysis oil production units and from each of the other sources of supply that feeds the reservoir before the pyrolysis oil is added.

For the purposes of this division, where, after 31 March 2018, a qualified corporation produces eligible pyrolysis oil in Québec and stores it in a reservoir with pyrolysis oil that it produced before 1 April 2018 or that it acquired before that date (in this paragraph referred to as the "previous stock"), the following rules apply:

(a) despite the first paragraph, a particular shipment of pyrolysis oil drawn from the reservoir is deemed to be a shipment drawn from the previous stock up to the number of litres that corresponds to the previous stock immediately before the particular shipment; and

(b) the number of litres of pyrolysis oil that corresponds to the total stock of mixed pyrolysis oil in the reservoir at the beginning of a particular month must be determined without taking the previous stock into account.

“§2. — *Credit*

“**1029.8.36.0.106.9.** A qualified corporation for a taxation year that encloses the documents described in the third paragraph with the fiscal return it is required to file under section 1000 for the year is deemed, subject to the fourth paragraph, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the amount by which the amount determined under section 1029.8.36.0.106.12 is exceeded by the aggregate of all amounts each of which is an amount determined, for a particular month of the year, by the formula

$$A \times \$0.08.$$

In the formula in the first paragraph, A, expressed as a number of litres, is the lesser of

(a) the qualified corporation’s eligible production of pyrolysis oil for the particular month; and

(b) the qualified corporation’s monthly ceiling on the production of pyrolysis oil for the particular month.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing prescribed information;

(b) a copy of a report specifying, in respect of the qualified corporation’s eligible production of pyrolysis oil for each month of the taxation year, the name of the person or partnership that acquired the eligible pyrolysis oil, the number of litres acquired, the date of sale and the date on which and the address where possession is taken; and

(c) if applicable, a copy of the agreement described in section 1029.8.36.0.106.10.

For the purpose of computing the payments that a qualified corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, that corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the taxation year under this Part and of its tax payable for the taxation year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the taxation year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

“1029.8.36.0.106.10. For the purposes of subparagraph *b* of the second paragraph of section 1029.8.36.0.106.9, the monthly ceiling on the production of pyrolysis oil of a qualified corporation, for a particular month of a taxation year, is,

(a) where the qualified corporation is a member of an associated group in the year, the number of litres attributed for the particular month to the qualified corporation pursuant to the agreement described in the second paragraph or, in the absence of such an agreement, zero or the number of litres, determined with reference to the rules set out in the second paragraph, attributed to the qualified corporation by the Minister, if applicable, for the particular month; or

(b) where subparagraph *a* does not apply, the number of litres obtained by multiplying 273,972 by the number of days in the particular month.

The agreement to which subparagraph *a* of the first paragraph refers is the agreement under which all of the qualified corporations that are members of the associated group in the year attribute to one or more of their number, for the purposes of this section, a number of litres; for that purpose, the total number of litres so attributed for the particular month must not exceed the number of litres determined under subparagraph *b* of the first paragraph for the particular month.

For the purposes of this section, where the particular month of a taxation year includes

(a) 1 April 2018 and does not begin on that date, subparagraph *b* of the first paragraph is to be read as if “that follow 31 March 2018” were inserted at the end; and

(b) 31 March 2023 and does not end on that date, subparagraph *b* of the first paragraph is to be read as if “that precede 1 April 2023” were inserted at the end.

“1029.8.36.0.106.11. No corporation may be deemed to have paid an amount to the Minister under section 1029.8.36.0.106.9 on account of its tax payable for a particular taxation year in relation to all or a portion of its eligible production of pyrolysis oil for a particular month of that year where the production results from eligible activities of the corporation, within the meaning of section 737.18.17.1, in relation to a large investment project, within the meaning of that section, in respect of which the corporation filed, after 27 March 2018, an application for a qualification certificate referred to in the first paragraph of section 8.3 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) or obtained a qualification certificate that was issued to it in accordance with subparagraph 4 of the first paragraph of section 8.4 of Schedule E to that Act and that came into force after that date.

“§3. — Government assistance, non-government assistance and other particulars

“1029.8.36.0.106.12. The amount to which the first paragraph of section 1029.8.36.0.106.9 refers is equal to the aggregate of all amounts each of which is

(a) the amount of any government assistance or non-government assistance that may reasonably be attributed to the portion, determined under the second paragraph of that section, of a qualified corporation’s eligible production of pyrolysis oil for a particular month of the taxation year and that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the taxation year; or

(b) the amount of any benefit or advantage that may reasonably be attributed to the portion, determined under the second paragraph of that section, of a qualified corporation’s eligible production of pyrolysis oil for a particular month of the taxation year, that is not a benefit or advantage that may reasonably be attributed to the carrying on of that activity, and that is a benefit or advantage that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation’s filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner.

“1029.8.36.0.106.13. A corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.106.9, on account of its tax payable for a particular taxation year under Part I in relation to its eligible production of pyrolysis oil for a particular month of that year is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000 for a subsequent taxation year (in this section referred to as the “year concerned”) in which either of the following events occurs, to have paid to the Minister on its balance-due day for the year concerned, on account of its tax payable for that year under this Part, an amount equal to the amount determined under the second paragraph:

(a) the corporation pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *a* of section 1029.8.36.0.106.12, in the aggregate determined in respect of the corporation for the particular taxation year under that section; or

(b) a person or a partnership pays, pursuant to a legal obligation, an amount that may reasonably be considered to be the repayment of an amount included, because of paragraph *b* of section 1029.8.36.0.106.12, in the aggregate determined in respect of the corporation for the particular taxation year under that section.

The amount to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section or section 1029.8.36.0.106.9 for a taxation year preceding the year concerned in relation to its eligible production of pyrolysis oil for a particular month of the particular taxation year, is exceeded by the total of

(a) the amount that the corporation would have been deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.106.9 if any of the events described in subparagraph *a* or *b* of the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1129.45.3.39.6, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of pyrolysis oil for a particular month of the particular taxation year, had occurred in the particular taxation year; and

(b) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under section 1129.45.3.39.6 for a taxation year preceding the year concerned in relation to its eligible production of pyrolysis oil for a particular month of the particular taxation year.

Section 1029.6.0.1.9 applies, with the necessary modifications, to the totality of the amount that the corporation is deemed, under this section, to have paid to the Minister on the corporation’s balance-due day for the year concerned.

“1029.8.36.0.106.14. For the purposes of section 1029.8.36.0.106.13, an amount is deemed to be an amount paid by a corporation, a person or a partnership, as the case may be, in a particular taxation year as a repayment of an amount included in the aggregate determined for a preceding taxation year in respect of the corporation under section 1029.8.36.0.106.12, pursuant to a legal obligation, if that amount

(a) has been included in that aggregate;

(b) in the case of an amount referred to in paragraph *a* of section 1029.8.36.0.106.12, has not been received by the corporation;

(c) in the case of an amount referred to in paragraph *b* of section 1029.8.36.0.106.12, has not been obtained by the person or partnership; and

(d) ceased in the particular taxation year to be an amount that the corporation, person or partnership may reasonably expect to receive or obtain.”

(2) Subsection 1 has effect from 1 April 2018.

349. (1) Section 1029.8.36.0.107 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

350. (1) Section 1029.8.36.0.119 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(a) a corporation that is exempt from tax for the particular year under Book VIII, other than an insurer referred to in paragraph *k* of section 998, as it read before being struck out, that is not so exempt from tax on all of its taxable income for the particular year because of section 999.0.1, as it read before being repealed;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

351. (1) Section 1029.8.36.4 of the Act is amended by replacing paragraph *a* of the definition of “qualified corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII; or”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

352. (1) Section 1029.8.36.5 of the Act is amended, in the first paragraph,

(1) by replacing the portion of subparagraph *a* before subparagraph *i* by the following:

“(a) if the qualified corporation is not dealing at arm’s length with the qualified outside consultant at the time the contract is entered into, the aggregate of all amounts each of which, determined in relation to a qualified designer or, as the case may be, to a qualified patternmaker, who reports for work at an establishment of the qualified outside consultant situated in Québec, is the expenditure that it incurs in the particular year, to the extent that the expenditure is paid, and that is the least of”;

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

“(b) if the qualified corporation is dealing at arm’s length with the qualified outside consultant at the time the contract is entered into, the expenditure that it incurs in the year and that is 65% of all or part of the cost of the contract that may reasonably be attributed to the design activity or to a pattern drafting activity provided for in the contract that the qualified outside consultant carried out in Québec in the particular year or a preceding taxation year, to the extent that the expenditure is paid.”

(2) Subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

353. (1) Section 1029.8.36.6 of the Act is amended, in the first paragraph,

(1) by replacing the portion of subparagraph *a* before subparagraph *i* by the following:

“(a) if the qualified partnership is not dealing at arm’s length with the qualified outside consultant at the time the contract is entered into, the aggregate of all amounts each of which, determined in relation to a qualified designer or, as the case may be, to a qualified patternmaker, who reports for work at an establishment of the qualified outside consultant situated in Québec, is the expenditure that it incurs in the particular fiscal period, to the extent that the expenditure is paid, and that is the least of”;

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

“(b) if the qualified partnership is dealing at arm’s length with the qualified outside consultant at the time the contract is entered into, the expenditure that the qualified partnership incurs in the particular fiscal period and that is 65% of all or part of the cost of the contract that may reasonably be attributed to the design activity or to a pattern drafting activity provided for in the contract that the qualified outside consultant carried out in Québec in the particular fiscal period or a preceding fiscal period, to the extent that the expenditure is paid.”

(2) Subsection 1 applies in respect of an expenditure incurred in a fiscal period that ends after 30 June 2016.

354. (1) Section 1029.8.36.7 of the Act is amended, in the first paragraph,

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

“i. the wages incurred by the qualified corporation, as part of the design activity and in the period described in the certificate, in respect of a qualified designer who reports for work at an establishment of the qualified corporation situated in Québec, to the extent that the wages are paid and are reasonably attributable to the carrying out of the design activity in Québec in the period, and”;

(2) by replacing subparagraph *i* of subparagraph *b* by the following subparagraph:

“i. the wages incurred by the qualified corporation, as part of a pattern drafting activity that derives from the design activity and in the period described in the certificate, in respect of a qualified patternmaker who reports for work at an establishment of the qualified corporation situated in Québec, to the extent that the wages are paid and are reasonably attributable to the carrying out of the pattern drafting activity in Québec in the period, and”.

(2) Subsection 1 applies in respect of wages incurred in a taxation year that ends after 30 June 2016.

355. (1) Section 1029.8.36.7.1 of the Act is amended, in the first paragraph,

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

“i. the wages incurred by the qualified partnership, as part of the design activity and in the period described in the certificate, in respect of a qualified designer who reports for work at an establishment of the qualified partnership situated in Québec, to the extent that the wages are paid and are reasonably attributable to the carrying out of the design activity in Québec in the period, and”;

(2) by replacing subparagraph *i* of subparagraph *b* by the following subparagraph:

“i. the wages incurred by the qualified partnership, as part of a pattern drafting activity that derives from the design activity and in the period described in the certificate, in respect of a qualified patternmaker who reports for work at an establishment of the qualified partnership situated in Québec, to the extent that the wages are paid and are reasonably attributable to the carrying out of the pattern drafting activity in Québec in the period, and”.

(2) Subsection 1 applies in respect of wages incurred in a fiscal period that ends after 30 June 2016.

356. (1) Section 1029.8.36.54 of the Act is amended, in the first paragraph,

(1) by replacing the portion of the definition of “construction expenditure” before paragraph *a* by the following:

““construction expenditure” of a qualified corporation for a taxation year in respect of an eligible vessel means the aggregate of”;

(2) by replacing the portion of the definition of “conversion expenditure” before paragraph *a* by the following:

““conversion expenditure” of a qualified corporation for a taxation year in respect of an eligible vessel means the aggregate of”.

(2) Subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

357. (1) Section 1029.8.36.72.82.1 of the Act is amended, in the first paragraph,

(1) by replacing the definition of “eligibility period” by the following definition:

““eligibility period” of a corporation means, subject to the third paragraph, the period that begins on 1 January of the first calendar year referred to in the first unrevoked qualification certificate issued to the corporation or deemed obtained by it, in relation to a recognized business, for the purposes of this division or any of Divisions II.6.6.2, II.6.6.4 and II.6.6.6, and that ends

(*a*) on 31 December 2020, for the purpose of computing an amount deemed to have been paid to the Minister under section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, in respect of an amount referred to in subparagraph ii of subparagraph *b* of the first paragraph of that section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, as applicable, that is in relation to a particular amount of salary or wages in respect of which an amount is deemed to have been paid by the corporation to the Minister under that section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, as applicable, for a taxation year in which a calendar year preceding the calendar year 2016 ends, in relation to an activity referred to in the definition of “eligible region”;

(b) on 31 December 2017, for the purpose of computing an amount deemed to have been paid to the Minister under section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, in respect of an amount referred to in subparagraph *b* of the first paragraph of that section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, as applicable, that is in relation to an amount of salary or wages, other than a particular amount of salary or wages in respect of which an amount is deemed to have been paid by the corporation to the Minister under that section 1029.8.36.72.82.3.2 or 1029.8.36.72.82.3.3, as applicable, for a taxation year in which a calendar year preceding the calendar year 2016 ends; or

(c) on 31 December 2015, in any other case;”;

(2) by replacing “or by 100/8 if the particular calendar year is the calendar year 2015” by “or by 100/8 if the particular calendar year is subsequent to the calendar year 2014” in the following provisions of the definition of “eligible repayment of assistance”:

—the portion of paragraph *m.1* before subparagraph *i*;

—subparagraph *i* of paragraph *m.1*;

—the portion of paragraph *n.1* before subparagraph *i*;

—subparagraph *i* of paragraph *n.1*;

—the portion of paragraph *o.1* before subparagraph *i*;

—subparagraph *i* of paragraph *o.1*.

(2) Subsection 1 applies from the calendar year 2016.

358. (1) Section 1029.8.36.72.82.3.2 of the Act is amended, in the second paragraph,

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

“*ii.* 16% for the taxation year in which a calendar year subsequent to the calendar year 2014 ends, and”;

(2) by replacing subparagraph *iii* of subparagraph *b* by the following subparagraph:

“*iii.* 8% for the taxation year in which a calendar year subsequent to the calendar year 2014 ends, and”.

(2) Subsection 1 applies from the calendar year 2016.

359. (1) Section 1029.8.36.72.82.3.3 of the Act is amended, in the third paragraph,

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

“ii. 16% for the taxation year in which a calendar year subsequent to the calendar year 2014 ends, and”;

(2) by replacing subparagraph iii of subparagraph *b* by the following subparagraph:

“iii. 8% for the taxation year in which a calendar year subsequent to the calendar year 2014 ends, and”.

(2) Subsection 1 applies from the calendar year 2016.

360. (1) Section 1029.8.36.166.40 of the Act is amended, in the first paragraph,

(1) by replacing paragraph *c* of the definition of “qualified property” by the following paragraph:

“(c) is used solely in Québec and mainly in the course of carrying on a business, other than a recognized business in connection with which a large investment project is carried out or is in the process of being carried out;”;

(2) by inserting the following paragraph after paragraph *c.2* of the definition of “qualified property”:

“(c.3) is not used in the course of operating a pyrolysis oil plant; and”;

(3) by replacing the definition of “recognized business” by the following definition:

““recognized business” has the meaning assigned by the first paragraph of section 737.18.17.1;”;

(4) by striking out the definition of “major investment project”;

(5) by replacing paragraph *a* of the definition of “excluded corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Paragraphs 1, 3 and 4 of subsection 1 apply from 1 January 2021.

(3) Paragraph 2 of subsection 1 applies in respect of a property acquired after 27 March 2018.

(4) Paragraph 5 of subsection 1 applies to a taxation year that begins after 31 December 2018.

361. (1) Section 1029.8.36.166.60.1 of the Act is amended, in the first paragraph,

(1) by replacing paragraph *b* of the definition of “qualified building” by the following paragraph:

“(b) it is acquired to be used mainly for manufacturing or processing activities, other than activities listed in section 130R12 of the Regulation respecting the Taxation Act, and in the course of carrying on a business, other than a recognized business in connection with which a large investment project is carried out or is in the process of being carried out;”;

(2) by replacing the definition of “recognized business” by the following definition:

““recognized business” has the meaning assigned by the first paragraph of section 737.18.17.1;”;

(3) by striking out the definition of “major investment project”;

(4) by replacing paragraph *a* of the definition of “excluded corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Paragraphs 1 to 3 of subsection 1 apply from 1 January 2021.

(3) Paragraph 4 of subsection 1 applies to a taxation year that begins after 31 December 2018.

362. (1) Section 1029.8.36.166.60.19 of the Act is amended, in the first paragraph,

(1) by striking out “, to the extent that it is reasonable in the circumstances,” in subparagraph *i* of paragraphs *a* to *d* of the definition of “eligible expenses”;

(2) by replacing paragraph *a* of the definition of “excluded corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Paragraph 1 of subsection 1 applies in respect of expenses incurred in a taxation year or a fiscal period, as the case may be, that ends after 30 June 2016.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 31 December 2018.

363. (1) Section 1029.8.36.166.61 of the Act is amended

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

““eligible contract” of a corporation for all or part of a taxation year means a contract of the corporation in respect of which a certificate is issued to the corporation for the year by the Minister of Finance for the purposes of this division, according to which the contract is an eligible contract for all or part of the year;”;

(2) by replacing “\$66,667” in paragraph *a* of the definition of “qualified wages” by “\$75,000”;

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

““qualified international financial transaction” has the meaning assigned by section 2.1 of Schedule E to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);”.

(2) Paragraphs 1 and 3 of subsection 1 have effect from 21 December 2017.

(3) Paragraph 2 of subsection 1 applies to a taxation year that ends after 20 December 2017 in respect of qualified wages incurred after that date. However, where section 1029.8.36.166.61 of the Act applies to such a taxation year that includes that date, it is to be read as if “\$75,000” in paragraph *a* of the definition of “qualified wages” were replaced by the aggregate of

(1) the amount obtained by multiplying \$66,667 by the proportion that the number of days in the taxation year that precede 21 December 2017 is of the number of days in the taxation year; and

(2) the amount obtained by multiplying \$75,000 by the proportion that the number of days in the taxation year that follow 20 December 2017 is of the number of days in the taxation year.

364. (1) Section 1029.8.36.166.62 of the Act is amended by replacing the first paragraph by the following paragraph:

“A corporation operating an international financial centre in a taxation year that holds for that year a valid qualification certificate issued by the Minister of Finance for the purposes of this division and that encloses with the fiscal return it is required to file for the year under section 1000 the documents described in the third paragraph is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 24% of the aggregate of

(a) the aggregate of all amounts each of which is the qualified wages incurred by the corporation in the year in respect of an eligible employee for all or part of that year, where the qualification certificate issued in respect of that employee is in relation to the carrying out of qualified international financial transactions; and

(b) the aggregate of all amounts each of which is 80% of the qualified wages incurred by the corporation in the year in respect of an eligible employee for all or part of that year, where the qualification certificate issued in respect of that employee is in relation to an eligible contract.”

(2) Subsection 1 applies to a taxation year that ends after 20 December 2017.

365. (1) Section 1029.8.36.166.65 of the Act is amended by replacing paragraph *a* of the definition of “excluded corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

366. (1) Section 1029.8.36.166.69 of the Act is amended

(1) by replacing the portion of the definition of “qualified expenditure” before paragraph *a* by the following:

““qualified expenditure” of a corporation for a taxation year means the aggregate of all amounts each of which is an expenditure incurred by the corporation in the year, that is directly attributable to its eligible activities for the year carried on in an establishment of the corporation situated in Québec and is any of the following expenditures, provided it is wholly or partly attributable to its eligibility period for the year:”;

(2) by adding the following paragraphs at the end of the definition of “qualified expenditure”:

“(g) the fees relating to the constitution of a prospectus required by a recognized regulatory or self-regulatory organization of a financial market; or

“(h) the fees paid to a compliance consultant to ensure compliance with the requirements of a recognized regulatory or self-regulatory organization of a financial market.”;

(3) by replacing paragraph *a* of the definition of “excluded corporation” by the following paragraph:

“(a) a corporation that is exempt from tax for the year under Book VIII;”.

(2) Paragraph 1 of subsection 1 applies in respect of an expenditure incurred in a taxation year that ends after 30 June 2016.

(3) Paragraph 2 of subsection 1 applies in respect of an expenditure incurred after 28 March 2017.

(4) Paragraph 3 of subsection 1 applies to a taxation year that begins after 31 December 2018.

367. (1) Section 1029.8.61.18 of the Act is amended

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

“Where an individual and, where applicable, the individual’s cohabiting spouse at the beginning of a particular month included in a taxation year file the document referred to in section 1029.8.61.23 for the base year in relation to the particular month, an amount equal to the amount determined by the following formula is deemed, for the particular month, to be an overpayment of the tax payable by the individual under this Part (in this division referred to as the “family allowance”):

$1/12 A + B + I + J.$ ”;

(2) by replacing “\$190” in subparagraph *b* of the second paragraph by “\$195”;

(3) by replacing “\$954” in subparagraph *c* of the second paragraph by “\$978”;

(4) by adding the following subparagraph at the end of the second paragraph:

“(d) *J* is an amount (in this division referred to as the “supplement for the purchase of school supplies”) equal to

i. where the particular month is July of the year, the product obtained by multiplying \$102 by the number of eligible dependent children described in the first paragraph of section 1029.8.61.19.5 in respect of whom the individual is, at the beginning of the particular month, an eligible individual,

ii. where the particular month is January 2018, the product obtained by multiplying \$100 by the number of eligible dependent children described in the second paragraph of section 1029.8.61.19.5 in respect of whom the individual is, at the beginning of the particular month, an eligible individual, or

iii. in any other case, zero.”;

(5) by replacing “\$2,410” in subparagraph *i* of subparagraph *a* of the third paragraph and in subparagraph 1 of subparagraph *ii* of that subparagraph *a* by “\$2,472”;

(6) by replacing “\$1,204” in subparagraph 2 of subparagraph *ii* of subparagraph *a* of the third paragraph by “\$1,735”;

(7) by replacing “\$1,806” in subparagraph 3 of subparagraph ii of subparagraph *a* of the third paragraph by “\$1,852”;

(8) by replacing “\$845” in subparagraph *b* of the third paragraph by “\$867”;

(9) by replacing “\$676” in subparagraph i of subparagraph *e* of the third paragraph and in subparagraph 1 of subparagraph ii of that subparagraph *e* by “\$694”;

(10) by replacing “\$625” in subparagraph 2 of subparagraph ii of subparagraph *e* of the third paragraph by “\$641”;

(11) by replacing “\$337” in subparagraph *f* of the third paragraph by “\$346”;

(12) by replacing “in respect of a child assistance payment” in the fourth paragraph by “in respect of a family allowance”.

(2) Paragraphs 1 and 4 of subsection 1 have effect from 1 January 2018. However, where section 1029.8.61.18 of the Act applies before 1 January 2019, it is to be read

(1) as if “family allowance” in the portion of the first paragraph before the formula were replaced by “child assistance payment”; and

(2) as if “\$102” in subparagraph i of subparagraph *d* of the second paragraph were replaced by “\$100”.

(3) Paragraphs 2, 3 and 5 to 12 of subsection 1 have effect from 1 January 2019.

368. (1) Section 1029.8.61.19.1 of the Act is amended, in the first paragraph,

(1) by replacing the portion of subparagraph *a* before subparagraph i by the following:

“(a) the child, during a foreseeable period of at least one year, has an impairment or a mental function disability entailing serious and multiple disabilities that prevent the child from independently performing the life habits of a child of his or her age and is, at the beginning of the particular month,”;

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

“ii. four years of age or over, in the case of a mental function disability; or”.

(2) Subsection 1 has effect from 1 April 2016.

369. (1) The Act is amended by inserting the following section after section 1029.8.61.19.4:

“1029.8.61.19.5. An eligible dependent child to whom subparagraph *i* of subparagraph *d* of the second paragraph of section 1029.8.61.18 refers for a particular month is a child who, on 30 September following the particular month, is at least 4 years of age and at most

(*a*) 17 years of age, where the child is an eligible dependent child to whom subparagraph *b* of the second paragraph of section 1029.8.61.18 refers for the particular month; or

(*b*) 16 years of age, in any other case.

An eligible dependent child to whom subparagraph *ii* of subparagraph *d* of the second paragraph of section 1029.8.61.18 refers is a child who, on 30 September 2017, is at least 4 years of age and at most

(*a*) 17 years of age, where the child is an eligible dependent child to whom subparagraph *b* of the second paragraph of section 1029.8.61.18 refers for January 2018; or

(*b*) 16 years of age, in any other case.”

(2) Subsection 1 has effect from 1 January 2018.

370. (1) Section 1029.8.61.20 of the Act is amended

(1) by replacing “2017” in the portion before the formula in the first paragraph by “2019”;

(2) by replacing the portion of the fourth paragraph before subparagraph *a* by the following:

“The amounts to which the first paragraph refers are”;

(3) by replacing “\$190” in subparagraph *a* of the fourth paragraph by “\$195”;

(4) by replacing “\$954” in subparagraph *a.1* of the fourth paragraph by “\$978”;

(5) by inserting the following subparagraph after subparagraph *a.1* of the fourth paragraph:

“(a.2) the amount of \$102 mentioned in subparagraph *i* of subparagraph *d* of the second paragraph of section 1029.8.61.18;”;

(6) by replacing “\$2,410”, “\$1,204” and “\$1,806” in subparagraph *b* of the fourth paragraph by “\$2,472”, “\$1,735” and “\$1,852”, respectively;

(7) by replacing “\$845” in subparagraph *c* of the fourth paragraph by “\$867”;

(8) by replacing “\$676” and “\$625” in subparagraph *d* of the fourth paragraph by “\$694” and “\$641”, respectively;

(9) by replacing “\$337” in subparagraph *e* of the fourth paragraph by “\$346”.

(2) Paragraphs 1 and 3 to 9 of subsection 1 have effect from 1 January 2019.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2017.

371. (1) Section 1029.8.61.22 of the Act is amended by replacing the first and second paragraphs by the following paragraphs:

“The amount to which subparagraph *i* of subparagraph *d* of the third paragraph of section 1029.8.61.18 refers is the amount (in section 1029.8.61.22.1 referred to as the “family allowance reduction threshold”), applicable for a particular month included in a taxation year, that is equal to the amount starting at which the total income of an eligible individual for the year who has an eligible spouse for the year, and whose work income for the year is at least equal to the work premium reduction threshold referred to in subparagraph *ii* of subparagraph *b* of the second paragraph of section 1029.8.116.5 that is applicable for the year, causes the eligible individual to be deemed to have paid to the Minister an amount equal to zero on account of the eligible individual’s tax payable for the year under the first paragraph of section 1029.8.116.5.

The amount to which subparagraph *ii* of subparagraph *d* of the third paragraph of section 1029.8.61.18 refers is the amount (in section 1029.8.61.22.1 referred to as the “family allowance reduction threshold”), applicable for a particular month included in a taxation year, that is equal to the amount starting at which the total income of an eligible individual for the year who does not have an eligible spouse for the year, and whose work income for the year is at least equal to the work premium reduction threshold referred to in subparagraph *i* of subparagraph *b* of the second paragraph of section 1029.8.116.5 that is applicable for the year, causes the eligible individual to be deemed to have paid to the Minister an amount equal to zero on account of the eligible individual’s tax payable for the year under the first paragraph of section 1029.8.116.5.”

(2) Subsection 1 has effect from 1 January 2019.

372. (1) Section 1029.8.61.22.1 of the Act is amended by replacing both occurrences of “child assistance payment reduction thresholds” by “family allowance reduction thresholds”.

(2) Subsection 1 has effect from 1 January 2019.

373. (1) Section 1029.8.61.24 of the Act is amended

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

“An individual may be considered to be an eligible individual, in respect of an eligible dependent child, at the beginning of a particular month only if the individual files an application for a family allowance, in respect of that eligible dependent child, with Retraite Québec no later than 11 months after the end of the particular month.”;

(2) by replacing “in respect of a child assistance payment” in the third paragraph by “in respect of a family allowance”.

(2) Subsection 1 has effect from 1 January 2019.

374. (1) Section 1029.8.61.26 of the Act is amended

(1) by replacing “in respect of a child assistance payment” in the first and third paragraphs by “in respect of a family allowance”;

(2) by replacing “child tax benefit” in the third paragraph by “Canada child benefit”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2019.

(3) Paragraph 2 of subsection 1 has effect from 1 July 2016.

375. (1) Section 1029.8.61.28 of the Act is amended

(1) by replacing “of a child assistance payment” wherever it appears by “of a family allowance”;

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

“However, the payment made under the first or second paragraph of an amount determined in respect of a family allowance for a particular month that is either January 2018 or July of a year subsequent to the year 2017 does not include the portion of that amount that is attributable to the supplement for the purchase of school supplies, which portion is paid separately by Retraite Québec on or before the last day of the month following the particular month.”

(2) Paragraph 1 of subsection 1 has effect from 1 January 2019.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2018. However, where section 1029.8.61.28 of the Act applies before 1 January 2019, it is to be read as if “of a family allowance” in the third paragraph were replaced by “of a child assistance payment”.

(4) In addition, despite section 1029.8.61.28 of the Act, Retraite Québec shall pay within the first 15 days of April 2019 the portion of an amount determined in respect of a family allowance for any of the months of January, February and March 2019 that is attributable to the amount by which the amount otherwise determined for that month exceeds the amount that would be determined for that month if subparagraph 2 of subparagraph ii of subparagraph *a* of the third paragraph of section 1029.8.61.18 of the Act were read as if, for the taxation year 2019, “\$1,735” were replaced by “\$1,235”.

376. (1) Section 1029.8.61.36 of the Act is amended

(1) by replacing “as or on account of a child assistance payment” in the portion before subparagraph *a* of the first paragraph by “as or on account of a family allowance”;

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

“Where applicable, the allocation shall be made taking into account the fact that an individual receives a benefit under a financial assistance program provided for in any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1).”

(2) Paragraph 1 of subsection 1 has effect from 1 January 2019.

(3) Paragraph 2 of subsection 1 has effect from 1 April 2018.

377. (1) Section 1029.8.61.64 of the Act is amended by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) A is an amount of \$663; and

“(b) B is an amount equal to the amount by which \$542 exceeds 16% of the eligible relative’s income for the year that exceeds \$24,105.”

(2) Subsection 1 applies from the taxation year 2019.

378. (1) Section 1029.8.61.67 of the Act is replaced by the following section:

“1029.8.61.67. The amount determined by the formula in the first paragraph of section 1029.8.61.64, in respect of a person who is an eligible relative of an individual, and taken into account for the purpose of computing the amount that the individual is deemed to have paid to the Minister under section 1029.8.61.64 for a taxation year is to be reduced by an amount that is the portion of a financial assistance benefit received in that year by the individual or, as the case may be, by the individual’s spouse for the year, in respect of that person, under any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1), that is attributable to the amount of the increase for a dependent child of full age who is handicapped and attends an educational institution at the secondary level in general education provided for in the second paragraph of section 75 of the Individual and Family Assistance Regulation (chapter A-13.1.1, r. 1).”

(2) Subsection 1 applies from the taxation year 2018.

379. (1) Section 1029.8.61.69 of the Act is amended by replacing subparagraphs i and ii of paragraph *b* by the following subparagraphs:

“i. the particular person’s ability to perform a basic activity of daily living is markedly restricted and the minimum housing period of the particular person for the year in relation to the individual is the period described in paragraph *b* of the definition of “minimum housing period” in section 1029.8.61.61, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the particular person has a sight impairment, a physician, a specialized nurse practitioner or an optometrist, within the meaning of that section, or, where the particular person has a speech impairment, a physician, a specialized nurse practitioner or a speech-language pathologist, within the meaning of that section, or, where the particular person has a hearing impairment, a physician, a specialized nurse practitioner or an audiologist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person’s ability in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person’s ability in walking, a physician, a specialized nurse practitioner, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the particular person has an impairment with respect to the particular person’s ability in mental functions necessary for everyday life, a physician, a specialized nurse practitioner or a psychologist, within the meaning of that section, certifies that the particular person has such an impairment, or

“ii. the particular person’s ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living and the minimum housing period of the particular person for the year in relation to the individual is the period described in paragraph *b* of the definition of “minimum housing period” in section 1029.8.61.61, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the particular person has an impairment with respect to the particular person’s ability in walking or in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, certifies that the particular person has such an impairment.”

(2) Subsection 1 applies in respect of a certification made after 21 March 2017.

380. (1) Section 1029.8.61.71 of the Act is amended by replacing “400” in the definition of “eligible individual” in the first paragraph by “200”.

(2) Subsection 1 applies from the taxation year 2018.

381. (1) Section 1029.8.61.74 of the Act is replaced by the following section:

“1029.8.61.74. An informal caregiver for a taxation year in relation to a care recipient may attribute an amount for the year, which may not exceed the amount determined under the second paragraph, to an eligible individual for the year, in relation to the care recipient, provided the aggregate of all amounts each of which is an amount so attributed by the informal caregiver for the year to an eligible individual in relation to the care recipient does not exceed \$1,500.

The amount to which the first paragraph refers that may be attributed to an eligible individual is equal to

(a) \$250 where the eligible individual provided volunteer respite services in the year to the informal caregiver, in relation to the care recipient, for a total of at least 200 hours and less than 300 hours;

(b) \$500 where the eligible individual provided volunteer respite services in the year to the informal caregiver, in relation to the care recipient, for a total of at least 300 hours and less than 400 hours; and

(c) \$750 where the eligible individual provided volunteer respite services in the year to the informal caregiver, in relation to the care recipient, for a total of at least 400 hours.

Subject to the fourth paragraph, where the amount otherwise attributed by an informal caregiver to an eligible individual under the first paragraph exceeds the amount determined in respect of the eligible individual in accordance with the second paragraph, the amount attributed to the eligible individual is deemed to be equal to the amount so determined.

Where the aggregate of all amounts each of which is an amount otherwise attributed under the first paragraph or deemed to be attributed under the third paragraph, as the case may be, for a taxation year by an informal caregiver to an eligible individual in relation to a care recipient exceeds \$1,500, the amount so attributed or deemed to be attributed by the informal caregiver to an eligible individual for the year in relation to the care recipient is deemed to be equal to the amount determined by the Minister for the year in respect of the eligible individual in relation to the care recipient.”

(2) Subsection 1 applies from the taxation year 2018.

382. (1) Section 1029.8.61.85 of the Act is amended by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) A is an amount of \$663; and

“(b) B is an amount equal to the amount by which \$542 exceeds 16% of the eligible relative’s income for the year that exceeds \$24,105.”

(2) Subsection 1 applies from the taxation year 2019.

383. (1) Section 1029.8.61.89 of the Act is replaced by the following section:

“**1029.8.61.89.** The amount determined by the formula in the first paragraph of section 1029.8.61.85, in respect of a person who is an eligible relative of an individual, and taken into account for the purpose of computing the amount that the individual is deemed to have paid to the Minister under section 1029.8.61.85 for a taxation year is to be reduced by an amount that is the portion of a financial assistance benefit received in that year by the individual or, as the case may be, by the individual’s spouse for the year, in respect of that person, under any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1), that is attributable to the amount of the increase for a dependent child of full age who is handicapped and attends an educational institution at the secondary level in general education provided for in the second paragraph of section 75 of the Individual and Family Assistance Regulation (chapter A-13.1.1, r. 1).”

(2) Subsection 1 applies from the taxation year 2018.

384. (1) Section 1029.8.61.90 of the Act is amended

(1) by replacing subparagraphs i and ii of paragraph *b* by the following subparagraphs:

“i. the person’s ability to perform a basic activity of daily living is markedly restricted, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person has a sight impairment, a physician, a specialized nurse practitioner or an optometrist, within the meaning of that section, or, where the person has a speech impairment, a physician, a specialized nurse practitioner or a speech-language pathologist, within the meaning of that section, or, where the person has a hearing impairment, a physician, a specialized nurse practitioner or an audiologist, within the meaning of that section, or, where the person has an impairment with respect to the person’s ability in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, or, where the person has an impairment with respect to the person’s ability in walking, a physician, a specialized nurse practitioner, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the person has an impairment with respect to the person’s ability in mental functions necessary for everyday life, a physician, a specialized nurse practitioner or a psychologist, within the meaning of that section, certifies that the person has such an impairment, or

“ii. the person’s ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person has an impairment with respect to the person’s ability in walking or in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, certifies that the person has such an impairment; and”;

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

“(c) the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, certifies that the person is unable to live alone because of the person’s impairment.”

(2) Paragraph 1 of subsection 1 applies in respect of a certification made after 21 March 2017.

(3) Paragraph 2 of subsection 1 applies in respect of a certification made after 26 March 2018.

385. (1) Section 1029.8.61.93 of the Act is amended

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

“An individual who is resident in Québec at the end of 31 December of a taxation year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the individual’s balance-due day for that taxation year, on account of the individual’s tax payable under this Part for that taxation year, an amount equal to \$1,032 in respect of a person who, throughout the minimum cohabitation period of that person for the year, is an eligible relative of the individual and who, throughout that period, ordinarily lives with the individual in a self-contained domestic establishment (other than a self-contained domestic establishment situated in a private seniors’ residence, in a facility maintained by a private institution not under agreement that operates a residential and long-term care centre governed by the Act respecting health services and social services (chapter S-4.2), or in a public network facility within the meaning of section 1029.8.61.1) of which the individual or the eligible relative, alone or jointly with another person, is the owner, lessee or sublessee throughout that period.”;

(2) by striking out the third paragraph.

(2) Subsection 1 applies from the taxation year 2019.

386. (1) Section 1029.8.61.96 of the Act is amended

(1) by replacing subparagraph *i* of paragraph *a* by the following subparagraph:

“*i.* the individual certifies that, throughout the minimum cohabitation period of the person for the year, the individual ordinarily lived with that person in a self-contained domestic establishment (other than such an establishment situated in a private seniors’ residence, in a facility maintained by a private institution not under agreement that operates a residential and long-term care centre governed by the Act respecting health services and social services (chapter S-4.2), or in a public network facility within the meaning of section 1029.8.61.1), and”;

(2) by replacing subparagraphs *i* and *ii* of paragraph *b* by the following subparagraphs:

“*i.* the person’s ability to perform a basic activity of daily living is markedly restricted, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person has a sight impairment, a physician, a specialized nurse practitioner or an optometrist, within the meaning of that section, or, where the person has a speech impairment, a physician, a specialized nurse practitioner or a speech-language pathologist, within the meaning of that section, or, where the person has a hearing impairment, a physician, a specialized nurse practitioner or an audiologist, within the meaning of that section, or, where the person has an

impairment with respect to the person's ability in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in walking, a physician, a specialized nurse practitioner, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the person has an impairment with respect to the person's ability in mental functions necessary for everyday life, a physician, a specialized nurse practitioner or a psychologist, within the meaning of that section, certifies that the person has such an impairment, or

“ii. the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person has an impairment with respect to the person's ability in walking or in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, certifies that the person has such an impairment; and”;

(3) by replacing paragraph *c* by the following paragraph:

“(c) the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, certifies that the person is unable to live alone because of the person's impairment.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 2017.

(3) Paragraph 2 of subsection 1 applies in respect of a certification made after 21 March 2017.

(4) Paragraph 3 of subsection 1 applies in respect of a certification made after 26 March 2018.

387. (1) The Act is amended by inserting the following division after section 1029.8.61.96:

“DIVISION II.11.7.1

“CREDIT FOR INFORMAL CAREGIVERS OF PERSONS OF FULL AGE WITH NO COHABITATION REQUIREMENT

“§1.—*Interpretation and general rules*

“1029.8.61.96.1. In this division,

“eligible relative” of an individual means a person in respect of whom the following conditions are met:

(a) the person is the child, grandchild, nephew, niece, brother, sister, father, mother, uncle, aunt, grandfather, grandmother, great-uncle or great-aunt of the individual or of the individual’s spouse or any other direct ascendant of the individual or of the individual’s spouse;

(b) the person has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person’s ability to perform a basic activity of daily living is markedly restricted or that the person’s ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living;

(c) the person needs assistance to perform a basic activity of daily living because of the person’s impairment;

(d) the housing unit that is the person’s principal place of residence is situated in Québec; and

(e) that housing unit is not situated in a private seniors’ residence, in a facility maintained by a private institution not under agreement that operates a residential and long-term care centre governed by the Act respecting health services and social services (chapter S-4.2), or in a public network facility;

“minimum period of support” of a person by an individual for a taxation year means a period of at least 365 consecutive days commencing in the year or in the preceding year, during which the individual provides assistance to that person, gratuitously and on a regular and constant basis, by assisting that person in performing a basic activity of daily living where

(a) the period includes at least 183 days in the year; and

(b) the person is, during that period, 18 years of age or over;

“private seniors’ residence” has the meaning that would be assigned by section 1029.8.61.1 if the definition of that expression were read without reference to “for a particular month” and “, at the beginning of the particular month,”;

“public network facility” has the meaning assigned by the first paragraph of section 1029.8.61.1.

For the purposes of the definition of “eligible relative” in the first paragraph, a person who, immediately before death, was the spouse of an individual is deemed to be a spouse of the individual.

“1029.8.61.96.2. The first and second paragraphs of section 752.0.17 apply for the purpose of determining whether a person has a severe and prolonged impairment in mental or physical functions the effects of which are such that the person’s ability to perform a basic activity of daily living is markedly restricted or that the person’s ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living.

For the purpose of determining whether an individual is deemed to have paid an amount to the Minister under section 1029.8.61.96.3 for a taxation year in respect of an eligible relative, any person referred to in section 1029.8.61.96.3 shall, on request in writing by the Minister for information with respect to the eligible relative’s impairment and its effect on the eligible relative or with respect to the therapy that is, if applicable, required to be administered to the eligible relative, provide the information so requested in writing.

“§2.— *Credit*

“1029.8.61.96.3. An individual who is resident in Québec at the end of 31 December of a taxation year and who, during the year, is not dependent upon another individual, is deemed to have paid to the Minister, on the individual’s balance-due day for that taxation year, on account of the individual’s tax payable under this Part for that taxation year, an amount equal to the aggregate of all amounts each of which is—in respect of each person who, throughout the person’s minimum period of support by the individual for the year, is an eligible relative of the individual—the amount by which \$542 exceeds 16% of the eligible relative’s income for the year that exceeds \$24,105.

For the purposes of this section, an individual who was resident in Québec immediately before death is deemed to be resident in Québec at the end of 31 December of the year of the individual’s death.

“1029.8.61.96.4. Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid an amount to the Minister for the year under section 1029.8.61.96.3 in respect of a same person who is an eligible relative of those individuals, no amount greater than the amount provided for in that section, for the year, in respect of that person shall be deemed to have been paid to the Minister, for the year, under that section in respect of that person.

Where those individuals cannot agree as to what portion of the amount each would, but for this section, be deemed to have paid to the Minister, the Minister may determine that portion of the amount for the year.

“1029.8.61.96.5. For the purposes of section 1029.8.61.96.3, a person is dependent upon an individual during a taxation year if the individual is not the person’s spouse and has deducted, for the year, in respect of the person, an amount under any of sections 752.0.1 to 752.0.7, 752.0.11 to 752.0.18.0.1 and 776.41.14.

“1029.8.61.96.6. The amount determined under the first paragraph of section 1029.8.61.96.3, in respect of each person who is an eligible relative of an individual and has reached 18 years of age in a taxation year, and taken into account for the purpose of computing the amount that the individual is deemed to have paid to the Minister under section 1029.8.61.96.3 for the year is to be replaced by an amount equal to the proportion of that amount that the number of months in the year that follow the month in which that person reaches 18 years of age is of 12.

“1029.8.61.96.7. The amount determined under the first paragraph of section 1029.8.61.96.3, in respect of a person who is an eligible relative of an individual, and taken into account for the purpose of computing the amount that the individual is deemed to have paid to the Minister under section 1029.8.61.96.3 for a taxation year is to be reduced by an amount that is the portion of a financial assistance benefit received in that year by the individual or, as the case may be, by the individual’s spouse for the year, in respect of that person, under any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1), that is attributable to the amount of the increase for a dependent child of full age who is handicapped and attends an educational institution at the secondary level in general education provided for in the second paragraph of section 75 of the Individual and Family Assistance Regulation (chapter A-13.1.1, r. 1).

“1029.8.61.96.8. No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.96.3 for a taxation year in respect of a person if, as the case may be,

(a) that person is an eligible relative, within the meaning of any of sections 1029.8.61.61, 1029.8.61.83 and 1029.8.61.91, in respect of which an individual is deemed to have paid an amount to the Minister for the year under section 1029.8.61.64, 1029.8.61.85 or 1029.8.61.93, as the case may be; or

(b) that person attributed an amount to the individual for the year under section 1029.8.61.74 and that amount, or the amount deemed to have been attributed to the individual for the year in accordance with section 1029.8.61.74, is taken into account in computing an amount that the individual is deemed to have paid to the Minister for the year under section 1029.8.61.73.

“1029.8.61.96.9. No individual may be deemed to have paid an amount to the Minister under section 1029.8.61.96.3 for a taxation year in respect of a person unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if tax were payable by the individual for the year under this Part, the following documents:

(a) the prescribed form on which

i. the individual certifies that, during the person’s minimum period of support by the individual for the year, the individual provided assistance to the person, gratuitously and on a regular and constant basis, by assisting the person in performing a basic activity of daily living, and

ii. the individual certifies that, throughout the person’s minimum period of support by the individual for the year, the person was not living in a private seniors’ residence, in a facility maintained by a private institution not under agreement that operates a residential and long-term care centre governed by the Act respecting health services and social services (chapter S-4.2), or in a public network facility;

(b) if the person’s severe and prolonged impairment in mental or physical functions is an impairment whose effects are such that

i. the person’s ability to perform a basic activity of daily living is markedly restricted, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person has a sight impairment, a physician, a specialized nurse practitioner or an optometrist, within the meaning of that section, or, where the person has a speech impairment, a physician, a specialized nurse practitioner or a speech-language pathologist, within the meaning of that section, or, where the person has a hearing impairment, a physician, a specialized nurse practitioner or an audiologist, within the meaning of that section, or, where the person has an impairment with respect to the person’s ability in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, or, where the person has an impairment with respect to the person’s ability in walking, a physician, a specialized nurse practitioner, an occupational therapist or a physiotherapist, within the meaning of that section, or, where the person has an impairment with respect to the person’s ability in mental functions necessary for everyday life, a physician, a specialized nurse practitioner or a psychologist, within the meaning of that section, certifies that the person has such an impairment, or

ii. the person's ability to perform more than one basic activity of daily living is significantly restricted where the cumulative effect of those restrictions is equivalent to having a marked restriction in the ability to perform a basic activity of daily living, the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, or, where the person has an impairment with respect to the person's ability in walking or in feeding or dressing himself or herself, a physician, a specialized nurse practitioner or an occupational therapist, within the meaning of that section, certifies that the person has such an impairment; and

(c) the prescribed form on which a physician or a specialized nurse practitioner, within the meaning of section 752.0.18, certifies that the person requires assistance to perform a basic activity of daily living because of the person's impairment."

(2) Subsection 1 applies from the taxation year 2018. However, where section 1029.8.61.96.3 of the Act applies to the taxation year 2018, it is to be read as if "\$542" and "\$24,105" were replaced by "\$533" and "\$23,700", respectively.

388. (1) Section 1029.8.61.100 of the Act is amended by adding the following paragraphs at the end of the definition of "qualified property":

"(f) an alert system for persons with a hearing impairment;

"(g) a hearing aid;

"(h) a walker;

"(i) a rollator;

"(j) a cane;

"(k) crutches; or

"(l) a non-motorized wheelchair."

(2) Subsection 1 applies from the taxation year 2018.

389. (1) Section 1029.8.61.101 of the Act is amended by replacing "\$500" in the first paragraph by "\$250".

(2) Subsection 1 applies from the taxation year 2018.

390. (1) The Act is amended by inserting the following division after section 1029.8.61.102:

“DIVISION II.11.10

“CREDIT FOR SENIOR ASSISTANCE

“§1. — *Interpretation and general rules*

“1029.8.61.103. In this division,

“eligible individual” for a taxation year means an individual who, at the end of 31 December of the year or, if the individual died in the year, immediately before the death, is not an excluded individual for the year and

(a) is resident in Québec or, if the individual is the eligible spouse for the year of a person who is deemed to be resident in Québec throughout the taxation year, was resident in Québec in any preceding taxation year; and

(b) is, or whose eligible spouse for the year is,

i. a Canadian citizen,

ii. a permanent resident within the meaning of subsection 1 of section 2 of the Immigration and Refugee Protection Act (Statutes of Canada, 2001, chapter 27),

iii. a temporary resident or the holder of a temporary resident permit, within the meaning of the Immigration and Refugee Protection Act, who was resident in Canada during the 18-month period preceding that time, or

iv. a protected person within the meaning of the Immigration and Refugee Protection Act;

“eligible spouse” of an individual for a taxation year means the person who is the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;

“excluded individual” for a taxation year means

(a) a person who is exempt from tax for the year under section 982 or 983 or any of subparagraphs *a* to *d* and *f* of the first paragraph of section 96 of the Tax Administration Act (chapter A-6.002) or the eligible spouse of the person for the year; or

(b) a person who, at the end of 31 December of the year or, if the person died in the year, immediately before the death, is confined to a prison or a similar institution and has been so confined in the year for one or more periods totalling more than 183 days;

“family income” of an individual for a taxation year means the aggregate of the income of the individual for the year and the income, for the year, of the person who is the individual’s eligible spouse for the year.

For the purposes of paragraph *b* of the definition of “excluded individual” in the first paragraph, a person who has been allowed, in a taxation year, to be temporarily absent from a prison or similar institution to which the person has been confined is deemed to be confined to that prison or similar institution during each day of the year during which the person has been so allowed to be temporarily absent.

For the purposes of the definition of “family income” in the first paragraph, where an individual was not resident in Canada throughout a taxation year, the individual’s income for the year is deemed to be equal to the income that would be determined in respect of the individual for the year under this Part if the individual had been resident in Québec and in Canada throughout the year or, if the individual died in the year, throughout the period of the year preceding the time of death.

“§2. — *Credit*

“**1029.3.61.104.** An eligible individual for a taxation year is deemed to have paid to the Minister, on the eligible individual’s balance-due day for that year, on account of the eligible individual’s tax payable under this Part for the year, if the eligible individual and, where applicable, the eligible individual’s eligible spouse for the year file a fiscal return under section 1000 for the year, an amount equal to the amount determined by the formula

$A - B.$

In the formula in the first paragraph,

(a) A is the aggregate of

- i. \$203, where the eligible individual is at least 70 years of age at the end of 31 December of the year or, if the eligible individual died in the year, on the date of the death, and
- ii. \$203, where the eligible individual has an eligible spouse for the year who is both an eligible individual for the year and at least 70 years of age at the end of 31 December of the year or, if the eligible spouse died in the year, on the date of the death; and

(b) B is 5% of the amount by which the eligible individual’s family income for the year exceeds

- i. \$22,885, where the eligible individual does not have an eligible spouse for the year, or

ii. \$37,225, where the eligible individual has an eligible spouse for the year.

“1029.8.61.105. Despite section 1029.8.61.104, where a particular eligible individual referred to in section 1029.8.61.104 has an eligible spouse for a taxation year who is an eligible individual for the year and the particular eligible individual files with the Minister, together with the particular eligible individual’s fiscal return referred to in section 1029.8.61.104, the prescribed form containing prescribed information, the following rules apply:

(a) the amount the particular individual is deemed to have paid to the Minister for the year under section 1029.8.61.104, determined without reference to this section, is to be reduced by such portion of the amount as the particular individual and the particular individual’s eligible spouse agree, in that prescribed form, to attribute to the eligible spouse for the year;

(b) the amount the eligible spouse is deemed to have paid to the Minister for the year under section 1029.8.61.104, determined without reference to this section, is to be reduced by the amount determined for the year under subparagraph *a* in respect of the particular individual; and

(c) the amount determined for the year under subparagraph *a* in respect of the particular individual and the amount determined for the year under subparagraph *b* in respect of the eligible spouse are deemed to be the amount the particular individual is deemed to have paid to the Minister for the year under section 1029.8.61.104 and the amount the eligible spouse is deemed to have so paid to the Minister for the year, respectively.

For the purposes of the first paragraph, only one prescribed form may be considered valid in respect of a taxation year.

“1029.8.61.106. Section 1029.8.61.105 applies in respect of an eligible individual in relation to a taxation year only if the eligible individual files with the Minister, together with the fiscal return the eligible individual files for the year under section 1000, a written statement from the eligible individual’s eligible spouse for the year in the prescribed form referred to in section 1029.8.61.105.

“1029.8.61.107. For the purposes of section 1029.8.61.104, where an eligible individual referred to in that section for a taxation year has an eligible spouse for the year who is an eligible individual for the year and neither the individual nor the spouse have filed with the Minister the prescribed form referred to in section 1029.8.61.105 for the year, the Minister shall determine the amount each is deemed to have paid under section 1029.8.61.104 for the year.”

(2) Subsection 1 applies from the taxation year 2018. However, where section 1029.8.61.104 of the Act applies to the taxation year 2018, the second paragraph of that section is to be read

(1) as if “\$203” in subparagraphs i and ii of subparagraph *a* were replaced by “\$200”;

(2) as if “\$22,885” in subparagraph i of subparagraph *b* were replaced by “\$22,500”; and

(3) as if “\$37,225” in subparagraph ii of subparagraph *b* were replaced by “\$36,600”.

391. (1) Section 1029.8.67 of the Act is amended

(1) by replacing “\$10,222” in the definition of “eligible child” by “\$10,482”;

(2) by replacing paragraph *b* of the definition of “qualified child care expense” by the following paragraph:

“(b) the total of the product obtained when \$13,220 is multiplied by the number of eligible children of the individual for the year each of whom is a person described in section 1029.8.76 and in respect of whom child care expenses referred to in paragraph *a* were incurred, the product obtained when \$9,660 is multiplied by the number of eligible children of the individual for the year each of whom is under seven years of age on 31 December of that year, or would have been had the child then been living, and in respect of whom such expenses were incurred, and the product obtained when \$5,085 is multiplied by the number of all other eligible children of the individual for the year in respect of whom such expenses were incurred;”.

(2) Subsection 1 applies from the taxation year 2019. In addition, where section 1029.8.67 of the Act applies to the taxation year 2018, it is to be read as if “\$13,220”, “\$9,660” and “\$5,085” in paragraph *b* of the definition of “qualified child care expense” were replaced by “\$13,000”, “\$9,500” and “\$5,000”, respectively.

392. (1) Section 1029.8.80 of the Act is amended by replacing paragraphs *a* to *z.6* by the following paragraphs:

“(a) 75% if the individual’s family income for the year does not exceed \$35,950;

“(b) 74% if the individual’s family income for the year exceeds \$35,950 but does not exceed \$37,280;

“(c) 73% if the individual’s family income for the year exceeds \$37,280 but does not exceed \$38,620;

“(d) 72% if the individual’s family income for the year exceeds \$38,620 but does not exceed \$39,940;

“(e) 71% if the individual’s family income for the year exceeds \$39,940 but does not exceed \$41,275;

“(f) 70% if the individual’s family income for the year exceeds \$41,275 but does not exceed \$42,600;

“(g) 69% if the individual’s family income for the year exceeds \$42,600 but does not exceed \$43,950;

“(h) 68% if the individual’s family income for the year exceeds \$43,950 but does not exceed \$45,275;

“(i) 67% if the individual’s family income for the year exceeds \$45,275 but does not exceed \$46,605;

“(j) 66% if the individual’s family income for the year exceeds \$46,605 but does not exceed \$47,925;

“(k) 65% if the individual’s family income for the year exceeds \$47,925 but does not exceed \$49,275;

“(l) 64% if the individual’s family income for the year exceeds \$49,275 but does not exceed \$50,600;

“(m) 63% if the individual’s family income for the year exceeds \$50,600 but does not exceed \$51,930;

“(n) 62% if the individual’s family income for the year exceeds \$51,930 but does not exceed \$53,255;

“(o) 61% if the individual’s family income for the year exceeds \$53,255 but does not exceed \$54,595;

“(p) 60% if the individual’s family income for the year exceeds \$54,595 but does not exceed \$98,530;

“(q) 57% if the individual’s family income for the year exceeds \$98,530 but does not exceed \$141,450;

“(r) 54% if the individual’s family income for the year exceeds \$141,450 but does not exceed \$142,795;

“(s) 52% if the individual’s family income for the year exceeds \$142,795 but does not exceed \$144,135;

“(t) 50% if the individual’s family income for the year exceeds \$144,135 but does not exceed \$145,470;

“(u) 48% if the individual’s family income for the year exceeds \$145,470 but does not exceed \$146,815;

“(v) 46% if the individual’s family income for the year exceeds \$146,815 but does not exceed \$148,155;

“(w) 44% if the individual’s family income for the year exceeds \$148,155 but does not exceed \$149,490;

“(x) 42% if the individual’s family income for the year exceeds \$149,490 but does not exceed \$150,835;

“(y) 40% if the individual’s family income for the year exceeds \$150,835 but does not exceed \$152,175;

“(z) 38% if the individual’s family income for the year exceeds \$152,175 but does not exceed \$153,500;

“(z.1) 36% if the individual’s family income for the year exceeds \$153,500 but does not exceed \$154,855;

“(z.2) 34% if the individual’s family income for the year exceeds \$154,855 but does not exceed \$156,190;

“(z.3) 32% if the individual’s family income for the year exceeds \$156,190 but does not exceed \$157,545;

“(z.4) 30% if the individual’s family income for the year exceeds \$157,545 but does not exceed \$158,880;

“(z.5) 28% if the individual’s family income for the year exceeds \$158,880 but does not exceed \$160,220; and

“(z.6) 26% if the individual’s family income for the year exceeds \$160,220.”

(2) Subsection 1 applies from the taxation year 2019.

393. (1) Section 1029.8.80.3 of the Act is amended

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

“(a) 75% if the individual’s estimated family income for the year does not exceed \$35,950;

“(b) 70% if the individual’s estimated family income for the year exceeds \$35,950 but does not exceed \$42,600;

“(c) 65% if the individual’s estimated family income for the year exceeds \$42,600 but does not exceed \$49,275;

“(d) 60% if the individual’s estimated family income for the year exceeds \$49,275 but does not exceed \$98,530;

“(e) 57% if the individual’s estimated family income for the year exceeds \$98,530 but does not exceed \$141,450;

“(f) 50% if the individual’s estimated family income for the year exceeds \$141,450 but does not exceed \$145,470;”;

(2) by replacing paragraphs *h* to *k* by the following paragraphs:

“(h) 44% if the individual’s estimated family income for the year exceeds \$145,470 but does not exceed \$149,490;

“(i) 38% if the individual’s estimated family income for the year exceeds \$149,490 but does not exceed \$153,500;

“(j) 32% if the individual’s estimated family income for the year exceeds \$153,500 but does not exceed \$157,545; and

“(k) 26% if the individual’s estimated family income for the year exceeds \$157,545.”

(2) Subsection 1 applies from the taxation year 2019.

394. (1) Section 1029.8.116.1 of the Act is amended

(1) by replacing paragraph *d* of the definition of “eligible individual” by the following paragraph:

“(d) a person who is a dependant of another individual for the year for the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5 or subparagraph *a* of the third paragraph of section 1029.8.116.5.0.1; or”;

(2) by striking out “or begins to receive a benefit referred to in paragraph *b*” in paragraph *a* of the definition of “period of transition to work”;

(3) by replacing paragraph *b* of the definition of “period of transition to work” by the following paragraph:

“(b) a period that begins on the first day of a particular month that is both subsequent to the month of March 2009 and recognized by the Minister of Employment and Social Solidarity as a month in which the individual ceases to receive a financial assistance benefit under Chapter III of Title II of the Individual and Family Assistance Act, as it read before being repealed, because of earned income from employment as determined for the purposes of that Act, and that ends on the last day of the eleventh month that follows the particular month or, if it is earlier, the last day of the month that precedes the month in which the individual begins to receive a benefit referred to in paragraph *a* or *c*; or”;

(4) by adding the following paragraph at the end of the definition of “period of transition to work”:

“(c) a period that begins on the first day of a particular month that is both subsequent to the month of March 2018 and recognized by the Minister of Employment and Social Solidarity as a month in which the individual ceases to receive a financial assistance benefit under Chapter V of Title II of the Individual and Family Assistance Act because of earned income from employment as determined for the purposes of that Act, and that ends on the last day of the eleventh month that follows the particular month or, if it is earlier, the last day of the month that precedes the month in which the individual again receives such a benefit or begins to receive a benefit referred to in paragraph *a*.”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2018.

(3) Paragraphs 2 to 4 of subsection 1 have effect from 1 April 2018.

395. (1) Section 1029.8.116.2.2 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) that Minister shall not consider an individual to have received, for a month, a financial assistance benefit under Title II of the Individual and Family Assistance Act if, for that month, the individual receives only a special benefit under section 48 of the Individual and Family Assistance Regulation (chapter A-13.1.1, r. 1).”

(2) Subsection 1 has effect from 1 April 2018.

396. (1) Section 1029.8.116.5 of the Act is amended

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

“1029.8.116.5. An eligible individual for a taxation year who is resident in Québec at the end of 31 December of the year is deemed, subject to the third paragraph, to have paid to the Minister, on the individual’s balance-due day for the year, on account of the individual’s tax payable for the year, provided that the individual and, if applicable, the individual’s eligible spouse for the year file a fiscal return under section 1000 for the year, the amount determined by the formula”;

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

“i. in the case where the eligible individual does not have an eligible spouse for the year but has a dependant for the year, 30%,

“ii. in the case where the eligible individual has an eligible spouse for the year and a dependant for the year, 25%, and

“iii. in any other case,

(1) 9% for the taxation year 2016 or 2017,

(2) 9.4% for the taxation year 2018,

(3) 10.5% for the taxation year 2019,

(4) 10.8% for the taxation year 2020,

(5) 11.2% for the taxation year 2021, or

(6) 11.6% for a taxation year subsequent to the year 2021;”.

(2) Subsection 1 applies from the taxation year 2018, except where paragraph 2 of that subsection replaces subparagraph iii of subparagraph *a* of the second paragraph of section 1029.8.116.5 of the Act, in which case it has effect from 1 January 2018.

397. (1) Section 1029.8.116.5.0.1 of the Act is amended

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

“1029.8.116.5.0.1. An individual who, for a taxation year, is an eligible individual to whom the second paragraph applies and is resident in Québec at the end of 31 December of the year is deemed, subject to the fourth paragraph, to have paid to the Minister, on the individual’s balance-due day for the year, on account of the individual’s tax payable for the year, provided that the individual and, if applicable, the individual’s eligible spouse for the year file a fiscal return under section 1000 for the year, the amount determined by the formula”;

(2) by replacing subparagraphs i to iii of subparagraph *a* of the third paragraph by the following subparagraphs:

“i. in the case where the eligible individual does not have an eligible spouse for the year but has a dependant for the year, 25%,

“ii. in the case where the eligible individual has an eligible spouse for the year and a dependant for the year, 20%, and

“iii. in any other case,

(1) 11% for the taxation year 2016 or 2017,

(2) 11.4% for the taxation year 2018,

(3) 12.5% for the taxation year 2019,

(4) 12.8% for the taxation year 2020,

(5) 13.2% for the taxation year 2021, or

(6) 13.6% for a taxation year subsequent to the year 2021;”.

(2) Subsection 1 applies from the taxation year 2018, except where paragraph 2 of that subsection replaces subparagraph iii of subparagraph *a* of the third paragraph of section 1029.8.116.5.0.1 of the Act, in which case it has effect from 1 January 2018.

398. (1) Section 1029.8.116.5.0.2 of the Act is amended

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

“1029.8.116.5.0.2. An eligible individual who is resident in Québec at the end of 31 December of a taxation year is deemed, subject to the fourth paragraph, to have paid to the Minister, on the individual’s balance-due day for the year, on account of the individual’s tax payable for the year, provided that the individual and, if applicable, the individual’s eligible spouse for the year file a fiscal return under section 1000 for the year, an amount equal to the product obtained by multiplying \$200 by the total number of months in that year each of which is a month (in this section and section 1029.8.116.9.1 referred to as an “eligible month”) for which the individual’s earned income is equal to or greater than \$200 and is a month included in a period of transition to work of the individual in respect of which the following conditions are met:”;

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

“(b) the Minister of Employment and Social Solidarity confirms that during the 30-month period that precedes the first month of the individual’s period of transition to work that includes the eligible month, the individual received, for at least 24 months, an amount that is”;

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

“ii. a financial assistance benefit paid under Chapter V of Title II of the Individual and Family Assistance Act or Chapter III of that Title II, as it read before being repealed; and”;

(4) by replacing the portion of the second paragraph before subparagraph *a* by the following:

“For the purpose of confirming that an individual meets the condition set out in subparagraph *b* of the first paragraph, the Minister of Employment and Social Solidarity shall not consider that the individual received, for a particular month, a financial assistance benefit under Title II of the Individual and Family Assistance Act if”;

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

“Subparagraph *c* of the first paragraph does not apply in respect of an individual who receives a financial assistance benefit under Chapter III of Title II of the Individual and Family Assistance Act, as it read before being repealed, for the month that precedes the first month of the individual’s period of transition to work that includes the eligible month.”

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2018.

(3) Paragraphs 3 to 5 of subsection 1 have effect from 1 April 2018.

399. (1) Section 1029.8.116.8 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

“1029.8.116.8. For the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5 or subparagraph *a* of the third paragraph of section 1029.8.116.5.0.1, an eligible individual for a taxation year has a dependant for the year if that person is, during the year, a child of the eligible individual or of the eligible individual’s eligible spouse for the year and”.

(2) Subsection 1 applies from the taxation year 2018.

400. (1) Section 1029.8.116.8.1 of the Act is amended by replacing “designate a person as being” by “consider a person as being”.

(2) Subsection 1 applies from the taxation year 2018.

401. (1) Section 1029.8.116.9 of the Act is amended, in the first paragraph,

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

“1029.8.116.9. If, on or before 15 October of a taxation year, an individual applies to the Minister, in the prescribed form containing prescribed information, the Minister may pay in advance, according to the terms and conditions provided for in the second paragraph, an amount (in this subdivision referred to as the “amount of the advance relating to the work premium”) equal to the product obtained by multiplying the percentage specified in the third paragraph by the amount the individual considers to be the amount that the individual will be deemed to have paid to the Minister, under the first paragraph of section 1029.8.116.5 or 1029.8.116.5.0.1, on account of the individual’s tax payable for the year, if”;

(2) by replacing subparagraph *i* of subparagraph *e* by the following subparagraph:

“*i.* if the individual has a dependant who meets the conditions set out in section 1029.8.116.8 for the purposes of subparagraph *a* of the second paragraph of section 1029.8.116.5 or subparagraph *a* of the third paragraph of section 1029.8.116.5.0.1, \$500, and”.

(2) Subsection 1 applies from the taxation year 2018.

402. (1) Section 1029.8.116.9.0.1 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

“1029.8.116.9.0.1. If, in a taxation year, an individual receives a financial assistance benefit paid under any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or Chapter III of that Title II, as it read before being repealed, if, on or before 15 October of that year, the individual applies to the Minister of Employment and Social Solidarity, in the prescribed form containing prescribed information, and if that Minister notifies the Minister of Revenue, the latter Minister may pay in advance, according to the terms and conditions provided for in the second paragraph, the amount determined in accordance with the third paragraph in respect of a relevant month of the year (in this subdivision referred to as the “increased amount of the advance relating to the work premium”) in respect of the amount the individual considers to be the amount that the individual will be deemed to have paid to the Minister, under the first paragraph of section 1029.8.116.5 or 1029.8.116.5.0.1, on account of the individual’s tax payable for the year, if”.

(2) Subsection 1 has effect from 1 April 2018.

403. (1) Section 1029.8.116.9.1 of the Act is amended by replacing the third paragraph by the following paragraph:

“The Minister of Employment and Social Solidarity shall notify the Minister on becoming aware that the individual’s period of transition to work has ended because the individual is receiving a last resort financial assistance benefit under Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or a financial assistance benefit under Chapter V of that Title II.”

(2) Subsection 1 has effect from 1 April 2018. In addition, where the third paragraph of section 1029.8.116.9.1 of the Act applies after 31 March 2009 and before 1 April 2018, it is to be read as if “or a financial assistance benefit under Chapter III of that Title II” were inserted after “of the Individual and Family Assistance Act (chapter A-13.1.1)”.

404. Section 1029.8.116.12 of the Act is amended by striking out “, subject to the second paragraph,” in the definition of “cohabiting spouse” in the first paragraph.

405. (1) Section 1029.8.116.15 of the Act is amended by replacing the third paragraph by the following paragraph:

“However, an individual’s family income for the base year relating to a particular payment period, or to a particular month preceding 1 July 2016, is deemed to be equal to zero if, for the last month of that base year, the individual or the individual’s cohabiting spouse at the end of that year is a recipient under a financial assistance program provided for in any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or Chapter III of Title II of that Act, as it read before being repealed.”

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2019.

406. (1) Section 1029.8.116.16 of the Act is amended

(1) by replacing “file again” in the portion before the formula in the first paragraph by “file”;

(2) by replacing “\$283” in subparagraphs i and ii of subparagraph *a* of the second paragraph by “\$292”;

(3) by replacing “\$135” in subparagraph iii of subparagraph *a* of the second paragraph by “\$139”;

(4) by replacing “\$548” in subparagraph i of subparagraph *b* of the second paragraph by “\$567”;

(5) by replacing “\$665” in subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the second paragraph by “\$687”;

(6) by replacing “\$117” in subparagraphs iii and iv of subparagraph *b* of the second paragraph by “\$121”;

(7) by replacing “\$1,664” in subparagraph i of subparagraph *c* of the second paragraph and in the portion of subparagraph ii of that subparagraph *c* before subparagraph 1 by “\$1,719”;

(8) by replacing “\$360” in the portion of subparagraphs iii and iv of subparagraph *c* of the second paragraph before subparagraph 1 by “\$372”;

(9) by replacing “\$33,685” in subparagraph *c* of the third paragraph by “\$34,800”.

(2) Paragraph 1 of subsection 1 applies in respect of a payment period that begins after 30 June 2016.

(3) Paragraphs 2 to 9 of subsection 1 apply in respect of a payment period that begins after 30 June 2019.

407. (1) Section 1029.8.116.18 of the Act is amended

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

“(a) if the eligible individual is resident in Québec on 31 December of the base year, the prescribed form containing prescribed information which the individual encloses with the fiscal return the individual is required to file under section 1000 for that year, or would be required to file if the individual had tax payable for that year under this Part; or”;

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

“For the purposes of this section, an application is deemed to be filed with the Minister, at a particular time, by an eligible individual for a payment period where the individual and, if applicable, the individual’s cohabiting spouse at the end of the base year relating to that period filed, at the particular time, a fiscal return under section 1000 for that year and where, in that respect, the amount deemed to be an overpayment of the eligible individual’s tax payable in respect of that period is determined by the formula in the first paragraph of section 1029.8.116.16 as if the value of A did not include the amount specified in subparagraph iii of subparagraph *a* of the second paragraph of that section and the value of B and C were equal to zero.”

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2018.

408. (1) Section 1029.8.116.29 of the Act is replaced by the following section:

“1029.8.116.29. Where the amount that is determined in respect of an eligible individual for a particular payment period in respect of the amount deemed under section 1029.8.116.16 to be an overpayment of the individual’s tax payable is less than \$2, the Minister is not bound to pay that amount or, where the eligible individual’s application for the particular payment period is referred to in the fifth paragraph of section 1029.8.116.18, send a notice of determination in that respect, unless the eligible individual applies to the Minister to have the notice sent.”

(2) Subsection 1 applies in respect of a payment period that begins after 30 June 2018.

409. (1) Section 1029.8.116.34 of the Act is amended, in the second paragraph,

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

“(a) a recipient under a financial assistance program provided for in any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or in Chapter III of Title II of that Act, as it read before being repealed, if the person’s status as a recipient under such a program has been brought to the attention of the Minister at least 21 days before the date provided for the payment of the amount for the particular month; or”;

(2) by replacing “\$20,540” in subparagraph *b* by “\$21,105”.

(2) Paragraph 1 of subsection 1 has effect from 1 April 2018.

(3) Paragraph 2 of subsection 1 applies in respect of an amount allocated after 30 June 2019 for a payment period that begins after that date. In addition, where section 1029.8.116.34 of the Act applies

(1) in respect of an amount allocated after 30 June 2016 for the payment period that began on 1 July 2016, it is to be read as if “\$20,540” in subparagraph *b* of the second paragraph were replaced by “\$20,430”;

(2) in respect of an amount allocated after 30 June 2017 for the payment period that began on 1 July 2017, it is to be read as if “\$20,540” in subparagraph *b* of the second paragraph were replaced by “\$20,580”; and

(3) in respect of an amount allocated after 30 June 2018 for the payment period that began on 1 July 2018, it is to be read as if “\$20,540” in subparagraph *b* of the second paragraph were replaced by “\$20,750”.

410. (1) Section 1029.8.116.35 of the Act is amended by replacing the second paragraph by the following paragraph:

“Any contestation in respect of the accuracy of information that is communicated to the Minister by the Minister of Employment and Social Solidarity in relation to an individual’s eligibility to a financial assistance program provided for in any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or Chapter III of Title II of that Act, as it read before being repealed, and that is used by the Minister for the purposes of this division, must be brought in accordance with Chapter III of Title III of that Act.”

(2) Subsection 1 has effect from 1 April 2018.

411. (1) Section 1029.8.116.38 of the Act is amended

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

“1029.8.116.38. An individual who is resident in Québec at the end of 31 December of a taxation year (in this section and section 1029.8.116.39 referred to as the “particular year”) is deemed to have paid to the Minister on the individual’s balance-due day for the particular year, on account of the individual’s tax payable for the particular year, provided that the individual and, if applicable, the individual’s eligible spouse for the particular year file a fiscal return under section 1000 for the particular year, the amount determined by the formula”;

(2) by replacing “\$3,000” in subparagraphs *i* and *ii* of subparagraph *b* of the fourth paragraph by “\$4,000”.

(2) Subsection 1 applies from the taxation year 2018.

412. (1) Section 1029.8.116.40 of the Act is replaced by the following section:

“1029.8.116.40. If two individuals are eligible spouses of each other for a taxation year, the total of the amounts that each of those individuals is deemed to have paid to the Minister on account of tax payable for the year under the first paragraph of section 1029.8.116.38 may not exceed the amount that only one of those individuals would, but for this section, be so deemed to have paid to the Minister for the year.

Where those individuals cannot agree as to what portion of the amount each would, but for this section, be so deemed to have paid to the Minister for the year, the Minister may determine the portion of that amount for the year.”

(2) Subsection 1 applies from the taxation year 2018.

413. (1) Section 1029.8.167 of the Act is amended

(1) by replacing the portion of the definition of “qualified expenditure” in the first paragraph before paragraph *a* by the following:

““qualified expenditure” of an individual, in relation to an eligible dwelling of the individual, for a particular taxation year that is any of the taxation years 2016 to 2019 means the aggregate of all amounts each of which is an eco-friendly renovation expenditure of the individual that is paid, in relation to the eligible dwelling, by the individual or the individual’s legal representative, by a person who is the individual’s spouse at the time the payment is made, or by any other individual who, at the time the expenditure is incurred, owns the eligible dwelling, in any of the following periods:”;

(2) by adding the following paragraph at the end of the definition of “qualified expenditure” in the first paragraph:

“(d) after 31 December 2018 and before 1 January 2020, where the particular year is the taxation year 2019;”;

(3) by replacing the portion of the definition of “eco-friendly renovation agreement” in the first paragraph before paragraph *a* by the following:

““eco-friendly renovation agreement” entered into in respect of an individual’s eligible dwelling means an agreement under which a qualified contractor undertakes to carry out recognized eco-friendly renovation work in respect of the individual’s eligible dwelling that is entered into after 17 March 2016 and before 1 April 2019 between the qualified contractor and”;

(4) by replacing the second paragraph by the following paragraph:

“Where the definition of “recognized eco-friendly renovation work” in the first paragraph applies in respect of a dwelling described in paragraph *a* of the definition of “eligible dwelling” in the first paragraph in connection with an agreement entered into after 31 March 2017 and before 1 April 2019, it is to be read without reference to its paragraph *z*.”

(2) Subsection 1 has effect from 27 March 2018.

414. (1) Section 1029.8.171 of the Act is amended by inserting the following paragraph after the third paragraph:

“An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2019 is deemed to have paid to the Minister on the individual’s balance-due day for the individual’s taxation year 2019 on account of the individual’s tax payable under this Part for that year, if the individual files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information, an amount equal to the lesser of

(*a*) the amount obtained by multiplying 20% by the amount by which the individual’s qualified expenditure for the taxation year 2019, in relation to an eligible dwelling of the individual, exceeds the amount by which \$2,500 exceeds the aggregate of all amounts each of which is the individual’s qualified expenditure, in relation to the eligible dwelling, for each of the taxation years 2016, 2017 and 2018; and

(*b*) the amount by which \$10,000 exceeds the aggregate of all amounts each of which is an amount that the individual, or a person together with whom the individual owns the eligible dwelling, is deemed to have paid to the Minister under any of the first, second and third paragraphs, in relation to the eligible dwelling.”

(2) Subsection 1 has effect from 27 March 2018.

415. (1) Section 1029.8.172 of the Act is amended by replacing the first paragraph by the following paragraph:

“For the purpose of determining the amount that an individual is deemed to have paid to the Minister for a taxation year under section 1029.8.171 in relation to an eligible dwelling of the individual, for any period between 17 March 2016 and 1 April 2019 throughout which the individual owns an intergenerational home that is the individual’s principal place of residence, each independent dwelling built in the home is deemed to be a separate eligible dwelling of the individual, if the individual so elects in the prescribed form referred to in any of the first, second, third and fourth paragraphs of section 1029.8.171.”

(2) Subsection 1 has effect from 27 March 2018.

416. (1) The Act is amended by inserting the following division after section 1029.8.178:

“DIVISION II.27

“CREDIT FOR THE RESTORATION OF A SECONDARY RESIDENCE

“§1.—*Interpretation and general rules*

“1029.8.179. In this division,

“eligible dwelling” of an individual means a dwelling that is located in Québec, other than an excluded dwelling, and that meets the following conditions:

(a) the dwelling was damaged by flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 established under the Civil Protection Act (chapter S-2.3);

(b) the individual owns the dwelling both at the time of the disaster and at the time the expenditures relating to site restoration are incurred; and

(c) at the time the expenditures relating to site restoration are incurred and at the time of the disaster, or immediately before the disaster where the dwelling became uninhabitable because of the damage it sustained, the dwelling is suitable for year-round occupancy and is normally occupied by the individual;

“excluded dwelling” of an individual means a dwelling that is eligible under the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 or that, before recognized work began to be carried out, was the subject of

(a) a notice of expropriation or a notice of intention to expropriate;

(b) a reserve for public purposes; or

(c) a prior notice of the exercise of a hypothecary right registered in the registry office or any other procedure calling the individual’s right of ownership of the dwelling into question;

“expenditure attributable to damage assessment services” in relation to an eligible dwelling means the amount paid to obtain the report of a damage assessment expert that describes the damage caused to the eligible dwelling by flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017, including the amount of any goods and services tax and Québec sales tax applicable;

“expenditure relating to site restoration” in relation to an eligible dwelling means an expenditure that is attributable to the carrying out of recognized work, in relation to the eligible dwelling, provided for in a service agreement and that is

(a) the cost of a service supplied to carry out the recognized work by a qualified contractor who is a party to the service agreement, including the amount of any goods and services tax and Québec sales tax applicable;

(b) the cost of a movable property that enters into the carrying out of recognized work, including the amount of any goods and services tax and Québec sales tax applicable, provided that the movable property was acquired after the beginning of the flooding that damaged the eligible dwelling from the qualified contractor or a merchant holding a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1); or

(c) the cost of a permit necessary to carry out the recognized work, including the cost of studies carried out to obtain such a permit;

“post-disaster clean-up work” in relation to an eligible dwelling includes water pumping, demolition of certain dwelling components, debris removal, site clean-up, disinfection, extermination and decontamination, and site drying and dehumidification;

“preservation work” in relation to an eligible dwelling means the work necessary to temporarily restore electrical service to the dwelling, achieve minimal insulation and board up openings in the dwelling to make it habitable prior to the carrying out of permanent work to repair the damage caused by the flooding that damaged the dwelling;

“qualified contractor” in relation to a service agreement entered into in respect of an individual’s eligible dwelling means a person or a partnership meeting the following conditions:

(a) at the time the service agreement is entered into, the person or partnership has an establishment in Québec and, where the person is an individual, is neither an owner of the eligible dwelling nor the spouse of one of the owners of the eligible dwelling; and

(b) at the time the recognized work is being carried out and if required for the carrying out of such work, the person or partnership is the holder of the appropriate licence issued by the Régie du bâtiment du Québec, the Corporation des maîtres électriciens du Québec or the Corporation des maîtres mécaniciens en tuyauterie du Québec and, if applicable, has paid the licence security payable under the Building Act (chapter B-1.1);

“qualified expenditure” of an individual, in relation to an eligible dwelling of the individual, for the taxation year 2017 or the taxation year 2018, means the aggregate of all amounts each of which is an expenditure relating to site restoration in relation to the eligible dwelling, or an expenditure attributable to damage assessment services in relation to the eligible dwelling, that is paid in the year by the individual or the individual’s legal representative, by a person who is the individual’s spouse at the time the payment is made, or by any other individual who, at the time the expenditure is incurred, jointly owns the eligible dwelling;

“recognized work” in relation to an eligible dwelling means work carried out in compliance with the rules set out in any Act, regulation or by-law of Canada, Québec or a municipality of Québec and the policies that apply according to the type of intervention, that is

- (a) post-disaster clean-up work in relation to the eligible dwelling;
- (b) preservation work in relation to the eligible dwelling; or
- (c) repair work in relation to the eligible dwelling;

“repair work” in relation to an eligible dwelling means the work carried out to repair damage caused to the eligible dwelling that a damage assessment expert attributes to flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 and that pertains to

- (a) foundations, footings, support beams, loadbearing walls, concrete slabs, French drains, framing, carports and garages forming an integral part of the structure of a dwelling, and basement entryways;
- (b) exterior cladding and chimneys;
- (c) roofing materials;
- (d) exterior doors, including doors of garages forming an integral part of the structure of a dwelling, and windows;
- (e) structure, wall, ceiling and subfloor insulation;
- (f) electrical lead, systems and connections;
- (g) pipes, sewer connections, water connections and sanitary devices;
- (h) subfloors and fixed floor coverings;
- (i) gypsum board, plaster and paint on interior walls and ceilings, baseboards, ceiling mouldings and interior doors;
- (j) cabinets and vanities, including counters, drawers, shelves and panels;

(k) interior stairway stringers, treads, risers and handrails;

(l) main and secondary heating systems (wood stoves among others), including conduits, firewood, air exchangers and their conduits, natural gas connections and tanks;

(m) pumps and wet wells, septic tanks, leaching beds, drinking water supply systems, drinking water filtration and treatment systems, hot water tanks and equipment for disabled persons;

(n) detached garages, sheds, porches, balconies, decks, patios and terraces;

(o) landscaping works such as driveways, walkways, fences, low walls and slabs on grade; and

(p) the portion of the land that may reasonably be considered as facilitating the use and enjoyment of the dwelling, the trees and the hedges;

“service agreement” entered into in respect of an individual’s eligible dwelling means an agreement under which a qualified contractor undertakes to carry out recognized work in respect of the individual’s eligible dwelling that is entered into between the qualified contractor and

(a) the individual;

(b) a person who, at the time the agreement is entered into, is the individual’s spouse, another individual who jointly owns the eligible dwelling or that other individual’s spouse; or

(c) where the individual’s eligible dwelling is an apartment in an immovable under divided co-ownership, the syndicate of co-owners of the immovable.

For the purposes of the definition of “expenditure relating to site restoration” in the first paragraph, the portion of the expenditure relating to site restoration, in relation to an eligible dwelling of an individual, that is attributable to the carrying out of recognized work that is repair work to which paragraphs *n* to *p* of the definition of “repair work” in the first paragraph apply may not exceed

(a) for the taxation year 2017, an amount of \$5,000; or

(b) for the taxation year 2018, the amount by which \$5,000 exceeds the portion of that expenditure that was taken into account in determining the amount deemed to be paid to the Minister under this division for the taxation year 2017 on account of an individual’s tax payable under this Part.

For the purposes of the definition of “eligible dwelling” in the first paragraph, a dwelling includes

(a) incidental structures of the dwelling such as detached garages, sheds, patios and balconies;

- (b) landscaping works such as driveways, walkways and fences; and
- (c) land subjacent to the dwelling and its landscaping.

For the purposes of the definition of “repair work” in the first paragraph, the following rules apply:

(a) work to replace property specified in any of paragraphs *a* to *p* of the definition of “repair work” in the first paragraph that is damaged because of flooding is deemed to be repair work where the property cannot be repaired; and

(b) where an individual’s eligible dwelling is damaged because of flooding to such an extent that it is preferable to rebuild it, the work carried out to rebuild the eligible dwelling that pertains to components specified in any of paragraphs *a* to *p* of the definition of “repair work” in the first paragraph is deemed to be repair work in relation to the eligible dwelling.

“1029.8.180. For the purposes of paragraph *b* of the definition of “expenditure relating to site restoration” in the first paragraph of section 1029.8.179, a merchant is deemed to hold a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1) if the merchant is not a registrant for the purposes of that Act because the merchant is a small supplier within the meaning of section 1 of that Act.

“1029.8.181. For the purpose of determining an individual’s qualified expenditure for a particular taxation year in relation to an eligible dwelling, the following rules apply:

- (a) the amount of the qualified expenditure may not include
 - i. an amount that is used to finance the cost of the services supplied by a damage assessment expert or the cost of recognized work,
 - ii. an amount that is attributable to property or services supplied by a person not dealing at arm’s length with the individual or with any of the other owners of the dwelling, unless the person holds a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1),
 - iii. an amount that is incurred to acquire property used by the individual before the acquisition under a contract of lease,
 - iv. an amount that is deductible in computing a taxpayer’s income from a business or property for the year or any other taxation year,
 - v. an amount that is included in the capital cost of depreciable property, or

vi. an amount that is taken into account in computing

(1) an amount deducted in computing an individual's tax payable for the year or any other taxation year under this Part, or

(2) an amount deemed to have been paid to the Minister on account of an individual's tax payable for the year or any other taxation year under this Part, except an amount deemed under this division to have been paid to the Minister on account of an individual's tax payable under this Part;

(b) the qualified expenditure must be reduced by the amount of any government assistance, non-government assistance, reimbursement or other form of assistance, including an indemnity paid under an insurance contract, attributable to the expenditure, that the individual or any other person (other than the person acting as a qualified contractor under the service agreement under which the expenditure is incurred) has received, is entitled to receive or may reasonably expect to receive in any taxation year, except to the extent that the amount has reduced the individual's qualified expenditure for a preceding taxation year;

(c) where a service agreement entered into with a qualified contractor deals with repair work and post-disaster clean-up or preservation work, or does not deal only with recognized work, an amount paid under the agreement may be included in the individual's qualified expenditure only if the qualified contractor gives the individual a written statement showing the breakdown of the cost of the property and services the qualified contractor supplied among the various types of work carried out under the agreement; and

(d) where the individual's eligible dwelling is an apartment in an immovable under divided co-ownership, the individual's qualified expenditure is deemed to include the individual's share of an expenditure paid by the syndicate of co-owners if

i. it is reasonable to consider that the expenditure would be a qualified expenditure of an individual if the syndicate of co-owners were an individual and the immovable were an eligible dwelling of the individual, and

ii. the syndicate of co-owners provided the individual with information, in the prescribed form, relating to the services supplied by a damage assessment expert and the recognized work as well as the amount of the individual's share of the expenditure.

“§2. — *Credits*

“**1029.8.182.** An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2017 and files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information is deemed to have paid to the Minister on the individual’s balance-due day for the individual’s taxation year 2017 on account of the individual’s tax payable under this Part for that year an amount equal to the aggregate of

(a) the lesser of \$3,000 and the amount obtained by multiplying 30% by the amount by which \$500 is exceeded by the portion of the individual’s qualified expenditure for the taxation year 2017 that is attributable to the carrying out of recognized work, in relation to an eligible dwelling of the individual, other than repair work; and

(b) the lesser of \$15,000 and the amount obtained by multiplying 30% by the portion of the individual’s qualified expenditure for the taxation year 2017, in relation to an eligible dwelling of the individual, that is either an expenditure attributable to damage assessment services or an expenditure attributable to the carrying out of recognized work that is repair work.

An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2018 and files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information is deemed to have paid to the Minister on the individual’s balance-due day for the individual’s taxation year 2018 on account of the individual’s tax payable under this Part for that year an amount equal to the lesser of

(a) the amount obtained by multiplying 30% by the portion of the individual’s qualified expenditure, in relation to an eligible dwelling of the individual that is either an expenditure attributable to damage assessment services or an expenditure attributable to the carrying out of recognized work that is repair work; and

(b) the amount by which \$15,000 exceeds the aggregate of all amounts each of which is an amount that the individual, or a person together with whom the individual owns the eligible dwelling, is deemed to have paid to the Minister under subparagraph *b* of the first paragraph for the taxation year 2017.

For the purposes of this section, an individual who dies or ceases to be resident in Canada in a taxation year is deemed to be resident in Québec at the end of 31 December of that year if the individual was resident in Québec immediately before dying or, as the case may be, on the last day the individual was resident in Canada.

An individual is deemed to have paid an amount to the Minister under this section on account of the individual's tax payable under this Part for a taxation year only if the individual obtains from the municipality in which the individual's eligible dwelling is located a certificate confirming that the land subjacent to the eligible dwelling was hit by flooding that occurred in a territory covered by the Special Financial Assistance Program Relating to Flooding that Occurred in Québec Municipalities from 5 April to 16 May 2017 established under the Civil Protection Act (chapter S-2.3).

“1029.8.183. Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid an amount to the Minister under section 1029.8.182 in relation to the same eligible dwelling that the individuals jointly own, the total of the amounts that each of those individuals is deemed to have paid under that section in relation to the eligible dwelling may not exceed the particular amount that only one of those individuals would be deemed to have paid to the Minister under that section in relation to the eligible dwelling if the dwelling were an eligible dwelling in respect of that individual only.

Where the individuals cannot agree as to what portion of the particular amount each would be deemed to have paid to the Minister under section 1029.8.182, the Minister may determine what portion of that amount is deemed to be paid by each individual under that section.

“§3.—Advance payments and exceptional rules

“1029.8.184. Where, on or before 1 December of a taxation year, an individual applies to the Minister, in the prescribed form containing prescribed information, the Minister may pay, as an advance payment, on such terms and conditions as the Minister determines, in respect of the amount that the individual considers to be the amount that the individual will be deemed to have paid to the Minister on account of the individual's tax payable for the year under the first or second paragraph of section 1029.8.182, an amount (in this subdivision referred to as the “amount of the advance relating to the restoration of a secondary residence”), in respect of an eligible expense paid by the individual or the individual's spouse in the year, in relation to an eligible dwelling the individual owns, if

- (a) the individual is resident in Québec at the time the application is made;
- (b) the individual obtained the certificate referred to in the fourth paragraph of section 1029.8.182 in relation to the eligible dwelling;
- (c) where the application concerns an expenditure attributable to damage assessment services or a repair expenditure, the individual has obtained the report of a damage assessment expert that describes the damage caused to the eligible dwelling;

(d) the application is accompanied by a receipt confirming the payment of the qualified expenditure; and

(e) the individual has agreed that the advance payments be made by direct deposit in a bank account held at a financial institution listed in Part I of Appendix I to Rule D4—Institution Numbers and Clearing Agency/Representative Arrangements of the Automated Clearing Settlement System Rules Manual, as amended from time to time, of the Canadian Payments Association.

Where, at the time the application referred to in the first paragraph is made, an individual has a spouse, only one of them may make the application for the year.

“1029.8.185. The Minister may require from any individual who makes an application for advance payments referred to in the first paragraph of section 1029.8.184 a document or information other than those provided for in that paragraph if the Minister considers the document or information necessary to evaluate the application.

“1029.8.186. Despite the first paragraph of section 1029.8.184, the Minister is not required to grant an application for advance payments referred to in that paragraph for the taxation year 2018 if

(a) the individual, or the individual’s spouse at the time of the application, received a payment of the amount of the advance relating to the restoration of a secondary residence for the taxation year 2017 and, at the time the application is processed, has not filed a fiscal return for the taxation year 2017; and

(b) the application is processed after the filing-due date of the person referred to in paragraph a for the taxation year 2017.

“1029.8.187. The Minister may suspend the payment of, reduce or cease to pay the amount of the advance relating to the restoration of a secondary residence if documents or information brought to the Minister’s attention so warrant.”

(2) Subsection 1 applies from the taxation year 2017.

417. (1) Section 1029.9.1 of the Act is amended by replacing “\$500” in the first paragraph by “\$584”.

(2) Subsection 1 applies from the taxation year 2019.

418. (1) The Act is amended by inserting the following section after section 1029.9.1:

“1029.9.1.1. The amount that a taxpayer is deemed to have paid to the Minister under section 1029.9.1 on account of the taxpayer’s tax payable for the taxation year 2017 or 2018 is to be increased by the amount determined for that taxation year by the formula

$$(A/B) \times \$500.$$

In the formula in the first paragraph,

(a) A is the amount that the taxpayer is deemed to have paid to the Minister under section 1029.9.1 on account of the taxpayer’s tax payable for the taxation year, determined without reference to this section; and

(b) B is

i. \$574, for the taxation year 2018, or

ii. \$569, for the taxation year 2017.”

(2) Subsection 1 applies from the taxation year 2017.

419. (1) Section 1029.9.2 of the Act is amended, in the first paragraph,

(1) by inserting “, subject to the second paragraph,” after “is deemed”;

(2) by replacing “\$500” by “\$584”.

(2) Subsection 1 applies to a taxation year that ends after 30 December 2019.

420. (1) The Act is amended by inserting the following sections after section 1029.9.2:

“1029.9.2.1. Where, on 31 December of a calendar year in a fiscal period, a partnership is the holder of one or more taxi owner’s permits in force and that partnership assumed in the fiscal period all or almost all of the fuel cost of bringing into service any motor vehicle attached to each of those permits, each taxpayer who is a member of the partnership at the end of the fiscal period and who encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file under section 1000 for the taxpayer’s taxation year in which the fiscal period ends or would be required to so file if the taxpayer had tax payable for that taxation year under this Part, is deemed, subject to the second paragraph and section 1029.9.2.2, to have paid to the Minister, on the taxpayer’s balance-due day for the year, on account of the taxpayer’s tax payable for the year under this Part, an amount equal to the taxpayer’s share of the lesser of the amount determined in respect of the

partnership for the fiscal period under section 1029.9.3.1 and an amount equal to the product obtained by multiplying \$584 by the number of such permits of which the partnership is the holder on 31 December of the calendar year in the fiscal period.

For the purpose of computing the payments that a taxpayer is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the taxpayer is deemed to have paid to the Minister, on account of the aggregate of the taxpayer's tax payable for the year under this Part and of the taxpayer's tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

For the purposes of the first paragraph, a taxpayer's share of an amount for a fiscal period of a partnership is equal to the agreed proportion of that amount in respect of the taxpayer for that fiscal period.

“1029.9.2.2. No amount may be deemed to have been paid to the Minister under section 1029.9.2.1 by a taxpayer for a particular taxation year in which a fiscal period of a partnership ends where the taxpayer is

(*a*) an individual deemed, under section 1029.9.1, to have paid an amount to the Minister on account of the individual's tax payable for the particular year or, where the fiscal period ends before 31 December of the particular year, for the preceding taxation year;

(*b*) an individual who is not resident in Québec at the end of the particular year;

(*c*) a corporation that, at any time in the particular year, does not have an establishment in Québec; or

(*d*) a person exempt from tax under Book VIII for the particular year.

For the purposes of subparagraph *b* of the first paragraph, an individual who dies or ceases to be resident in Canada in a taxation year is deemed to be resident in Québec at the end of that year if the individual was resident in Québec immediately before dying or on the last day the individual was resident in Canada, as the case may be.”

(2) Subsection 1 applies from the taxation year 2017. It also applies to a preceding taxation year of a taxpayer for which the Minister of Revenue may, on 13 July 2017 and under sections 1010 to 1011 of the Act, determine or redetermine the tax payable by the taxpayer and make an assessment, reassessment or additional assessment. However, where the first paragraph of section 1029.9.2.1 of the Act applies

(1) to a taxation year in which a fiscal period of a partnership that includes 31 December 2018 ends, it is to be read as if “\$584” were replaced by “\$574”;

(2) to a taxation year in which a fiscal period of a partnership that includes 31 December 2017 ends, it is to be read as if “\$584” were replaced by “\$569”; or

(3) to a taxation year in which a fiscal period of a partnership that includes 31 December of a calendar year preceding the calendar year 2017 ends, it is to be read as follows:

“Where, on 31 December of a calendar year in a fiscal period, a partnership is the holder of one or more taxi owner’s permits in force and that partnership assumed in the fiscal period all or almost all of the fuel cost of bringing into service any motor vehicle attached to each of those permits, each taxpayer who is a member of the partnership at the end of the fiscal period and who encloses the prescribed form containing prescribed information with the fiscal return the taxpayer is required to file under section 1000 for the taxpayer’s taxation year in which the fiscal period ends or would be required to so file if the taxpayer had tax payable for that taxation year under this Part, is deemed, subject to the second paragraph and section 1029.9.2.2, to have paid to the Minister, on the taxpayer’s balance-due day for the year, on account of the taxpayer’s tax payable for the year under this Part, an amount equal to the taxpayer’s share of the lesser of the amount determined in respect of the partnership for the fiscal period under section 1029.9.3.1 and an amount equal to the product obtained by multiplying the number of such permits of which the partnership is the holder on 31 December of the calendar year in the fiscal period by the amount in dollars referred to in the first paragraph of section 1029.9.2 that, with reference to sections 1029.6.0.6 and 1029.6.0.7, would have been applicable for the purpose of computing an amount deemed to have been paid to the Minister under section 1029.9.2 if, on 31 December of the calendar year, the partnership had been a corporation.”

421. Section 1029.9.3 of the Act is amended by replacing “gross income” in paragraphs *b* and *c* by “gross revenue”.

422. (1) The Act is amended by inserting the following sections after section 1029.9.3:

“1029.9.3.1. The amount to which the first paragraph of section 1029.9.2.1 refers in respect of a partnership for a fiscal period is equal to 2% of the aggregate of

(a) the partnership’s gross revenue for the fiscal period from its business of providing transportation by taxi; and

(b) the partnership’s gross revenue for the fiscal period from the leasing of any motor vehicle attached to a taxi owner’s permit of which the partnership is the holder.

“1029.9.3.2. For the purposes of section 1029.9.2.1, the following rules must be taken into consideration in respect of a taxpayer if, for a given fiscal period of a given partnership, one or more partnerships (each of which is in this section referred to as an “interposed partnership”) are interposed between the taxpayer and the given partnership:

(a) the taxpayer is deemed to be a member of a particular partnership at the end of a particular fiscal period of the particular partnership and that particular fiscal period is deemed to end in the taxpayer’s taxation year in which ends the fiscal period of the interposed partnership of which the taxpayer is directly a member, if

i. the particular fiscal period is that which ends in the fiscal period (in this section referred to as the “interposed fiscal period”) of the interposed partnership that is a member of the particular partnership at the end of that particular fiscal period, and

ii. the taxpayer is a member, or deemed to be a member under this paragraph, of the interposed partnership described in subparagraph i at the end of the interposed partnership’s interposed fiscal period; and

(b) for the purpose of determining the taxpayer’s share in an amount in respect of the given partnership for the given fiscal period, the agreed proportion in respect of the taxpayer for that fiscal period of the given partnership is deemed to be equal to the product obtained by multiplying the agreed proportion in respect of the taxpayer for the interposed fiscal period of the interposed partnership of which the taxpayer is directly a member, by

i. if there is only one interposed partnership, the agreed proportion in respect of the interposed partnership for the given partnership’s given fiscal period, or

ii. if there is more than one interposed partnership, the result obtained by multiplying together all proportions each of which is the agreed proportion in respect of an interposed partnership for the particular fiscal period of the particular partnership referred to in paragraph a of which the interposed partnership is a member at the end of that particular fiscal period.

“1029.9.3.3. Section 1029.9.3.2 does not apply in respect of a taxpayer, in relation to a given partnership, if the Minister is of the opinion that the interposition, between the taxpayer and the given partnership, of one or more other partnerships is part of an operation or transaction or of a series of operations or transactions, one of the purposes of which is to cause the taxpayer to be deemed to have paid to the Minister for a taxation year, under section 1029.9.2.1, an amount greater than the amount that would have been so deemed to have been paid to the Minister for that taxation year, but for that interposition.”

(2) Subsection 1 applies from the taxation year 2017. It also applies to a preceding taxation year of a taxpayer for which the Minister of Revenue may, on 13 July 2017 and under sections 1010 to 1011 of the Act, determine or redetermine the tax payable by the taxpayer and make an assessment, reassessment or additional assessment.

423. (1) Section 1029.9.4 of the Act is replaced by the following section:

“1029.9.4. For the purposes of this Part and the regulations, the amount that a taxpayer is deemed to have paid to the Minister for a taxation year under any of sections 1029.9.1 to 1029.9.2.1 is deemed not to be an amount of assistance or an inducement received by the taxpayer from a government.”

(2) Subsection 1 applies from the taxation year 2017. It also applies to a preceding taxation year of a taxpayer for which the Minister of Revenue may, on 13 July 2017 and under sections 1010 to 1011 of the Act, determine or redetermine the tax payable by the taxpayer and make an assessment, reassessment or additional assessment.

424. (1) The Act is amended by inserting the following chapter after section 1033.13:

“CHAPTER IV.2

“SECURITY IN RESPECT OF THE DEEMED DISPOSITION OF A SHARE OF A PUBLIC CORPORATION

“DIVISION I

“INTERPRETATION AND GENERAL RULES

“1033.14. In this chapter,

“base total payroll in Québec” of a corporation for a particular taxation year has the meaning assigned by section 1033.15;

“eligible employee” of a corporation for a pay period means an employee of the corporation who, throughout that period, reports for work at an establishment of the corporation situated in Québec;

“eligible share” means

(a) a share forming part of a large block of shares or of a portion of a large block of shares of the capital stock of a qualified public corporation; or

(b) a share of the capital stock of a private corporation more than 95% of the fair market value of the assets of which is attributable to a large block of shares or a portion of a large block of shares of the capital stock of a qualified public corporation;

“large block of shares” of the capital stock of a corporation means a block of shares of the capital stock of the corporation that gives its owner more than 33 1/3% of the votes that could be cast under any circumstances at the annual meeting of shareholders of the corporation;

“portion of a large block of shares” of the capital stock of a corporation means one or more shares of the capital stock of the corporation owned by a member of a related group at a particular time if the following conditions are met at the particular time:

(a) each member of the related group owns shares of the capital stock of the corporation; and

(b) the related group owns a large block of shares of the capital stock of the corporation;

“qualified public corporation” at a particular time means a corporation that, in relation to a share owned by an individual,

(a) is a public corporation at that time;

(b) has its head office in Québec at that time; and

(c) unless the particular time corresponds to the time of the deemed disposition of the share by the individual under section 436 or 653, its base total payroll in Québec for its taxation year that includes the particular time is at least 75% of its base total payroll in Québec for the taxation year in which the deemed disposition occurred;

“total payroll in Québec” of a corporation for a taxation year means the aggregate of all amounts each of which is the salary or wages paid by the corporation in a pay period that ends in the year to an eligible employee of the corporation for the pay period.

For the purposes of the definition of “eligible employee” in the first paragraph,

(a) where, during a pay period included in a taxation year, an employee of a corporation reports for work at an establishment of the corporation situated in Québec and at an establishment of the corporation situated outside Québec, the employee is, for that period, deemed

i. unless subparagraph ii applies, to report for work only at the establishment situated in Québec, or

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the corporation situated outside Québec; and

(b) where, during a pay period included in a taxation year, an employee of a corporation is not required to report for work at an establishment of the corporation and the employee’s salary or wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

“1033.15. Subject to section 1033.16, a corporation’s base total payroll in Québec for a particular taxation year means the amount determined by the formula

$$(A \times 365)/B.$$

In the formula in the first paragraph,

(a) A is the total of all amounts each of which is the corporation’s total payroll in Québec for a taxation year of the corporation ended in the period of 1,095 consecutive days that ends at the end of the particular taxation year; and

(b) B is the total of the number of days included in each of the taxation years referred to in subparagraph a.

“1033.16. The base total payroll in Québec for a particular taxation year of a corporation that is associated with another corporation in the particular year is equal to the aggregate of

(a) its base total payroll in Québec for the particular year; and

(b) the aggregate of all amounts each of which is the base total payroll in Québec of another corporation with which the corporation is associated in the particular year for the taxation year of the other corporation that ends in the particular year.

“DIVISION II

“SECURITY IN RESPECT OF CERTAIN DEEMED DISPOSITIONS OF ELIGIBLE SHARES

“**1033.17.** Where, at a particular time in a taxation year (in this section and section 1033.20 referred to as the “year of disposition”), an individual is deemed under section 436 to have disposed of an eligible share of a particular class of the capital stock of a corporation and the individual’s legal representative elects, in the prescribed form containing prescribed information, on or before the individual’s balance-due day for the year of disposition, to have this chapter apply to the year of disposition, the following rules apply:

(a) the Minister shall, until the balance-due day of a particular person who is either the individual’s succession or a beneficiary of the succession referred to in the fourth paragraph for a particular taxation year that begins after the particular time, accept security satisfactory to the Minister and furnished by the individual’s legal representative on or before the individual’s balance-due day for the year of disposition for the lesser of

i. the amount determined by the formula

$$120\% \{A - B - [(A - B)/A \times C]\}, \text{ and}$$

ii. if the particular year is the year that follows the year of disposition, the amount determined under subparagraph i and, in any other case, the amount determined under this subparagraph *a* in respect of the particular person for the taxation year that precedes the particular year; and

(b) except for the purposes of the first, second and third paragraphs of section 1038, the following interest and penalties shall be computed as if the particular amount for which security satisfactory to the Minister has been accepted under this section were, on the one hand, equal to the amount that would be determined in accordance with subparagraph *a* if the formula in subparagraph i of that subparagraph were read as if “120%” were replaced by “100%” and, on the other hand, an amount paid by the individual or the particular person, as the case may be, on account of the particular amount:

i. interest payable under this Part for any period that begins on the individual’s balance-due day for the year of disposition and ends on the particular person’s balance-due day for the particular year and throughout which security is accepted by the Minister, and

ii. penalties payable under this Part computed with reference to an individual’s tax payable for the year that was, without reference to this subparagraph *b*, unpaid.

In the formula in subparagraph *i* of subparagraph *a* of the first paragraph,

(*a*) *A* is the amount of tax that would be payable by the individual under this Part for the year of disposition if the exclusion from income or deduction of an amount referred to in the first paragraph of section 1044 were not taken into account;

(*b*) *B* is the amount of tax that would have been so payable by the individual under this Part if all the shares, each of which is an eligible share of the particular class deemed under section 436 to have been disposed of at the particular time, other than a share in respect of which one of the conditions in the third paragraph is met, were not deemed by that section to have been disposed of by the individual at the particular time; and

(*c*) *C* is the aggregate of all amounts deemed under this or any other Act to have been paid on account of the individual's tax payable under this Part for the year of disposition.

The conditions to which subparagraph *b* of the second paragraph refers in respect of a share are as follows:

(*a*) it is subsequently disposed of before the beginning of the particular year;

(*b*) it ceases, throughout a one-month period ending in the particular year, to be an eligible share of the particular person; and

(*c*) the twentieth anniversary of its deemed disposition occurs in the particular year.

Where an eligible share of the capital stock of a corporation owned by the individual at the particular time is transferred as a consequence of a distribution by the individual's succession to a beneficiary of the succession, where, immediately after the transfer, the share is an eligible share and where an agreement effecting novation is entered into between the Minister and the beneficiary under which the indebtedness represented by tax attributable to the deemed disposition of the share becomes the debt of the beneficiary, this chapter applies, with the necessary modifications, from the transfer, in respect of satisfactory security furnished by the beneficiary and accepted by the Minister, as if the beneficiary were the same person as and a continuation of the individual's succession.

“1033.18. Where, at a particular time in a taxation year (in this section and section 1033.20 referred to as the “year of disposition”), a trust is deemed under section 653 to have disposed of an eligible share of a particular class of the capital stock of a corporation and it elects, in the prescribed form containing prescribed information, on or before its balance-due day for the year of disposition, to have this chapter apply to the year of disposition, the following rules apply:

(a) the Minister shall, until the balance-due day of a particular person that is either the trust or a beneficiary referred to in the fourth paragraph for a particular taxation year that begins after the particular time, accept security satisfactory to the Minister and furnished by or on behalf of the trust on or before the trust’s balance-due day for the year of disposition for the lesser of

i. the amount determined by the formula

$120\% \{A - B - [(A - B)/A \times C]\}$, and

ii. if the particular year is the year that follows the year of disposition, the amount determined under subparagraph i and, in any other case, the amount determined under this subparagraph *a* in respect of the particular person for the taxation year that precedes the particular year; and

(b) except for the purposes of the first, second and third paragraphs of section 1038, the following interest and penalties shall be computed as if the particular amount for which security satisfactory to the Minister has been accepted under this section were, on the one hand, equal to the amount that would be determined in accordance with subparagraph *a* if the formula in subparagraph i of that subparagraph were read as if “120%” were replaced by “100%” and, on the other hand, an amount paid by the particular person on account of the particular amount:

i. interest payable under this Part for any period that ends on the particular person’s balance-due day for the particular year and throughout which security is accepted by the Minister, and

ii. penalties payable under this Part computed with reference to the particular person’s tax payable for the year that was, without reference to this subparagraph *b*, unpaid.

In the formula in subparagraph i of subparagraph *a* of the first paragraph,

(a) *A* is the amount of tax that would be payable by the trust under this Part for the year of disposition if the exclusion from income or deduction of an amount referred to in the first paragraph of section 1044 were not taken into account;

(b) B is the amount of tax that would have been so payable by the trust under this Part if all the shares, each of which is an eligible share of the particular class deemed under section 653 to have been disposed of at the particular time, other than a share in respect of which one of the conditions in the third paragraph is met, were not deemed under that section to have been disposed of by the trust at the particular time; and

(c) C is the aggregate of all amounts deemed under this or any other Act to have been paid on account of the trust's tax payable under this Part for the year of disposition.

The conditions to which subparagraph *b* of the second paragraph refers in respect of a share are as follows:

(a) it is subsequently disposed of before the beginning of the particular year;

(b) it ceases, throughout a one-month period ending in the particular year, to be an eligible share of the particular person; and

(c) the twentieth anniversary of its deemed disposition occurs in the particular year.

Where an eligible share of the capital stock of a corporation owned by a trust at the particular time is transferred as a consequence of a distribution by the trust to a beneficiary of the trust, where, immediately after the transfer, the share is an eligible share and where an agreement effecting novation is entered into between the Minister and the beneficiary under which the indebtedness represented by tax attributable to the deemed disposition of the share becomes the debt of the beneficiary, this chapter applies, with the necessary modifications, from the transfer, in respect of satisfactory security furnished by the beneficiary and accepted by the Minister, as if the beneficiary were the same person as and a continuation of the trust.

“1033.19. For the purposes of subparagraph *b* of the third paragraph of sections 1033.17 and 1033.18, a month means a period that begins on a particular day in a calendar month and that ends

(a) on the day immediately before the day in the following calendar month that has the same calendar number as the particular day, or

(b) where the following calendar month does not have a day that has the same calendar number as the particular day, on the last day of the following month.

“1033.20. Despite sections 1033.17 and 1033.18, the Minister is deemed at any time not to have accepted security under either of those sections in respect of the year of disposition of eligible shares of a particular class of the capital stock of a corporation owned by an individual or a trust for an amount greater than 120% of the amount by which the particular tax that would be payable by the individual or trust, as the case may be, under this Part for the year if the exclusion from income or deduction of an amount referred to in the first paragraph of section 1044 in respect of which the date determined in accordance with the second paragraph of that section is after that time, were not taken into account, exceeds the amount determined under the second paragraph.

The amount to which the first paragraph refers is equal to the particular tax that would be determined under that paragraph if the eligible shares referred to in the first paragraph were not deemed under section 436 or 653 to have been disposed of.

“1033.21. Subject to section 1033.25, if it is determined at a particular time that security accepted by the Minister under section 1033.17 or 1033.18 is not adequate to secure the particular amount for which it was furnished by or on behalf of the individual’s legal representative or the trust, as the case may be, the following rules apply:

(a) subject to a subsequent application of this section, the security shall be considered after the particular time to secure only the amount for which it is security considered satisfactory at the particular time;

(b) the Minister shall notify in writing the legal representative or trust, or the person referred to in the fourth paragraph of section 1033.17 or 1033.18, of the determination and shall accept security satisfactory to the Minister, for all or any part of the particular amount, furnished by the person concerned or on that person’s behalf within 90 days after the notification;

(c) any security accepted in accordance with subparagraph *b* is deemed to have been accepted by the Minister under section 1033.17 or 1033.18, as the case may be, on account of the particular amount at the particular time; and

(d) if the person concerned fails to furnish, within the time prescribed in subparagraph *b*, security satisfactory to the Minister to secure the particular amount in its entirety, the portion of subparagraph *b* of the first paragraph of section 1033.17 or 1033.18 before subparagraph *i* is to be read, after the particular time and subject to a subsequent application of this section, as if “100%” were replaced by the percentage determined by the formula

$$100\% - [(120\% - A)/120\%].$$

In the formula in subparagraph *d* of the first paragraph, *A* is the proportion, expressed as a percentage, that the value of the security at the particular time, determined in accordance with the first paragraph, is of the amount that would be determined by the formula in subparagraph *i* of subparagraph *a* of the first paragraph of section 1033.17 or 1033.18, as the case may be, if it were read without “120%”.

“1033.22. If in the opinion of the Minister it would be just and equitable to do so, the Minister may at any time extend

(*a*) the time for making an election under section 1033.17 or 1033.18;

(*b*) the time for furnishing and accepting security, provided for in section 1033.17 or 1033.18; or

(*c*) the 90-day period for the acceptance of security, provided for in subparagraph *b* of the first paragraph of section 1033.21.

“DIVISION III

“METHOD FOR CALCULATING SECURITY ON THE TWENTIETH ANNIVERSARY OF THE DEEMED DISPOSITION

“1033.23. Despite sections 1033.17 and 1033.18, where the twentieth anniversary of the deemed disposition, because of section 436 or 653, of an eligible share of the capital stock of a corporation occurs in a particular taxation year of an individual and the fair market value of that eligible share on the twentieth anniversary of the deemed disposition is less than its fair market value at the time of the deemed disposition, section 1033.17 or 1033.18, as the case may be, is to be read, if the Minister is of the opinion that the reduction in value is not attributable to a distribution in any manner whatsoever, in relation to that eligible share and in respect of the individual’s particular taxation year and a subsequent taxation year in respect of which section 1033.24 does not apply,

(*a*) as if the formula in subparagraph *i* of subparagraph *a* of the first paragraph were replaced by the formula

$$\{A - B - [(A - B)/A \times C]\} \times (1 - D);$$

(*b*) as if “, on the one hand, equal to the amount that would be determined in accordance with subparagraph *a* if the formula in subparagraph *i* of that subparagraph were read as if “120%” were replaced by “100%” and, on the other hand,” in the portion of subparagraph *b* of the first paragraph before subparagraph *i* were struck out;

(c) as if the following subparagraph were added at the end of the second paragraph:

“(d) D is the proportion, expressed as a percentage, that the fair market value of the eligible share on the twentieth anniversary of the deemed disposition is of its fair market value at the time of the deemed disposition.”; and

(d) as if subparagraph c of the third paragraph were struck out.

“1033.24. Where section 1033.23 applied in respect of an eligible share of the capital stock of a corporation and the fair market value of that eligible share on the twenty-second anniversary of the deemed disposition is greater than its fair market value on the twentieth anniversary of the deemed disposition, section 1033.17 or 1033.18, as the case may be, is to be read, in relation to that eligible share and in respect of the individual’s particular taxation year that includes the twenty-second anniversary and the individual’s following taxation year,

(a) as if the formula in subparagraph i of subparagraph a of the first paragraph were replaced by the formula

$$\{A - B - [(A - B)/A \times C]\} \times (1 - D);$$

(b) as if “, on the one hand, equal to the amount that would be determined in accordance with subparagraph a if the formula in subparagraph i of that subparagraph were read as if “120%” were replaced by “100%” and, on the other hand,” in the portion of subparagraph b of the first paragraph before subparagraph i were struck out;

(c) as if the following subparagraph were added at the end of the second paragraph:

“(d) D is the proportion, expressed as a percentage, that the fair market value of the eligible share on the twenty-second anniversary of the deemed disposition is of its fair market value at the time of the deemed disposition.”; and

(d) as if subparagraph c of the third paragraph were struck out.

The first paragraph applies at successive two-year intervals following the twenty-second anniversary referred to in that paragraph, with the necessary modifications. However, if the fair market value of the eligible share on that subsequent anniversary is greater than its fair market value on the last anniversary in respect of which the first paragraph applied, subparagraph d of the second paragraph of section 1033.17 or 1033.18, as the case may be, enacted by subparagraph c of the first paragraph, is to be read as follows:

“(d) D is the proportion, expressed as a percentage, that the fair market value of the eligible share on the subsequent anniversary to which the second paragraph of section 1033.24 refers is of the fair market value of the eligible share at the time of the deemed disposition.”

“DIVISION IV

“MISCELLANEOUS PROVISIONS

“**1033.25.** The Minister may, in respect of an election made by an individual’s legal representative or a trust under section 1033.17 or 1033.18, as the case may be, accept for a particular period of time security different from, or of lesser value than, that which the Minister would otherwise accept under that section if, in respect of that period, the Minister determines that the individual’s succession or the trust cannot, without undue hardship, pay or reasonably arrange to have paid on its behalf an amount of tax to which security furnished under that section would relate and cannot, without undue hardship, furnish or reasonably arrange to have furnished on its behalf adequate security under that section.

“**1033.26.** In making a determination under section 1033.25, the Minister shall ignore any transaction that is a disposition, lease, encumbrance, hypothec, mortgage or other voluntary restriction by a person or partnership of the person’s or partnership’s rights in respect of a property, if the transaction can reasonably be considered to have been entered into for the purpose of influencing the determination.

“**1033.27.** The prescription provided for in the first paragraph of section 27.3 of the Tax Administration Act (chapter A-6.002) is suspended for the period during which a security is accepted or is deemed to be accepted by the Minister under this chapter.”

(2) Subsection 1 applies in respect of the deemed disposition of a share that occurs after 21 February 2017.

425. (1) Section 1038 of the Act is amended

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

“ii. the aggregate of all amounts the individual is deemed under Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year, except any such amounts the individual is deemed to have paid under Divisions II to II.3.0.1, II.5.1, II.5.2, II.6.4 to II.6.4.3, II.6.5.2, II.11.1, II.12.1, II.13 if tax is payable by the individual for the particular year under Part I.3.2, II.17.1 and II.27 of that chapter and sections 1029.9.2 and 1029.9.2.1, and any such amounts in respect of which section 1029.6.0.1.9 applies;”;

(2) by adding the following subparagraph at the end of subparagraph *a* of the second paragraph:

“v. the amount by which the amount the individual is deemed under Division II.27 of Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3.4; and”;

(3) by replacing subparagraph ii of subparagraph *b* of the second paragraph by the following subparagraph:

“ii. the aggregate of all amounts the individual is deemed under Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year, except any such amounts the individual is deemed to have paid under Divisions II to II.3.0.1, II.5.1, II.5.2, II.6.4 to II.6.4.3, II.6.5.2, II.11.1, II.12.1, II.13 if tax is payable by the individual for the particular year under Part I.3.2, II.17.1 and II.27 of that chapter and sections 1029.9.2 and 1029.9.2.1, and any such amounts in respect of which section 1029.6.0.1.9 applies,”;

(4) by adding the following subparagraph at the end of subparagraph *b* of the second paragraph:

“v. the amount by which the amount the individual is deemed under Division II.27 of Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3.4; and”;

(5) by replacing the portion of subparagraph *a* of the third paragraph before subparagraph i by the following:

“(a) the amount by which the total, on the one hand, of the aggregate of all amounts the individual is deemed under Chapter III.1 of Title III to have paid to the Minister on account of the individual’s tax payable for the particular year, except any such amounts the individual is deemed to have paid under Divisions II to II.3.0.1, II.5.1, II.5.2, II.6.4 to II.6.4.3, II.6.5.2, II.11.1, II.12.1, II.13 if tax is payable by the individual for the particular year under Part I.3.2, II.17.1 and II.27 of that chapter and sections 1029.9.2 and 1029.9.2.1, and any such amounts in respect of which section 1029.6.0.1.9 applies, and, on the other hand, of the aggregate of the amount by which the amount the individual is deemed under Division II.11.1 of that chapter to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3, the amount by which the amount the individual is deemed under Division II.12.1 of that chapter to have paid to the Minister on account of the individual’s tax payable for the particular year exceeds the individual’s tax payable for the particular year under Part I.3.3 and the amount by which the amount the individual is deemed under

Division II.27 of that chapter to have paid to the Minister on account of the individual's tax payable for the particular year exceeds the individual's tax payable for the particular year under Part I.3.4, is exceeded by any of the following amounts:".

(2) Subsection 1 applies from the taxation year 2017. In addition, where it amends section 1038 of the Act to add a reference to section 1029.9.2.1 of the Act, subsection 1 also applies to a preceding taxation year of a taxpayer for which the Minister of Revenue may, on 13 July 2017 and under sections 1010 to 1011 of the Act, determine or redetermine the tax payable by the taxpayer and make an assessment, reassessment or additional assessment.

426. Section 1045 of the Act is amended by replacing the first paragraph by the following paragraph:

"Every person who fails to make a fiscal return on the prescribed form and within the prescribed time, in accordance with section 1000, 1001, 1003 or 1004, incurs a penalty equal to 5% of the tax unpaid at the time when the return must be filed and an additional penalty of 1% of that unpaid tax for each complete month, not exceeding 12 months, in the period that begins at the time the return must be filed and ends at the time it is actually filed."

427. Section 1045.0.1 of the Act is replaced by the following section:

"1045.0.1. Despite section 1045, where the failure referred to in that section results solely from the inclusion, in computing an individual's income for a particular taxation year, of an amount by reason of the disposition in a subsequent taxation year of a work of art referred to in section 752.0.10.11.1 by a donee referred to in that section, and by reason of the designation, referred to in subparagraph *b* of the first paragraph of section 752.0.10.13, of an amount in relation to the particular taxation year, the penalty of 5% provided for in the first paragraph of section 1045 applies to the tax unpaid on the individual's filing-due date for the subsequent taxation year in which the disposition was made and the penalty of 1% provided for in that first paragraph applies to that unpaid tax for each complete month, not exceeding 12 months, in the period that begins on that filing-due date and ends at the time the fiscal return referred to in section 1045 is actually filed."

428. (1) Section 1049.15 of the Act is amended by replacing "31 May 2018" in subparagraph *b.1* of the second paragraph by "31 May 2021".

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

429. (1) Section 1055.1.1 of the Act is replaced by the following section:

“1055.1.1. For the purposes of subparagraph ii of paragraph *a* of section 1055.1, if an amount was deducted under section 725.2, as a consequence of the application of section 725.2.0.1 or 725.2.0.1.1, in computing a taxpayer’s taxable income for the year in which the taxpayer died, that subparagraph ii is to be read as if “1/4” were replaced by “50%”.”

(2) Subsection 1 applies to any event, transaction or circumstance relating to a share that a corporation agreed to sell or issue under an agreement referred to in section 48 of the Act and entered into after 21 February 2017.

430. (1) Section 1079.13.1 of the Act is amended by replacing “25%” in the first paragraph by “50%”.

(2) Subsection 1 applies in respect of a transaction carried out after 9 November 2017. However, it does not apply in respect of a transaction which is part of a series of transactions that began before 10 November 2017 and was completed before 1 February 2018.

431. (1) Section 1079.13.2 of the Act is amended by replacing “12.5%” in the portion before subparagraph *a* of the first paragraph by “100%”.

(2) Subsection 1 applies in respect of a transaction carried out after 9 November 2017. However, it does not apply in respect of a transaction which is part of a series of transactions that began before 10 November 2017 and was completed before 1 February 2018.

432. (1) The Act is amended by inserting the following section after section 1079.15.1:

“1079.15.2. Where section 1079.10 applies to a taxpayer in relation to a transaction and where a formal demand relating to an amount that may be owed by the taxpayer under this Act, taking into account the application of section 1079.10, for a taxation year has been notified in accordance with the third paragraph of section 39 of the Tax Administration Act (chapter A-6.002) to a person regarding the filing of information, additional information or documents, the time limit described in paragraph *a* or *a.0.1* of subsection 2 of section 1010 or in section 1079.15.1, as the case may be, for determining the tax consequences to the taxpayer, the interest and the penalties and for making a reassessment or an additional assessment, in respect of the taxation year concerned, is suspended for the period that begins on the day the application for authorization provided for in the third paragraph of that section 39 is filed and ends on the day on which that application is finally settled and on which, where the validity of the formal demand is confirmed, the information, additional information or documents, as the case may be, are filed in accordance with that section 39.

However, the Minister may, after applying the first paragraph, make a reassessment or an additional assessment beyond the period that, in respect of the taxpayer, is referred to in paragraph *a* or *a.0.1* of subsection 2 of section 1010, because of the application of section 1079.10 to the taxpayer in relation to a transaction, only to the extent that the reassessment or additional assessment may reasonably be considered to relate to the transaction.”

(2) Subsection 1 applies in respect of a formal demand for which an application for authorization is filed after 10 November 2017. However, where section 1079.15.2 of the Act applies in respect of a formal demand for which an application for authorization was filed before 11 July 2018, the first paragraph of that section is to be read as follows:

“Where section 1079.10 applies to a taxpayer in relation to a transaction and where a formal demand relating to an amount that may be owed by the taxpayer under this Act, taking into account the application of section 1079.10, for a taxation year has been notified in accordance with the third paragraph of section 39 of the Tax Administration Act (chapter A-6.002) to a person regarding the filing of information, additional information or documents, the time limit described in paragraph *a* or *a.0.1* of subsection 2 of section 1010 or in section 1079.15.1, as the case may be, for determining the tax consequences to the taxpayer, the interest and the penalties and for making a reassessment or an additional assessment, in respect of the taxation year concerned, is suspended for the period that begins on the day a judge of the Court of Québec authorizes, under the fourth paragraph of that section 39, the sending of the formal demand and ends on the day on which the application for authorization provided for in the third paragraph of that section 39 is finally settled and on which, where the validity of the formal demand is confirmed, the information, additional information or documents, as the case may be, are filed in accordance with that section 39.”

433. (1) Section 1082.3 of the Act is amended by replacing paragraphs *a* and *b* of the definition of “transfer pricing capital adjustment” in the first paragraph by the following paragraphs:

“(a) an amount by which the adjusted cost base to the taxpayer of a capital property (other than a depreciable property) is reduced in the year because of an adjustment made under section 1082.4, or an amount by which the capital cost to the taxpayer of a depreciable property is reduced in the year because of an adjustment made under section 1082.4; or

“(b) the product obtained when the proportion that the taxpayer’s share of the income or loss of a partnership for a fiscal period that ends in the year is of the income or loss of the partnership for that fiscal period is multiplied by the amount by which the adjusted cost base to the partnership of a capital property (other than a depreciable property) is reduced in the fiscal period because of an adjustment made under section 1082.4 or by the amount by which the capital cost to the partnership of a depreciable property is reduced in the fiscal period because of an adjustment made under section 1082.4;”.

(2) Subsection 1 has effect from 1 January 2017.

434. (1) Section 1086 of the Act is amended by inserting the following subparagraph after subparagraph *e.3* of the first paragraph:

“(e.4) allow a person who is required to file a return in accordance with the regulations made under subparagraph *e.2* to send by electronic means, if the person meets the conditions determined by the Minister, a copy of such a return prescribed by the Government or of a part thereof to any person to whom the return or part thereof relates and to whom it indicates in the regulation; and”.

(2) Subsection 1 has effect from 1 January 2018.

435. (1) The Act is amended by inserting the following Part after section 1086.12.12:

“PART I.3.4

**“TAX IN RESPECT OF ADVANCE PAYMENTS OF THE CREDIT FOR
THE RESTORATION OF A SECONDARY RESIDENCE**

“1086.12.13. In this Part,

“balance-due day” has the meaning assigned by section 1;

“eligible spouse” of an individual for a taxation year means the person who is the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;

“individual” has the meaning assigned by section 1;

“taxation year” has the meaning that would be assigned by Part I if it were read without reference to section 779.

“1086.12.14. An individual shall pay, for a taxation year, a tax equal to the aggregate of all amounts each of which is an amount paid in advance by the Minister to the individual for that year under section 1029.8.184.

Where applicable, the individual and the individual’s eligible spouse for the year are solidarily liable for the payment of the tax payable under the first paragraph and, in that respect, a payment by the individual affects the liability of the eligible spouse only to the extent that the payment operates to reduce the individual’s liability to an amount less than the amount in respect of which the eligible spouse is solidarily liable under this paragraph.

“1086.12.15. An individual shall pay to the Minister, for a taxation year, on or before the individual’s balance-due day for the year, the individual’s tax under this Part as estimated for the year in accordance with section 1004.

“1086.12.16. Unless otherwise provided in this Part, sections 1000 to 1014, 1035 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 applies from the taxation year 2017.

436. (1) Section 1094 of the Act is amended

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

“(b) property used in Québec by the taxpayer in carrying on a business, property used in Québec and included in Class 14.1 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) in relation to a business, or property used in Québec and included in the inventory of a business, other than”;

(2) by replacing subparagraphs *ii* and *iii* of paragraph *c* by the following subparagraphs:

“ii. a Québec resource property within the meaning of subparagraph *d* of the first paragraph of section 1089,

“iii. a Québec timber resource property within the meaning of subparagraph *e* of the first paragraph of section 1089, and”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2017.

(3) Paragraph 2 of subsection 1 applies in determining, after 4 March 2010, whether a property is taxable Québec property of a taxpayer. In addition, in determining, before 5 March 2010, whether a property is taxable Québec property of a taxpayer, section 1094 of the Act is to be read as if “Canadian resource property” and “timber resource property” were replaced by “Québec resource property within the meaning of subparagraph *d* of the first paragraph of section 1089” and “Québec timber resource property within the meaning of subparagraph *e* of the first paragraph of section 1089”, respectively.

437. (1) Section 1095 of the Act is replaced by the following section:

“1095. For the purposes of this Part, the expression “taxable Canadian property” has the meaning that would be assigned by the definition of “taxable Québec property” in section 1094 if

(a) section 1094 were read as if “Québec property” and “Québec” were replaced, wherever they appear except in subparagraphs *ii* and *iii* of paragraph *c*, by “Canadian property” and “Canada”, respectively;

(b) subparagraph ii of paragraph *c* of section 1094 were read as if “Québec resource property within the meaning of subparagraph *d* of the first paragraph of section 1089” were replaced by “Canadian resource property”; and

(c) subparagraph iii of paragraph *c* of section 1094 were read as if “Québec timber resource property within the meaning of subparagraph *e* of the first paragraph of section 1089” were replaced by “timber resource property”.

(2) Subsection 1 applies in determining after 4 March 2010 whether a property is taxable Canadian property of a taxpayer. In addition, in determining before 5 March 2010 whether a property is taxable Canadian property of a taxpayer, section 1095 of the Act is to be read as follows:

“1095. For the purposes of this Part, the expression “taxable Canadian property” has the meaning that would be assigned by the definition of “taxable Québec property” in section 1094 if that section were read as if

(a) subject to paragraph *b*, “Québec property” and “Québec” were replaced, wherever they appear, by “Canadian property” and “Canada”, respectively; and

(b) “Québec resource property within the meaning of subparagraph *d* of the first paragraph of section 1089” and “Québec timber resource property within the meaning of subparagraph *e* of the first paragraph of section 1089” were replaced by “Canadian resource property” and “timber resource property”, respectively.”

438. (1) Section 1102.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“Where a person not resident in Canada disposes or proposes to dispose to a taxpayer, in a taxation year, property (other than excluded property) that is a life insurance policy described in subparagraph *k* of the first paragraph of section 1089, a Québec resource property within the meaning of subparagraph *d* of the first paragraph of section 1089, a Québec timber resource property within the meaning of subparagraph *e* of the first paragraph of section 1089, property (other than capital property) that is immovable property situated in Québec or depreciable property that is a taxable Québec property and the person not resident in Canada pays to the Minister, on account of tax payable for the year by the person not resident in Canada such an amount as is reasonable to the Minister in respect of the disposition or proposed disposition of the property or furnishes the Minister with security acceptable to the Minister in respect of the disposition or proposed disposition of the property, the Minister shall forthwith issue to the person not resident in Canada and to the taxpayer a certificate in prescribed form fixing therein the amount of the proceeds of disposition or proposed disposition of the property or such other amount as is reasonable in the circumstances.”

(2) Subsection 1 has effect from 1 January 2017.

439. (1) The Act is amended by inserting the following section after section 1106.1:

“1106.2. Division XIII of Chapter IV of Title IV of Book III of Part I and Chapters IV to VI of Title IX of that Book III do not apply to a taxpayer who holds a share (in this section referred to as the “old share”) of a class of shares of the capital stock, that is recognized under securities legislation as or as part of an investment fund, of an investment corporation if the taxpayer exchanges or otherwise disposes of the old share for another share (in this section referred to as the “new share”) of an investment corporation, unless

(a) if the exchange or disposition occurs in the course of a transaction, event or series of transactions or events described in section 541 or in subsections 1 and 2 of section 544,

i. all shares of the class (determined without reference to section 1.3) that includes the old share at the time of the exchange or disposition are exchanged for shares of the class that includes the new share,

ii. the old share and the new share derive their value in the same proportion from the same property or group of properties, and

iii. the transaction, event or series of transactions or events was undertaken solely for bona fide purposes and not to cause this section to apply; or

(b) if the old share and the new share are shares of the same class (determined without reference to section 1.3) of shares of the same investment corporation,

i. the old share and the new share derive their value in the same proportion from the same property or group of properties held by the corporation that is allocated to that class, and

ii. that class is recognized under securities legislation as or as part of a single investment fund.”

(2) Subsection 1 applies in respect of a transaction or event that occurs after 31 December 2016.

440. (1) The Act is amended by inserting the following section after section 1117:

“1117.0.1. A corporation is deemed to be a mutual fund corporation from the date it was incorporated until 31 December 2017 or, if it is earlier, the date the corporation meets the conditions to qualify as a mutual fund corporation under section 1117, if it has made a valid election under paragraph *d* of subsection 8.01 of section 131 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).”

(2) Subsection 1 has effect from 1 January 2017.

441. (1) The Act is amended by inserting the following section after section 1118.1:

“1118.2. Division XIII of Chapter IV of Title IV of Book III of Part I and Chapters IV to VI of Title IX of that Book III do not apply to a taxpayer who holds a share (in this section referred to as the “old share”) of a class of shares of the capital stock, that is recognized under securities legislation as or as part of an investment fund, of a mutual fund corporation if the taxpayer exchanges or otherwise disposes of the old share for another share (in this section referred to as the “new share”) of a mutual fund corporation, unless

(a) if the exchange or disposition occurs in the course of a transaction, event or series of transactions or events described in section 541 or in subsections 1 and 2 of section 544,

i. all shares of the class (determined without reference to section 1.3) that includes the old share at the time of the exchange or disposition are exchanged for shares of the class that includes the new share,

ii. the old share and the new share derive their value in the same proportion from the same property or group of properties, and

iii. the transaction, event or series of transactions or events was undertaken solely for bona fide purposes and not to cause this section to apply;

(b) if the old share and the new share are shares of the same class (determined without reference to section 1.3) of shares of the same mutual fund corporation,

i. the old share and the new share derive their value in the same proportion from the same property or group of properties held by the corporation that is allocated to that class, and

ii. that class is recognized under securities legislation as or as part of a single investment fund; or

(c) the exchange is made as a consequence of the application of section 11.1 of the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) in respect of the taxpayer.”

(2) Subsection 1 applies in respect of a transaction or event that occurs after 31 December 2016. However, where section 1118.2 of the Act applies in respect of a transaction or event that occurs before 19 June 2019, it is to be read without reference to its paragraph c.

442. (1) The Act is amended by inserting the following Part after section 1129.4.3.44:

“PART III.1.1.11

“SPECIAL TAX RELATING TO THE CREDIT FOR THE DIGITAL TRANSFORMATION OF PRINT MEDIA

“1129.4.3.45. In this Part,

“eligibility period” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.88;

“eligible digital conversion activity” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.88;

“eligible digital conversion contract” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.88;

“eligible digital conversion costs” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.88;

“eligible media” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.88;

“establishment” has the meaning assigned by section 1;

“qualified expenditure” has the meaning assigned by section 1029.8.36.0.3.88;

“qualified property” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.88;

“qualified wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.88.

In this Part, a print media is deemed to be an eligible media for a particular period that follows the last day of the eligibility period, if the conditions of section 18.4 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) are met in its respect for that period.

“1129.4.3.46. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.96, on account of its tax payable under Part I for a particular taxation year, in relation to its eligible digital conversion costs for the particular year, shall pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the “repayment year”) in which an amount that relates to qualified wages, incurred by the corporation, that are included in the eligible digital conversion costs, or to costs that are taken into consideration in computing a qualified expenditure of the corporation that is included in the eligible digital conversion costs is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by it.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.96 or 1029.8.36.0.3.102, in relation to the eligible digital conversion costs, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under section 1029.8.36.0.3.96 or 1029.8.36.0.3.102, in relation to the eligible digital conversion costs, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to such qualified wages or to costs that are taken into consideration in computing such a qualified expenditure, had been refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the eligible digital conversion costs.

However, the tax payable under this section must be computed without reference to any amount relating to costs taken into consideration in computing a qualified expenditure of the corporation that are acquisition costs for a qualified property in respect of which section 1129.4.3.47 applies for the repayment year or applied for a preceding taxation year.

“1129.4.3.47. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.96, on account of its tax payable under Part I, in relation to a portion of its eligible digital conversion costs that corresponds to the portion of a qualified expenditure of the corporation that relates to the acquisition costs of a qualified property that the corporation incurred, shall pay the tax computed under the second paragraph for a particular taxation year if, at any time in the period described in the third paragraph, the property ceases, otherwise than by reason of its loss, the involuntary destruction of the property by fire, theft or water, a major breakdown of the property or its obsolescence, to be used exclusively or almost exclusively by the corporation, on the one hand, to carry out eligible digital conversion activities that relate, in whole or in part, to an eligible media of the corporation and, on the other hand, in an establishment of the corporation situated in Québec in which the eligible media is produced or from which it is disseminated.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.96 or 1029.8.36.0.3.102, in relation to such a portion of its eligible digital conversion costs, exceeds the aggregate of all amounts each of which is the portion of a tax that the corporation is required to pay to the Minister under section 1129.4.3.46, for a taxation year preceding the particular year, that may reasonably be attributed to such a portion of its eligible digital conversion costs.

The period to which the first paragraph refers is the period that begins on the day after the corporation's filing-due date for the taxation year preceding the particular year and ends on the earlier of

(a) the 730th day of the period that begins on the date of the acquisition of the property by the corporation; and

(b) the corporation's filing-due date for the particular year.

For the purposes of the first paragraph, where, at any time, a corporation disposes of a qualified property for proceeds of disposition equal to or greater than 10% of the cost of acquiring it, the corporation is deemed not to have ceased to use, at that time, the property by reason of its obsolescence; in that respect, where the parties to the sale are not dealing with each other at arm's length, the proceeds of disposition of the property are deemed to be equal to its fair market value.

“1129.4.3.48. Every corporation that is a member of a partnership and is deemed to have paid an amount to the Minister, under section 1029.8.36.0.3.97, on account of the corporation's tax payable under Part I for a particular taxation year, in relation to the partnership's eligible digital conversion costs for the partnership's particular fiscal period that ends in that particular year, shall pay the tax computed under the second paragraph for the taxation year in which ends a subsequent fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) in which an amount that relates to qualified wages, incurred by the partnership, that are included in the eligible digital conversion costs, or to costs that are taken into consideration in computing a qualified expenditure of the partnership that is included in the eligible digital conversion costs is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the corporation or partnership.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year under any of sections 1029.8.36.0.3.97, 1029.8.36.0.3.103 and 1029.8.36.0.3.104, in relation to the eligible digital conversion costs, if the agreed proportion in respect of the corporation for the partnership's fiscal period that ends in that taxation year were the same as that for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.36.0.3.97, 1029.8.36.0.3.103 and 1029.8.36.0.3.104, for a taxation year, in relation to the eligible digital conversion costs, if

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to such qualified wages or to costs that are taken into consideration in computing such a qualified expenditure, had been refunded, paid or allocated in the particular fiscal period, and

ii. the agreed proportion in respect of the corporation for the partnership's fiscal period that ends in that taxation year were the same as that for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the corporation would be required to pay to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in relation to the eligible digital conversion costs, if the agreed proportion in respect of the corporation for the partnership's fiscal period that ends in the preceding taxation year were the same as that for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the reciprocal of the agreed proportion in respect of the corporation for the fiscal period of repayment.

However, the tax payable under this section must be computed without reference to any amount relating to costs that are taken into consideration in computing a qualified expenditure of the partnership that are acquisition costs for a qualified property in respect of which section 1129.4.3.49 applies for the fiscal period of repayment or applied for a preceding fiscal period.

“1129.4.3.49. Every corporation that is a member of a partnership and is deemed to have paid an amount to the Minister for a taxation year, under section 1029.8.36.0.3.97, on account of its tax payable under Part I, in relation to the portion of the partnership's eligible digital conversion costs, for the partnership's fiscal period that ends in the year, that corresponds to the portion of a qualified expenditure of the partnership that relates to the acquisition costs of a qualified property that it incurred, shall pay the tax computed under the second paragraph for a particular taxation year if, at any time in the period described in the third paragraph, the property ceases, otherwise than by reason of its loss, the involuntary destruction of the property by fire, theft or water, a major breakdown of the property or its obsolescence, to be used exclusively or almost exclusively by the partnership, on the one hand, to carry out eligible digital conversion activities that relate, in whole or in part, to an eligible media of the partnership and, on the other hand, in an establishment of the partnership situated in Québec in which the eligible media is produced or from which it is disseminated.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under any of sections 1029.8.36.0.3.97, 1029.8.36.0.3.103 and 1029.8.36.0.3.104, in relation to such a portion of the partnership's eligible digital conversion costs for a fiscal period, exceeds the aggregate of all amounts each of which is the portion of a tax that the corporation is required to pay to the Minister under section 1129.4.3.48, for a taxation year preceding the particular year, that may reasonably be attributed to such a portion of the partnership's eligible digital conversion costs.

The period to which the first paragraph refers is the period that begins on the day after the corporation's filing-due date for the taxation year preceding the particular year and ends on the earlier of

(a) the 730th day of the period that begins on the date of the acquisition of the property by the partnership; and

(b) the corporation's filing-due date for the particular year.

For the purposes of the first paragraph, where, at any time, a partnership disposes of a qualified property for proceeds of disposition equal to or greater than 10% of the cost of acquiring it, the partnership is deemed not to have ceased to use, at that time, the property by reason of its obsolescence.

“1129.4.3.50. For the purposes of Part I, except Division II.6.0.1.11 of Chapter III.1 of Title III of Book IX, the following rules are taken into account:

(a) the tax paid at any time by a corporation to the Minister under section 1129.4.3.46 or 1129.4.3.47 in relation to its eligible digital conversion costs is deemed to be an amount of assistance repaid at that time by the corporation in respect of wages or an expenditure included in those eligible digital conversion costs, pursuant to a legal obligation; and

(b) the tax paid at any time by a corporation to the Minister under section 1129.4.3.48 or 1129.4.3.49 in relation to the eligible digital conversion costs of a partnership referred to in that section is deemed to be an amount of assistance repaid at that time by the partnership in respect of wages or an expenditure included in those eligible digital conversion costs, pursuant to a legal obligation.

“1129.4.3.51. Unless otherwise provided in this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 28 March 2018.

443. (1) Section 1129.27.0.2.2 of the Act is amended by adding the following subparagraphs at the end of the second paragraph:

“(c) where the particular taxation year ends on 31 May 2019, the aggregate of

i. \$250,000,000, and

ii. the amount by which the amount determined under this paragraph for the taxation year that ends on 31 May 2018 exceeds the aggregate of all amounts each of which is an amount paid in that taxation year for the purchase of a share as first purchaser;

“(d) where the particular taxation year ends on 31 May 2020, the aggregate of

i. \$275,000,000, and

ii. the amount by which the amount determined under this paragraph for the taxation year that ends on 31 May 2019 exceeds the aggregate of all amounts each of which is an amount paid in that taxation year for the purchase of a share as first purchaser; or

“(e) where the particular taxation year ends on 31 May 2021, the aggregate of

i. \$275,000,000, and

ii. the amount by which the amount determined under this paragraph for the taxation year that ends on 31 May 2020 exceeds the aggregate of all amounts each of which is an amount paid in that taxation year for the purchase of a share as first purchaser.”

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

444. (1) Section 1129.27.4.1 of the Act is amended, in the definition of “annual limit amount”,

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

“(b) subject to paragraphs *c* to *e*, any of the following amounts, in respect of a capitalization period that begins after 29 February 2008:”;

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

“(e) \$140,000,000, in respect of each of the following capitalization periods:

i. the capitalization period that begins on 1 March 2018 and ends on 28 February 2019,

ii. the capitalization period that begins on 1 March 2019 and ends on 29 February 2020, and

iii. the capitalization period that begins on 1 March 2020 and ends on 28 February 2021;”.

(2) Subsection 1 has effect from 1 March 2018.

445. (1) Section 1129.27.4.2 of the Act is amended

(1) by replacing the portion of subparagraph *d* of the first paragraph before the formula by the following:

“(d) if the particular capitalization period begins after 29 February 2016 and before 1 March 2018, the amount determined by the formula”;

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

“(e) if the particular capitalization period begins after 28 February 2018, the amount determined by the formula

$35\% \times (A - B)$.”;

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

“(a) A is the paid-up capital of the class “A” shares of the capital stock of the Corporation issued during the particular capitalization period; and”.

(2) Paragraphs 1 and 2 of subsection 1 have effect from 1 March 2018.

446. (1) The Act is amended by inserting the following Part after section 1129.27.4.4:

“PART III.6.1.2

**“SPECIAL TAX RELATING TO SHARE EXCHANGE TRANSACTIONS
CARRIED OUT BY CAPITAL RÉGIONAL ET COOPÉRATIF
DESJARDINS**

“1129.27.4.5. In this Part,

“conversion period” means a period that begins on 1 March of a year subsequent to the year 2017 and preceding the year 2021 and that ends on the last day of the month of February of the following year;

“Corporation” means the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1);

“share” means a share or fractional share of the capital stock of the Corporation.

“1129.27.4.6. The Corporation is required to pay, for a conversion period, tax under this Part equal to 10% of the amount by which \$100,000,000 is exceeded by the aggregate of all amounts each of which is the value of a consideration that an individual has paid or has undertaken to pay, in the conversion period, for the acquisition of a class “B” share of the capital stock of the Corporation.

“1129.27.4.7. For the purposes of section 1129.27.4.6, the following rules apply:

(a) an individual has undertaken to pay, in a conversion period, a consideration for the acquisition of a class “B” share of the capital stock of the Corporation, where the individual has undertaken to purchase such a share under a promise to purchase by way of exchange, within the meaning assigned to that expression by section 8.1 of the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1), that

i. was made by the individual at a particular time in the conversion period that precedes 19 June 2019, and

ii. was accepted by the Corporation after 9 July 2018, but before 19 June 2019; and

(b) the value of a consideration that an individual has paid or has undertaken to pay for the acquisition of a class “B” share of the capital stock of the Corporation is,

i. in the case of a consideration that the individual has undertaken to pay in accordance with paragraph *a* because of a promise to purchase by way of exchange, the amount determined in respect of the individual, in relation to the promise, under subparagraph *a* of subparagraph 2 of the second paragraph of section 10.1 of the Act constituting Capital régional et coopératif Desjardins, or

ii. in the case of a consideration paid by the individual, the amount determined in respect of the individual, in relation to the consideration, under subparagraph *b* of subparagraph 2 of the second paragraph of section 10.1 of the Act constituting Capital régional et coopératif Desjardins.

“1129.27.4.8. Where the Corporation is required to pay tax under this Part for a conversion period, the Corporation shall, on or before 31 May following the end of that conversion period,

(a) file with the Minister, without notice or demand, a return under this Part for that conversion period in the prescribed form containing prescribed information;

(b) estimate, in the return, the amount of its tax payable under this Part for that conversion period; and

(c) pay to the Minister the amount of its tax payable under this Part for that conversion period.

“1129.27.4.9. Unless otherwise provided in this Part, sections 1001, 1002 and 1037 and Titles II, V and VI of Book IX of Part I apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 1 March 2018. However, where Part III.6.1.2 of the Act applies before 19 June 2019,

(1) section 1129.27.4.6 of the Act and the portion of paragraph *b* of section 1129.27.4.7 of the Act before subparagraph *i* are to be read without reference to “has paid or”; and

(2) paragraph *b* of section 1129.27.4.7 of the Act is to be read without reference to its subparagraph *ii*.

447. The heading of Part III.6.2 of the Act is replaced by the following heading:

“SPECIAL TAX RELATING TO THE RECOVERY OF THE TAX CREDIT FOR THE PURCHASE OF CLASS “A” SHARES ISSUED BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS”.

448. Section 1129.27.5 of the Act is amended by replacing the definition of “share” by the following definition:

““share” means a class “A” share or fractional share of the capital stock of the Corporation.”

449. (1) Section 1129.27.6 of the Act is amended, in the third paragraph,

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

“(d) 40%, if the share referred to in the first paragraph was issued after 29 February 2016 and before 1 March 2018; or”;

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

“(e) 35%, if the share referred to in the first paragraph was issued after 28 February 2018.”

(2) Subsection 1 has effect from 1 March 2018.

450. (1) The Act is amended by inserting the following Part after section 1129.27.10:

“PART III.6.2.1

“SPECIAL TAXES RELATING TO THE RECOVERY OF THE TAX CREDITS FOR THE EXCHANGE OF SHARES ISSUED BY CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

“1129.27.10.1. In this Part,

“Corporation” means the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1);

“promise to purchase by way of exchange” has the meaning assigned by section 8.1 of the Act constituting Capital régional et coopératif Desjardins;

“share” means a share or fractional share of the capital stock of the Corporation.

“1129.27.10.2. Where an individual has deducted, from the individual’s tax otherwise payable under Part I for a taxation year, an amount under section 776.1.5.0.15.2 in respect of the value of a consideration the individual has undertaken to pay, in the form of a share, under a promise to purchase by way of exchange and where, before the payment of the consideration, the share is redeemed or purchased by agreement by the Corporation, the individual or, as the case may be, the person to whom the share devolved as a consequence of the individual’s death, is required to pay, for the taxation year in which the redemption or purchase by agreement is made, tax under this Part equal to the lesser of

(a) the product obtained by multiplying by 10% the amount determined under the third paragraph of section 776.1.5.0.15.2 in respect of the value of the consideration; and

(b) the amount paid by the Corporation for the redemption or purchase by agreement of the share.

For the purposes of the first paragraph, where an individual has not deducted, from the individual's tax otherwise payable under Part I for a taxation year, an amount under section 776.1.5.0.15.2, but the individual's eligible spouse for the year, within the meaning of sections 776.41.1 to 776.41.4, has deducted, from the eligible spouse's tax otherwise payable under Part I for the year, an amount, under section 776.41.5, a portion of which may reasonably be attributed to a deduction provided for in section 776.1.5.0.15.2 to which the individual was entitled for the year in respect of the value of a consideration the individual has undertaken to pay, in the form of a share, under a promise to purchase by way of exchange, the individual is deemed to have deducted, from the individual's tax otherwise payable under Part I for the year, an amount in that respect under section 776.1.5.0.15.2.

“1129.27.10.3. Subject to section 1129.27.10.4, where a class “B” share of the capital stock of the Corporation is redeemed or purchased by agreement by the Corporation less than seven years after its issue date, the individual to whom section 776.1.5.0.15.4 applies, or to whom section 776.1.5.0.15.2 applies if the share was issued as a consequence of a promise to purchase by way of exchange, or, as the case may be, the person to whom the share devolved as a consequence of the individual's death, is required to pay, for the taxation year in which the redemption or purchase by agreement is made, tax under this Part equal to the amount determined by the formula

$$[(2,556 - A)/2,556] \times B.$$

In the formula in the first paragraph,

(a) A is the number of days in the period that begins on the issue date of the share referred to in the first paragraph or, if the share was issued as a consequence of a promise to purchase by way of exchange, on the day that promise was accepted by the Corporation and that ends on the day the share is redeemed or purchased by agreement; and

(b) B is the lesser of the amount paid by the Corporation for the redemption or purchase by agreement of the share and,

i. if the share was issued as a consequence of a promise to purchase by way of exchange, the product obtained by multiplying by 10% the amount determined, under the third paragraph of section 776.1.5.0.15.2, in respect of the value of the consideration that the individual has undertaken to pay under the promise for the purchase of the share, or

ii. in any other case, the product obtained by multiplying by 10% the amount determined, under the third paragraph of section 776.1.5.0.15.4, in respect of the value of the consideration that the individual has paid for the purchase of the share.

“1129.27.10.4. Section 1129.27.10.3 does not apply in respect of a class “B” share of the capital stock of the Corporation that is redeemed or purchased by agreement by the Corporation under

(a) paragraph 3 of section 12 of the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1); or

(b) a provision of the purchase by agreement policy approved by the Minister of Finance in accordance with the second paragraph of section 11 of the Act constituting Capital régional et coopératif Desjardins, under which the Corporation may purchase by agreement a share it issued because no amount was deducted in respect of the share under section 776.1.5.0.15.2 or 776.1.5.0.15.4.

“1129.27.10.5. Where the Corporation redeems or purchases a share forming a consideration payable under a promise to purchase by way of exchange, or a class “B” share of its capital stock, in respect of which tax is payable under section 1129.27.10.2 or 1129.27.10.3, as the case may be, the following rules apply:

(a) the Corporation is required to withhold the amount of that tax, on behalf of the person who is liable to pay it, from the amount paid or credited by the Corporation to that person because of the redemption or purchase of the share; and

(b) the Corporation is required to pay to the Minister the amount so withheld on behalf of that person within 30 days following the day on which the share is redeemed or purchased.

“1129.27.10.6. The Corporation is required to pay, on behalf of the person who is liable to pay the tax referred to in section 1129.27.10.2 or 1129.27.10.3, as the case may be, any amount that the Corporation did not withhold under section 1129.27.10.5, and it is authorized to recover the amount so paid from that person.

“1129.27.10.7. Unless otherwise provided in this Part, sections 1000 to 1014 and 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 1 March 2018. However, where Part III.6.2.1 of the Act applies before 19 June 2019,

(1) that Part is to be read without reference to sections 1129.27.10.3 and 1129.27.10.4 of the Act;

(2) section 1129.27.10.5 of the Act is to be read as if the portion before paragraph *a* were replaced by the following:

“1129.27.10.5. Where the Corporation redeems or purchases a share forming a consideration payable under a promise to purchase by way of exchange in respect of which tax is payable under section 1129.27.10.2, the following rules apply:”; and

(3) section 1129.27.10.6 of the Act is to be read without reference to “or 1129.27.10.3, as the case may be”.

451. (1) The Act is amended by inserting the following Part after section 1129.41.0.10:

“PART III.9.0.3

“SPECIAL TAX RELATING TO THE CREDIT FOR THE TRAINING OF WORKERS EMPLOYED BY SMALL AND MEDIUM-SIZED BUSINESSES

“1129.41.0.11. In this Part, “eligible training fees” has the meaning assigned by the first paragraph of section 1029.8.33.11.21.

“1129.41.0.12. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.33.11.22, on account of its tax payable under Part I for a particular taxation year, in relation to eligible training fees, shall pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the “repayment year”) in which an amount relating to salary or wages considered in the eligible training fees is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by it.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.33.11.22 or 1029.8.33.11.26, in relation to the eligible training fees, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.33.11.22 or 1029.8.33.11.26, in relation to the eligible training fees, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the salary or wages considered in the eligible training fees, were refunded, paid or allocated in the particular taxation year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the eligible training fees.

“1129.41.0.13. Every corporation that is a member of a partnership and is deemed to have paid an amount to the Minister, under section 1029.8.33.11.23, on account of the corporation’s tax payable under Part I for a particular taxation year, in relation to eligible training fees of the partnership for the partnership’s particular fiscal period that ends in that particular year, shall pay the tax computed under the second paragraph for the taxation year in which ends a subsequent fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) in which an amount relating to salary or wages considered in the eligible training fees is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends under any of sections 1029.8.33.11.23, 1029.8.33.11.27 and 1029.8.33.11.28, in relation to the eligible training fees, if the agreed proportion in respect of the corporation for that preceding fiscal period were the same as that for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.33.11.23, 1029.8.33.11.27 and 1029.8.33.11.28, for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends, in relation to the eligible training fees, if

- i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to the salary or wages considered in the eligible training fees, were refunded, paid or allocated in the particular fiscal period, and
- ii. the agreed proportion in respect of the corporation for that preceding fiscal period were the same as that for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the corporation would be required to pay to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in relation to the eligible training fees, if the agreed proportion in respect of the corporation for the partnership’s fiscal period that ends in the preceding taxation year were the same as that for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated by the reciprocal of the agreed proportion in respect of the corporation for the fiscal period of repayment.

“1129.41.0.14. For the purposes of Part I, except Division II.5.1.3 of Chapter III.1 of Title III of Book IX, the following rules are taken into consideration:

(a) tax paid to the Minister by a corporation at any time, under section 1129.41.0.12, in relation to eligible training fees, is deemed to be an amount of assistance repaid by the corporation at that time in respect of those fees, pursuant to a legal obligation; and

(b) tax paid to the Minister by a corporation at any time, under section 1129.41.0.13, in relation to eligible training fees of a partnership referred to in that section, is deemed to be an amount of assistance repaid by the partnership at that time in respect of those fees, pursuant to a legal obligation.

“1129.41.0.15. Unless otherwise provided in this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 28 March 2018.

452. (1) The Act is amended by inserting the following Part after section 1129.45.3.39.4:

“PART III.10.1.9.2

“SPECIAL TAX RELATING TO THE CREDIT FOR THE PRODUCTION OF PYROLYSIS OIL IN QUÉBEC

“1129.45.3.39.5. In this Part, “eligible production of pyrolysis oil” has the meaning assigned by section 1029.8.36.0.106.7.

“1129.45.3.39.6. Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.106.9, on account of its tax payable under Part I, for a particular taxation year, in relation to its eligible production of pyrolysis oil for a particular month of that taxation year, shall pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the “year concerned”) in which either of the following events occurs:

(a) an amount that may reasonably be considered to be an amount relating to its eligible production of pyrolysis oil for a particular month of the particular taxation year that, because of paragraph *a* of section 1029.8.36.0.106.12, would have been included in the aggregate determined in its respect for the particular taxation year under that section if it had been received by the corporation in that taxation year, is received by the corporation; or

(b) an amount that may reasonably be considered to be an amount relating to its eligible production of pyrolysis oil for a particular month of the particular taxation year that, because of paragraph *b* of section 1029.8.36.0.106.12, would have been included in the aggregate determined in its respect for the particular taxation year under that section if it had been obtained by a person or partnership in that taxation year, is obtained by the person or partnership.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.106.9 or 1029.8.36.0.106.13 for a taxation year preceding the year concerned in relation to its eligible production of pyrolysis oil for a particular month of the particular taxation year, exceeds the total of

(a) the amount that the corporation would be deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.106.9 if any of the events described in the first paragraph or in subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.106.13, that occurred in the year concerned or a preceding taxation year in relation to its eligible production of pyrolysis oil for a particular month of the particular taxation year, occurred in the particular taxation year; and

(b) the aggregate of all amounts each of which is an amount that the corporation is required to pay to the Minister under this section for a taxation year preceding the year concerned in relation to its eligible production of pyrolysis oil for a particular month of the particular taxation year.

“1129.45.3.39.7. For the purposes of Part I, except Division II.6.0.9.2 of Chapter III.1 of Title III of Book IX, the tax paid at any time by a corporation to the Minister under section 1129.45.3.39.6, in relation to an eligible production of pyrolysis oil, is deemed to be an amount of assistance repaid at that time by the corporation in respect of the eligible production of pyrolysis oil, pursuant to a legal obligation.

“1129.45.3.39.8. Unless otherwise provided in this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 1 April 2018.

453. (1) Section 1129.69.2 of the Act is amended

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

“(a) the amount (in subparagraph *b* referred to as the “excess tax credit amount”) which corresponds,

i. where the particular year precedes the taxation year 2017, to the amount obtained by multiplying by 6% the aggregate of all amounts each of which is the eligible amount of a gift that was taken into account in determining the amount that the individual deducted under section 752.0.10.6.2 for the particular year, in relation to the pledge, and

ii. where the particular year is subsequent to the taxation year 2016, to the amount determined by the formula

$(A \times B) + (C \times D)$; and”;

(2) by inserting the following paragraph after the second paragraph:

“In the formula in subparagraph ii of subparagraph *a* of the second paragraph,

(a) *A* is a rate of 4.25%;

(b) *B* is the lesser of

i. the aggregate of all amounts each of which is the eligible amount of a gift that was taken into account in determining the amount that the individual deducted under section 752.0.10.6.2 for the particular year, in relation to the pledge, and

ii. the amount by which the individual’s taxable income determined under Part I for the particular year exceeds the amount in dollars referred to in paragraph *d* of section 750 which, with reference to section 750.2, is applicable for the particular year;

(c) *C* is a rate of 6%; and

(d) *D* is the amount by which the aggregate referred to in subparagraph i of subparagraph *b* exceeds the amount determined under subparagraph ii of that subparagraph *b* in respect of the individual for the particular year.”

(2) Subsection 1 applies from the taxation year 2017.

454. Section 1129.70 of the Act is amended by replacing paragraphs *a* to *c* of the definition of “equity value” in the first paragraph by the following paragraphs:

“(a) if the entity is a corporation, all of the issued and outstanding shares of its capital stock;

“(b) if the entity is a trust, all of the capital or income interests in the entity; and

“(c) if the entity is a partnership, all of the interests in the entity;”.

455. (1) Section 1159.1 of the Act is amended

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

““maximum amount subject to tax” of a person for a taxation year means, subject to sections 1159.1.0.0.1 and 1159.1.0.0.2,

(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, \$1,100,000,000;

(b) in the case of a savings and credit union, \$550,000,000; and

(c) in the case of a person who is not referred to in any of subparagraphs *a* to *d.1* of the first paragraph of section 1159.3 and who made, with a person referred to in any of those subparagraphs, an election under subsection 1 of section 150 of the Excise Tax Act that is in effect in the year, \$275,000,000;”;

(2) by replacing the definition of “amount paid as wages” by the following definition:

““amount paid as wages” means the aggregate of all amounts each of which is wages paid by a financial institution to an employee who reports for work at its establishment in Québec, that it is deemed to pay to the employee or that it pays in respect of the employee, or to an employee to whom those wages, if the employee is not required to report for work at an establishment of the financial institution, are paid, deemed to be paid or paid in respect of the employee from such an establishment in Québec;”.

(2) Subsection 1 has effect from 1 April 2018.

456. (1) The Act is amended by inserting the following sections after section 1159.1:

“1159.1.0.0.1. For the purposes of the definition of “maximum amount subject to tax” in section 1159.1, the following rules apply:

(a) a person’s maximum amount subject to tax for the person’s taxation year that includes 1 April 2018 is equal to the proportion of the person’s maximum amount subject to tax for the year otherwise determined that the number of days in the taxation year that follow 31 March 2018 is of 365; and

(b) a person’s maximum amount subject to tax for the person’s taxation year that includes 31 March 2024 is equal to the proportion of the person’s maximum amount subject to tax for the year otherwise determined that the number of days in the taxation year that precede 1 April 2024 is of 365.

“1159.1.0.0.2. For the purposes of the definition of “maximum amount subject to tax” in section 1159.1, a person’s maximum amount subject to tax for a taxation year that has less than 365 days (other than a taxation year of the person that includes 1 April 2018 or 31 March 2024) is equal to the proportion of the person’s maximum amount subject to tax for the year otherwise determined that the number of days in the taxation year is of 365.

“1159.1.0.0.3. For the purposes of this Part, where a particular financial institution pays, at a particular time in a taxation year, wages to an employee while the employee renders services to another financial institution in an establishment of the other financial institution situated in Québec, where the services rendered by the employee to the other financial institution are rendered as part of the regular and ongoing activities of the other financial institution and are of the same type as services rendered by employees of the other financial institution, where the particular financial institution is not dealing at arm’s length with the other financial institution at the particular time and where it may reasonably be considered that the wages are paid in order to allow the particular financial institution to reach more quickly the maximum amount subject to tax determined in its respect for the taxation year, the following rules apply:

(a) the wages paid by the particular financial institution to the employee are deemed to be wages paid by the other financial institution at the particular time; and

(b) the wages deemed to be paid by the other financial institution are deemed not to have been paid by the particular financial institution.”

(2) Subsection 1 has effect from 1 April 2018.

457. (1) Section 1159.3.3 of the Act is amended

(1) by replacing “2022” by “2018” in the following provisions:

— the portion of the first paragraph before subparagraph *a*;

— the portion of the second paragraph before subparagraph *a*;

(2) by replacing “the part of the year that precedes” in subparagraph *e* of the first paragraph of section 1159.3 of the Act, enacted by subparagraph *d* of the first paragraph of that section 1159.3.3, by “the part of the year in which the election was in effect that precedes”;

(3) by replacing “was a financial institution that precede” in subparagraph *e* of the second paragraph of section 1159.3 of the Act, enacted by subparagraph *d* of the second paragraph of that section 1159.3.3, by “was a financial institution and in which the election was in effect that precede”.

(2) Paragraph 1 of subsection 1 has effect from 1 April 2018.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 1 January 2013.

458. (1) The Act is amended by inserting the following sections after section 1159.3.3:

“1159.3.3.1. Where the taxation year for which a compensation tax is computed under the first paragraph of section 1159.3 ends after 31 March 2018 and before 1 April 2019, the following rules apply:

(*a*) subparagraph *a* of the first paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of

i. 4.29% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year that follows 31 March 2018, and

ii. 4.48% of the amount paid as wages in the part of the year that precedes 1 April 2018;”;

(*b*) the rate mentioned in subparagraphs i and ii of subparagraph *b*, subparagraph ii of subparagraph *d* and subparagraph *d.1* of the first paragraph of section 1159.3 is replaced by a rate of 0.48%;

(c) subparagraph *c* of the first paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of

i. 3.39% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year that follows 31 March 2018, and

ii. 3.52% of the amount paid as wages in the part of the year that precedes 1 April 2018;” and

(d) subparagraph *e* of the first paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d.1* and who made, with a person referred to in any of those subparagraphs, an election under subsection 1 of section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) that is in effect in the year, the aggregate of

i. 1.37% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year during which the election was in effect that follows 31 March 2018, and

ii. 1.44% of the amount paid as wages in the part of the year in which the election was in effect that precedes 1 April 2018.”

Where the taxation year for which a compensation tax is computed under the second paragraph of section 1159.3 ends after 31 March 2018 and before 1 April 2019, the following rules apply:

(a) subparagraph *a* of the second paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of 4.29% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2018 and 4.48% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2018;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b* and subparagraph ii of subparagraph *d* of the second paragraph of section 1159.3 is replaced by a rate of 0.48%;

(c) subparagraph *c* of the second paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 3.39% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2018 and 3.52% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2018;” and

(d) subparagraph *e* of the second paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d* and who made, with a person referred to in any of subparagraphs *a* to *d.1* of the first paragraph, an election under subsection 1 of section 150 of the Excise Tax Act that is in effect in the year, the aggregate of 1.37% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and the election was in effect that follow 31 March 2018 and 1.44% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and in which the election was in effect that precede 1 April 2018.”

1159.3.3.2. Where the taxation year for which a compensation tax is computed under the first paragraph of section 1159.3 ends after 31 March 2019 and before 1 April 2020, the following rules apply:

(a) subparagraph *a* of the first paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of

i. 4.22% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year that follows 31 March 2018 and precedes 1 April 2019 and the amount paid as wages in the part of the year that follows 31 March 2019,

ii. 4.29% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year that follows 31 March 2018 and precedes 1 April 2019, and

iii. 4.48% of the amount paid as wages in the part of the year that precedes 1 April 2018;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b*, subparagraph ii of subparagraph *d* and subparagraph *d.1* of the first paragraph of section 1159.3 is replaced by a rate of 0.48%;

(c) subparagraph *c* of the first paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of

i. 3.3% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year that follows 31 March 2018 and precedes 1 April 2019 and the amount paid as wages in the part of the year that follows 31 March 2019,

ii. 3.39% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year that follows 31 March 2018 and precedes 1 April 2019, and

iii. 3.52% of the amount paid as wages in the part of the year that precedes 1 April 2018;” and

(d) subparagraph *e* of the first paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d.1* and who made, with a person referred to in any of those subparagraphs, an election under subsection 1 of section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) that is in effect in the year, the aggregate of

i. 1.34% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year during which the election was in effect that follows 31 March 2018 and precedes 1 April 2019 and the amount paid as wages in the part of the year during which the election was in effect that follows 31 March 2019,

ii. 1.37% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year during which the election was in effect that follows 31 March 2018 and precedes 1 April 2019, and

iii. 1.44% of the amount paid as wages in the part of the year during which the election was in effect that precedes 1 April 2018.”

Where the taxation year for which a compensation tax is computed under the second paragraph of section 1159.3 ends after 31 March 2019 and before 1 April 2020, the following rules apply:

(a) subparagraph *a* of the second paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of 4.22% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2019, 4.29% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2018 and precede 1 April 2019 and 4.48% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2018;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b* and subparagraph ii of subparagraph *d* of the second paragraph of section 1159.3 is replaced by a rate of 0.48%;

(c) subparagraph *c* of the second paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 3.3% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2019, 3.39% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2018 and precede 1 April 2019 and 3.52% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2018;”;

(d) subparagraph *e* of the second paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d* and who made, with a person referred to in any of subparagraphs *a* to *d*.1 of the first paragraph, an election under subsection 1 of section 150 of the Excise Tax Act that is in effect in the year, the aggregate of 1.34% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and the election was in effect that follow 31 March 2019, 1.37% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and in which the election was in effect that follow 31 March 2018 and precede 1 April 2019 and 1.44% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and in which the election was in effect that precede 1 April 2018.”

“**1159.3.3.3.** Where the taxation year for which a compensation tax is computed under the first paragraph of section 1159.3 ends after 31 March 2020 and before 1 April 2022, the following rules apply:

(a) subparagraph *a* of the first paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of

i. 4.14% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year that precedes 1 April 2020 and the amount paid as wages in the part of the year that follows 31 March 2020,

ii. 4.22% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year that precedes 1 April 2019 and the amount paid as wages in the part of the year that follows 31 March 2019 and precedes 1 April 2020, and

iii. 4.29% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year that precedes 1 April 2019;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b*, subparagraph ii of subparagraph *d* and subparagraph *d.1* of the first paragraph of section 1159.3 is replaced by a rate of 0.48%;

(c) subparagraph *c* of the first paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of

i. 3.26% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year that precedes 1 April 2020 and the amount paid as wages in the part of the year that follows 31 March 2020,

ii. 3.3% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year that precedes 1 April 2019 and the amount paid as wages in the part of the year that follows 31 March 2019 and precedes 1 April 2020, and

iii. 3.39% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year that precedes 1 April 2019;”;

(d) subparagraph *e* of the first paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d.1* and who made, with a person referred to in any of those subparagraphs, an election under subsection 1 of section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) that is in effect in the year, the aggregate of

i. 1.32% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year during which the election was in effect that precedes 1 April 2020 and the amount paid as wages in the part of the year during which the election was in effect that follows 31 March 2020,

ii. 1.34% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year in which the election was in effect that precedes 1 April 2019 and the amount paid as wages in the part of the year during which the election was in effect that follows 31 March 2019 and precedes 1 April 2020, and

iii. 1.37% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year during which the election was in effect that precedes 1 April 2019.”

Where the taxation year for which a compensation tax is computed under the second paragraph of section 1159.3 ends after 31 March 2020 and before 1 April 2022, the following rules apply:

(a) subparagraph *a* of the second paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of 4.14% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2020, 4.22% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2019 and precede 1 April 2020 and 4.29% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2019;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b* and subparagraph ii of subparagraph *d* of the second paragraph of section 1159.3 is replaced by a rate of 0.48%;

(c) subparagraph *c* of the second paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 3.26% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2020, 3.3% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 March 2019 and precede 1 April 2020 and 3.39% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2019;”;

(d) subparagraph *e* of the second paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d* and who made, with a person referred to in any of subparagraphs *a* to *d*.1 of the first paragraph, an election under subsection 1 of section 150 of the Excise Tax Act that is in effect in the year, the aggregate of 1.32% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and the election was in effect that follow 31 March 2020, 1.34% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and in which the election was in effect that follow 31 March 2019 and precede 1 April 2020 and 1.37% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and in which the election was in effect that precede 1 April 2019.”

(2) Subsection 1 has effect from 1 April 2018.

(3) In addition, in applying subparagraph *i* of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph *iii* of that subparagraph *a* and subparagraph *a* of the third paragraph of that section 1027, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of that section 1027 for a taxation year that ends after 31 March 2018 and includes that date, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the following rules apply:

(1) the corporation’s estimated tax or tax payable, as the case may be, for that taxation year must, in respect of a payment that the corporation is required to make before 1 April 2018, be determined as if section 1159.3.3.1 of the Act, enacted by subsection 1, were read as if “4.29%”, “3.39%” and “1.37%” were replaced wherever they appear by “4.48%”, “3.52%” and “1.44%”, respectively; and

(2) the total of the payments that the corporation is required to make before 1 April 2018, with reference to the presumption provided for in paragraph 1, does not exceed the corporation’s tax payable for the year determined without reference to this subsection.

459. (1) Section 1159.3.4 of the Act is amended

(1) by replacing subparagraph *a* of the first paragraph of section 1159.3, enacted by subparagraph *a* of the first paragraph of that section 1159.3.4, by the following subparagraph:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of

i. 2.8% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year that precedes 1 April 2022 and the amount paid as wages in the part of the year that is included, in whole or in part, in the period beginning on 1 April 2022 and ending on 31 March 2024 (in this section referred to as the “temporary contribution period”), and

ii. 4.14% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year that precedes 1 April 2022;”;

(2) by replacing subparagraph *c* of the first paragraph of section 1159.3, enacted by subparagraph *c* of the first paragraph of that section 1159.3.4, by the following subparagraph:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of

i. 2.2% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year that precedes 1 April 2022 and the amount paid as wages in the part of the year that is included in the temporary contribution period, and

ii. 3.26% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year that precedes 1 April 2022;” and”;

(3) by replacing subparagraph *e* of the first paragraph of section 1159.3, enacted by subparagraph *d* of the first paragraph of that section 1159.3.4, by the following subparagraph:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d.1* and who made, with a person referred to in any of those subparagraphs, an election under subsection 1 of section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) that is in effect in the year, the aggregate of

i. 0.9% of the lesser of the amount by which its maximum amount subject to tax for the year exceeds the amount paid as wages in the part of the year in which the election was in effect that precedes 1 April 2022 and the amount paid as wages in the part of the year during which the election was in effect that is included in the temporary contribution period, and

ii. 1.32% of the lesser of its maximum amount subject to tax for the year and the amount paid as wages in the part of the year in which the election was in effect that precedes 1 April 2022.”;

(4) by replacing subparagraph *a* of the second paragraph of section 1159.3, enacted by subparagraph *a* of the second paragraph of that section 1159.3.4, by the following subparagraph:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of 2.8% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are included in the temporary contribution period and 4.14% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2022;”;

(5) by replacing subparagraph *c* of the second paragraph of section 1159.3, enacted by subparagraph *c* of the second paragraph of that section 1159.3.4, by the following subparagraph:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 2.2% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are included in the temporary contribution period and 3.26% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2022;” and”;

(6) by replacing subparagraph *e* of the second paragraph of section 1159.3, enacted by subparagraph *d* of the second paragraph of that section 1159.3.4, by the following subparagraph:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d* and who made, with a person referred to in any of subparagraphs *a* to *d*.1 of the first paragraph, an election under subsection 1 of section 150 of the Excise Tax Act that is in effect in the year, the aggregate of 0.9% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and the election was in effect that are included in the temporary contribution period and 1.32% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and in which the election was in effect that precede 1 April 2022.”

(2) Subsection 1 has effect from 1 April 2018.

460. (1) Section 1166 of the Act is amended

(1) by striking out the definitions of “annual qualification certificate”, “eligibility period”, “eligible activities”, “eligible employee”, “employee”, “major investment project”, “recognized business”, “salary or wages” and “total payroll” in the first paragraph;

(2) by striking out the third paragraph.

(2) Subsection 1 applies from 1 January 2021.

461. (1) Section 1167 of the Act is amended

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

“The tax payable by an insurance corporation, other than such a corporation to which section 61 of the Act respecting international financial centres (chapter C-8.3) applies, shall not be less than”;

(2) by striking out the third paragraph.

(2) Subsection 1 applies from 1 January 2021.

462. (1) Sections 1170.1 to 1170.4 of the Act are repealed.

(2) Subsection 1 applies from 1 January 2021.

463. (1) Section 1174.0.3 of the Act is repealed.

(2) Subsection 1 applies from 1 January 2021.

464. (1) Section 1174.1 of the Act is repealed.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2018.

465. (1) Section 1175.1 of the Act is amended by striking out the definitions of “annual qualification certificate”, “eligibility period”, “eligible activities”, “eligible employee”, “employee”, “major investment project”, “recognized business”, “salary or wages” and “total payroll”.

(2) Subsection 1 applies from 1 January 2021.

466. (1) Sections 1175.4.1 to 1175.4.4 of the Act are repealed.

(2) Subsection 1 applies from 1 January 2021.

467. (1) The Act is amended by inserting the following section after section 1175.28:

“**1175.28.0.0.1.** In this Part, a reference to section 94.0.3.2 or 94.0.3.3 of the Tax Administration Act (chapter A-6.002), to any of sections 737.18.14, 737.18.17, 1170.1 and 1175.4.1 of this Act or to subparagraph *d* of the seventh paragraph of section 34 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) is a reference to that section or paragraph, as the case may be, as it read for the taxation year or calendar year concerned.”

(2) Subsection 1 applies from 1 January 2021.

ACT RESPECTING THE APPLICATION OF THE TAXATION ACT

468. (1) Section 15 of the Act respecting the application of the Taxation Act (chapter I-4) is amended by replacing the portion before paragraph *a* by the following:

“**15.** Where a taxpayer acquired before 1972 depreciable property (other than property that was, at any time, incorporeal capital property within the meaning of the Taxation Act (chapter I-3), as it read at that time) and has owned it without interruption from 31 December 1971 until the time when the taxpayer subsequently disposed of it and the capital cost of such property to the taxpayer is less than its fair market value on valuation day and the proceeds of its disposition, computed without regard to this section, the following rules apply:”.

(2) Subsection 1 has effect from 1 January 2017.

469. (1) Section 18 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**18.** Where, in the 1972 taxation year, following one or more transactions between persons not dealing at arm’s length, depreciable property (other than property that was, at any time, incorporeal capital property within the meaning of the Taxation Act (chapter I-3), as it read at that time) was disposed of by its owner and devolved before 1972 to a taxpayer, the following rules apply:”.

(2) Subsection 1 has effect from 1 January 2017.

470. (1) Sections 19 and 20 of the Act are replaced by the following sections:

“**19.** The capital cost to a taxpayer, at a particular time after 1971, of depreciable property (other than depreciable property referred to in section 18 or deemed to have been acquired by the taxpayer before 1972 under subparagraph ii of paragraph *b* of section 15, or property that was, at any time, incorporeal capital property within the meaning of the Taxation Act (chapter I-3), as it read at that time) is deemed to be the fair market value of such property at the time of its acquisition, if the taxpayer acquired such property before 1972 as a dividend, if such property is not a stock dividend and if it is payable in kind in respect of a share that the taxpayer held as owner in the capital stock of a corporation.

“**20.** In determining a taxpayer’s income from farming or fishing for a taxation year, section 94 of the Taxation Act (chapter I-3) does not apply where the taxpayer has disposed of property acquired before 1972 (other than property that was, at any time, incorporeal capital property within the meaning of that Act, as it read at that time) unless the taxpayer has elected to deduct for that taxation year or for a previous year an amount in respect of property acquired before 1972 according to the regulations made under paragraph *a* of section 130 of the Taxation Act, other than a regulation providing solely for an allowance for computing income from farming or fishing.”

(2) Subsection 1 has effect from 1 January 2017.

471. (1) Sections 36 to 38 of the Act are replaced by the following sections:

“36. Where, as a result of a transaction made after 31 December 1971, a taxpayer has or may become entitled to receive an amount (in this chapter referred to as the “actual amount”) that may reasonably be considered to be consideration received by the taxpayer for the disposition of, or for allowing the expiration of, a government right, in respect of a business carried on by the taxpayer throughout the period beginning on 1 January 1972 and ending immediately after the transaction, for the purposes of the Taxation Act (chapter I-3), the amount that the taxpayer has or may become entitled to receive is deemed to be equal to the amount by which the actual amount exceeds the amount described in section 37.

“37. The amount to which section 36 refers is equal to the greater of

(a) the aggregate of the expenditures made or incurred by the taxpayer as a result of a transaction prior to 1 January 1972 for the acquisition of the government right or original right in this respect, to the extent that such expenditures were not otherwise deductible in computing the taxpayer’s income for any taxation year and would have been an incorporeal capital amount within the meaning of the Taxation Act (chapter I-3), as it read on 1 January 1972, if they had been made or incurred as a result of a transaction occurring after 31 December 1971; and

(b) the fair market value to the taxpayer on 31 December 1971 of the right referred to in section 40, if no expenditure was made or incurred by the taxpayer for the acquisition of the right, or, if expenditures were made or incurred, where such expenditures would have been an incorporeal capital amount within the meaning of the Taxation Act, as it read on 1 January 1972, if they had been made or incurred as a result of a transaction occurring after 31 December 1971.

“38. For the purposes of sections 36 and 37, a government right means a right or permit issued to the taxpayer by the government of a province or of Canada, a Canadian municipality or a body authorized for such purpose by such government or municipality, which is an essential condition for the carrying out by the taxpayer of business under an Act of such government or a by-law of such municipality and which the taxpayer has acquired following a transaction prior to 1 January 1972, or at any time whatsoever to ensure uninterrupted continuation of rights essentially similar to the rights which the taxpayer held previously under a government right which the taxpayer held before that time.”

(2) Subsection 1 has effect from 1 January 2017.

472. Section 39 of the Act is amended by replacing both occurrences of “governmental right” by “government right”.

473. (1) Section 40 of the Act is amended by replacing “For the purposes of subparagraph ii” by “For the purposes”.

(2) Subsection 1 has effect from 1 January 2017.

474. (1) Sections 41 and 41.1 of the Act are replaced by the following sections:

“**41.** Where the actual amount is receivable from a person not dealing at arm’s length with the taxpayer referred to in section 36, the amount by which the actual amount exceeds the amount deemed to be the amount that the taxpayer has or may become entitled to receive under that section is deemed, for the purpose of computing the income of that person, not to be to the person an expense, outlay or cost, as the case may be.

“**41.1.** Where after 1971 a taxpayer has acquired a particular government right referred to in section 36 from a person with whom the taxpayer was not dealing at arm’s length or pursuant to an agreement with a person with whom the taxpayer was not dealing at arm’s length, if under the terms of the agreement that person allowed the right to expire so that the taxpayer could acquire a substantially similar right from the authority referred to in section 38 that had granted the right to that person, and an actual amount subsequently becomes receivable by the taxpayer as consideration for the disposition by the taxpayer of, or for the taxpayer allowing the expiry of, such right or any other government right acquired by the taxpayer for the purpose of effecting the continuation, without interruption, of rights that are substantially similar to the rights that the taxpayer previously had under the particular government right, for the purposes of the Taxation Act (chapter I-3), the amount that has so become receivable by the taxpayer is deemed to be the amount that would have been determined under section 36 if that person and the taxpayer had at all times been the same person.”

(2) Subsection 1 has effect from 1 January 2017.

475. Section 57 of the Act is amended by replacing both occurrences of “share dividend” by “stock dividend”.

ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES

476. (1) Section 1.1 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) is amended by adding the following paragraph at the end:

“(17) the tax credit for the digital transformation of print media provided for in sections 1029.8.36.0.3.88 to 1029.8.36.0.3.108 of the Taxation Act.”

(2) Subsection 1 has effect from 28 March 2018.

477. (1) Section 13.6 of Schedule A to the Act is amended, in the first paragraph,

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

“**13.6.** The criterion relating to services provided is met if at least 75% of the corporation’s gross revenue deriving from activities described in subparagraphs 5 and 7 to 9 of the first paragraph of section 13.5 is attributable to the following services:

(1) in relation to services provided by the corporation as part of activities described in those subparagraphs 5 and 7 (other than activities the results of which must be integrated into property intended for sale or whose purpose concerns the operation of such property), services”;

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

“(a) ultimately relates to an application that results from activities described in those subparagraphs 5 and 7 (other than activities the results of which must be integrated into property intended for sale or whose purpose concerns the operation of such property) and that has been developed for the benefit of the particular person or particular partnership as part of activities described in those subparagraphs 8 and 9, or for the benefit of another person or partnership to whom the particular person or particular partnership provides services as part of activities described in those subparagraphs 8 and 9, and”;

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

“(b) is ultimately attributable to the following services provided as part of activities described in those subparagraphs 5 and 7 (other than activities the results of which must be integrated into property intended for sale or whose purpose concerns the operation of such property):”.

(2) Subsection 1 applies to a taxation year that begins after 26 March 2015.

478. (1) Schedule A to the Act is amended by adding the following chapter at the end:

“CHAPTER XVIII

“SECTORAL PARAMETERS OF TAX CREDIT FOR DIGITAL TRANSFORMATION OF PRINT MEDIA

“DIVISION I

“INTERPRETATION AND GENERAL RULES

“18.1. In this chapter, “tax credit for the digital transformation of print media” means the fiscal measure provided for in Division II.6.0.1.11 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

“18.2. To benefit from the tax credit for the digital transformation of print media, a corporation or, if it claims the tax credit as a member of a partnership, the partnership must obtain the following certificates from Investissement Québec:

(1) a certificate in respect of a print media business carried on by the corporation or partnership (in this chapter referred to as a “business certificate”);

(2) a certificate in respect of each contract for which the corporation claims the tax credit (in this chapter referred to as a “contract certificate”); and

(3) a certificate in respect of each individual for whom the corporation claims the tax credit (in this chapter referred to as an “employee certificate”).

The certificates referred to in subparagraphs 1 and 3 of the first paragraph must be obtained for each taxation year for which the corporation intends to benefit from the tax credit or for each fiscal period of the partnership of which the corporation is a member that ends in such a taxation year.

“DIVISION II

“BUSINESS CERTIFICATE

“18.3. A business certificate issued to a corporation or a partnership for a taxation year or a fiscal period, as the case may be, certifies that, in the year or fiscal period, the corporation or partnership produced and disseminated a print media that is recognized as an eligible media. The name of that media is specified in the certificate.

“18.4. A print media may be recognized as an eligible media if

(1) the media consists in the production and daily or periodic dissemination, by means of a print publication, an information website or a mobile application dedicated to information, of original information content that is specifically intended for the Québec public and pertains to general interest news covering at least three eligible themes; and

(2) the newsroom of that media is located in an establishment, situated in Québec, of the corporation or partnership that publishes it and brings together journalists responsible for original information content.

A print media published on a periodic basis is considered to be an eligible media only if it is produced and disseminated at least 10 times per year.

A corporation or partnership must, to obtain a first business certificate, establish to Investissement Québec’s satisfaction that the print media that is referred to in the application for the certificate has been produced and disseminated during a period of at least 12 months before the application was filed.

“18.5. Original information content includes a news report, profile, interview, analysis, column, investigative report or editorial. Only written content may be recognized as original information content.

However, none of the following contents are considered to be original information content:

(1) content from a press agency or another media;

(2) specialized content pertaining to a type of personal, recreational or professional activity and geared specifically towards a group, association or category of persons;

(3) content for which a compensation is paid by a third person or a partnership;

(4) content of an advertising or promotional nature, such as an advertorial; and

(5) theme-based content on, for example, hunting and fishing, decoration or science.

A print media that includes, on an incidental basis, excluded content described in the second paragraph may nevertheless be recognized as an eligible media.

“18.6. Each of the following topical themes constitutes an eligible theme:

- (1) business and the economy;
- (2) culture;
- (3) international sector;
- (4) municipal affairs;
- (5) miscellaneous news items;
- (6) local interest news; and
- (7) politics.

“DIVISION III

“CONTRACT CERTIFICATE

“18.7. A contract certificate issued to a corporation or a partnership certifies that the contract referred to in the certificate and to which the corporation or partnership is a party is recognized as an eligible digital conversion contract.

“18.8. A contract entered into by a person or partnership that carries on a print media business is recognized as an eligible digital conversion contract if it pertains to one or more of the following elements:

- (1) the acquisition or lease of a qualified property;
- (2) the supply of eligible services; or
- (3) the attribution of a right of use or of an eligible licence, in relation to a property of another person or partnership.

However, such a contract may be so recognized only if each of the elements to which it pertains serves to start or continue the digital conversion of a print media whose name is specified in a business certificate issued to the corporation or partnership and relates to an establishment of the corporation or partnership situated in Québec in which the media is produced or from which it is disseminated.

“18.9. A property acquired or leased by a corporation or a partnership is a qualified property if it constitutes, as the case may be,

- (1) general-purpose data processing equipment and the related system software, including ancillary data processing equipment; or

(2) an application software.

However, such a property may be considered to qualify only if it is intended that it will be used by the corporation or partnership, in whole or in part, to carry out eligible digital conversion activities that relate to a print media whose name is specified in a business certificate issued to the corporation or partnership.

“18.10. Services supplied to a corporation or partnership are eligible if it is intended that they will consist in the carrying out of eligible digital conversion activities that relate, in whole or in part, to a print media whose name is specified in a business certificate issued to the corporation or partnership.

“18.11. A right of use or licence granted to a corporation or partnership, in relation to a property of another person or partnership, is eligible if it is intended that the right or licence will be used by the corporation or partnership, in whole or in part, to carry out eligible digital conversion activities that relate to a print media whose name is specified in a business certificate issued to the corporation or partnership.

“18.12. Each of the following activities is an eligible digital conversion activity of a print media published by a corporation or partnership:

- (1) an information system development activity;
- (2) a technological infrastructure integration activity; and
- (3) any activity relating to the maintenance or upgrade of such a system or infrastructure, to the extent that it is incidental to an activity described in subparagraph 1 or 2, as the case may be.

Activities described in the first paragraph include

- (1) the development of an interactive decision aid (business modeling); and
- (2) the development of a tool providing an image of the current state of the print media publishing business for data analysis purposes (business intelligence).

An activity may be considered to be eligible only if it is directly related to the start or continuation of the digital conversion of a print media whose name is specified in a business certificate issued to the corporation or partnership.

However, none of the following activities are considered to be an eligible digital conversion activity of a print media:

- (1) the day-to-day operation of an aid or tool described in the second paragraph;

(2) the management or operation of a computer system, an application or a technological infrastructure;

(3) the operation of a customer relations management service;

(4) the management or operation of a marketing information system designed to raise the visibility of the print media and promote it to an existing or potential clientele; or

(5) any other management or operation activity carried on to produce or disseminate the print media.

“DIVISION IV

“EMPLOYEE CERTIFICATE

“18.13. An employee certificate issued to a corporation or partnership certifies that the individual referred to in the certificate is recognized as an eligible employee of the corporation or partnership for, as the case may be, the taxation year or fiscal period for which the application for the certificate was made or for the part of that year or fiscal period that is specified in the certificate.

“18.14. An individual may be recognized as an eligible employee of a corporation or partnership, if

(1) the individual works full-time for the corporation or partnership, that is, at least 26 hours per week, for an expected minimum period of 40 weeks; and

(2) at least 75% of the individual’s duties consist in undertaking or directly supervising eligible digital conversion activities that relate to a print media whose name is specified in a business certificate issued to the corporation or partnership.

For the purposes of subparagraph 2 of the first paragraph, an individual’s administrative tasks are not to be considered as part of duties consisting in undertaking or directly supervising eligible digital conversion activities.

In this section, “administrative tasks” include tasks relating to operations management, accounting, finance, legal affairs, public relations, communications, contract solicitation, and human and physical resources management.

“18.15. Where an individual is temporarily absent from work for reasons it considers reasonable, Investissement Québec may, for the purpose of determining whether the individual meets the conditions for recognition as an eligible employee of a corporation or partnership, consider that the individual continued to perform his or her duties throughout the period of absence exactly as he or she was performing them immediately before the beginning of that period.”

(2) Subsection 1 has effect from 28 March 2018.

479. (1) Section 1.1 of Schedule E to the Act is amended

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

“(1) the tax credit for international financial centres in respect of back-office activities or of activities relating to an eligible contract provided for in sections 1029.8.36.166.61 to 1029.8.36.166.64 of the Taxation Act (chapter I-3);”;

(2) by striking out paragraph 3.

(2) Paragraph 1 of subsection 1 has effect from 21 December 2017.

(3) Paragraph 2 of subsection 1 applies from 1 January 2021.

480. (1) The heading of Chapter II of Schedule E to the Act is replaced by the following heading:

“SECTORAL PARAMETERS OF TAX CREDIT FOR INTERNATIONAL FINANCIAL CENTRES IN RESPECT OF BACK-OFFICE ACTIVITIES OR OF ACTIVITIES RELATING TO AN ELIGIBLE CONTRACT”.

(2) Subsection 1 has effect from 21 December 2017.

481. (1) Section 2.1 of Schedule E to the Act is amended

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

““eligible contract” means a contract referred to in section 8.2 of the Act respecting international financial centres;”;

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

““foreign financial entity” has the meaning assigned by section 4 of the Act respecting international financial centres;

““qualified international financial operation” has the meaning assigned by section 4 of the Act respecting international financial centres;”.

(2) Subsection 1 has effect from 21 December 2017.

482. (1) Section 2.2 of Schedule E to the Act is amended

(1) by inserting the following subparagraph after subparagraph 1 of the first paragraph:

“(1.1) a qualification certificate in respect of each of the contracts for which it wishes to benefit from the tax credit (in this chapter referred to as a “contract qualification certificate”); and”;

(2) by inserting the following subparagraph after subparagraph 1 of the second paragraph:

“(1.1) a certificate in respect of each of the contracts for which it claims the tax credit (in this chapter referred to as a “contract certificate”); and”;

(3) by inserting the following paragraph after the second paragraph:

“A contract qualification certificate may be obtained only once. It is valid until the last day of the 10-year period that begins on the date on which the contract qualification certificate is applied for or, if it is later, the date on which the activities provided for in the contract referred to in the contract qualification certificate begin to be carried out.”

(2) Subsection 1 has effect from 21 December 2017.

483. (1) Section 2.3 of Schedule E to the Act is replaced by the following section:

“2.3. A business qualification certificate issued to a corporation certifies, subject to the Act respecting international financial centres, that the business referred to in the certificate is recognized as an international financial centre. It also specifies that the activities engaged in or to be engaged in in the course of carrying on the business pertain to qualified international financial transactions or to one or more eligible contracts.”

(2) Subsection 1 has effect from 21 December 2017.

484. (1) Section 2.5 of Schedule E to the Act is replaced by the following section:

“2.5. A business certificate issued to a corporation certifies that the business that is referred to in the certificate and that is carried on by the corporation in the taxation year for which the application for the certificate is filed is recognized for that year, or for the part of that year that is specified in the certificate, as an international financial centre. It also specifies that the activities engaged in in the course of carrying on the business pertain to qualified international financial transactions or to one or more eligible contracts.”

(2) Subsection 1 has effect from 21 December 2017.

485. (1) Section 2.6 of Schedule E to the Act is amended by replacing subparagraph *a* of subparagraph 2 of the first paragraph by the following subparagraph:

“(a) the activities of the business were related to qualified international financial transactions or to one or more eligible contracts, and”.

(2) Subsection 1 has effect from 21 December 2017.

486. (1) Schedule E to the Act is amended by inserting the following division after section 2.7:

“DIVISION II.1

“CONTRACT-RELATED DOCUMENTS

“**2.7.1.** A contract qualification certificate issued to a corporation certifies that the contract referred to in the certificate is recognized by the Minister as an eligible contract for the purposes of this chapter. It also specifies the qualified international financial operations and related activities that the corporation carries out or intends to carry out in connection with that contract.

“**2.7.2.** In order for the Minister to recognize a contract as an eligible contract of a corporation, the Minister must be of the opinion that it is a contract entered into with a foreign financial entity and that the conditions of section 8.2 of the Act respecting international financial centres are met in respect of that contract.

“**2.7.3.** A contract certificate issued to a corporation certifies that the contract referred to in the certificate is recognized by the Minister, for the purposes of this chapter, as an eligible contract of the corporation for the taxation year for which the application for the certificate is made or for the part of that year that is specified in the certificate.

“**2.7.4.** The Minister may issue a contract certificate to a corporation if, for all or part of the taxation year for which the application for the certificate is filed,

(1) the contract qualification certificate issued to the corporation in respect of the contract is valid; and

(2) the Minister is of the opinion that

(a) the activities carried out by the corporation during that period on behalf of the foreign financial entity with which it entered into the contract correspond to the qualified international financial operations and related activities specified in the contract qualification certificate and that those operations were mainly the activities carried out by the corporation under the contract, and

(b) the services, including support, analysis, control and management, rendered by the corporation during that period are directly related to the business carried on by the foreign financial entity outside Canada and consist in services the corporation has not previously rendered in Québec on behalf of the entity or of a person not dealing at arm's length with it.”

(2) Subsection 1 applies in respect of a contract for which an application for a qualification certificate is filed after 20 December 2017.

487. (1) Sections 2.9 and 2.10 of Schedule E to the Act are replaced by the following sections:

“2.9. In order for the Minister to recognize an individual as an eligible employee of a corporation, the Minister must be of the opinion that it may reasonably be expected that, from the date specified in the qualification certificate, the individual will be working full-time for the corporation, that is, at least 26 hours per week, for an expected minimum period of 40 weeks, and that his or her duties with the corporation

(1) will be devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation that constitutes or is to constitute an international financial centre; or

(2) will be directly attributable, in a proportion of at least 75%, to the carrying out of the activities provided for in an eligible contract of the corporation.

“2.10. An employee certificate issued to a corporation certifies that the individual referred to in the certificate is recognized by the Minister, for the purposes of this chapter, as an eligible employee of the corporation in relation to the carrying out of qualified international financial transactions or of activities provided for in the corporation's eligible contract for the taxation year for which the application for the certificate was made or for the part of that taxation year that is specified in the certificate. If applicable, the certificate specifies the eligible contract to which the individual's duties relate.”

(2) Subsection 1 has effect from 21 December 2017.

488. (1) Section 2.11 of Schedule E to the Act is amended by replacing paragraph 3 by the following paragraph:

“(3) the individual's duties with the corporation were

(a) devoted, in a proportion of at least 75%, to carrying out qualified international financial transactions as part of the operations of a business of the corporation in respect of which a business qualification certificate was valid; or

(b) directly attributable, in a proportion of at least 75%, to the carrying out of the activities provided for in a contract that was entered into by the corporation and in respect of which a contract qualification certificate was valid.”

(2) Subsection 1 has effect from 21 December 2017.

489. (1) Section 3.1 of Schedule E to the Act is amended by inserting the following definition in alphabetical order in the first paragraph:

““eligible contract” of an eligible employer means a contract that is recognized as such, according to the following documents that were issued to the employer in respect of the contract:

(1) the contract qualification certificate referred to in subparagraph 1.1 of the first paragraph of section 2.2; and

(2) the contract certificate referred to in subparagraph 1.1 of the second paragraph of section 2.2 for the taxation year of the employer for which this definition is applied;”.

(2) Subsection 1 has effect from 21 December 2017.

490. (1) Section 3.4 of Schedule E to the Act is amended

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

“**3.4.** In order for the Minister to recognize an individual as a specialist in respect of an eligible employer, the Minister must be of the opinion that the individual is a specialist in the field of international financial transactions or in a field relating to the activities provided for in one or more eligible contracts of the employer and that it may reasonably be expected that”;

(2) by replacing subparagraph *a* of paragraph 1 by the following subparagraph:

“(a) the individual’s duties with the employer will be devoted, in a proportion of at least 75%, to the operations of a business of the employer that constitutes or is to constitute an international financial centre, other than back-office activities or activities provided for in an eligible contract, or”;

(3) by replacing subparagraph *i* of subparagraph *c* of paragraph 2 by the following subparagraph:

“i. the individual’s duties with the employer will be devoted, in a proportion of at least 75%, to the operations of the business of the employer that is to constitute an international financial centre, other than back-office activities or activities provided for in an eligible contract, or”.

(2) Subsection 1 applies in respect of an individual for whom a specialist qualification certificate was issued after 20 December 2017 by reason of an employment contract entered into after that date.

491. (1) Section 3.6 of Schedule E to the Act is amended by replacing subparagraph *b* of paragraph 2 by the following subparagraph:

“(b) the individual’s duties with the employer were devoted, in a proportion of at least 75%, to the operations of a business of the employer, other than back-office activities or activities provided for in an eligible contract, in respect of which a business qualification certificate issued to the employer was valid, or”.

(2) Subsection 1 applies in respect of an individual for whom a specialist qualification certificate was issued after 20 December 2017 by reason of an employment contract entered into after that date.

492. (1) Chapter IV of Schedule E to the Act, comprising sections 4.1 to 4.17, is repealed.

(2) Subsection 1 applies from 1 January 2021.

493. (1) Section 6.2 of Schedule E to the Act is amended by replacing “31 December 2017” in the fourth paragraph by “31 December 2022”.

(2) Subsection 1 has effect from 28 March 2017.

494. (1) Section 8.1 of Schedule E to the Act is amended by replacing the definition of “start-up period” by the following definition:

““start-up period” of an investment project means the 60-month period that begins on

(1) the date on which the qualification certificate referred to in the first paragraph of section 8.3 is issued to a corporation or a partnership in relation to the project; or

(2) in the case of a second investment project, referred to in section 8.3.2, the date on which the qualification certificate amended following an application filed in accordance with that section is issued to the corporation or partnership;”.

(2) Subsection 1 has effect from 29 March 2017.

495. (1) Section 8.3 of Schedule E to the Act is amended by striking out the portion after the third paragraph.

(2) Subsection 1 has effect from 29 March 2017.

496. (1) Schedule E to the Act is amended by inserting the following sections after section 8.3:

“8.3.1. An application for an initial qualification certificate in respect of an investment project must, subject to subparagraph 4 of the first paragraph of section 8.4, be filed with the Minister before the investment project begins to be carried out and on or before 31 December 2020.

The corporation’s or partnership’s commitments in respect of an investment project are taken into account in determining the date on which the project began to be carried out. However, commitments related to market or feasibility studies are not sufficient in themselves to consider that the investment project has begun to be carried out.

“8.3.2. Despite the first and third paragraphs of section 8.3, a corporation or a partnership may file with the Minister an application to amend an initial qualification certificate it was issued in respect of a particular investment project to have it refer to a second investment project as well. To grant the application, the Minister must be of the opinion that the latter project is an extension of the former.

The application for an amendment must be filed on or before the day on which the first annual certificate is applied for in respect of the first investment project and before the earlier of

(1) the date on which the second investment project begins to be carried out; and

(2) 1 January 2021.

The application to amend the initial qualification certificate is deemed, for the purposes of this Act, to be an application for such a qualification certificate in respect of the second investment project and the issuance criteria provided for in Division II apply with the necessary modifications. In addition, the second paragraph of section 8.3.1 applies to the second paragraph of this section.

“8.3.3. An application for an annual certificate in respect of an investment project must be filed with the Minister within 15 months after the end of the taxation year or fiscal period for which it is made.

However, where the Minister considers that the circumstances so warrant, the Minister may grant such an application despite the expiry of that time limit, provided that the application is filed on or before the last day of the 18th month following the end of the taxation year or fiscal period concerned.

The Minister may not issue an annual certificate to a corporation or a partnership in respect of an investment project for a particular taxation year or fiscal period unless, at the time the annual certificate is to be issued, the initial qualification certificate that the corporation or partnership, as the case may be, holds in relation to the project is still valid in its respect.

If, at a particular time, the Minister revokes the initial qualification certificate a corporation or a partnership holds in respect of an investment project, any annual certificate issued to the corporation or partnership in respect of the project for a taxation year or fiscal period that is subsequent to the given taxation year or fiscal period that includes the effective date of the revocation is deemed to be revoked by the Minister at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked. The annual certificate issued in respect of the project for the given taxation year or fiscal period is also deemed to be revoked by the Minister at that time, except that the effective date of the deemed revocation is the date specified in the notice of revocation of the initial qualification certificate.

Where the initial qualification certificate a corporation or a partnership holds, following an application filed under section 8.3.2, in respect of a second investment project is amended to have it no longer refer to that project, the following rules must be taken into account for the purposes of the fourth paragraph:

(1) the initial qualification certificate is considered to be revoked, but only as regards the second investment project;

(2) the effective date of the revocation is the date of coming into force of the amendment; and

(3) where, in accordance with the first paragraph of section 8.11, a single annual certificate has been issued to the corporation or partnership in respect of the first and second investment projects, the deemed revocation of the certificate in respect of the second investment project, because of the application of the fourth paragraph, is considered to be a deemed amendment of the certificate that is made to have the certificate cease to be valid in respect of the second project.”

(2) Subsection 1 has effect from 29 March 2017.

497. (1) Section 8.4 of Schedule E to the Act is amended

(1) by inserting the following paragraph after the second paragraph:

“Where, following an application filed by the transferor in accordance with section 8.3.2, two investment projects are referred to in an initial qualification certificate that was issued to the transferor, the following rules apply:

(1) the transfer of the carrying out of either of the investment projects may be authorized by the Minister in accordance with the second paragraph only if the Minister also authorizes the transfer of the other investment project to the same transferee;

(2) the requirement to be referred to in a first annual certificate, provided for in the portion of the first paragraph before subparagraph 1, is deemed to be met in respect of the second investment project if it is met in respect of the first; and

(3) the Minister issues to the transferee, in accordance with subparagraph 4 of the first paragraph, a single initial qualification certificate in respect of the two investment projects.”;

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

“If the Minister issued a particular initial qualification certificate to a transferee under subparagraph 4 of the first paragraph in relation to the acquisition (in this paragraph referred to as the “particular acquisition”) by the transferee, at a given time, of all or substantially all of the part that is carried on in Québec of the particular business in connection with which activities arising from the carrying out of an investment project in respect of which that qualification certificate was issued are carried on and if, at a time subsequent to the given time, the Minister revokes or is deemed, because of the application of this paragraph, to have revoked the initial qualification certificate that refers to that project and that was issued to the transferor involved in the particular acquisition, the particular qualification certificate is also deemed to have been revoked by the Minister at that subsequent time. The effective date of the deemed revocation is the date of coming into force of the particular qualification certificate. This rule also applies, with the necessary modifications, to the amendment made to an initial qualification certificate to have it no longer refer to a second investment project referred to in section 8.3.2.”

(2) Subsection 1 has effect from 29 March 2017.

498. (1) Section 8.5 of Schedule E to the Act is replaced by the following section:

“8.5. An initial qualification certificate issued to a corporation or a partnership, as the case may be, states that the investment project referred to in the certificate will likely be recognized as a large investment project. The certificate is made to state the same in respect of a second investment project for which an application was filed in accordance with section 8.3.2 and granted by the Minister.

Where the qualification certificate is issued under subparagraph 4 of the first paragraph of section 8.4, it also specifies that the Minister authorizes the transfer of the carrying out of any investment project referred to in the qualification certificate to the corporation or partnership and states the date of the beginning of the tax-free period, in relation to the project, that is mentioned in the first annual certificate that, if applicable, was obtained in its respect and that is deemed to have been issued to the corporation or partnership under subparagraph 3 of the first paragraph of that section.”

(2) Subsection 1 has effect from 29 March 2017.

499. (1) Section 8.6 of Schedule E to the Act is amended

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

“(e) the digital platform development sector; and”;

(2) by replacing “fifth paragraph” in each of subparagraphs *b* to *d* of subparagraph 3 of the first paragraph by “seventh paragraph”;

(3) by inserting the following paragraphs after the fourth paragraph:

“A computer environment that enables content management or use and that, as an intermediary, enables access to information, services or property supplied or edited by the corporation or partnership operating it or by a third party, constitutes a digital platform.

However, the development activities of a digital platform that hosts, or is intended to host, content encouraging violence, sexism, racism or any other form of discrimination, supporting an illegal activity, comprising explicit sex scenes or proposing online gambling are excluded from the activities of the sector referred to in subparagraph *e* of subparagraph 2 of the first paragraph, regardless of the source or nature of such content.”

(2) Subsection 1 applies in respect of an investment project the carrying out of which begins after 27 March 2018.

500. (1) Section 8.8 of Schedule E to the Act is amended by replacing the first paragraph by the following paragraph:

“An annual certificate issued to a corporation or a partnership in respect of an investment project certifies that the corporation or partnership is continuing, in the taxation year or fiscal period, as the case may be, for which the application for the certificate is made, to carry out the investment project in respect of which it holds an initial qualification certificate. The certificate also confirms that the project is recognized for the year or fiscal period as a large investment project.”

(2) Subsection 1 has effect from 29 March 2017.

501. (1) Schedule E to the Act is amended by inserting the following sections after section 8.10:

“8.11. Where two investments projects are referred to in a single initial qualification certificate following an application filed in accordance with section 8.3.2, a single annual certificate is issued, in respect of those projects, to the corporation or partnership carrying them out for any taxation year or fiscal period, as the case may be, that is included in whole or in part in the particular period that begins at the beginning of the corporation’s or partnership’s tax-free period in relation to the second project and that ends at the end of its tax-free period in relation to the first project.

The annual certificate includes the particulars provided for in the first paragraph of section 8.8 in respect of each investment project. In the case of the first annual certificate of the second investment project, the portion of the certificate that refers to it states the date of the beginning of the corporation’s or partnership’s tax-free period in relation to that project in accordance with the second paragraph of that section.

In order for the annual certificate to be issued, the conditions of section 8.9 must be met in respect of each of the two investment projects.

“8.12. Where an annual certificate that is the first certificate issued in respect of a second investment project is amended so as to revoke the portion of that certificate that concerns the investment project, section 8.10 applies to the amendment with the necessary modifications.

“8.13. Where, in a taxation year of a corporation or a fiscal period of a partnership that ends before the beginning of its tax-free period in respect of a second investment project referred to in section 8.3.2, the corporation or partnership carries on activities arising from the carrying out of that project and the condition of paragraph 1 of section 8.9 is met in respect of those activities, the Minister must state, in the annual certificate the Minister issues to the corporation or partnership for the taxation year or fiscal period in respect of the first investment project, that the corporation or partnership is also continuing to carry out the second investment project.

However, if at the end of the start-up period in respect of the second investment project no annual certificate is issued in its respect, the Minister must amend every annual certificate referred to in the first paragraph to withdraw the statement, retroactively to the date of coming into force of the certificate.”

(2) Subsection 1 has effect from 29 March 2017.

502. (1) Section 3.1 of Schedule H to the Act is amended by inserting the following definition in alphabetical order in the first paragraph:

““eligible online video service” means an online video service that carries other pre-screened or pre-qualified content, is accessible in Québec, has Québec as part of its target audience and is considered to be an eligible online service by the Canadian Audio-Visual Certification Office;”.

(2) Subsection 1 has effect from 28 March 2018.

503. (1) Section 3.2 of Schedule H to the Act is amended

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

“(c) the tax credit enhancement determined by reference to public financial assistance, a certificate in respect of the film (in this chapter referred to as a “certificate relating to the tax credit enhancement determined by reference to financial assistance”); and”;

(2) by replacing the third and fourth paragraphs by the following paragraphs:

“If, at any time in the taxation year for which the corporation intends to benefit from the tax credit for Québec film productions or in the 24 months that precede that year, the corporation is not dealing at arm’s length with a corporation that is a television broadcaster or an eligible online video service provider, it must also obtain a certificate (in this chapter referred to as a “non-arm’s length certificate with regard to a television broadcaster” or a “non-arm’s length certificate with regard to an eligible online video service provider”, as the case may be) from the Société de développement des entreprises culturelles.

The certificate referred to in subparagraph 2 of the second paragraph must be obtained for each taxation year for which the corporation intends to avail itself in respect of a film of subparagraph *a.1* of the first paragraph of section 1029.8.35 of the Taxation Act. Similarly, the non-arm’s length certificate with regard to a television broadcaster or the non-arm’s length certificate with regard to an eligible online video service provider, as the case may be, must be obtained for each taxation year referred to in the third paragraph for which the corporation intends to claim the tax credit for Québec film productions.”

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 27 March 2018.

504. (1) Section 3.8 of Schedule H to the Act is amended, in the first paragraph,

(1) by replacing subparagraphs 1 to 3 by the following subparagraphs:

“(1) fiction films, including films consisting entirely of sketches taken in full from a script and designed and arranged especially for television or online broadcasting;

“(2) documentaries comprising at least 30 minutes of programming or 20 minutes of audiovisual content or, in the case of a series, at least 30 minutes of programming or 20 minutes of audiovisual content per episode, and documentaries intended for minors, which may comprise less;

“(3) audiovisual magazine and variety programs, including variety programs featuring educational games, quizzes and contests for minors and designed and arranged especially for television or online broadcasting;”;

(2) by replacing the portion of subparagraph 4 before subparagraph *a* by the following:

“(4) audiovisual variety programs, including games, quizzes and contests, that are designed and arranged especially for television or online broadcasting and meet any of the following requirements:”;

(3) by replacing the portion of subparagraph 5 before subparagraph *a* by the following:

“(5) audiovisual magazine programs that are designed and arranged especially for television or online broadcasting and meet the following requirements:”;

(4) by replacing subparagraph *c* of subparagraph 5 by the following subparagraph:

“(c) each program comprises at least 30 minutes of programming or 20 minutes of audiovisual content.”.

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 27 March 2018.

505. (1) Section 3.10 of Schedule H to the Act is amended

(1) by inserting the following subparagraph after subparagraph 2 of the first paragraph:

“(2.1) for a film whose primary market is the online broadcasting market,

(a) in the case of an eligible online video service by a provider that is a television broadcaster, there must be an undertaking by the broadcaster to make the film accessible in Québec through its eligible online video service, and

(b) in the case of an eligible online video service by another provider, there must be an undertaking by a holder of a general distributor's licence to show the film in Québec and an undertaking by the provider to that holder to make the film accessible in Québec through the eligible online video service;”;

(2) by replacing subparagraph 4 of the first paragraph by the following subparagraph:

“(4) if a film is produced by a corporation that does not deal at arm's length with a corporation that is a television broadcaster or an eligible online video service provider, it must be initially broadcast by a television broadcaster or an eligible online video service provider with which it deals at arm's length;”;

(3) by replacing the fourth and fifth paragraphs by the following paragraphs:

“The application for a favourable advance ruling in respect of a film must be filed with the undertakings referred to in subparagraph 1, subparagraph *b* of subparagraphs 2 and 2.1 and subparagraph 6 of the first paragraph. Depending on the undertaking involved, when applying for a qualification certificate, the corporation must file a document confirming the television broadcasting of the film in Québec, its distribution in theatres in Québec, its online broadcasting accessible in Québec or its dubbing.

The application for a qualification certificate in respect of a film must be filed with the undertakings referred to in subparagraph *a* of subparagraphs 2 and 2.1 of the first paragraph.”

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 27 March 2018.

506. (1) The heading of Division V of Chapter III of Schedule H to the Act is replaced by the following heading:

“CERTIFICATE RELATING TO THE TAX CREDIT ENHANCEMENT DETERMINED BY REFERENCE TO FINANCIAL ASSISTANCE”.

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 28 March 2017.

507. (1) Section 3.22 of Schedule H to the Act is replaced by the following section:

“3.22. A certificate relating to the tax credit enhancement determined by reference to financial assistance issued to a corporation certifies that the film referred to in the certificate belongs to an eligible class of films for the tax credit enhancement determined by reference to public financial assistance.”

(2) Subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 28 March 2017.

508. (1) Section 3.23 of Schedule H to the Act is amended

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

“3.23. The following are classes of films eligible for the tax credit enhancement determined by reference to public financial assistance:”;

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

“(2) series or miniseries, other than those referred to in paragraph 2.1, each episode of which is a fiction production with a minimum running length of 75 minutes;”;

(3) by inserting the following paragraph after paragraph 2:

“(2.1) series or miniseries each episode of which is a fiction production that is an animation production where the minimum running length of the series or miniseries is 75 minutes; and”;

(4) by replacing paragraph 3 by the following paragraph:

“(3) one-off documentaries with a minimum running length of 30 minutes or with a minimum of 20 minutes of audiovisual content, and documentaries intended for minors, which may have a shorter running length.”

(2) Paragraphs 1 to 3 of subsection 1 apply in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 28 March 2017.

(3) Paragraph 4 of subsection 1 applies in respect of a film for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 27 March 2018.

509. (1) The heading of Division VII of Chapter III of Schedule H to the Act is replaced by the following heading:

“NON-ARM’S LENGTH CERTIFICATE WITH REGARD TO A TELEVISION BROADCASTER OR AN ELIGIBLE ONLINE VIDEO SERVICE PROVIDER”.

(2) Subsection 1 has effect from 28 March 2018.

510. (1) Section 3.26 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

“An application for a non-arm’s length certificate with regard to a television broadcaster or a non-arm’s length certificate with regard to an eligible online video service provider for a particular taxation year must be filed by a corporation not later than six months after the end of its taxation year preceding the particular year.”

(2) Subsection 1 has effect from 28 March 2018.

511. (1) Sections 3.27 and 3.28 of Schedule H to the Act are replaced by the following sections:

“3.27. A non-arm’s length certificate with regard to a television broadcaster or a non-arm’s length certificate with regard to an eligible online video service provider issued to a corporation certifies that over 50% of its production costs for the last three taxation years, preceding the particular taxation year referred to in section 3.26, during which a film was produced, were incurred in relation to films broadcast by a television broadcaster or an eligible online video service provider with which the corporation deals at arm’s length.

“3.28. The Société de développement des entreprises culturelles may refuse to issue to a corporation, or may revoke, a non-arm’s length certificate with regard to a television broadcaster or a non-arm’s length certificate with regard to an eligible online video service provider if it becomes aware of a significant change in the volume of films produced by the corporation that are broadcast by the television broadcaster or the eligible online video service provider with which the corporation does not deal at arm’s length.”

(2) Subsection 1 applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles after 27 March 2018.

512. (1) Section 5.1 of Schedule H to the Act is amended

(1) by striking out the definition of “labour expenditure” in the first paragraph;

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

“Any reference made, in a provision of this chapter, to an amount incurred or paid, including costs, a remuneration, a talent fee or an advance, is to be replaced, when necessary, by a reference to such an amount determined according to a budget.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

513. (1) Section 5.3 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

“An approval certificate issued to a corporation under this chapter certifies that the film referred to in the certificate is recognized as a qualified production. It also specifies the filing date of the application for its issue.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

514. (1) Section 5.4 of Schedule H to the Act is amended

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

“(1) the film belongs to an eligible class of films described in section 5.5;”;

(2) by replacing subparagraph 3 of the first paragraph by the following subparagraph:

“(3) the following production costs are \$250,000 or more:

(a) where a film is part of a series or miniseries, the production costs of the series or miniseries, or

(b) in any other case, the production costs of the film.”;

(3) by striking out the second paragraph.

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

515. (1) Section 5.5 of Schedule H to the Act is amended

(1) by replacing subparagraph 2 of the first paragraph by the following subparagraph:

“(2) documentaries comprising at least 30 minutes of programming or, in the case of a series, at least 30 minutes of programming per episode, and documentaries intended for minors or virtual reality documentaries, which may comprise less;”;

(2) by striking out subparagraphs 3 to 5 of the first paragraph;

(3) by striking out the second paragraph;

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

“For the purposes of subparagraph 2 of the first paragraph, virtual reality means the technology that enables real-time interactive simulations through computer-generated images and a virtual environment which a person can explore and whose purpose is to replace the real world with a virtual world and virtual objects. Virtual reality may apply to all sensory pathways.”

(2) Paragraphs 1 and 4 of subsection 1 apply in respect of a production for which an application for an approval certificate is filed with the Société de développement des entreprises culturelles after 27 March 2018.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

516. (1) Section 5.6 of Schedule H to the Act is amended

(1) by replacing paragraph 9 by the following paragraph:

“(9) games, quizzes and contests, in any form, except educational programs in the form of games, quizzes or contests intended for minors;”;

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

“For the purposes of subparagraph 11 of the first paragraph, a reality television production is an audiovisual production in which a situation is created and filmed to be edited into its final form. The situation features a place, a group of individuals and a theme.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

517. (1) Section 5.7 of Schedule H to the Act is replaced by the following section:

“5.7. In the case of a serial film, each episode may be recognized as a qualified production if the conditions of section 5.4 are met in its respect. In such a case, the Société de développement des entreprises culturelles specifies in the approval certificate which episodes of the film are recognized.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

518. (1) Section 5.9 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

“The Société de développement des entreprises culturelles attaches to the favourable advance ruling it gives to a corporation in respect of a film a document specifying, by budgetary item, the amount that is the portion of the corporation’s labour cost in respect of the film, for any taxation year for which the favourable advance ruling is given, that relates to eligible activities connected with the production of computer-aided special effects and animation, in relation to the film.”

(2) Subsection 1 applies in respect of a film for which an application for an approval certificate is filed after 28 March 2017.

ACT RESPECTING THE RÉGIE DE L’ASSURANCE MALADIE DU QUÉBEC

519. (1) Section 33 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) is amended

(1) by inserting the following definition in alphabetical order in the first paragraph:

““last day of the tax-free period” in respect of a large investment project means the last day of the 15-year period that begins on the date of the beginning of the tax-free period in respect of that project;”;

(2) by replacing the portion of the definition of “eligible specified employer” in the first paragraph before paragraph *a* by the following:

““eligible specified employer” for a year means a specified employer for the year whose total payroll for the year is both less than the employer’s total payroll threshold for the year and attributable, in a proportion of more than 50%;”;

(3) by replacing the definition of “excluded employer” in the first paragraph by the following definition:

““excluded employer” means an employer that is a corporation exempt from tax under Book VIII of Part I of the Taxation Act;”;

(4) by replacing the definition of “tax-free period” in the first paragraph by the following definition:

““tax-free period” means a tax-free period within the meaning of Chapter I of Title VII.2.3.1 of Book IV of Part I of the Taxation Act;”;

(5) by inserting the following definition in alphabetical order in the first paragraph:

““digital platform” means a digital platform within the meaning of the first paragraph of section 737.18.17.1 of the Taxation Act;”;

(6) by inserting the following definition in alphabetical order in the first paragraph:

““total payroll threshold” of an employer for a year means

(a) \$5,500,000 for the year 2018;

(b) \$6,000,000 for the years 2019 and 2020;

(c) \$6,500,000 for the year 2021; and

(d) \$7,000,000 for a year subsequent to the year 2021;”;

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

“The expression “eligible activities”, where it applies in relation to a large investment project that concerns the development of a digital platform, only includes activities relating to the maintenance and upgrade of the digital platform components, activities relating to the supply of support and client services, provided that those services concern only the use of the platform and other similar activities relating to its use, excluding activities that consist in developing the platform.

In this division, the tax assistance limit, in relation to a large investment project, is determined in accordance with section 737.18.17.8 of the Taxation Act where the tax assistance limit is that of an employer that is a corporation and section 34.1.0.4 where the tax assistance limit is that of an employer that is a partnership.

In this division, two large investment projects that are covered by the same qualification certificate are deemed to be a single large investment project (referred to as a “deemed large investment project”), except as regards the determination, in respect of each project, of the total qualified capital investments of the employer carrying out the projects, the date of the beginning of the tax-free period and the last day of the tax-free period, and this rule applies throughout the particular period that begins on the date of the beginning of the tax-free period in respect of the large investment project that began first (referred to as the “first large investment project”) and that ends on the last day of the tax-free period in respect of the other large investment project (referred to as the “second large investment project”).”

(2) Paragraphs 1 and 4 of subsection 1 and paragraph 7 of that subsection, where it enacts the sixth and seventh paragraphs of section 33 of the Act, have effect from 29 March 2017.

(3) Paragraphs 2 and 6 of subsection 1 have effect from 1 January 2018. In addition, for the purposes of subparagraph *a* of the first paragraph of section 34.0.0.0.1 of the Act, in computing the amount of a payment that a corporation is required to make, under that section 34.0.0.0.1, for the year 2018 but before 15 August of that year and for the purposes of section 34.0.0.0.3 of the Act, in computing the interest, if any, provided for in that section that the corporation is required to pay in respect of that payment, the contribution determined in respect of wages in accordance with section 34 of the Act for that year, is to be determined as if paragraph *a* of the definition of “total payroll threshold” in the first paragraph of section 33 of the Act, enacted by paragraph 6 of subsection 1, were read as if “\$5,500,000” were replaced by “\$5,000,000”.

(4) Paragraph 3 of subsection 1 applies to a taxation year that begins after 31 December 2018.

(5) Paragraph 5 of subsection 1 and paragraph 7 of that subsection, where it enacts the fifth paragraph of section 33 of the Act, have effect from 28 March 2018.

520. (1) The Act is amended by inserting the following section after section 33.0.3:

“33.0.3.1. Where the amount of \$7,000,000 specified in paragraph *d* of the definition of “total payroll threshold” in the first paragraph of section 33 must be used for a particular year subsequent to the year 2022, it is to be adjusted annually in such a manner that it is equal to the amount obtained by multiplying that amount of \$7,000,000 by the proportion that the aggregate of the average weekly earnings of the industrial composite in Québec as established by Statistics Canada for each of the 12 months preceding 1 July of the year that precedes the particular year is of such an aggregate for each of the 12 months preceding 1 July 2021.

Where the amount that results from the adjustment provided for in the first paragraph is not a multiple of \$100,000, it is to be rounded to the nearest multiple of \$100,000 or, if it is equidistant from two such multiples, to the higher multiple.”

(2) Subsection 1 has effect from 1 January 2018.

521. (1) Section 34 of the Act is amended

(1) by replacing subparagraphs 2 to 4 of subparagraph i of subparagraph *a* of the second paragraph by the following subparagraphs:

“(2) 2.3% in respect of wages paid or deemed to be paid after 31 December 2017 and before 28 March 2018, 1.95% in respect of wages paid or deemed to be paid after 27 March 2018 and before 16 August 2018 and 1.75% in respect of wages paid or deemed to be paid after 15 August 2018 and before 1 January 2019,

“(3) 1.7% for the year 2019, or

“(4) 1.65% for a year subsequent to the year 2019,”;

(2) by striking out subparagraph 5 of subparagraph i of subparagraph *a* of the second paragraph;

(3) by replacing subparagraphs 2 and 3 of subparagraph i.1 of subparagraph *a* of the second paragraph by the following subparagraphs:

“(2) 1.5% in respect of wages paid or deemed to be paid after 31 December 2017 and before 28 March 2018, 1.45% in respect of wages paid or deemed to be paid after 27 March 2018 and before 16 August 2018 and 1.25% in respect of wages paid or deemed to be paid after 15 August 2018 and before 1 January 2019, or

“(3) 1.25% for a year subsequent to the year 2018,”;

(4) by replacing the portion of subparagraph ii of subparagraph *a* of the second paragraph before the formula by the following:

“ii. where the employer is a specified employer for the year in which the employer pays or is deemed to pay the wages (other than an eligible specified employer for that year) and the employer’s total payroll for that year is more than \$1,000,000 but less than the employer’s total payroll threshold for the year, the percentage determined by the formula”;

(5) by replacing the portion of subparagraph ii.1 of subparagraph *a* of the second paragraph before the formula by the following:

“ii.1. where the employer is an eligible specified employer for the year in which the employer pays or is deemed to pay the wages and the employer’s total payroll for that year is more than \$1,000,000 but less than the employer’s total payroll threshold for the year, the percentage determined by the formula”;

(6) by replacing subparagraphs ii to iv of subparagraph *a* of the third paragraph by the following subparagraphs:

“ii. 1.8644% in respect of wages paid or deemed to be paid after 31 December 2017 and before 28 March 2018, 1.4367% in respect of wages paid or deemed to be paid after 27 March 2018 and before 16 August 2018 and 1.1922% in respect of wages paid or deemed to be paid after 15 August 2018 and before 1 January 2019,

“iii. 1.188% for the year 2019, or

“iv. for a year subsequent to the year 2019, the percentage that corresponds to the amount by which 1.65% exceeds the quotient obtained by dividing 2.61% by the amount by which 1 is exceeded by the proportion that the employer’s total payroll threshold for the year is of \$1,000,000;”;

(7) by striking out subparagraph v of subparagraph *a* of the third paragraph;

(8) by replacing subparagraphs ii to iv of subparagraph *b* of the third paragraph by the following subparagraphs:

“ii. 0.4356% in respect of wages paid or deemed to be paid after 31 December 2017 and before 28 March 2018, 0.5133% in respect of wages paid or deemed to be paid after 27 March 2018 and before 16 August 2018 and 0.5578% in respect of wages paid or deemed to be paid after 15 August 2018 and before 1 January 2019,

“iii. 0.512% for the year 2019, or

“iv. for a year subsequent to the year 2019, the percentage that corresponds to the quotient obtained by dividing 2.61% by the amount by which 1 is exceeded by the proportion that the employer’s total payroll threshold for the year is of \$1,000,000;”;

(9) by striking out subparagraph v of subparagraph *b* of the third paragraph;

(10) by replacing subparagraphs ii and iii of subparagraph *d* of the third paragraph by the following subparagraphs:

“ii. 0.8867% in respect of wages paid or deemed to be paid after 31 December 2017 and before 28 March 2018, 0.8256% in respect of wages paid or deemed to be paid after 27 March 2018 and before 16 August 2018 and 0.5811% in respect of wages paid or deemed to be paid after 15 August 2018 and before 1 January 2019, or

“iii. for a year subsequent to the year 2018, the percentage that corresponds to the amount by which 1.25% exceeds the quotient obtained by dividing 3.01% by the amount by which 1 is exceeded by the proportion that the employer’s total payroll threshold for the year is of \$1,000,000; and”;

(11) by replacing subparagraphs ii and iii of subparagraph *e* of the third paragraph by the following subparagraphs:

“ii. 0.6133% in respect of wages paid or deemed to be paid after 31 December 2017 and before 28 March 2018, 0.6244% in respect of wages paid or deemed to be paid after 27 March 2018 and before 16 August 2018 and 0.6689% in respect of wages paid or deemed to be paid after 15 August 2018 and before 1 January 2019, or

“iii. for a year subsequent to the year 2018, the percentage that corresponds to the quotient obtained by dividing 3.01% by the amount by which 1 is exceeded by the proportion that the employer’s total payroll threshold for the year is of \$1,000,000.”;

(12) by replacing the fourth paragraph by the following paragraph:

“If the percentage determined by the formulas in subparagraphs ii and ii.1 of subparagraph *a* of the second paragraph has more than two decimal places, only the first two decimal digits are retained and the second is increased by one unit if the third is greater than 4. In addition, if the percentage determined in accordance with subparagraph iv of subparagraph *a* or *b* of the third paragraph or with subparagraph iii of subparagraph *d* or *e* of the third paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4.”;

(13) by striking out subparagraph *d* of the seventh paragraph;

(14) by replacing subparagraph *d.1* of the seventh paragraph by the following subparagraph:

“(d.1) subject to section 34.1.0.3, in respect of the wages paid or deemed to be paid by an employer, if the wages are paid or deemed to be paid to an employee in respect of the part of the employee’s working time devoted exclusively to eligible activities of the employer, in relation to a large investment project of the employer, other than construction, expansion or modernization

activities in respect of an immovable where that project will be carried out, if the wages are paid or deemed to be paid for a pay period comprised in a tax-free period of the employer, for a taxation year or a fiscal period, in relation to the project, and if the employer encloses the prescribed form containing prescribed information with the information return referred to in section 3 of the Regulation respecting contributions to the Québec Health Insurance Plan that the employer is required to file for the year;”;

(15) by striking out the ninth paragraph;

(16) by adding the following subparagraph at the end of the tenth paragraph:

“(c) the wages paid or deemed to be paid to an employee in respect of the part of the employee’s working time devoted to eligible activities of an employer referred to in that subparagraph *d.1*, in relation to a deemed large investment project of the employer within the meaning of the seventh paragraph of section 33, for a pay period that ends after the last day of the tax-free period in respect of the first large investment project (in this section referred to as the “particular day”) is deemed to be equal to either

i. where the pay period includes the particular day, the amount determined by the formula

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

ii. in any other case, the amount determined by the formula

$$A \times [D/(C + D)].”;$$

(17) by inserting the following paragraph after the tenth paragraph:

“In the formulas in the ninth paragraph,

(a) *A* is the wages paid or deemed to be paid to the employee in respect of the part of the employee’s working time devoted to eligible activities of the employer referred to in subparagraph *d.1* of the seventh paragraph, in relation to the deemed large investment project, for the pay period, that is otherwise determined;

(b) *B* is the wages paid or deemed to be paid to the employee in respect of the part of the employee’s working time devoted to eligible activities of the employer referred to in subparagraph *d.1* of the seventh paragraph, in relation to the deemed large investment project, which relates to the part of the pay period that begins after the particular day and that is otherwise determined;

(c) *C* is the total qualified capital investments of the employer, in relation to the first large investment project, on the date of the beginning of the tax-free period in respect of the project; and

(d) D is the total qualified capital investments of the employer, in relation to the second large investment project, on the date of the beginning of the tax-free period in respect of the project.”;

(18) by replacing the twelfth paragraph by the following paragraph:

“However, the seventh paragraph does not apply in respect of wages paid or deemed to be paid by an excluded employer.”

(2) Paragraphs 1 to 12 of subsection 1 have effect from 1 January 2018.

(3) Paragraphs 13, 15 and 18 of subsection 1 apply from 1 January 2021.

(4) Paragraph 14 of subsection 1 has effect from 28 March 2018.

(5) Paragraphs 16 and 17 of subsection 1 have effect from 29 March 2017. However, where section 34 of the Act applies before 19 June 2019, the paragraph of that section that is enacted by paragraph 17 of subsection 1 is to be read as if “ninth” were replaced by “tenth”.

522. (1) Section 34.1.0.3 of the Act is amended

(1) by replacing the portion of subparagraph *a* of the third paragraph before subparagraph *i* by the following:

“(a) where the employer is a corporation, the amount by which the employer’s tax assistance limit in relation to the large investment project exceeds the aggregate of”;

(2) by adding the following subparagraph at the end of subparagraph *a* of the third paragraph:

“iv. in the case of a deemed large investment project within the meaning of the seventh paragraph of section 33, the aggregate of the following amounts, if any:

(1) the amount determined by the following formula for the taxation year that includes the last day of the tax-free period in respect of the first large investment project and ends after that day, unless the balance of the employer’s tax assistance limit for that year, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the employer’s tax assistance limit in relation to the second large investment project:

$D - [(D \times F) + (E \times G)]$, and

(2) the amount determined by the following formula for the taxation year that follows the taxation year that includes the last day of the tax-free period in respect of the first large investment project, unless the balance of the employer's tax assistance limit for that year, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the employer's tax assistance limit in relation to the second large investment project:

$D - E$; or”;

(3) by replacing the portion of subparagraph *b* of the third paragraph before subparagraph *i* by the following:

“(b) where the employer is a partnership, the amount by which the employer's tax assistance limit in relation to the large investment project exceeds the aggregate of”;

(4) by adding the following subparagraph at the end of subparagraph *b* of the third paragraph:

“iv. in the case of a deemed large investment project within the meaning of the sixth paragraph of section 33, the aggregate of the following amounts, if any:

(1) the amount determined by the following formula for the fiscal period that includes the last day of the tax-free period in respect of the first large investment project and ends after that day, unless the balance of the employer's tax assistance limit for that fiscal period, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the employer's tax assistance limit in relation to the second large investment project:

$D - [(D \times F) + (E \times G)]$, and

(2) the amount determined by the following formula for the fiscal period that follows the fiscal period that includes the last day of the tax-free period in respect of the first large investment project, unless the balance of the employer's tax assistance limit for that fiscal period, in respect of the deemed large investment project, determined without reference to this subparagraph, is less than or equal to the employer's tax assistance limit in relation to the second large investment project:

$D - E$.”;

(5) by replacing the portion of the fourth paragraph before subparagraph *a* by the following:

“In the formulas in the third paragraph,”;

(6) by adding the following subparagraphs at the end of the fourth paragraph:

“(d) D is the balance of the employer’s tax assistance limit for the taxation year or fiscal period referred to in subparagraph 1 or 2 of subparagraph iv of subparagraph *a* or *b*, as the case may be, of the third paragraph, in respect of the deemed large investment project, determined without reference to that subparagraph 1 or 2, as the case may be;

“(e) E is the employer’s tax assistance limit in relation to the second large investment project;

“(f) F is the proportion that the number of days in the part of the taxation year or fiscal period referred to in subparagraph 1 of subparagraph iv of subparagraph *a* or *b*, as the case may be, of the third paragraph that ends on the last day of the tax-free period in respect of the first large investment project is of the number of days in the taxation year or fiscal period; and

“(g) G is the proportion that the number of days in the taxation year or fiscal period referred to in subparagraph 1 of subparagraph iv of subparagraph *a* or *b*, as the case may be, of the third paragraph that follow the last day of the tax-free period in respect of the first large investment project is of the number of days in the taxation year or fiscal period.”

(2) Subsection 1 has effect from 29 March 2017.

523. (1) Section 34.1.0.4 of the Act is replaced by the following section:

“**34.1.0.4.** Subject to the second paragraph, the tax assistance limit of an employer that is a partnership, in relation to a large investment project, is 15% of the employer’s total qualified capital investments on the date of the beginning of the tax-free period in respect of the large investment project, unless the employer acquired all or substantially all of the recognized business in relation to the project, in which case it is the amount that was transferred to the employer pursuant to the agreement referred to in section 737.18.17.12 of the Taxation Act (chapter I-3) in respect of the acquisition.

In the case of a deemed large investment project within the meaning of the seventh paragraph of section 33, the employer’s tax assistance limit in relation to the project is, for a particular fiscal period,

(a) where the particular fiscal period ends before the date of the beginning of the tax-free period in respect of the second large investment project, the employer’s tax assistance limit in relation to the first large investment project;

(b) where the particular fiscal period begins before the date of the beginning of the tax-free period in respect of the second large investment project and ends on or after that date, the amount determined by the formula

$A + (B \times C)$; or

(c) where the particular fiscal period begins on or after the date of the beginning of the tax-free period in respect of the second large investment project, the amount determined by the formula

A + B.

In the formulas in the second paragraph,

(a) A is the employer's tax assistance limit in relation to the first large investment project;

(b) B is the employer's tax assistance limit in relation to the second large investment project; and

(c) C is the proportion that the number of days in the part of the particular fiscal period that begins on the date of the beginning of the tax-free period in respect of the second large investment project is of the number of days in the fiscal period."

(2) Subsection 1 has effect from 29 March 2017.

524. (1) Section 34.1.4 of the Act is amended by replacing subparagraph 5 of subparagraph ii of paragraph *b* by the following subparagraph:

"(5) any of paragraphs *d*, *d.1*, *d.2*, *f* and *i.1* of section 339 of the Taxation Act or subparagraph i or ii of paragraph *j* of that section,".

(2) Subsection 1 applies from 1 January 2019.

525. (1) Section 34.1.12 of the Act is amended

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

"34.1.12. Subject to section 34.1.12.1, a specified employer for a particular year preceding the year 2021 whose total payroll for the particular year is less than the employer's total payroll threshold for the particular year and who encloses the prescribed form containing prescribed information with the information return referred to in section 3 of the Regulation respecting contributions to the Québec Health Insurance Plan (chapter R-5, r. 1) that the employer is required to file for the particular year is deemed, on the date on or before which the employer is required to file the information return for the particular year or, where later, on the date on which the employer files, in the prescribed form, an application for a refund with the Minister of Revenue, to have made an overpayment to the Minister of Revenue, for the purposes of this division and in respect of the particular year, of an amount equal to the product obtained by multiplying the specified employer's adjusted reduction rate determined for the particular year by the least of";

(2) by replacing the formula in the second paragraph by the following formula:

“ $A - [A \times (B - \$1,000,000)/(C - \$1,000,000)]$ ”;

(3) by adding the following subparagraph at the end of the third paragraph:

“(c) C is the specified employer’s total payroll threshold for the year.”

(2) Subsection 1 has effect from 1 January 2018.

526. (1) The Act is amended by inserting the following section after section 34.1.12:

“34.1.12.1. For the purposes of section 34.1.12, where the particular year referred to in that section is the year 2018, the amount of the overpayment that a specified employer referred to in that section is deemed to have made to the Minister of Revenue under the first paragraph of that section is equal to the aggregate of

(a) the product obtained by multiplying the specified employer’s adjusted reduction rate in respect of wages paid or deemed to be paid after 31 December 2017 and before 28 March 2018 by the least of

i. the aggregate of all amounts each of which is the qualified wages paid or deemed to be paid by the specified employer after 31 December 2017 and before 28 March 2018 to an eligible employee,

ii. the amount by which the aggregate of all amounts each of which is the wages paid or deemed to be paid after 31 December 2017 and before 28 March 2018 by the specified employer to an employee exceeds the product obtained by multiplying the aggregate of all amounts each of which is the wages paid or deemed to be paid by the employer in the employer’s base year to an employee by 86/365, and

iii. where the specified employer is associated at the end of the year 2018 with at least one other employer (other than another employer whose base year does not precede the year 2018), the product obtained by multiplying the amount attributed to the specified employer for the year 2018 in accordance with the agreement described in section 34.1.13 and filed with the Minister of Revenue in the prescribed form containing prescribed information by 86/365 or, if no amount is attributed to the specified employer under that agreement or in the absence of such an agreement, zero or the product obtained by multiplying the amount attributed to the employer by the Minister of Revenue, as the case may be, for the year 2018 in accordance with this subdivision by 86/365;

(b) the product obtained by multiplying the specified employer's adjusted reduction rate in respect of wages paid or deemed to be paid after 27 March 2018 and before 16 August 2018 by the least of

i. the aggregate of all amounts each of which is the qualified wages paid or deemed to be paid by the specified employer after 27 March 2018 and before 16 August 2018 to an eligible employee,

ii. the amount by which the aggregate of all amounts each of which is the wages paid or deemed to be paid after 27 March 2018 and before 16 August 2018 by the specified employer to an employee exceeds the product obtained by multiplying the aggregate of all amounts each of which is the wages paid or deemed to be paid by the employer in the employer's base year to an employee by 141/365, and

iii. where the specified employer is associated at the end of the year 2018 with at least one other employer (other than another employer whose base year does not precede the year 2018), the product obtained by multiplying the amount attributed to the specified employer for the year 2018 in accordance with the agreement described in section 34.1.13 and filed with the Minister of Revenue in the prescribed form containing prescribed information by 141/365 or, if no amount is attributed to the specified employer under that agreement or in the absence of such an agreement, zero or the product obtained by multiplying the amount attributed to the employer by the Minister of Revenue, as the case may be, for the year 2018 in accordance with this subdivision by 141/365; and

(c) the product obtained by multiplying the specified employer's adjusted reduction rate in respect of wages paid or deemed to be paid after 15 August 2018 and before 1 January 2019 by the least of

i. the aggregate of all amounts each of which is the qualified wages paid or deemed to be paid by the specified employer after 15 August 2018 and before 1 January 2019 to an eligible employee,

ii. the amount by which the aggregate of all amounts each of which is the wages paid or deemed to be paid after 15 August 2018 and before 1 January 2019 by the specified employer to an employee exceeds the product obtained by multiplying the aggregate of all amounts each of which is the wages paid or deemed to be paid by the employer in the employer's base year to an employee by 138/365, and

iii. where the specified employer is associated at the end of the year 2018 with at least one other employer (other than another employer whose base year does not precede the year 2018), the product obtained by multiplying the amount attributed to the specified employer for the year 2018 in accordance with the agreement described in section 34.1.13 and filed with the Minister of Revenue

in the prescribed form containing prescribed information by 138/365 or, if no amount is attributed to the specified employer under that agreement or in the absence of such an agreement, zero or the product obtained by multiplying the amount attributed to the employer by the Minister of Revenue, as the case may be, for the year 2018 in accordance with this subdivision by 138/365.

For the purposes of subparagraphs *a* to *c* of the first paragraph, a specified employer's adjusted reduction rate in respect of wages paid or deemed to be paid in the period described in any of those subparagraphs is equal to the percentage determined in respect of the employer under subparagraph 2 of subparagraph *i* or *i.1* of subparagraph *a* of the second paragraph of section 34, as the case may be, in respect of the wages, if the employer's total payroll for the year 2018 is no more than \$1,000,000, and, in any other case, to the percentage determined by the formula

$$A - [A \times (B - \$1,000,000) / \$4,500,000].$$

In the formula in the second paragraph,

(*a*) *A* is, in respect of wages paid or deemed to be paid in the period referred to in the second paragraph, the percentage determined in respect of the specified employer under subparagraph *ii* or *ii.1* of subparagraph *a* of the second paragraph of section 34, as the case may be, in respect of the wages; and

(*b*) *B* is the specified employer's total payroll for the year.

If the percentage determined by the formula in the second paragraph has more than two decimal places, only the first two decimal digits are retained and the second is increased by one unit if the third is greater than 4."

(2) Subsection 1 has effect from 1 January 2018.

527. (1) Sections 34.1.13 and 34.1.14 of the Act are replaced by the following sections:

“34.1.13. The agreement to which subparagraph *c* of the first paragraph of section 34.1.12 or subparagraph *iii* of subparagraphs *a* to *c* of the first paragraph of section 34.1.12.1 refers, in respect of a particular year, in relation to a specified employer is the agreement under which all the employers who are associated with each other at the end of the particular year attribute, for the purposes of section 34.1.12 or 34.1.12.1, as the case may be, to one or more of their number, one or more amounts the total of which is not greater than the amount by which the aggregate of the wages paid or deemed to be paid in the particular year by the specified employer and by another such employer so associated at the end of the particular year exceeds the aggregate of the wages paid or deemed to be paid by the specified employer in the employer's base year or by another such employer so associated at the end of the particular year, in that other employer's base year.

If the aggregate of the amounts attributed, in respect of a particular year, under an agreement described in the first paragraph and entered into by the employers who are associated with each other in the particular year is greater than the excess amount determined in that paragraph, the amount determined under subparagraph *c* of the first paragraph of section 34.1.12 or subparagraph iii of any of subparagraphs *a* to *c* of the first paragraph of section 34.1.12.1 in respect of each of those employers for the particular year is deemed, for the purposes of section 34.1.12 or 34.1.12.1, as the case may be, to be equal to the proportion of that excess amount that that amount otherwise determined is of the aggregate of the amounts attributed for the year under the agreement.

“34.1.14. If an employer who is associated at the end of a particular year with at least one other employer fails to file with the Minister of Revenue an agreement for the purposes of this subdivision within 30 days after notice in writing by the Minister of Revenue has been sent to any of the employers so associated that such an agreement is required for the purposes of this subdivision, the Minister of Revenue shall, for the purposes of this subdivision, attribute, for the particular year, an amount to one or more of the employers so associated in the year, which amount or the aggregate of which amounts, as the case may be, must be equal to the excess amount determined for the year under the first paragraph of section 34.1.13 and, in such a case, the amount determined under subparagraph *c* of the first paragraph of section 34.1.12 or subparagraph iii of any of subparagraphs *a* to *c* of the first paragraph of section 34.1.12.1, in respect of each of those employers for the particular year, is deemed, for the purposes of section 34.1.12 or 34.1.12.1, as the case may be, to be equal to the amount so attributed to the employer.”

(2) Subsection 1 has effect from 1 January 2018.

528. (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. \$16,120 where, for the year, the individual has no eligible spouse and no dependent child,

“ii. \$26,120 where, for the year, the individual has no eligible spouse but has one dependent child,

“iii. \$29,530 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$26,120 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) \$29,530 where the individual has one dependent child for the year, or

“(2) \$32,680 where the individual has more than one dependent child for the year; and”.

(2) Subsection 1 applies from the year 2018. In addition, where section 37.4 of the Act applies to the year 2017, subparagraph *a* of the first paragraph is to be read

(1) as if subparagraphs i to iv were replaced by the following subparagraphs:

“i. \$15,790 where, for the year, the individual has no eligible spouse and no dependent child,

“ii. \$25,600 where, for the year, the individual has no eligible spouse but has one dependent child,

“iii. \$28,980 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$25,600 where, for the year, the individual has an eligible spouse but has no dependent child, and”;

(2) as if subparagraphs 1 and 2 of subparagraph v were replaced by the following subparagraphs:

“(1) \$28,980 where the individual has one dependent child for the year, or

“(2) \$32,105 where the individual has more than one dependent child for the year; and”.

529. (1) Section 37.7 of the Act is amended by replacing paragraph *e* by the following paragraph:

“(*e*) is eligible under a financial assistance program provided for in any of Chapters I, II and V of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or receives an allowance under the second paragraph of section 67 of the Social Aid Act (1969, chapter 63), and holds a valid claim booklet issued by the Minister of Employment and Social Solidarity pursuant to section 70 of the Health Insurance Act (chapter A-29);”.

(2) Subsection 1 has effect from 1 April 2018.

ACT RESPECTING THE QUÉBEC PENSION PLAN

530. (1) Section 1 of the Act respecting the Québec Pension Plan (chapter R-9) is amended, in paragraph v,

(1) by replacing “in respect of a child assistance payment” in subparagraph 2.1 by “in respect of a family allowance”;

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

“(3) is considered, in respect of the child, to be an eligible individual for the purposes of the child tax benefit or the Canada child benefit provided for in the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), or would have been so considered had the person filed the notice prescribed for that purpose, provided, in the latter case, that no other person is considered to be an eligible individual in respect of the same child; this subparagraph applies only if no person receives, in respect of the child, any family benefits within the meaning of subparagraphs 1 to 2.1;”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2019.

(3) Paragraph 2 of subsection 1 has effect from 1 July 2016.

EDUCATIONAL CHILDCARE ACT

531. (1) Section 88.5 of the Educational Childcare Act (chapter S-4.1.1) is amended by replacing the first paragraph by the following paragraph:

“Where, for a year, an individual or, if applicable, the individual’s eligible spouse for the year is required to pay an additional contribution under the first paragraph of section 88.2 for a child who is of the second rank or a subsequent rank, considering the total number of the individual’s and, if applicable, the individual’s eligible spouse’s children who received subsidized childcare services during the year, the following rules apply:

(1) if the child is of the second rank, the amount of the additional contribution that would otherwise be payable for the child for the year is reduced by 50%; and

(2) if the child is of the third rank or a subsequent rank, the individual and, if applicable, the individual’s eligible spouse for the year are exempted from paying the additional contribution that would otherwise be payable for that child for the year.”

(2) Subsection 1 has effect from 21 April 2015.

ACT RESPECTING THE QUÉBEC SALES TAX

532. (1) Section 1 of the Act respecting the Québec sales tax (chapter T-0.1) is amended

(1) by replacing “Class 12, 14 or 44” in the definition of “capital property” by “Class 12, 14, 14.1 or 44”;

(2) 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 and cannabis products, within the meaning of section 2 of the Excise Act, 2001 (Statutes of Canada, 2002, chapter 22);”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2017.

(3) Paragraph 2 of subsection 1 has effect from 21 June 2018.

533. (1) Section 17.1 of the Act is amended

(1) by replacing “rencontrées” in the portion before subparagraph 1 of the first paragraph in the French text by “remplies”;

(2) by striking out “is a large business or” in subparagraph 5 of the first paragraph;

(3) by striking out the second paragraph.

(2) Paragraphs 2 and 3 of subsection 1 apply in respect of a road vehicle brought into Québec after 31 December 2020.

534. (1) Section 22.28 of the Act is amended by replacing “285 to 287.3” by “285 to 287.2”.

(2) Subsection 1 applies from 1 January 2021.

535. (1) Section 41.0.1 of the Act is amended

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

“(a) determining the net tax of the registrant and the net tax, or the specified net tax, of the person, and

“(b) applying sections 447 to 450 and 477.16 and section 20 of the Tax Administration Act (chapter A-6.002);”;

- (2) by inserting “and 477.16” after “450” in subparagraph *c* of paragraph 2.
- (2) Subsection 1 has effect from 1 January 2019.

536. (1) Section 54.1 of the Act is amended

(1) by striking out “or the trade-in is a road vehicle in respect of which the recipient is not entitled to claim an input tax refund as a consequence of being a large business” in the portion before subparagraph 1 of the first paragraph;

- (2) by striking out the second paragraph.

(2) Subsection 1 applies in respect of the supply of a trade-in made after 31 December 2020.

537. (1) Section 54.2 of the Act is amended by striking out “or by a large business that is not entitled to claim an input tax refund in respect of the trade-in as a consequence of being a large business” in paragraph 3.

- (2) Subsection 1 applies from 1 January 2021.

538. Section 63 of the Act is amended by replacing “67” in the portion before the definition of “base fraction” by “66”.

539. (1) The Act is amended by inserting the following section after section 66:

“**66.1.** Where a charity or a public institution makes a taxable supply of property or a service to another person, where the value of the property or service is included in determining the amount of the advantage in respect of a gift by the other person to the charity or public institution under section 7.22 of the Taxation Act (chapter I-3) and where a receipt referred to in section 712 or 752.0.10.3 of that Act may be issued, or could be issued if the other person were an individual, in respect of part of the consideration for the supply, the value of the consideration for the supply is deemed to be equal to the fair market value of the property or service at the time the supply is made.”

(2) Subsection 1 applies in respect of a supply made after 22 March 2016. In addition, it applies in respect of a taxable supply, other than a supply in respect of which subsection 3 applies, made by a person after 20 December 2002 and before 23 March 2016, in the case where, before 23 March 2016, the person

(1) did not charge, collect or remit an amount as or on account of tax under Title I of the Act in respect of the supply; or

(2) charged an amount as or on account of tax under Title I of the Act that is less than the amount of tax that would have been payable under that Title in respect of the supply in the absence of section 66.1 of the Act, enacted by subsection 1.

(3) For the purposes of Title I of the Act (other than sections 138.5, 152, 400 to 402.0.2, 447 and 448 to 450), a taxable supply of property or a service made by a charity or a public institution to another person after 20 December 2002 and before 23 March 2016 is deemed to have been made for no consideration if

(1) the value of the property or service is included in determining the amount of the advantage in respect of a gift by the other person to the charity or public institution under section 7.22 of the Taxation Act (chapter I-3);

(2) a receipt referred to in section 712 or 752.0.10.3 of the Taxation Act may be issued, or could be issued if the other person were an individual, in respect of part of the consideration for the supply;

(3) the fair market value of the property or service at the time the supply is made is less than \$500; and

(4) before 23 March 2016, the charity or public institution

(a) did not charge, collect or remit an amount as or on account of tax under Title I of the Act respecting the Québec sales tax (chapter T-0.1) in respect of the supply, or

(b) charged an amount as or on account of tax under Title I of the Act that is less than the amount of tax that would have been payable under that Title in respect of the supply in the absence of section 66.1 of the Act, enacted by subsection 1.

540. (1) Section 81 of the Act is amended by replacing subparagraphs *b* and *c* of paragraph 14 by the following subparagraphs:

“(b) in the case of viable grain or seeds, they are included in the definition of “industrial hemp” in section 1 of the Industrial Hemp Regulations made under the Controlled Drugs and Substances Act (Statutes of Canada, 1996, chapter 19) or they are industrial hemp for the purposes of the Cannabis Act (Statutes of Canada, 2018, chapter 16); and

“(c) the bringing into Québec is made in accordance with the Controlled Drugs and Substances Act or the Cannabis Act, if applicable; and”.

(2) Subsection 1 has effect from 21 June 2018.

541. (1) Section 144 of the Act is amended by replacing the second paragraph by the following paragraph:

“This section does not apply to a supply of excisable goods.”

(2) Subsection 1 has effect from 21 June 2018.

542. (1) Section 174 of the Act is amended by replacing subparagraph *e* of paragraph 1 by the following subparagraph:

“(e) deslanoside, digitoxin, digoxin, epinephrine and its salts, erythryl tetranitrate, isosorbide dinitrate, isosorbide-5-mononitrate, medical oxygen, naloxone and its salts, nitroglycerine, prenylamine or quinidine and its salts;”.

(2) Subsection 1 has effect from 22 March 2016. However, it does not apply

(1) in respect of a supply made after 21 March 2016 but before 23 March 2017 in the case where, before 23 March 2017, the supplier charged, collected or remitted an amount as or on account of tax under Title I of the Act in respect of the supply; or

(2) for the purposes of paragraph 7 of section 81 of the Act, in respect of the bringing of property into Québec after 21 March 2016 but before 23 March 2017 in the case where, before 23 March 2017, an amount has been paid as or on account of tax under Title I of the Act in respect of the bringing into Québec.

543. (1) Section 177 of the Act is amended by inserting the following paragraph after paragraph 1.1:

“(1.2) cannabis products, within the meaning of section 2 of the Excise Act, 2001 (Statutes of Canada, 2002, chapter 22);”.

(2) Subsection 1 has effect from 21 June 2018.

544. (1) Section 178 of the Act is amended

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

“(2) a supply of grains or seeds (other than viable seeds that are cannabis as defined in subsection 1 of section 2 of the Cannabis Act (Statutes of Canada, 2018, chapter 16)) in their natural state, treated for seeding purposes or irradiated for storage purposes, hay or silage, or other fodder crops, that are ordinarily used as, or to produce, food for human consumption or feed for farm livestock or poultry, when supplied in a quantity that is larger than the quantity that is ordinarily sold or offered for sale to consumers, but not including grains or seeds or mixtures thereof that are packaged, prepared or sold for use as feed for wild birds or as pet food;”;

(2) by replacing subparagraphs *b* and *c* of paragraph 3.1 by the following subparagraphs:

“(b) in the case of viable grain or seeds, they are included in the definition of “industrial hemp” in section 1 of the Industrial Hemp Regulations (SOR/98-156) made under the Controlled Drugs and Substances Act (Statutes of Canada, 1996, chapter 19) or they are industrial hemp for the purposes of the Cannabis Act; and

“(c) the supply is made in accordance with the Controlled Drugs and Substances Act or the Cannabis Act, if applicable;”.

(2) Subsection 1 has effect from 21 June 2018.

545. (1) The Act is amended by inserting the following section after section 191.10:

“**191.10.1.** A supply of a service of rendering to individuals technical or customer support by means of telecommunications if the supply is made to a person not resident in Québec that is not registered under Division I of Chapter VIII and is not a consumer of the service is a zero-rated supply, but not including a supply of

(1) an advisory, consulting or professional service; or

(2) a service of acting as a mandatary of the person or of arranging for, procuring or soliciting orders for supplies by or to the person.”

(2) Subsection 1 applies in respect of

(1) a supply made after 22 March 2016; and

(2) a supply made before 23 March 2016 if the supplier did not, before that date, charge, collect or remit an amount as or on account of tax under Title I of the Act in respect of the supply.

546. Section 287 of the Act is amended by replacing “section 203, 205 or 206” in paragraph 1 by “section 203 or 206”.

547. (1) Section 287.2 of the Act is amended by striking out the second paragraph.

(2) Subsection 1 applies from 1 January 2021.

548. (1) Section 287.3 of the Act is repealed.

(2) Subsection 1 applies from 1 January 2021. In addition, where section 287.3 of the Act applies after 31 December 2017 and before 1 January 2021, it is to be read as if the first paragraph were replaced by the following paragraph:

“Where a prescribed registrant has received a zero-rated supply of a motor vehicle under section 197.2 or brings into Québec a motor vehicle acquired by way of a supply made outside Québec in circumstances in which the vehicle, had it been acquired by way of a supply in Québec in the same circumstances, would have been acquired by way of a zero-rated supply under section 197.2 and, at any time, the registrant begins to consume or use the motor vehicle or

supplies it for any purpose other than those referred to in section 197.2 and that would not allow the registrant to claim a full input tax refund in respect of the vehicle if the vehicle were acquired by the registrant at that time for exclusive use in the course of the commercial activities of the registrant,

(1) the registrant is deemed to have made, on the last day of each month ending after that time, a supply of the vehicle for consideration, paid on that last day, equal to the amount that is 2.5% of the prescribed value of the vehicle and to have collected, on that last day, tax in respect of the supply calculated on that consideration; and

(2) the registrant is deemed to have received, on the last day of each month ending after that time, a supply of the vehicle and to have paid, on that last day, tax in respect of the supply calculated on the consideration referred to in subparagraph 1.”

549. (1) Section 292 of the Act is amended by striking out paragraph 5.

(2) Subsection 1 applies from 1 January 2021.

550. Section 297.13 of the Act is amended by replacing “section 203, 205 or 206” in the second paragraph by “section 203 or 206”.

551. (1) Section 383 of the Act is amended by striking out subparagraph *b* of paragraph 2 of the definition of “non-refundable input tax charged”.

(2) Subsection 1 applies from 1 January 2021.

552. (1) Section 402.13 of the Act is amended by striking out subparagraph *d* of paragraph 1 of the definition of “eligible amount” in the first paragraph.

(2) Subsection 1 applies in respect of an amount of tax that became payable, or was paid without having become payable, after 31 December 2020.

553. (1) The Act is amended by inserting the following section after section 404:

“404.0.1. A registrant that, by reason of section 206.1, is not entitled to include, in determining its input tax refund, the entirety of an amount in respect of the tax payable by the registrant in respect of the acquisition or bringing into Québec of a property or service is entitled, despite paragraph 2 of section 404, to a refund under this division in respect of that amount equal to the amount determined by multiplying the amount of that refund otherwise determined by

(1) 75%, where the acquisition or bringing into Québec of the property or service occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the acquisition or bringing into Québec of the property or service occurs after 31 December 2018 and before 1 January 2020; or

(3) 25%, where the acquisition or bringing into Québec of the property or service occurs after 31 December 2019 and before 1 January 2021.”

(2) Subsection 1 has effect from 1 January 2018.

554. (1) Section 456 of the Act is amended by replacing “by reason of section 203 or 206” in subparagraph 2 of the second paragraph by “by reason of any of sections 203, 206 and 206.1”.

(2) Subsection 1 has effect from 1 January 2018.

555. (1) Section 477.5 of the Act is amended by adding the following paragraph at the end:

“For the purposes of this chapter, sections 415.0.4 to 415.0.6 apply, with the necessary modifications.”

(2) Subsection 1 has effect from 1 January 2019.

556. (1) Section 477.7 of the Act is amended by replacing “provided” in the portion before subparagraph 1 of the first paragraph by “issued”.

(2) Subsection 1 applies from 1 January 2019.

557. (1) Section 477.14 of the Act is amended by replacing “third paragraph” in the second paragraph by “second paragraph”.

(2) Subsection 1 has effect from 1 January 2019.

558. (1) Section 477.15 of the Act is amended

(1) by replacing “third paragraph” in the portion before subparagraph 1 of the first paragraph by “second paragraph”;

(2) by striking out the second paragraph;

(3) by inserting “, despite section 56,” after “for a reporting period may” in the third paragraph;

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

“Where a person elects under the second paragraph to determine the amount of the person’s specified net tax for a reporting period in a prescribed foreign currency and the value of the consideration for the supply is expressed in another foreign currency, the value of the consideration must be converted into the prescribed foreign currency using the exchange rate applicable on the last day of the reporting period or any other conversion method acceptable to the Minister.

For the purposes of this section, the conversion method used by a person for the purpose of determining the amount of the person’s specified net tax for a reporting period must be used consistently for at least 24 months.”

(2) Subsection 1 has effect from 1 January 2019.

559. (1) Section 477.16 of the Act is amended

(1) by replacing the portion before subparagraph 1 of the first paragraph by the following:

“**477.16.** Despite section 447, a person registered under Division II, or a registrant who has made the election under section 41.0.1 with such a person, who, in a reporting period, has charged to, or collected from, another person registered under Division I of Chapter VIII an amount as or on account of tax under section 16 that exceeds the tax the person or registrant was required to collect from the other person shall, within two years after the day on which the amount was charged or collected.”;

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

“Where the person or registrant has adjusted, refunded or credited an amount in favour of, or to, the other person in accordance with the first paragraph, the following rules apply:

(1) the person or registrant shall, within a reasonable time, issue to the other person a credit note for the amount of the adjustment, refund or credit; and

(2) the amount may be deducted in determining the person’s specified net tax or the registrant’s net tax, as the case may be, for the person’s or the registrant’s reporting period in which the credit note is issued to the other person, to the extent that the amount has been included in determining the person’s specified net tax or the registrant’s net tax for the reporting period, or a preceding reporting period, of the person or registrant.”

(2) Subsection 1 has effect from 1 January 2019.

560. (1) Section 541.23 of the Act is amended by inserting the following definition in alphabetical order in the first paragraph:

““tourist” means a person who takes a leisure or business trip, or a trip to carry out remunerated work, of not less than one night nor more than one year outside the municipality where the person’s place of residence is located and who uses private or commercial accommodation services.”

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

561. (1) Section 541.27.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“Where a person who is a registrant under this Title operates a digital accommodation platform and collects from a customer or a person other than a customer an amount as or on account of the tax or a particular amount, as the case may be, in excess of the amount the person was required to collect, and renders an account of and remits the amount to the Minister, the person may, within four years after the day the amount was collected, reimburse the excess amount to the customer or the person other than a customer.”

(2) Subsection 1 applies from 1 January 2020.

562. (1) Sections 541.28 and 541.29 of the Act are replaced by the following sections:

“541.28. Every person who is required to remit the tax or the amount referred to in the second paragraph of section 541.25 to the Minister or who operates a digital accommodation platform and receives an amount for the supply of an accommodation unit referred to in section 541.24 is required to register and to hold a registration certificate issued in accordance with section 541.30.

The first paragraph does not apply to an intermediary.

“541.29. Every person required to register under section 541.28 who, immediately before the particular day on which the tax provided for in this Title becomes applicable, holds a registration certificate issued under Chapter VIII of Title I is deemed, for the purposes of this Title, to hold, on the particular day, a registration certificate issued in accordance with section 541.30.”

(2) Subsection 1 applies from 1 January 2020.

563. (1) Section 541.30 of the Act is amended by replacing the first paragraph by the following paragraph:

“Every person required to register under section 541.28 shall apply to the Minister for registration before the day on which the person is first required to collect the tax, the amount referred to in the second paragraph of section 541.25 or the particular amount, as the case may be.”

(2) Subsection 1 applies from 1 January 2020.

564. (1) Section 541.30.1 of the Act is repealed.

(2) Subsection 1 applies from 1 January 2020.

565. (1) Section 541.31.1 of the Act is repealed.

(2) Subsection 1 applies from 1 January 2020.

566. (1) Section 541.47.1 of the Act is amended by inserting the following paragraph after paragraph 2:

“(2.1) Title I as regards cannabis products, within the meaning of section 2 of the Excise Act, 2001 (Statutes of Canada, 2002, chapter 22);”.

(2) Subsection 1 applies from 17 October 2018.

567. (1) Section 677 of the Act is amended by striking out subparagraphs 31.0.1 and 60.1 of the first paragraph.

(2) Subsection 1 applies from 1 January 2021.

FUEL TAX ACT

568. Section 27.1 of the Fuel Tax Act (chapter T-1) is amended by replacing paragraph *h* by the following paragraph:

“(*h*) fulfil such other conditions and furnish such other documents as may be required by law, by regulation or by the Minister, in accordance with the terms and conditions determined by law, by regulation or by the Minister; and”.

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

569. (1) Section 299 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 63), amended by section 725 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 5 by the following subsection:

“(5) Paragraph 8 of subsection 1 applies in respect of a road vehicle acquired or brought into Québec by a registrant after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2017 where the registrant is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

570. (1) Section 301 of the Act is amended by adding the following subsection at the end:

“(3) In addition, where section 17 of the said Act applies in respect of a bringing into Québec after 31 December 2017 and before 1 January 2021, it shall be read as if subparagraph 4 of the fourth paragraph were replaced by the following subparagraph:

“(4) corporeal property brought into Québec by a registrant for exclusive consumption or use in the course of the commercial activities of the registrant and in respect of which the registrant would, if he had paid tax under the first paragraph in respect of the property, be entitled to apply for an input tax refund, otherwise than by reason of the application of section 206.1;”.

(2) Subsection 1 has effect from 1 January 2018.

571. (1) Section 305 of the Act, amended by section 772 of chapter 85 of the statutes of 1997, is again amended

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

“(2) Subsection 1 applies in respect of the bringing of a road vehicle into Québec by a registrant after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2020 where the registrant is a large business.”;

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

“(3) In addition, where section 17.2 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as follows:

“17.2. Notwithstanding section 17, a prescribed person who temporarily brings into Québec a prescribed road vehicle in respect of which a registrant who acquired it could not claim a full input tax refund by reason of the application of section 206.1 shall, for every prescribed period during which the vehicle remains in Québec, pay to the Minister, at the time prescribed, tax in respect of the vehicle equal to 1/36 of the prescribed value of the vehicle.””

(2) Subsection 1 has effect from 1 January 2018.

572. (1) Section 307 of the Act, amended by section 726 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing subsections 2 to 4 by the following subsections:

“(2) Paragraph 1 of subsection 1 applies in respect of supplies of property made to a recipient after 31 July 1995 where the recipient is a small or medium-sized business, or after 31 December 2020 where the recipient is a large business.

“(3) Paragraph 2 of subsection 1 applies in respect of supplies of property made after 31 December 2020.

“(4) Paragraph 3 of subsection 1 has effect from 1 August 1995 where the registrant is a small or medium-sized business, or from 1 January 2021 where the registrant is a large business.”;

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

“(5) In addition, where section 18 of the said Act applies in respect of supplies of property made after 31 December 2017 and before 1 January 2021, it shall be read

(1) as if subparagraph ii of subparagraph *c* of paragraph 3 were replaced by the following subparagraph:

“ii. is property in respect of which the recipient is not entitled to apply for a full input tax refund by reason of the application of section 206.1, or”;

(2) as if subparagraph *a* of paragraph 4 were replaced by the following subparagraph:

“(a) the property is delivered or made available, in Québec, to the particular recipient and the particular recipient is not a registrant who is acquiring the property for consumption, use or supply exclusively in the course of commercial activities of the particular recipient and is entitled to claim a full input tax refund in respect of the property, and”;

(3) as if subparagraph ii of subparagraph *b* of paragraph 4 were replaced by the following subparagraph:

“ii. the registrant was entitled to claim an input tax refund in respect of the property or was not required to pay tax under this section in respect of the supply solely because he had acquired the property for consumption, use or supply exclusively in the course of commercial activities of the registrant and the property was property in respect of which the registrant was entitled to claim a full input tax refund, and”.”

(2) Subsection 1 has effect from 1 January 2018.

573. (1) Section 312 of the Act, amended by section 772 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of supplies made after 31 December 2020.”

(2) Subsection 1 has effect from 1 January 2018.

574. (1) Section 313 of the Act, amended by section 727 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing paragraph *a* of subsection 2 by the following paragraph:

“(a) where it repeals section 34.1 of the said Act, applies in respect of property or services and other property or services referred to in section 34 of the said Act that the registrant acquires after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2020 where the registrant is a large business;”;

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

“(3) In addition, where section 34.1 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as follows:

“**34.1.** Section 34 does not apply for the purpose of determining the input tax refund of a registrant in respect of the particular property or service or the other property or service referred to in the said section, where, but for the said section, the registrant would not be entitled to claim a full input tax refund in respect of the other property or service by reason of the application of section 206.1.””

(2) Subsection 1 has effect from 1 January 2018.

575. (1) Section 337 of the Act, amended by section 728 of chapter 85 of the statutes of 1997, is again amended

(1) by adding the following paragraphs at the end of subsection 2:

“(c) in respect of supplies of a telephone service whose dialing code is no more than the extension of the 1-800 or 1-888 telephone service or supplies of any other telecommunication service related to such a telephone service for which the consideration becomes payable after 4 April 1998 and is not paid before 5 April 1998;

“(d) in respect of supplies of an Internet access service or a website hosting service for which the consideration becomes payable after 9 March 1999 and is not paid before 10 March 1999.”;

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

“(3) Subsection 1 applies in respect of the tax payable by a recipient in relation to the supply of property or a service, other than a service referred to in subsection 2, and that may be included in whole in determining an input tax refund of the recipient by reason of the repeal of section 206.1 of the said Act if the recipient paid the tax. In addition, where section 75.1 of the said Act applies in respect of the tax that becomes payable by the recipient after 31 December 2017 in relation to the supply of property or a service, subparagraph *d* of paragraph 1 of that section is to be read as if “an input tax refund” were replaced by “a full input tax refund”.”

(2) Paragraph 1 of subsection 1 has effect from 15 December 1995.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2018.

576. (1) Section 350 of the Act, amended by section 729 of chapter 85 of the statutes of 1997 and section 253 of chapter 25 of the statutes of 2010, is again amended

(1) by replacing “an effective date fixed by order of the Government” and “before that time” in paragraph *b* of subsection 2 by “31 December 2020” and “before 1 January 2021”, respectively;

(2) by inserting the following subsection after subsection 6:

“(6.1) In addition, where section 206.1 of the said Act applies in respect of

(*a*) the tax that becomes payable after 31 December 2017 and is not paid before 1 January 2018, or that is paid after 31 December 2017 without having become payable, it shall be read as if the portion before subparagraph 1 of the first paragraph were replaced by the following:

“206.1. In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 25% by the amount of the tax payable by the registrant in respect of the supply or bringing into Québec of the following property or services:”;

(b) the tax that becomes payable after 31 December 2018 and is not paid before 1 January 2019, or that is paid after 31 December 2018 without having become payable, it shall be read as if the portion before subparagraph 1 of the first paragraph were replaced by the following:

“206.1. In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 50% by the amount of the tax payable by the registrant in respect of the supply or bringing into Québec of the following property or services:”;

(c) the tax that becomes payable after 31 December 2019 and is not paid before 1 January 2020, or that is paid after 31 December 2019 without having become payable, it shall be read as if the portion before subparagraph 1 of the first paragraph were replaced by the following:

“206.1. In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 75% by the amount of the tax payable by the registrant in respect of the supply or bringing into Québec of the following property or services:”;

(3) by replacing “an effective date fixed by order of the Government” and “before that time” in paragraph *b* of subsections 7, 9 and 11 by “31 December 2020” and “before 1 January 2021”, respectively;

(4) by inserting the following subsection after subsection 12:

“(12.1) In addition, where section 206.4 of the said Act applies in respect of

(a) the tax that becomes payable after 31 December 2017 and is not paid before 1 January 2018, or that is paid after 31 December 2017 without having become payable, it shall be read as if the portion before paragraph 1 were replaced by the following:

“206.4. In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 25% by the amount of the tax payable by the registrant in respect of the supply, or bringing into Québec, of property or a service relating to a road vehicle if”;

(b) the tax that becomes payable after 31 December 2018 and is not paid before 1 January 2019, or that is paid after 31 December 2018 without having become payable, it shall be read as if the portion before paragraph 1 were replaced by the following:

“206.4. In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 50% by the amount of the tax payable by the registrant in respect of the supply, or bringing into Québec, of property or a service relating to a road vehicle if”;

(c) the tax that becomes payable after 31 December 2019 and is not paid before 1 January 2020, or that is paid after 31 December 2019 without having become payable, it shall be read as if the portion before paragraph 1 were replaced by the following:

“206.4. In determining its input tax refund, a registrant shall not include any amount other than an amount equal to the amount determined by multiplying 75% by the amount of the tax payable by the registrant in respect of the supply, or bringing into Québec, of property or a service relating to a road vehicle if”;

(5) by replacing subsection 13 by the following subsection:

“(13) Subsection 1, where it repeals section 206.6 of the said Act, applies in respect of tax that becomes payable after 31 December 2020 and is not paid before 1 January 2021 by the registrant in respect of the supply.”

(2) Subsection 1 has effect from 1 January 2018.

577. (1) Section 352 of the Act, amended by section 772 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2020 and is not paid before 1 January 2021 in respect of a supply.”

(2) Subsection 1 has effect from 1 January 2018.

578. (1) Section 353 of the Act, amended by section 730 of chapter 85 of the statutes of 1997, is again amended

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

“(3) Paragraph 2 of subsection 1 applies in respect of property with respect to which an amount of tax payable after 31 July 1995 or paid after that date by a registrant may be included in whole in determining an input tax refund of the registrant by reason of the repeal of section 206.1 of the said Act.”;

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

“(4) In addition, where section 209 of the said Act applies in respect of property acquired or brought into Québec after 31 December 2017 and before 1 January 2021, the second paragraph of that section shall be read as follows:

“However, where the person is a registrant that, by reason of the application of section 206.1, is not entitled to include, in determining its input tax refund, all of the tax payable by the person in respect of the property, the tax in respect of the supply that the person is deemed to have collected under subparagraph *a* of subparagraph 1 of the first paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the acquisition or bringing into Québec of the property occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the acquisition or bringing into Québec of the property occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the acquisition or bringing into Québec of the property occurs after 31 December 2019 and before 1 January 2021.”

(2) Subsection 1 has effect from 1 January 2018.

579. (1) Section 356 of the Act, amended by section 731 of chapter 85 of the statutes of 1997, is again amended

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

“(2) Subsection 1 applies in respect of property with respect to which an amount of tax payable after 31 July 1995 or paid after that date by a registrant may be included in whole in determining an input tax refund of the registrant by reason of the repeal of section 206.1 of the said Act.”;

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

“(3) In addition, where section 210.5 of the said Act applies in respect of property acquired or brought into Québec after 31 December 2017 and before 1 January 2021, it shall be read as follows:

“210.5. For the purposes of section 210.4, where the person referred to in that section is a registrant that, by reason of the application of section 206.1, is not entitled to include, in determining its input tax refund, all of the tax payable by the person in relation to the property, the tax in respect of the supply that the person is deemed to have collected under subparagraph *a* of subparagraph 1 of the first paragraph of section 210.4 is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the acquisition or bringing into Québec of the property occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the acquisition or bringing into Québec of the property occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the acquisition or bringing into Québec of the property occurs after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

580. (1) Section 358 of the Act, amended by section 732 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of an allowance paid after 31 July 1995 by a person that is a small or medium-sized business, or after 31 December 2017 by a person that is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

581. (1) Section 367 of the Act, amended by section 734 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except in respect of improvements to a road vehicle with respect to which section 243.1 of the said Act applied before 1 January 2018.”

(2) Subsection 1 has effect from 1 January 2018.

582. (1) Section 368 of the Act, amended by section 735 of chapter 85 of the statutes of 1997, is again amended

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

“(2) Subsection 1 has effect from 1 August 1995, except where section 243.1 of the said Act applies before 1 January 2018.”;

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

“(3) In addition, where section 243 of the said Act applies in respect of the last acquisition or bringing into Québec of movable property referred to in section 206.1 after 31 December 2017 and before 1 January 2021, it shall be read as if the following paragraph were added at the end:

“For the purposes of the first paragraph, where a registrant is a large business, tax in respect of the supply that the registrant is deemed to have collected and paid under subparagraphs 1 and 2, respectively, of that paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the last acquisition or bringing into Québec of the property occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the last acquisition or bringing into Québec of the property occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the last acquisition or bringing into Québec of the property occurs after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

583. (1) Section 369 of the Act, amended by section 736 of chapter 85 of the statutes of 1997, is again amended

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

“(2) Subsection 1 applies in respect of a road vehicle with respect to which a registrant would be entitled to claim a full input tax refund by reason of the repeal of paragraph 1 of section 206.1 of the said Act, if the registrant acquired the road vehicle at the time referred to in section 243.1 of the said Act, repealed by subsection 1, and paid tax in respect of the road vehicle at that time.”;

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

“(3) In addition, where section 243.1 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as follows:

“**243.1.** Where a registrant acquired or brought into Québec a road vehicle for use as capital property primarily in commercial activities of the registrant and the registrant, at any time, begins to use the vehicle for any purpose which, by reason of the application of paragraph 1 of section 206.1, would not entitle him to claim a full input tax refund in respect of the vehicle if he acquired it at that time, the following rules apply:

(1) the registrant is deemed, at that time, to have made a supply by way of sale of the vehicle for consideration equal to the fair market value of the vehicle and to have collected tax in respect of the supply calculated on that consideration;

(2) the registrant is deemed, at that time, to have received a supply by way of sale of the vehicle and to have paid tax in respect of the supply calculated on that consideration.””

(2) Subsection 1 has effect from 1 January 2018.

584. (1) Section 371 of the Act, amended by section 738 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of a road vehicle acquired or brought into Québec by a registrant after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2017 where the registrant is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

585. (1) Section 373 of the Act, amended by section 740 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except in respect of improvements to a passenger vehicle with respect to which section 253.1 of the said Act applied before 1 January 2018.”

(2) Subsection 1 has effect from 1 January 2018.

586. (1) Section 374 of the Act, amended by section 741 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995 where the registrant is a small or medium-sized business, or from 1 January 2018 where the registrant is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

587. (1) Section 375 of the Act, amended by section 742 of chapter 85 of the statutes of 1997, is again amended

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

“(2) Subsection 1 has effect from 1 August 1995, except where section 253.1 of the said Act applies before 1 January 2018.”;

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

“(3) In addition, where section 253 of the said Act applies in respect of an acquisition or bringing into Québec of a passenger vehicle after 31 December 2017 and before 1 January 2021, it shall be read as if the following paragraph were added at the end:

“For the purposes of the first paragraph, where a registrant is a large business, tax in respect of the supply that the registrant is deemed to have collected under subparagraph 2 of that paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the acquisition or bringing into Québec of the property occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the acquisition or bringing into Québec of the property occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the acquisition or bringing into Québec of the property occurs after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

588. (1) Section 376 of the Act, amended by section 743 of chapter 85 of the statutes of 1997, is again amended

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

“(2) Subsection 1 applies in respect of a passenger vehicle with respect to which a registrant would be entitled to claim a full input tax refund by reason of the repeal of paragraph 1 of section 206.1 of the said Act, if the registrant acquired the passenger vehicle at the time referred to in section 253.1 of the said Act, repealed by subsection 1, and paid tax in respect of the passenger vehicle at that time.”;

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

“(3) In addition, where section 253.1 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as follows:

“**253.1.** Where a registrant who is an individual or a partnership acquired or brought into Québec a passenger vehicle for use as capital property exclusively in commercial activities of the registrant and the registrant begins, at any time, to use the vehicle for any purpose which, by reason of the application of paragraph 1 of section 206.1, would not entitle the registrant to claim a full input tax refund in respect of the vehicle if the registrant acquired it at that time, the following rules apply:

(1) the registrant is deemed, at that time, to have made a supply by way of sale of the vehicle for consideration equal to its fair market value and to have collected tax in respect of the supply calculated on that consideration; and

(2) the registrant is deemed, at that time, to have received a supply by way of sale of the vehicle and to have paid tax in respect of the supply calculated on that consideration.””

(2) Subsection 1 has effect from 1 January 2018.

589. (1) Section 380 of the Act, amended by section 745 of chapter 85 of the statutes of 1997, is again amended

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

“(2) Subsection 1 applies in respect of property or a service with respect to which a registrant is entitled to include, in determining the input tax refund of the registrant, an amount in respect of the tax payable or paid by the registrant in respect of the last acquisition or bringing into Québec of the property or service after

(1) 31 July 1995, by reason of the repeal of section 206.1 of the said Act, where the registrant is a small or medium-sized business; or

(2) 31 December 2017, by reason of the amendments made to that section 206.1, where the registrant is a large business.”;

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

“(3) However, where section 287 of the said Act applies in respect of the last acquisition or bringing into Québec of property or a service after 31 December 2017 and before 1 January 2021, it shall be read as if the following paragraph were added at the end:

“However, where a registrant is not entitled to include, in determining the input tax refund of the registrant, by reason of the application of section 206.1, all of the tax payable by the registrant in respect of the last acquisition or bringing into Québec of the property or service, sections 285 and 286 apply and the tax in respect of the supply that the registrant is deemed to have collected, under paragraph 2 of section 285 or 286, is deemed to be equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the last acquisition or bringing into Québec of the property or service occurs after 31 December 2017 and before 1 January 2019;

(2) 50%, where the last acquisition or bringing into Québec of the property or service occurs after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the last acquisition or bringing into Québec of the property or service occurs after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

590. (1) Section 381 of the Act, amended by section 746 of chapter 85 of the statutes of 1997 and section 459 of chapter 9 of the statutes of 2003, is again amended

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

“(2) Subsection 1, where it repeals section 288.1 of the said Act, applies in respect of property or a service with respect to which a registrant would be entitled to claim a full input tax refund, by reason of the repeal of section 206.1 of the said Act, if the registrant acquired the property or service at the time referred to in that section 288.1 and paid tax at that time in respect of the property or service.”;

(2) by inserting the following subsection after subsection 3:

“(3.1) In addition, where section 288.1 of the said Act applies after 31 December 2017 and before 1 January 2021, it shall be read as if the first paragraph were replaced by the following paragraph:

“Where a registrant purchased, before 1 July 1992, movable property within the meaning of the Retail Sales Tax Act (chapter I-1) otherwise than by way of retail sale within the meaning of the said Act, or has acquired property or a service by way of a non-taxable supply, and, at any time, the registrant begins to consume or use the property or service for any purpose not referred to in the definition of “non-taxable supply” which, by reason of the application of section 206.1, would not entitle the registrant to claim a full input tax refund in respect of the property or service if the registrant acquired it at that time for consumption or use exclusively in commercial activities of the registrant, the following rules apply:

(1) the registrant is deemed, at that time, to have made a supply of the property or service for consideration equal to the fair market value of the property or service and to have collected tax in respect of the supply calculated on that consideration; and

(2) the registrant is deemed, at that time, to have received a supply of the property or service and to have paid tax in respect of the supply calculated on the consideration referred to in subparagraph 1.”;

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

“(4) Subsection 1, where it repeals section 288.2 of the said Act, applies in respect of a road vehicle with respect to which a registrant would be entitled to claim a full input tax refund, by reason of the repeal of section 206.1 of the said Act, if the registrant acquired the road vehicle at the time referred to in that section 288.2 and paid tax at that time in respect of the road vehicle.”;

(4) by inserting the following subsection after subsection 5:

“(5.1) In addition, where section 288.2 of the said Act applies

(1) after 30 March 1997, it shall be read as if

(a) the portion before subparagraph 1 of the first paragraph were replaced by the following:

“288.2. Where a registrant purchased, before 1 July 1992, a road vehicle otherwise than by way of retail sale within the meaning of the Retail Sales Tax Act (chapter I-1), has manufactured or has acquired such a vehicle by way of a non-taxable supply, and, at any time, the registrant uses it for any purpose not referred to in the definition of “non-taxable supply” which, by reason of section 206.1, would not entitle the registrant to claim an input tax refund in respect of the vehicle if the registrant acquired it at that time for use exclusively in commercial activities of the registrant, the following rules apply:”;

(b) the second paragraph were replaced by the following paragraph:

“For the purposes of the first paragraph,

(1) a registrant means a person who makes in Québec a taxable supply by way of sale or lease of road vehicles and who, for that purpose, holds a registration certificate issued by the Minister under this Title; and

(2) the value of a vehicle means,

(a) in the case of a vehicle manufactured in Canada, the cost price of the vehicle, including, where this subparagraph 2 applies before 1 January 2013, the tax paid or payable by the registrant under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of the elements of the cost price,

(b) in the case of a vehicle manufactured outside Canada, the fair market value of the vehicle,

(c) in the case of a vehicle acquired by way of a supply made in Québec, the value of the consideration for the supply, and

(d) in the case of a vehicle acquired, at a particular time, by way of a supply made outside Québec, the value that would have been the value of the consideration for the supply if the supply had been made in Québec at that time.”;

(2) after 31 December 2017 and before 1 January 2021, it shall be read as if the first paragraph were replaced by the following paragraph:

“Where a registrant purchased, before 1 July 1992, a road vehicle otherwise than by way of retail sale within the meaning of the Retail Sales Tax Act (chapter I-1), has manufactured or has acquired such a vehicle by way of a non-taxable supply, and, at any time, the registrant uses it for any purpose not referred to in the definition of “non-taxable supply” which, by reason of the application of section 206.1, would not entitle the registrant to claim a full input tax refund in respect of the vehicle if the registrant acquired it at that time for use exclusively in commercial activities of the registrant, the following rules apply:

(1) the registrant is deemed, on the last day of each month ending after that time, to have made a supply of the vehicle for consideration equal to the amount that is 2.5% of the value of the vehicle and to have collected tax in respect of the supply calculated on that consideration; and

(2) the registrant is deemed, on the last day of each month ending after that time, to have received a supply of the vehicle and to have paid tax in respect of the supply calculated on the consideration referred to in subparagraph 1.”;

(5) by replacing subsection 8 by the following subsection:

“(8) Subsection 1, where it repeals section 289.1 of the said Act, applies in respect of a road vehicle with respect to which the person would be entitled to include, in determining an input tax refund of the person by reason of the repeal of section 206.1 of the said Act, the total amount of tax the person would pay by reason of the application of section 289.1 of the said Act.”

(2) Subsection 1 has effect from 1 January 2018.

591. (1) Section 382 of the Act, amended by section 747 of chapter 85 of the statutes of 1997, is again amended

(1) by replacing paragraph *b* of subsection 2 by the following paragraph:

“(b) for the taxation year 2018 or a subsequent taxation year where the registrant is a large business.”;

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

“(3) However, where section 290 of the said Act applies in relation to any of the taxation years 2018 to 2020, it shall be read as if the following paragraph were added at the end:

“However, where this section applies to a registrant that is a large business at any time in a taxation year, the tax that the registrant is deemed to have collected, under subparagraph *c* of subparagraph 2 of the first paragraph, is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, for the taxation year 2018;

(2) 50%, for the taxation year 2019; and

(3) 75%, for the taxation year 2020.””

(2) Subsection 1 has effect from 1 January 2018.

592. (1) Section 383 of the Act, amended by section 748 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except where any of sections 243.1, 253.1 and 288.2 applied before 1 January 2018 in respect of property that is a road vehicle.”

(2) Subsection 1 has effect from 1 January 2018.

593. (1) Section 400 of the Act, amended by section 749 of chapter 85 of the statutes of 1997, is again amended

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

“(2) Subsection 1 has effect from 1 August 1995, except where it replaces the second paragraph of section 297.13 of the said Act, in which case it applies in respect of property or a service with respect to which a registrant is entitled to include, in determining an input tax refund, an amount in respect of the tax payable or paid by the registrant in respect of the property or service after

(1) 31 July 1995, by reason of the repeal of section 206.1 of the said Act, where the registrant is a small or medium-sized business; or

(2) 31 December 2017, by reason of the amendments made to section 206.1 of the said Act, where the registrant is a large business.”;

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

“(3) However, where section 297.13 of the said Act applies in respect of property or a service acquired, manufactured, produced or performed, as the case may be, after 31 December 2017 and before 1 January 2021, it shall be read as if the following paragraph were added at the end:

“However, where this section applies to a registrant who, by reason of the application of section 206.1, is not entitled to include, in determining the input tax refund of the registrant, all of the tax payable by the registrant in respect of the appropriated property or service, the tax in respect of the supply that the registrant is deemed to have collected under subparagraph 2 of the first paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2017 and before 1 January 2019;

(2) 50%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

594. (1) Section 412 of the Act, amended by section 772 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies in respect of supplies made after 31 December 2017.”

(2) Subsection 1 has effect from 1 January 2018.

595. (1) Section 414 of the Act, amended by section 750 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except in respect of the supply of property or a service with respect to which the recipient is not entitled to claim a full input tax refund by reason of the application of section 206.1 of the said Act. In addition, where section 334 of the said Act applies in respect of the supply of property or a service after 31 December 2017, the portion of subparagraph 3 of the second paragraph of that section before subparagraph *a* is to be read as if “an input tax refund” were replaced by “a full input tax refund”.”

(2) Subsection 1 has effect from 1 January 2018.

596. (1) Section 419 of the Act, amended by section 751 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 August 1995, except in respect of the supply of property or a service with respect to which the recipient is not entitled to claim a full input tax refund by reason of the application of section 206.1 of the said Act. In addition, where section 343 of the said Act applies in respect of the supply of property or a service after 31 December 2017, the portion of subparagraph 2 of the second paragraph of that section before subparagraph *a* is to be read as if “an input tax refund” were replaced by “a full input tax refund”.”

(2) Subsection 1 has effect from 1 January 2018.

597. (1) Section 421 of the Act, amended by section 752 of chapter 85 of the statutes of 1997, is again amended

(1) by adding the following paragraphs at the end of subsection 2:

“(c) in respect of supplies of a telephone service whose dialing code is no more than the extension of the 1-800 or 1-888 telephone service or supplies of any other telecommunication service related to such a telephone service for which the consideration becomes payable after 4 April 1998 and is not paid before 5 April 1998;

“(d) in respect of supplies of an Internet access service or a website hosting service for which the consideration becomes payable after 9 March 1999 and is not paid on or before that date.”;

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

“(4) Subsection 1 applies in respect of the acquisition or bringing into Québec of property or a service, other than a service referred to in subsection 2, by an operator on behalf of a co-venturer in respect of which the co-venturer, if the property or service were acquired by the co-venturer, would be entitled to claim a full input tax refund by reason of the repeal of section 206.1 of the said Act. In addition, where section 346.1 of the said Act applies in respect of the acquisition or bringing into Québec of property or a service after 31 December 2017, the portion of that section before paragraph 1 is to be read as if “an input tax refund” were replaced by “a full input tax refund”.”

(2) Paragraph 1 of subsection 1 has effect from 15 December 1995.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2018.

598. (1) Section 434 of the Act, amended by section 753 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 has effect from 1 July 1992. However, subparagraph 5 of the second paragraph of section 351 of the said Act, enacted by subsection 1, is struck out in respect of property with respect to which the person may include, in determining the input tax refund of the person, by reason of the repeal of section 206.1 of the said Act, the total amount of tax paid in respect of the property.”

(2) Subsection 1 has effect from 1 January 2018.

599. (1) Section 442 of the Act, amended by section 755 of chapter 85 of the statutes of 1997, is again amended by replacing paragraph *a* of subsection 2 by the following paragraph:

“(a) in respect of fuel acquired after 31 July 1995 by a person who is a registrant and with respect to which the person may include, in determining an input tax refund, by reason of the repeal of section 206.1 of the said Act, all of the tax paid by the person in respect of the fuel;”

(2) Subsection 1 has effect from 1 January 2018.

600. (1) Section 443 of the Act, amended by section 756 of chapter 85 of the statutes of 1997, is again amended by replacing paragraph *a* of subsection 2 by the following paragraph:

“(a) tax paid by a public carrier in respect of fuel acquired or brought into Québec by the public carrier, where that tax may be included in whole in determining an input tax refund of the public carrier by reason of the repeal of section 206.1 of the said Act;”.

(2) Subsection 1 has effect from 1 January 2018.

601. (1) Section 490 of the Act, amended by section 764 of chapter 85 of the statutes of 1997, is again amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1, where it strikes out the reference to section 17.2 in section 473 of the said Act, applies in respect of the bringing of a road vehicle into Québec by a registrant after 31 July 1995 where the registrant is a small or medium-sized business, or after 31 December 2020 where the registrant is a large business.”

(2) Subsection 1 has effect from 1 January 2018.

602. (1) Section 509 of the Act, amended by section 765 of chapter 85 of the statutes of 1997, is again amended by replacing subsections 2, 3 and 5 by the following subsections:

“(2) Paragraph 1 of subsection 1 applies in respect of a bringing of a road vehicle into Québec after 31 December 2020.

“(3) Paragraph 2 of subsection 1 has effect from 31 March 1997.

“(5) Paragraphs 4 and 5 of subsection 1 apply in respect of supplies made after 31 December 2017.”

(2) Subsection 1 has effect from 1 January 2018.

ACT GIVING EFFECT TO THE ECONOMIC STATEMENT DELIVERED
ON 14 JANUARY 2009, TO THE BUDGET SPEECH DELIVERED ON
19 MARCH 2009 AND TO CERTAIN OTHER BUDGET STATEMENTS

603. (1) Section 217 of the Act giving effect to the Economic Statement delivered on 14 January 2009, to the Budget Speech delivered on 19 March 2009 and to certain other budget statements (2010, chapter 5) is amended by replacing paragraph 2 of subsection 1 by the following paragraph:

“(2) in the second paragraph,

(a) by replacing “This section” by “Subparagraph 2 of the first paragraph”;

(b) by striking out “, 205”.”

(2) Subsection 1 has effect from 20 April 2010.

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

604. (1) Section 254 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (2011, chapter 6) is amended by adding the following subsection at the end:

“(3) Where section 297.0.21 of the Act applies in respect of property or a service acquired, manufactured, produced or performed, as the case may be, after 31 December 2017 and before 1 January 2021, it is to be read as if the following paragraph were added at the end:

“However, where this section applies to a registrant who, by reason of the application of section 206.1, is not entitled to include, in determining the input tax refund of the registrant, all of the tax payable by the registrant in respect of the appropriated property or service, the tax in respect of the supply that the registrant is deemed to have collected under subparagraph 2 of the first paragraph is equal to the amount determined by multiplying that tax otherwise determined by

(1) 25%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2017 and before 1 January 2019;

(2) 50%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2018 and before 1 January 2020; or

(3) 75%, where the appropriated property or service was acquired, manufactured, produced or performed, as the case may be, after 31 December 2019 and before 1 January 2021.””

(2) Subsection 1 has effect from 1 January 2018.

ACT TO AMEND THE ACT RESPECTING THE QUÉBEC SALES TAX AND OTHER LEGISLATIVE PROVISIONS

605. (1) Section 52 of the Act to amend the Act respecting the Québec sales tax and other legislative provisions (2012, chapter 28) is amended

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

“**52.** (1) Section 81 of the Act is amended”;

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

“(2) Subsection 1 has effect from 7 December 2012. However, where section 81 of the Act applies in respect of the bringing into Québec of a road vehicle by a person before 1 January 2021, it is to be read as if paragraphs 1 and 2 were replaced by the following paragraphs:

“(1) goods referred to in section 1 of Schedule VII to the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), but not including road vehicles, other than pleasure vehicles, classified under heading No. 98.01 of the schedule to the Customs Tariff (Statutes of Canada, 1997, chapter 36) and brought into Québec by a person who is not a registrant who would be entitled to claim an input tax refund by reason of the repeal of section 206.1, in respect of the vehicle, if the registrant acquired it at the time it was brought into Québec and paid tax at that time;

“(2) goods from Canada outside Québec that would be goods to which, with the necessary modifications, paragraph 1 applies if they were from outside Canada, but not including goods that would be classified under tariff item No. 9804.10.00, 9804.20.00, 9804.30.00, 9804.40.00, 9805.00.00 or 9807.00.00 of the schedule to the Customs Tariff and road vehicles, other than pleasure vehicles, that would be classified under heading No. 98.01 of that schedule and that were brought into Québec by a person who is not a registrant who would be entitled to claim an input tax refund by reason of the repeal of section 206.1, in respect of the vehicle, if the registrant acquired it at the time it was brought into Québec and paid tax at that time;”

(2) Subsection 1 has effect from 7 December 2012.

606. (1) Section 153 of the Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies from 1 January 2013. However, where section 411.0.1 of the Act applies before 1 January 2018, it is to be read as if the following paragraph were added at the end:

“(4) the property or service is not a prescribed property or service supplied in prescribed circumstances.”

(2) Subsection 1 has effect from 7 December 2012.

ACT TO GIVE EFFECT TO THE BUDGET SPEECH DELIVERED ON
4 JUNE 2014 AND TO VARIOUS OTHER FISCAL MEASURES

607. (1) Section 665 of the Act to give effect to the Budget Speech delivered on 4 June 2014 and to various other fiscal measures (2015, chapter 21) is amended by adding the following subsection at the end:

“(4) However, where section 244 of the Act applies in respect of a road vehicle in relation to which section 243.1 of the Act applied after 29 January 1999 and before 1 January 2018, it is to be read as if “unless, in the case of a road vehicle, section 243.1 applied in respect of the road vehicle” were added after “that are not commercial activities”.”

(2) Subsection 1 has effect from 21 October 2015.

608. (1) Section 671 of the Act is amended

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

“(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due and that is not made under an agreement in writing entered into before 3 December 2013.”;

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

“(3) However, where section 255 of the Act applies in respect of a passenger vehicle in relation to which the second paragraph of section 252 of the Act or section 253.1 of the Act applied after 31 December 2013 and before 1 January 2018, it is to be read as follows:

“**255.** Despite section 42.1 and subject to section 20.1, where a registrant who is an individual or a partnership (other than a municipality) makes, at a particular time, a supply by way of sale of a passenger vehicle or an aircraft (other than a vehicle or an aircraft that is designated municipal property of a person designated at the particular time to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII) that is capital property of the registrant and, at any time after the individual or partnership became a registrant and before the particular time, the registrant did not use the vehicle or aircraft exclusively in commercial activities of the registrant, the supply is deemed not to be a taxable supply unless, in the case of a passenger vehicle, the second paragraph of section 252 or 253.1 applied in respect of the passenger vehicle.””

(2) Subsection 1 has effect from 21 October 2015.

ACT TO GIVE EFFECT TO THE UPDATE ON QUÉBEC'S ECONOMIC
AND FINANCIAL SITUATION PRESENTED ON 2 DECEMBER 2014
AND TO AMEND VARIOUS LEGISLATIVE PROVISIONS

609. Section 111 of the Act to give effect to the Update on Québec's Economic and Financial Situation presented on 2 December 2014 and to amend various legislative provisions (2015, chapter 24) is amended by replacing "2006" in subsection 2 by "2003".

610. Section 112 of the Act is amended, in subsection 2,

(1) by replacing both occurrences of "2006" in the portion before paragraph 2 by "2003";

(2) by replacing "2005" in paragraph 2 by "2002".

ACT TO GIVE EFFECT MAINLY TO FISCAL MEASURES
ANNOUNCED IN THE BUDGET SPEECH DELIVERED ON
26 MARCH 2015

611. (1) Section 221 of the Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 26 March 2015 (2015, chapter 36) is amended by replacing subsection 2 by the following subsection:

"(2) Subsection 1 applies in respect of a claim period that ends after 31 December 2012."

(2) Subsection 1 has effect from 4 December 2015.

612. (1) Section 222 of the Act is amended by replacing subsection 2 by the following subsection:

"(2) Subsection 1 applies in respect of a claim period that ends after 31 December 2012."

(2) Subsection 1 has effect from 4 December 2015.

ACT TO GIVE EFFECT MAINLY TO FISCAL MEASURES
ANNOUNCED IN THE BUDGET SPEECH DELIVERED ON
17 MARCH 2016

613. Section 104 of the Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 17 March 2016 (2017, chapter 1) is amended by replacing subparagraph ii of subparagraph *a* of the second paragraph of section 225.1 of the Taxation Act, enacted by subsection 2 of that section 104, by the following subparagraph:

““ii. the lesser of the amounts determined immediately before that time in respect of the taxpayer under paragraphs *a* and *b* of section 223, as those paragraphs read on 29 March 2012, in respect of expenditures made, and property acquired, by the taxpayer before that time, or”.”

614. (1) Section 265 of the Act is amended by replacing subsection 3 by the following subsection:

“(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 21 December 2012.”

(2) Subsection 1 has effect from 8 February 2017.

615. (1) Section 266 of the Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies to a taxation year that begins after 21 December 2012.”

(2) Subsection 1 has effect from 8 February 2017.

616. (1) Section 344 of the Act is amended

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

“**344.** (1) Section 1049 of the Act is amended, in the first paragraph,”;

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

“(2) Subsection 1 applies from 9 February 2017.”

(2) Subsection 1 has effect from 8 February 2017.

617. (1) Section 388 of the Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies to a taxation year that begins after 21 December 2012.”

(2) Subsection 1 has effect from 8 February 2017.

ACT TO GIVE EFFECT MAINLY TO FISCAL MEASURES
ANNOUNCED IN THE BUDGET SPEECH DELIVERED ON
28 MARCH 2017

618. (1) Section 220 of the Act to give effect mainly to fiscal measures announced in the Budget Speech delivered on 28 March 2017 (2017, chapter 29) is amended by striking out subsection 3.

(2) Subsection 1 has effect from 7 December 2017.

REGULATION RESPECTING THE TAXATION ACT

619. (1) Section 92.11R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) is amended

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

““fund value benefit” under a life insurance policy at a particular time means the amount by which the fund value of the policy at that time exceeds the aggregate of all amounts each of which is a fund value of a coverage under the policy at that time;”;

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

““endowment date” of an exemption test policy means

(a) where the exemption test policy is issued in respect of a life insurance policy issued before 1 January 2017, the later of the tenth anniversary of the date of issue of the life insurance policy and the first policy anniversary that is after the day preceding the day on which the individual whose life is insured under the policy would, if the individual survived, attain the age of 85 years, within the meaning of the policy; or

(b) where the exemption test policy is issued in respect of a coverage under a life insurance policy issued after 31 December 2016,

i. if two or more lives are jointly insured under the coverage, the date that would be determined under subparagraph ii using the equivalent single age, determined on the coverage’s date of issue and in accordance with accepted actuarial principles and practices, that reasonably approximates the mortality rates of those lives, and

ii. in any other case, the later of the first policy anniversary that is after the day preceding the day on which the individual whose life is insured under the coverage would, if the individual survived, attain the age of 90 years, within the meaning of the policy, and

(1) the fifteenth anniversary of the date of issue of the exemption test policy, or

(2) if it is earlier than that fifteenth anniversary, the first policy anniversary that is after the day preceding the day on which the individual whose life is insured under the coverage would, if the individual survived, attain the age of 105 years, within the meaning of the policy;”;

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

““future net premiums or cost of insurance charges” in respect of a coverage at a particular time means each amount determined by the formula in the first paragraph of section 92.11R1.1;

““future premiums or cost of insurance charges” in respect of a coverage at a particular time means

(a) if there is a fund value of the coverage at the particular time, each cost of insurance charge in respect of the coverage that would be incurred at a time after the particular time if the net amount at risk under the coverage after the particular time were equal to the amount by which the death benefit under the coverage at the particular time exceeds the fund value of the coverage at the particular time; and

(b) in any other case, each premium that is fixed and determined on the date of issue of the coverage that will become payable, or each cost of insurance charge in respect of the coverage that will be incurred at a time after the particular time;

““interpolation time” of a coverage means the time that is the earlier of the eighth anniversary of the date of issue of the coverage and the first time at which no premiums are payable or cost of insurance charges are incurred in respect of the coverage;”;

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

““pay period” of an exemption test policy means

(a) where the exemption test policy is issued in respect of a life insurance policy issued before 1 January 2017,

i. if, on the date of issue of the exemption test policy, the individual whose life is insured has attained the age of 66 years, within the meaning of the policy, but not the age of 75 years, within the meaning of the policy, the period that starts on that date and that ends after the number of years obtained when the number of years by which the age of the individual exceeds 65 years, within the meaning of the policy, is subtracted from 20,

ii. if, on the date of issue of the exemption test policy, the individual whose life is insured has attained the age of 75 years, within the meaning of the policy, the 10-year period that starts on that date, and

iii. in any other case, the 20-year period that starts on the date of issue of the exemption test policy; and

(b) where the exemption test policy is issued in respect of a life insurance policy issued after 31 December 2016,

i. subject to subparagraph ii, where the individual whose life is insured under the coverage would, if the individual survived, attain the age of 105 years, within the meaning of the policy, within the eight-year period that starts on the date of issue of the exemption test policy, the period that starts on that date and that ends on the first policy anniversary that is after the day preceding the day on which the individual would, if the individual survived, attain the age of 105 years, within the meaning of the policy,

ii. where two or more lives are jointly insured under the coverage and an individual of an age equal to the equivalent single age on the date of the issue of the coverage would, if the individual survived, attain the age of 105 years, within the meaning of the policy, within the eight-year period that starts on the date of issue of the exemption test policy, the period that starts on that date and that ends on the first policy anniversary that is after the day preceding the day on which the individual would, if the individual survived, attain the age of 105 years, within the meaning of the policy, and

iii. in any other case, the eight-year period that starts on the date of issue of the exemption test policy;”;

(5) by replacing the definition of “death benefit” by the following definition:

““death benefit” includes the amount of an endowment benefit but does not include

(a) an additional amount payable following an accidental death; and

(b) where interest on an amount held on deposit by an insurer is included in computing the income of a policyholder for a taxation year, that interest and the amount held on deposit;”;

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

“adjusted purchase price” of a taxpayer’s interest in an annuity contract at a particular time means, subject to sections 336R8 to 336R11, the amount that would be determined at that time in respect of the interest as the adjusted cost basis under sections 976 and 976.1 of the Act if that section 976.1 were read without reference to its paragraph *c*;

“coverage” under a life insurance policy means

(*a*) for the purposes of Division IV, each life insurance (other than a fund value benefit) under the policy in respect of a life, or two or more lives jointly insured; and

(*b*) for the purposes of this chapter (except Division IV) and section 976.1R1, each life insurance (other than a fund value benefit) under the policy in respect of a life, or two or more lives jointly insured, and in respect of which a particular schedule of premium or cost of insurance rates applies, each such insurance being a separate coverage;

“future benefits to be provided” in respect of a coverage under a life insurance policy at a particular time means

(*a*) if there is a fund value of the coverage at the particular time, each death benefit that would be payable under the coverage at any time after the particular time if the amount of the benefit were equal to the amount by which the death benefit at the particular time exceeds the fund value of the coverage at the particular time; and

(*b*) in any other case, each death benefit payable under the coverage at any time after the particular time;

“net premium reserve” of a life insurance policy at a particular time means the amount determined by the formula in the third paragraph of section 92.11R1.1;”;

(7) by replacing the definition of “cash surrendered value” by the following definition:

“cash surrender value” has the meaning assigned to it by paragraph *d* of section 966 of the Act;”;

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

““fund value of a coverage” under a life insurance policy at a particular time means the aggregate of all amounts each of which is the balance at that time of an investment account in respect of the policy that reduces the net amount at risk as determined for the purpose of calculating the cost of insurance charges for the coverage for the period during which those charges are incurred or would be incurred if they were to apply until the termination of the coverage;

““fund value of a policy” at a particular time means the aggregate of all amounts each of which is the balance at that time of an investment account in respect of the policy and, for that purpose, any amount held on deposit by an insurer and any interest on the deposit are included in that aggregate if the interest is not included in computing the income of a policyholder for a taxation year and are excluded from that aggregate if the interest is included in computing the income of a policyholder for a taxation year;”;

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

“The definitions and rules provided for in Division I of Chapter XV of Title XXXII apply to this chapter.”

(2) Paragraphs 1 to 6, 8 and 9 of subsection 1 have effect from 16 December 2014.

620. (1) The Regulation is amended by inserting the following section after section 92.11R1:

“92.11R1.1. The formula to which the definition of “future net premiums or cost of insurance charges” in the first paragraph of section 92.11R1 refers at a particular time is the following:

$$A \times (B/C).$$

In the formula in the first paragraph,

(a) A is future premiums or cost of insurance charges in respect of the coverage at that time;

(b) B is the present value at the date of issue of the coverage of future benefits to be provided in respect of the coverage on that date;

(c) C is the present value at the date of issue of the coverage of future premiums or cost of insurance charges in respect of the coverage on that date.

The formula to which the definition of “net premium reserve” in the first paragraph of section 92.11R1 refers at a particular time is the following:

$$D + E + F.$$

In the formula in the third paragraph,

(a) D is the aggregate of all amounts each of which is the present value at that time of the fund value of a coverage under the policy at that time;

(b) E is the amount of the fund value benefit under the policy at that time; and

(c) F is the aggregate of all amounts each of which is, in respect of a coverage under the policy,

i. if the particular time is at or after the interpolation time of the coverage, the amount by which the present value at the particular time of future benefits to be provided in respect of the coverage at the particular time exceeds the present value at the particular time of future net premiums or cost of insurance charges in respect of the coverage at the particular time, or

ii. if the particular time is before the interpolation time of the coverage, the amount determined by the formula

$$G/H \times (I - J).$$

For the purposes of the formula in subparagraph ii of subparagraph *f* of the fourth paragraph,

(a) G is the number of years that the coverage has been in effect as of the particular time;

(b) H is the number of years that the coverage would have been in effect if the particular time were the interpolation time;

(c) I is the present value at the interpolation time of future benefits to be provided in respect of the coverage at the interpolation time and, if the coverage has a fund value at the particular time, determined as if the amount of the death benefit under the coverage at the interpolation time were equal to the amount by which the death benefit at the particular time exceeds the fund value of the coverage at the particular time; and

(d) J is the present value at the interpolation time of future net premiums or cost of insurance charges in respect of the coverage at the interpolation time and, if the coverage has a fund value at the particular time, determined as if the net amount at risk under the coverage after the interpolation time were equal to the amount by which the death benefit at the particular time exceeds the fund value of the coverage at the particular time.”

(2) Subsection 1 has effect from 16 December 2014.

621. (1) Section 92.11R2 of the Regulation is amended by replacing “a standard policy for the purposes of exemption” in paragraphs *b* and *c* by “an exemption test policy”.

(2) Subsection 1 has effect from 16 December 2014.

622. (1) Section 92.11R3 of the Regulation is repealed.

(2) Subsection 1 has effect from 16 December 2014.

623. (1) Section 92.11R6 of the Regulation is amended

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

“(a) in the case where the policy is not a deposit administration fund policy and the particular time immediately follows the death of a person whose life was insured under the policy, the aggregate of the maximum amounts that, immediately before the death and in respect of the policy, could be determined by the life insurer under subparagraph *c* of the first paragraph of section 92.11R12.2 and, in respect of a benefit in the case of accidental death, under subparagraph *e* of the first paragraph of that section, if the mortality rates used were adjusted to take into account the assumption that the death would occur at the time at which and in the manner in which it did occur; or

“(b) in all other cases, the maximum amount that, at the particular time and in respect of the policy, would be determined by the life insurer under subparagraph *a* of the first paragraph of section 92.11R12.2, computed as if there were only one deposit administration fund policy, or under subparagraph *c* of the first paragraph of section 92.11R12.2, whichever applies.”;

(2) by striking out the second paragraph.

(2) Subsection 1 has effect from 16 December 2014.

624. (1) Sections 92.11R7 to 92.11R9 of the Regulation are replaced by the following sections:

“92.11R7. For the purposes of section 92.11R6, in respect of a life insurance policy issued before 1 January 2017 or an annuity contract, where the interest rate that a life insurer used for a period, when computing the amounts referred to in subparagraph *a* or *b* of the first paragraph of section 92.11R12.3, is determined in accordance with any of subparagraphs *a* to *c* of the second paragraph of that section and that rate is lower than the interest rate so determined for a subsequent period, the rate that is required to be used is the simple rate that, if it applied to each period, could be used in determining the premiums in respect of the policy.

“92.11R8. An accumulating fund, at a particular time, in respect of an exemption test policy referred to in paragraph *c* of section 92.11R2 means

(*a*) if the particular time is during the exemption test policy’s pay period, the amount determined by the formula

$$A \times B/C;$$

(*b*) if the particular time is after the exemption test policy’s pay period and before its endowment date, the amount that is the present value at the particular time of the future death benefit under the exemption test policy; and

(*c*) if the particular time is on or after the exemption test policy’s endowment date and the relevant life insurance policy is issued after 31 December 2016, the amount that is the death benefit under the exemption test policy at the particular time.

In the formula in subparagraph *a* of the first paragraph,

(*a*) *A* is the amount that would be determined under subparagraph *b* of the first paragraph in respect of the exemption test policy

i. if the exemption test policy’s pay period is determined under subparagraph *i* or *ii* of paragraph *b* of the definition of “pay period” in the first paragraph of section 92.11R1, on the first policy anniversary that is after the day preceding the day on which the individual whose life is insured would, if the individual survived, attain the age of 105 years, within the meaning of the policy, and

ii. in any other case, on the exemption test policy’s policy anniversary represented by the adjectival form of the number of years in its pay period;

(*b*) *B* is the number of years since the exemption test policy was issued; and

(*c*) *C* is the number of years in the exemption test policy’s pay period.

“92.11R9. For the purpose of applying section 92.11R8 in respect of an exemption test policy issued in respect of a coverage under a life insurance policy issued after 31 December 2016, the following rules apply:

(*a*) the rates of interest and mortality used and the age of the individual whose life is insured under the coverage are to be the same as those used in computing the amounts referred to in subparagraph *c* of the first paragraph of section 92.11R12.2 in respect of the policy; and

(*b*) each amount of a death benefit is to be determined net of any portion of the death benefit in respect of the exemption test policy that is related to a segregated fund.”

(2) Subsection 1 has effect from 16 December 2014.

625. (1) Section 92.11R10 of the Regulation is amended

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

“92.11R10. For the purpose of applying section 92.11R8 in respect of an exemption test policy in respect of a life insurance policy issued before 1 January 2017, the rates of interest and mortality used and the age of the person whose life is insured must be the same as those used in computing an amount referred to in subparagraph *a* or *b* of the first paragraph of section 92.11R12.3 in respect of the life insurance policy in respect of which the exemption test policy is issued, except that

(*a*) if the life insurance policy is one in respect of which subparagraph *c* of the second paragraph of section 92.11R12.3 applies and if the amount determined under subparagraph i of subparagraph *c* of the first paragraph of section 92.11R12.2 in respect of that policy exceeds the amount determined in its respect under subparagraph ii of that subparagraph *c*, the rates of interest and mortality used may be those used in computing the cash surrender values of that policy;”;

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

“(b) if the interest rate for a period, otherwise determined under this section in respect of that interest, is lower than the interest rate so determined for a subsequent period, the rate that is required to be used is the simple rate that, if it applied to each period, could be used in determining premiums in respect of the life insurance policy.”;

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

“(c) each amount of a death benefit is to be determined net of any portion of the death benefit in respect of the exemption test policy that is related to a segregated fund.”

(2) Subsection 1 has effect from 16 December 2014.

626. (1) Section 92.11R11 of the Regulation is amended

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

“92.11R11. For the purpose of applying section 92.11R8 in respect of an exemption test policy in respect of a life insurance policy issued before 1 January 2017 and despite section 92.11R10, the following rules apply:”;

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

“(b) where, in respect of the life insurance policy, the particular period for which an amount is determined under subparagraph ii of subparagraph *c* of the second paragraph of section 92.11R12.2 does not extend to the exemption test policy’s endowment date, the rate that is required to be used for the period following the particular period, but preceding that date, is the weighted arithmetic mean of the interest rates used to determine that amount.”

(2) Subsection 1 has effect from 16 December 2014.

627. (1) Section 92.11R12 of the Regulation is replaced by the following section:

“**92.11R12.** Despite sections 92.11R10 and 92.11R11, none of the annual interest rates used in computing the accumulating fund in relation to an exemption test policy in respect of a life insurance policy issued before 1 January 2017 may be less than

(a) 4%, where the life insurance policy was issued after 30 April 1985; or

(b) 3%, where the life insurance policy was issued before 1 May 1985.”

(2) Subsection 1 has effect from 16 December 2014.

628. (1) The Regulation is amended by inserting the following sections after section 92.11R12:

“**92.11R12.1.** For the purpose of applying subparagraph *c* of the first paragraph of section 92.11R12.2 in respect of a life insurance policy (other than an annuity contract) issued after 31 December 2016, the following rules apply:

(a) the following rates are used in computing present values:

i. an annual interest rate of 3.5%, and

ii. mortality rates;

(b) in determining the mortality rates that apply in respect of a life insured under a coverage under the policy,

i. if a single life is insured under the coverage,

(1) the age that is to be used is the age of the life insured on the date on which the coverage was issued, or that which is attained on the birthday of the life insured nearest to the date on which the coverage was issued, depending on the method used by the insurer that issued the policy in determining the premium or cost of insurance rates in respect of the life insured,

(2) if the life insured was determined by the insurer that issued the policy to be a standard life on the date on which the coverage was issued, the *Proposed CIA Mortality Tables, 1986–1992* included in the *May 17, 1995 Canadian Institute of Actuaries Memorandum*, extended to include select mortality rates from age 81 to age 90 developed using the methodology used by the Canadian Institute of Actuaries to derive select mortality rates from age 71 to age 80, applicable for an individual who has the same relevant characteristics as the life insured, are to be used, and

(3) if the life insured was determined by the insurer that issued the policy to be a substandard life on the date on which the coverage was issued, the mortality rates that are to be applied are equal to the value determined in accordance with the second paragraph,

ii. if two or more lives are jointly insured under the coverage, the mortality rates to be used are those determined by applying the methodology used by the insurer that issued the policy to estimate the mortality rates of the lives jointly insured for the purpose of determining the premium or cost of insurance rates in respect of the coverage to the *Proposed CIA Mortality Tables, 1986–1992* included in the *May 17, 1995 Canadian Institute of Actuaries Memorandum*, extended to include select mortality rates from age 81 to age 90 developed using the methodology used by the Canadian Institute of Actuaries to derive select mortality rates from age 71 to age 80; and

(c) in determining the net premium reserve of the policy, the present value of future net premiums or cost of insurance charges is to be calculated as if a premium or cost of insurance charge payable or incurred on a policy anniversary were payable or incurred, as the case may be, one day after the policy anniversary.

The value to which subparagraph 3 of subparagraph i of subparagraph *b* of the first paragraph refers is either of the following values, depending on the method used by the insurer for the purpose of determining the premium or cost of insurance rates in respect of the coverage:

(a) the lesser of 1 and the product obtained by multiplying the rating attributed to the life by the insurer and the mortality rates that would be determined under subparagraph 2 of subparagraph i of subparagraph *b* of the first paragraph if the life insured were not a substandard life, or

(b) the mortality rates that would be determined under subparagraph 2 of subparagraph i of subparagraph *b* of the first paragraph if the life insured were a standard life and the age of the life insured were the age used by the life insurer for the purpose of determining the premium or cost of insurance rates in respect of the coverage.

“92.IIR12.2. For the purpose of applying this division at a particular time, the amounts determined under this section are,

(a) in respect of a deposit administration fund policy, the total of the insurer’s liabilities under the policy calculated in the manner that

i. if the insurer is required to file an annual report with the relevant authority for a period that includes the particular time, is required to be used in preparing that report, and

ii. in any other case, is required to be used in preparing its annual financial statements for the period that includes the particular time;

(b) in respect of a group term life insurance policy that provides insurance for a period not exceeding 12 months, the unearned portion of the premium paid by the policyholder in respect of the policy at the particular time determined by apportioning the premium paid by the policyholder equally over the period to which that premium pertains;

(c) in respect of a life insurance policy, other than a policy referred to in subparagraph *a* or *b*, the greater of

i. the amount determined by the formula

$A - B$, and

ii. the amount determined by the formula

$C - (D + E)$;

(d) in respect of a group life insurance policy, the amount (other than an amount the insurer may deduct under section 832 of the Act because of paragraph *b* of section 841 of the Act in computing the insurer’s income for its taxation year that includes the particular time) in respect of a dividend, refund of premiums or refund of premium deposits provided for by the policy that will be used by the insurer to reduce or eliminate a future adverse claims experience under the policy or that will be paid or unconditionally credited to the policyholder by the insurer or applied in discharge, in whole or in part, of a liability of the policyholder to pay premiums to the insurer, which is the least of

i. a reasonable amount in respect of such a dividend, refund of premiums or refund of premium deposits,

ii. 25% of the amount of the premium payable under the policy for the 12-month period ending at the particular time, and

iii. the amount of the reserve or liability in respect of such a dividend, refund of premiums or refund of premium deposits that, if the insurer is required to file an annual report with the Superintendent of Financial Institutions for a period that includes the particular time, is used in preparing that report, and, in any other case, is used in preparing its annual financial statements for the period that includes the particular time; and

(e) in respect of a policy, other than a policy referred to in subparagraph *a*, the amount of a benefit, risk or guarantee described in the third paragraph that is equal to the lesser of

i. a reasonable amount in respect of the benefit, risk or guarantee, and

ii. the reserve in respect of the benefit, risk or guarantee that, if the insurer is required to file an annual report with the Superintendent of Financial Institutions for a period that includes the particular time, is used in preparing that report, and, in any other case, is used in preparing its annual financial statements for the period that includes the particular time.

In the formulas in the first paragraph,

(a) *A* is

i. if the policy is issued after 31 December 2016 and is not an annuity contract, the cash surrender value of the policy at the particular time determined without reference to surrender charges, and

ii. in any other case, the cash surrender value of the policy at the particular time;

(b) *B* is the aggregate of all amounts each of which is an amount payable at the particular time in respect of a policy loan in respect of the policy;

(c) *C* is

i. if the policy is issued after 31 December 2016 and is not an annuity contract, the net premium reserve in respect of the policy at the particular time, and

ii. in any other case, the present value at the particular time of the future benefits provided by the policy;

(d) *D* is

i. if the policy is issued after 31 December 2016 and is not an annuity contract, zero, and

ii. in any other case, the present value at the particular time of any future modified net premiums in respect of the policy; and

(e) E is the aggregate of all amounts each of which is an amount payable at the particular time in respect of a policy loan in respect of the policy.

The amount of a benefit, risk or guarantee to which subparagraph *e* of the first paragraph refers is

(a) an accidental death benefit;

(b) a disability benefit;

(c) an additional risk in respect of

i. a substandard life insurance,

ii. the conversion of a term insurance policy or the conversion of the benefits under a group insurance policy into another insurance policy after the particular time,

iii. a settlement option, or

iv. a guaranteed insurability benefit;

(d) a guarantee in respect of a segregated fund policy; or

(e) subject to the prior approval of the Minister on the advice of the Superintendent of Financial Institutions, any other benefit that is ancillary to the policy.

For the purposes of the third paragraph, the amount of a benefit, risk or guarantee to which subparagraph *e* of the first paragraph refers is not such an amount in respect of which an insurer has deducted an amount in computing its income for its taxation year that includes the particular time.

For the purposes of this section (except subparagraph *d* of the third paragraph), any amount claimed by an insurer for a taxation year must not include an amount in respect of a liability of a segregated fund.

“92.11R12.3. Subject to sections 92.11R12.4 to 92.11R12.6, for the purpose of applying subparagraph *c* of the first paragraph of section 92.11R12.2 in respect of a life insurance policy issued before 1 January 2017 or an annuity contract, a modified net premium and an amount determined in accordance with that subparagraph *c* are to be computed using the rates described in the second paragraph and taking into account only

(a) in the case of a lapse-supported policy effected after 31 December 1990, rates of interest, mortality and policy lapse; and

(b) in any other case, rates of interest and mortality.

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

(a) in the case of a modified net premium and a benefit (other than a benefit described in subparagraph *b*) of a participating life insurance policy (other than an annuity contract) under the terms of which the policyholder is entitled to receive a specified amount in respect of the policy's cash surrender value, the rates used by the insurer when the policy was issued in computing the cash surrender values of the policy;

(b) in the case of a benefit provided in lieu of a cash settlement on the termination or maturity of a policy, or in satisfaction of a dividend on a policy, the rates used by the insurer in computing the amount of such benefit; and

(c) in the case of the whole or part of any other policy, the rates used by the insurer in computing the amount of the premiums in respect of the policy.

“92.11R12.4. For the purposes of section 92.11R12.3, where the present value of the premiums in respect of a policy on the date of its issue is less than the aggregate of the present value on that date of the benefits provided for by the policy and outlays and expenses referred to in section 92.11R12.5, an increased rate of interest must be determined by multiplying the rate of interest used by the insurer in computing the amount of such premiums by a constant factor so that, when the increased rate of interest is used, the present value of those premiums on that date is equal to the aggregate of the present value on that date of those benefits, outlays and expenses and, in such case, that increased rate of interest is deemed to have been used by the insurer in computing the amount of such premiums.

“92.11R12.5. The outlays and expenses referred to in section 92.11R12.4 are those made or incurred by the insurer in respect of the policy or those that it reasonably estimates to make or incur in respect of the policy, except for the maintenance in force of the policy after the payment of all premiums if an express provision in that respect has not been made in calculating the premiums, and such part of any other outlays or expenses incurred by the insurer that is reasonably applicable to the policy.

“92.11R12.6. For the purposes of section 92.11R12.3, where a rate of mortality or other probability used by an insurer in computing a premium in respect of a policy is not reasonable in the circumstances, the Minister may, on the advice of the Superintendent of Financial Institutions, modify that rate in a manner that is reasonable in the circumstances and the insurer is deemed to have used that modified rate in computing that premium.

Likewise, for the purposes of section 92.11R12.4, a present value referred to in that section must be computed using the rates of mortality and other probabilities used by the insurer in computing its premiums after any modification required under the first paragraph.

“92.11R12.7. For the purposes of section 92.11R12.3, where no document related to the rate of interest or mortality used by an insurer in computing the amount of the premiums in respect of a policy is available, the insurer may, if the policy was issued before 1978, make a reasonable estimate of that rate and the Minister, on the advice of the Superintendent of Financial Institutions, may do likewise if the policy was issued after 1977 or, where it was issued before 1978, if the insurer has not made such an estimate.

“92.11R12.8. Despite subparagraph *c* of the first paragraph of section 92.11R12.2, a life insurer may use a method of approximation in computing its income for a taxation year, in respect of any class of life insurance policies issued before its 1988 taxation year, other than policies referred to in subparagraph *a* or *b* of that first paragraph, in order to convert the amount that it reported as a reserve in respect of those policies in its annual report for the year filed with the Superintendent of Financial Institutions into an amount that is a reasonable estimate of the amount that, but for this section, would have been computed under subparagraph *c* of that first paragraph in respect of those policies, provided that that method of approximation is acceptable to the Minister on the advice of the Superintendent of Financial Institutions.

“92.11R12.9. For the purposes of section 92.11R12.3 and despite sections 92.11R12.4 to 92.11R12.8 and 92.11R12.10, where an individual annuity contract was issued before 1969 by a life insurer or a benefit was purchased before 1969 under a group annuity contract issued by a life insurer, and the contract is a policy in respect of which section 628.8 of the former Regulation, within the meaning of section 2000R2, applied as that section 628.8 read for the purposes of its application to the insurer’s 1977 taxation year, the insurer must use the same rates of interest and mortality as those used in computing its reserve provided for by such section 628.8 in respect of the policy for its 1977 taxation year.

“92.11R12.10. For the purposes of section 92.11R12.3 for a taxation year and subject to the fourth paragraph, an insurer may revise the rates of interest, mortality or policy lapse used by the issuer of the policies referred to in subparagraph *b* to eliminate all or any part of the reserve deficiency determined in subparagraph *c*, where

(*a*) a disposition to which section 832.7 of the Act applies has been made to the insurer during the year by a person with whom it was dealing at arm’s length;

(*b*) the insurer assumes, as a result of the disposition referred to in subparagraph *a*, obligations under life insurance policies in respect of which it may claim an amount as a reserve for the year under subparagraph *c* of the first paragraph of section 92.11R12.2;

(c) the reserve deficiency determined by the following formula is a positive amount:

$A - B - C$; and

(d) the reserve deficiency determined in subparagraph *c* may reasonably be attributed to the fact that the rates of interest, mortality and policy lapse used by the issuer of the policies referred to in subparagraph *b* to determine the cash surrender value of the policies or the premiums in respect of those policies are no longer reasonable in the circumstances.

In the formula in subparagraph *c* of the first paragraph,

(a) *A* is the aggregate of all amounts received or receivable by the insurer from the person referred to in subparagraph *a* of the first paragraph in respect of the policies referred to in subparagraph *b* of the first paragraph;

(b) *B* is the aggregate of all amounts paid or payable by the insurer to the person referred to in subparagraph *a* of the first paragraph in respect of commissions in respect of the amounts referred to in subparagraph *a*; and

(c) *C* is the aggregate of the maximum amounts that may be claimed by the insurer for the year as a reserve under subparagraph *c* of the first paragraph of section 92.11R12.2, determined without reference to this section, in respect of the policies referred to in subparagraph *b* of the first paragraph.

The rates revised under the first paragraph are deemed to have been used by the issuer of the policies referred to in subparagraph *b* of the first paragraph for the purpose of determining the cash surrender value of the policies or the premiums in respect of those policies.

If in accordance with this section an insurer has revised the rates of interest, mortality or policy lapse used by the issuer of the policies referred to in subparagraph *b* of the first paragraph, the Minister may, for the purposes of section 92.11R12.3 and the third paragraph, make further revisions to the revised rates to the extent that the insurer's revisions to those rates are not reasonable in the circumstances."

(2) Subsection 1 has effect from 16 December 2014.

629. (1) Section 92.11R13 of the Regulation is replaced by the following section:

"92.11R13. Section 92.19R3 applies to this division."

(2) Subsection 1 has effect from 16 December 2014.

630. (1) Section 92.19R1 of the Regulation is amended, in the first paragraph,

(1) by replacing “standard policies for purposes of exemption” in subparagraph *a* by “exemption test policies”;

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

“(b) assuming that the terms of the policy do not differ from those that were in force on the last policy anniversary of the policy occurring not later than the particular time and, where necessary, making reasonable assumptions about all the other factors, including, in the case of a participating life insurance policy within the meaning of subparagraph *f* of the first paragraph of section 835 of the Act, the assumption that the amounts of dividends paid will be as shown in the dividend scale, it is reasonable to expect that

i. if the policy is issued before 1 January 2017, the condition provided for in subparagraph *a* will be met on each policy anniversary of the policy on which the policy could remain in force after the particular time but before the endowment date of the exemption test policies issued in respect of the policy, and

ii. if the policy is issued after 31 December 2016, the condition in subparagraph *a* will be met on the policy’s next policy anniversary, without reference to any automatic adjustments under the policy that may be made after the particular time to ensure that the policy is an exempt policy and, where applicable, making projections using the most recent values that are used to calculate the accumulating fund in respect of the policy or in respect of each exemption test policy issued in respect of a coverage under the policy;”.

(2) Subsection 1 has effect from 16 December 2014.

631. (1) Section 92.19R2 of the Regulation is amended by replacing “émission” in the French text by “établissement”.

(2) Subsection 1 has effect from 16 December 2014.

632. (1) Sections 92.19R3 to 92.19R6 of the Regulation are replaced by the following sections:

“**92.19R3.** For the purposes of this division, the following rules apply:

(a) in the case of a life insurance policy issued before 1 January 2017 or at a particular time determined under section 967.1 of the Act, a separate exemption test policy is deemed, subject to section 92.19R6.1, to have been issued in respect of the life insurance policy

i. on the date of issue of the life insurance policy, and

ii. on each policy anniversary (that ends before the particular time determined, if applicable, under section 967.1 of the Act in respect of the policy) of the life insurance policy on which the amount of the death benefit under the life insurance policy exceeds 108% of the amount of the death benefit under the life insurance policy on the later of the life insurance policy's date of issue and the date of the life insurance policy's preceding policy anniversary, if any; and

(b) in the case of a life insurance policy issued after 31 December 2016 (including at a particular time determined under section 967.1 of the Act in respect of the policy), a separate exemption test policy is deemed, subject to section 92.19R6.1, to be issued in respect of each coverage under the life insurance policy

i. unless the particular time when the policy is issued is determined under section 967.1 of the Act and the coverage was issued before the particular time, on

(1) the date of issue of the life insurance policy, if the coverage is issued before the first policy anniversary of the life insurance policy,

(2) the date of issue of the coverage, if the coverage is issued on a policy anniversary of the life insurance policy, or

(3) the life insurance policy's preceding policy anniversary, if the coverage is issued on any date that is after the policy's first policy anniversary and that is not a policy anniversary,

ii. on each policy anniversary of the life insurance policy (except that, if a particular time when the policy is issued has been determined under section 967.1 of the Act, only on a policy anniversary that ends at or after the particular time) on which the amount of the death benefit under the coverage on that policy anniversary exceeds 108% of the amount of the death benefit under the coverage, on the later of the coverage's date of issue and the date of the life insurance policy's preceding policy anniversary (or, if there is no preceding policy anniversary, the coverage's date of issue), and

iii. on each policy anniversary of the life insurance policy (except that, if a particular time when the policy is issued has been determined under section 967.1 of the Act, only on a policy anniversary that ends at or after the particular time)—except to the extent that another exemption test policy has been issued on that date under this subparagraph in respect of a coverage under the life insurance policy—on which an excess amount is determined by the formula

A – B.

In the formula in the first paragraph,

(a) A is the amount by which the fund value benefit under the life insurance policy on the policy anniversary referred to in subparagraph iii of subparagraph *b* of the first paragraph exceeds the fund value benefit under the life insurance policy on the life insurance policy's preceding policy anniversary (or, if there is no preceding policy anniversary, the date of issue of the policy); and

(b) B is the amount by which 8% of the amount of the death benefit under the life insurance policy on the policy anniversary preceding the policy anniversary referred to in subparagraph iii of subparagraph *b* of the first paragraph (or, if there is no preceding policy anniversary, the date of issue of the policy) exceeds the aggregate of all amounts each of which is, in respect of a coverage under the policy, the lesser of

i. the amount by which the amount of the death benefit under the coverage on the date of the policy anniversary referred to in that subparagraph iii exceeds the amount of the death benefit under the coverage on the later of the coverage's date of issue and the date of the life insurance policy's preceding policy anniversary (or, if there is no preceding policy anniversary, the coverage's date of issue), and

ii. 8% of the amount of the death benefit under the coverage on the later of the coverage's date of issue and the date of the policy anniversary preceding the policy anniversary referred to in that subparagraph iii (or, if there is no preceding policy anniversary, the coverage's date of issue).

“92.19R4. Subject to section 92.19R6.4, for the purpose of determining whether the condition in subparagraph *a* of the first paragraph of section 92.19R1 is met on a policy anniversary of a life insurance policy, each exemption test policy issued in respect of the life insurance policy, or in respect of a coverage under the life insurance policy, is deemed

(a) to have a death benefit that is uniform throughout the term of the exemption test policy and that, subject to section 92.19R5, is equal to

i. if the date on which the exemption test policy is issued is determined under subparagraph i of subparagraph *a* of the first paragraph of section 92.19R3, the amount by which the amount on that policy anniversary of the death benefit under the life insurance policy exceeds the aggregate of all amounts each of which is the amount on that policy anniversary of the death benefit under another exemption test policy issued on or before that policy anniversary in respect of the life insurance policy,

ii. if the date on which the exemption test policy is issued is determined under subparagraph ii of subparagraph *a* of the first paragraph of section 92.19R3, the amount of the excess referred to in that subparagraph on that date in respect of the life insurance policy,

iii. if the date on which the exemption test policy is issued is determined under subparagraph i of subparagraph *b* of the first paragraph of section 92.19R3, the amount determined by the formula

$$A + B - C,$$

iv. if the date on which the exemption test policy is issued is determined under subparagraph ii of subparagraph *b* of the first paragraph of section 92.19R3, the amount of the excess referred to in that subparagraph on that date in respect of the coverage, or

v. if the date on which the exemption test policy is issued is determined under subparagraph iii of subparagraph *b* of the first paragraph of section 92.19R3, the lesser of

(1) the amount by which the amount determined under subparagraph *a* of the second paragraph of section 92.19R3 exceeds the amount determined under subparagraph *b* of that paragraph in respect of the coverage on that date, and

(2) the amount determined under subparagraph 1 of subparagraph i of subparagraph *b* of the second paragraph in respect of the coverage on that date; and

(*b*) to pay the amount of its death benefit on the earlier of the exemption test policy's endowment date and

i. if the life insurance policy is issued before 1 January 2017, the date of death of the individual whose life is insured under the life insurance policy, or

ii. if the life insurance policy is issued after 31 December 2016,

(1) if two or more lives are jointly insured under the coverage, the date at which the benefit would be payable as a result of the death of any of the lives, and

(2) in any other case, the date of death of the individual whose life is insured under the coverage.

In the formula in subparagraph iii of subparagraph *a* of the first paragraph,

(*a*) *A* is the amount, on the policy anniversary referred to in the first paragraph, of the death benefit under the coverage;

(*b*) *B* is

i. if the death benefit under the life insurance policy includes a fund value benefit on the policy anniversary referred to in the first paragraph, the portion of the fund value benefit on that policy anniversary that is equal to the lesser of

(1) the maximum amount of the fund value benefit that could be payable on that policy anniversary if no other coverage were offered under the life insurance policy and the life insurance policy were an exempt policy, and

(2) the amount by which the fund value benefit on that policy anniversary exceeds the aggregate of all amounts each of which is the portion of the fund value benefit allocated to other coverages under the life insurance policy, and

ii. in any other case, nil; and

(c) C is the aggregate of all amounts each of which is the amount, on the policy anniversary referred to in the first paragraph, of the death benefit under another exemption test policy issued on or before that policy anniversary in respect of the coverage.

“92.19R5. Subject to section 92.19R6.4, the following rules apply for the purpose of determining the amount of a death benefit under an exemption test policy issued in respect of

(a) a life insurance policy issued before 1 January 2017 if, at a particular time, the amount of a death benefit under the life insurance policy is reduced, a particular amount that is equal to the reduction is to be applied at that time to reduce the amount of the death benefit under each exemption test policy issued before that time in respect of the life insurance policy (other than the exemption test policy the date of issue of which is determined under subparagraph i of subparagraph a of the first paragraph of section 92.19R3) in the order in which the dates of their issuance are proximate to that time, by an amount equal to the lesser of

i. the portion of the particular amount that did not reduce the death benefit under one or more other such exemption test policies, and

ii. the amount, immediately before that time, of the death benefit under the relevant exemption test policy; and

(b) a coverage under a life insurance policy issued after 31 December 2016 if, at a particular time, there is a particular reduction in the amount of a death benefit under the coverage, or the portion of the fund value benefit referred to in subparagraph i of subparagraph b of the second paragraph of section 92.19R4 in respect of the coverage, the amount of the death benefit under each exemption test policy issued before that time in respect of the coverage (other than the exemption test policy the date of issue of which is determined under subparagraph i of subparagraph b of the first paragraph of section 92.19R3) is to be reduced at that time by an amount equal to the least of

i. the particular reduction,

ii. the amount, immediately before that time, of the death benefit under the relevant exemption test policy, and

iii. the portion of the particular reduction that did not reduce the death benefit under one or more other such exemption test policies issued on or after the date of issue of the relevant exemption test policy.

“92.19R6. Section 92.19R6.1 applies at a particular time in respect of a life insurance policy if

(a) that time is on its tenth or a later policy anniversary;

(b) the accumulating fund (computed without regard to any amount payable in respect of a policy loan) in respect of the policy at that time exceeds 250% of the accumulating fund (computed without regard to any amount payable in respect of a policy loan) in respect of the policy on its third preceding policy anniversary; and

(c) where that time is after 31 December 2016,

i. the accumulating fund (computed without regard to any amount payable in respect of a policy loan) in respect of the policy at that time exceeds the aggregate of all amounts each of which is

(1) if the policy is issued before 1 January 2017, 3/20 of the accumulating fund, at that time, in respect of an exemption test policy issued in respect of the policy, and

(2) if the policy is issued after 31 December 2016, 3/8 of the accumulating fund, at that time, in respect of an exemption test policy issued in respect of a coverage under the policy, and

ii. section 92.19R6.1 did not apply on any of the policy’s six preceding policy anniversaries.”

(2) Subsection 1 has effect from 16 December 2014.

633. (1) The Regulation is amended by inserting the following sections after section 92.19R6:

“92.19R6.1. Where the conditions set out in section 92.19R6 are met at a particular time in respect of a life insurance policy, each exemption test policy issued before that time in respect of the life insurance policy is at and after that time deemed to be issued (except for the purposes of this section, subparagraph *a* of the first paragraph of section 92.19R4 and section 92.19R5) on the later of the following dates and not at any other time:

(a) the date of the third preceding policy anniversary described in paragraph *b* of section 92.19R6; and

(b) the date on which it was deemed under section 92.19R3 to be issued (determined immediately before the particular time).

“92.19R6.2. A life insurance policy that would, in the absence of this section, cease (other than by reason of its conversion into an annuity contract) on a policy anniversary of the policy to be an exempt policy is deemed to be an exempt policy on that policy anniversary if

(a) had that policy anniversary occurred on the particular day that is 60 days after that policy anniversary, the policy would have been an exempt policy on the particular day; or

(b) the person whose life is insured under the policy dies on that policy anniversary or within 60 days after that policy anniversary.

“92.19R6.3. A life insurance policy (other than an annuity contract or deposit administration fund policy) issued before 2 December 1982 is deemed to be an exempt policy at all times from the date of its issue until the first time after 1 December 1982 at which

(a) a premium referred to in section 92.19R7 is paid by a taxpayer in respect of an interest, last acquired before 2 December 1982, in the policy; or

(b) an interest in the policy is acquired by a taxpayer from the person who held the interest continuously since 1 December 1982.

“92.19R6.4. Where, under section 967.1 of the Act, a particular time when a life insurance policy is issued is determined, the following rules apply, for the purposes of sections 92.19R4 and 92.19R5, at or after the particular time in respect of an exemption test policy issued before the particular time in respect of the policy:

(a) subparagraphs iii and iv of subparagraph *a* of the first paragraph of section 92.19R4, and not subparagraphs i and ii of that subparagraph *a*, apply in respect of the exemption test policy; and

(b) paragraph *b* of section 92.19R5, and not paragraph *a* of that section, applies in respect of the exemption test policy.”

(2) Subsection 1 has effect from 16 December 2014.

634. (1) Section 92.19R7 of the Regulation is amended by replacing “paragraph *c* of section 92.19R6” in the portion before paragraph *a* by “paragraph *a* of section 92.19R6.3”.

(2) Subsection 1 has effect from 16 December 2014.

635. (1) Section 130R22 of the Regulation is amended by inserting the following paragraph after paragraph *n*:

“(n.1) Class 14.1: 5%;”.

(2) Subsection 1 has effect from 1 January 2017.

636. (1) The Regulation is amended by inserting the following division after section 130R39:

“DIVISION III.1

“PROPERTY OF CLASS 14.1

“130R39.1. A taxpayer may, for a taxation year that ends before 1 January 2027, deduct as additional allowance, in respect of property included in Class 14.1 of Schedule B, an amount not exceeding the greater of

(a) 2% of the amount by which the undepreciated capital cost of property of the class at the beginning of 1 January 2017 exceeds the aggregate of all amounts each of which is

i. an amount deducted under paragraph *a* of section 130 of the Act in respect of the class for a preceding taxation year, and

ii. an amount equal to three times the amount of the capital cost of a property deemed under section 93.19 of the Act to be acquired by the taxpayer in the year or a preceding year; and

(b) the amount determined by the formula

$A - B$.

In the formula in subparagraph *b* of the first paragraph,

(a) *A* is the lesser of \$500 and the undepreciated capital cost of property of the class to the taxpayer as of the end of the year (before making any deduction under paragraph *a* of section 130 of the Act in respect of the class for the year); and

(b) *B* is the total of all amounts deductible for the year under paragraph *a* of section 130 of the Act in respect of the class because of subparagraph *a* of the first paragraph or paragraph *n.1* of section 130R22.”

(2) Subsection 1 has effect from 1 January 2017.

637. (1) Section 257R1 of the Regulation is replaced by the following section:

“257R1. Assistance referred to in subparagraph i of paragraph *d* of section 257 of the Act does not include assistance that would be described in section 101R2 if that section applied to any capital property and also covered a deduction allowed under any of sections 773, 774 and 965.33 of the Act, as they read before their repeal, section 208 or 209 of the Act respecting the sociétés d’entraide économique (chapter S-25.1), as they read before their repeal, and any of sections 125, 127 and 130 of the Act respecting certain caisses d’entraide économique (chapter C-3.1), as they read before their repeal, or assistance that a taxpayer has received or is entitled to receive and that is prescribed assistance under section 241.0.1R2, would be prescribed assistance under that section if that section applied in respect of, or for the acquisition of, a share of the capital stock of a corporation that is registered under the Act respecting Québec business investment companies (chapter S-29.1) or is the amount of a tax credit granted in respect of, or for the acquisition of, a share of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).”

(2) Subsection 1 has effect from 5 January 2011.

638. (1) Section 336R4 of the Regulation is replaced by the following section:

“336R4. For the purposes of sections 336R2 to 336R11, where the continuance of annuity payments under a contract depends in whole or in part on the survival of an individual, the following rules apply:

(a) the aggregate of the payments expected to be made under the contract is

i. in the case of a contract that provides for equal payments and does not provide for a guaranteed period of payment, to be equal to the product obtained by multiplying the aggregate of the annuity payments expected to be received in a year under the contract by the complete expectations of life determined

(1) using the table of mortality known as the *1971 Individual Annuity Mortality Table* as published in Volume XXIII of the *Transactions of the Society of Actuaries*, if the annuity rates in respect of the contract were fixed and determined before 1 January 2017 and annuity payments under the contract commenced before that date or, on 31 December 2016, the contract would be a prescribed annuity contract within the meaning of section 92.11R17 if section 92.11R17 were read without reference to its paragraph *a* and the contract cannot be terminated other than on the death of an individual on whose life payments under the contract are contingent, and

(2) in any other case, using the table of mortality known as the *Annuity 2000 Basic Table* as published in the *Transactions of Society of Actuaries, 1995–96 Reports*, and

ii. in any other case, to be computed in accordance with subparagraph i with the necessary modifications;

(b) the age of the individual on a particular date as of which a computation is being made is

i. if the life insured was determined by the insurer that issued the contract to be a substandard life at the time the contract was issued and the table of mortality referred to in subparagraph 2 of subparagraph i of paragraph *a* applies to determine the total of the payments expected to be made under the contract, the age that is equal to the total of the age used for the purpose of determining the annuity rate under the policy at the date of issue of the contract and the number determined by subtracting the calendar year in which the contract was issued from the calendar year in which the particular date occurs, and

ii. in any other case, determined by subtracting the calendar year of the individual's birth from the calendar year in which the particular date occurs; and

(c) if, in the event of the death of the individual before the annual payments total a stated amount, the contract provides that the unpaid balance of the stated amount is to be paid in a lump sum or instalments, then for the purpose of determining the expected term of the contract, the contract is deemed to provide for the continuance of the payments under the contract for a minimum term certain equal to the nearest whole number of years required to complete the payment of the stated amount.”

(2) Subsection 1 has effect from 16 December 2014.

639. (1) Section 399.7R2 of the Regulation is amended by replacing subparagraphs iv and v of paragraph *b* by the following subparagraphs:

“iv. included in the capital cost of property that, but for this section and section 399.7R1, would be depreciable property (other than property that would be included in Class 14.1 of Schedule B), except as provided by any of subparagraphs *b* and *d* to *g* of the first paragraph of section 399.7R1,

“v. included in the capital cost of property that, but for this section and section 399.7R1, would be property included in Class 14.1 of Schedule B, except as provided by any of subparagraphs *a* to *e* of the first paragraph of section 399.7R1.”.

(2) Subsection 1 has effect from 1 January 2017.

640. (1) Section 825R5 of the Regulation is amended by striking out subparagraph viii of subparagraphs *a* and *b* of the second paragraph.

(2) Subsection 1 has effect from 1 January 2017.

641. Section 840R8.1 of the Regulation is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) if reporting by the insurer to the Superintendent of Financial Institutions is required at the end of the year, to the amount or item that is reported, at the end of the year, as an asset or a liability in the insurer’s non-consolidated balance sheet accepted by the Superintendent of Financial Institutions; and

“(b) in any other case, to the amount or item that is reported, at the end of the year, as an asset or a liability in the insurer’s non-consolidated balance sheet that is prepared in a manner consistent with the requirements that would have applied had reporting by the insurer to the Superintendent of Financial Institutions been required at the end of the year.”

642. (1) Section 840R9 of the Regulation is repealed.

(2) Subsection 1 has effect from 16 December 2014.

643. (1) Section 840R12 of the Regulation is amended

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

“**840R12.** The following rules apply for determining the amounts that an insurer may deduct under sections 840R10 and 840R16:”;

(2) by striking out paragraph *a*.

(2) Subsection 1 has effect from 16 December 2014.

644. (1) Section 840R13 of the Regulation is repealed.

(2) Subsection 1 has effect from 16 December 2014.

645. (1) Section 840R15 of the Regulation is repealed.

(2) Subsection 1 has effect from 16 December 2014.

646. (1) Divisions IV to VIII of Chapter XV of Title XXXII of the Regulation, comprising sections 840R17 to 840R34, are repealed.

(2) Subsection 1 has effect from 16 December 2014.

647. (1) Section 976.1R1 of the Regulation is replaced by the following section:

“976.1R1. For the purposes of paragraph *e* of section 976.1 of the Act, the net cost of pure insurance for a year in respect of a taxpayer’s interest in a life insurance policy means

(a) if the policy is issued before 1 January 2017, the time of its issue being determined at the end of the year, the amount determined by the formula

$$A \times (B - C); \text{ or}$$

(b) if the policy is issued after 31 December 2016, the time of its issue being determined at the end of the year, the aggregate of all amounts each of which is an amount determined in respect of a coverage in respect of the interest by the formula

$$D \times (E - F).$$

In the formulas in the first paragraph,

(a) A is the probability, computed on the basis of the rates of mortality under the 1969–1975 mortality tables published in Volume XVI of the Proceedings of the Canadian Institute of Actuaries, or on the basis described in section 976.1R1.1, that an individual who has the same characteristics as the individual whose life is insured will die in the year;

(b) B is the death benefit in respect of the interest at the end of the year;

(c) C is, depending on the method regularly followed by the life insurer in computing the net cost of pure insurance, either the accumulating fund in respect of the interest at the end of the year, determined without reference to an outstanding policy loan, or the interest’s cash surrender value at the end of the year;

(d) D is the probability, computed on the basis of the rates of mortality determined under subparagraph *b* of the first paragraph of section 92.11R12.1, or on the basis described in section 976.1R1.2, that an individual whose life is insured under the coverage will die in the year;

(e) E is the death benefit under the coverage in respect of the interest at the end of the year; and

(f) F is the aggregate of

i. the portion, in respect of the coverage in respect of the interest, of the amount that would be the present value, determined for the purposes of Division II of Chapter IV of Title XI, on the last policy anniversary that is on or before the last day of the year, of the fund value of the coverage if the fund value of the coverage were equal to the fund value of the coverage at the end of the year, and

ii. the portion, in respect of the coverage in respect of the interest, of the amount that would be determined on that policy anniversary under subparagraph *f* of the fourth paragraph of section 92.11R1.1 in respect of the coverage, if the death benefit under the coverage, and the fund value of the coverage, on that policy anniversary were equal to the death benefit under the coverage and the fund value of the coverage, respectively, at the end of the year.”

(2) Subsection 1 has effect from 16 December 2014.

648. (1) The Regulation is amended by inserting the following sections after section 976.1R1:

“**976.1R1.1.** Where premiums for a life insurance policy do not depend directly on smoking or sex classification, the probability referred to in subparagraph *a* of the second paragraph of section 976.1R1 may be determined using rates of mortality otherwise determined, provided that for each age for the policy, the expected value of the aggregate net cost of pure insurance, calculated using those rates of mortality, is equal to the expected value of the aggregate net cost of pure insurance, calculated using the rates of mortality under the 1969–1975 mortality tables published in Volume XVI of the Proceedings of the Canadian Institute of Actuaries.

“**976.1R1.2.** Where premiums or costs of insurance charges for a coverage under a life insurance policy do not depend directly on smoking or sex classification, the probability referred to in subparagraph *d* of the second paragraph of section 976.1R1 may be determined using rates of mortality otherwise determined, provided that for each age for the coverage, the expected value of the aggregate net cost of pure insurance, calculated using those rates of mortality, is equal to the expected value of the aggregate net cost of pure insurance, calculated using the mortality tables referred to in subparagraph *b* of the first paragraph of section 92.11R12.1.”

(2) Subsection 1 has effect from 16 December 2014.

649. (1) Section 976.1R2 of the Regulation is amended by replacing “subparagraph *a* of the first paragraph” by “paragraph *a*”.

(2) Subsection 1 has effect from 16 December 2014.

650. (1) Section 1029.8.61.19.1R2 of the Regulation is amended

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

“Sections 1029.8.61.19R4 to 1029.8.61.19R6 apply, with the necessary modifications, for determining if a child has an impairment or a mental function disability entailing serious and multiple disabilities that prevent the child from independently performing the life habits of a child of his or her age.”;

(2) by striking out the second paragraph.

(2) Subsection 1 has effect from 1 April 2016.

651. (1) Section 1029.8.61.19.1R3 of the Regulation is amended

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

“1029.8.61.19.1R3. A child who has an impairment or a mental function disability entailing serious and multiple disabilities is considered to have disabilities preventing him or her from independently performing the life habits of a child of his or her age only if the outcome of the interaction between the child’s disabilities and the environmental factors as facilitators of, and barriers to, the performance of the child’s life habits in the child’s various living environments causes,”;

(2) by replacing subparagraphs i and ii of paragraph *b* by the following subparagraphs:

“i. an absolute limitation in performing four life habits and a serious or absolute limitation in performing at least one other life habit, or

“ii. an absolute limitation in performing three life habits, including mobility, and a serious or absolute limitation in performing at least two other life habits.”

(2) Subsection 1 has effect from 1 April 2016.

652. Section 1079.1R2 of the Regulation is amended by replacing subparagraph *i* of the second paragraph by the following subparagraph:

“(i) class “A” or “B” shares of the capital stock of the corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1).”

653. (1) Section 1086R5 of the Regulation is amended by adding the following paragraph at the end:

“(g) a payment in respect of the portion of the price for which a debt obligation was disposed of, which portion is deemed under section 167.1.1 of the Act to be interest that accrued on the debt obligation that the transferee has become entitled to receive for a period commencing before the time of the disposition (in this section referred to as the “particular time”) and ending at the particular time and that is not payable until after the particular time, if the payment is made by a person that is a financial institution for the purposes of section 1086R10, on its behalf or as a mandatary.”

(2) Subsection 1 has effect from 1 January 2017.

654. (1) Section 1086R6 of the Regulation is replaced by the following section:

“**1086R6.** A person or partnership that is indebted in a calendar year under a debt obligation in respect of which section 92.1 of the Act and paragraph *b* of section 1086R5 apply with respect to a taxpayer must file an information return in prescribed form in respect of the amount (other than an amount in respect of which paragraph *g* of section 1086R5 applies) that would, if the year were a taxation year of the taxpayer, be included as interest in respect of the debt obligation in computing the taxpayer’s income for the year.”

(2) Subsection 1 has effect from 1 January 2017.

655. (1) Section 1086R24 of the Regulation is replaced by the following section:

“**1086R24.** The corporation governed by the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) must file, in relation to a particular taxation year, an information return in prescribed form in respect of

(a) a class “A” share of its capital stock that it issues to an individual in the period referred to in the first paragraph of section 776.1.5.0.11 of the Act in relation to the particular year, except where, as the case may be,

i. the individual requested that the share be subject to a redemption transaction described in subparagraph *a* of the third paragraph, or

ii. before 1 March of the year that follows the particular year, the corporation, at the request of the individual and in relation to another share of its capital stock held by the individual, carried out a redemption transaction described in subparagraph *b* of the third paragraph or a purchase transaction described in subparagraph *c* of that paragraph;

(b) a consideration that an individual has undertaken to pay under a promise to purchase by way of exchange that was made at a particular time in the period referred to in the first paragraph of section 776.1.5.0.15.2 of the Act in relation to the particular year and that the corporation accepted after 9 July 2018 and before 19 June 2019, except where, before 1 March of the year that follows the particular year, the corporation, at the request of the individual and in relation to a share of its capital stock held by the individual, carried out a redemption transaction described in subparagraph *b* of the third paragraph or a purchase transaction described in subparagraph *c* of that paragraph; and

(c) a class “B” share of its capital stock that it issues to an individual in the period referred to in the first paragraph of section 776.1.5.0.15.4 of the Act in relation to the particular year, except where, as the case may be,

i. that share was issued as a consequence of a promise to purchase by way of exchange,

ii. the individual requested that the share be subject to a redemption transaction described in subparagraph *a* of the third paragraph, or

iii. before 1 March of the year that follows the particular year, the corporation, at the request of the individual and in relation to another share of its capital stock held by the individual, carried out a redemption transaction described in subparagraph *b* of the third paragraph or a purchase transaction described in subparagraph *c* of that paragraph.

The return must be sent to the Minister not later than 31 March following the end of the period referred to in subparagraph *a*, *b* or *c* of the first paragraph, as the case may be.

The redemption or purchase transactions to which subparagraphs *a* to *c* of the first paragraph refer are the following:

(a) a redemption under paragraph 3 of section 12 of the Act constituting Capital régional et coopératif Desjardins;

(b) a redemption under paragraph 1 or 4 of section 12 of the Act constituting Capital régional et coopératif Desjardins; and

(c) a purchase under the purchase by agreement policy approved by the Minister of Finance under the second paragraph of section 11 of the Act constituting Capital régional et coopératif Desjardins, except where the purchase is made in accordance with a provision of that policy under which the corporation governed by that Act may, by agreement, purchase a share that it issued because no amount was deducted in respect of the share under any of sections 776.1.5.0.11, 776.1.5.0.15.2 and 776.1.5.0.15.4 of the Act, as the case may be.

In this section, “promise to purchase by way of exchange” has the meaning assigned by section 8.1 of the Act constituting Capital régional et coopératif Desjardins.”

(2) Subsection 1 has effect from 1 March 2018. However, where section 1086R24 of the Regulation applies before 19 June 2019, it is to be read

(1) without reference to “class “A”” in the portion of subparagraph *a* of the first paragraph before subparagraph *i*;

(2) without reference to subparagraph *c* of the first paragraph;

(3) as if “*a, b or c*” in the second paragraph were replaced by “*a or b*”; and

(4) as if “*a to c*” in the portion of the third paragraph before subparagraph *a* were replaced by “*a and b*”.

656. (1) Section 1086R82 of the Regulation is amended by inserting the following paragraph after paragraph *c* of the definition of “security”:

“(c.1) a debt obligation that is, at any time, described in section 92.5R3 because of subparagraph *d* of the first paragraph of that section;”.

(2) Subsection 1 has effect from 1 January 2017.

657. (1) Schedule B to the Regulation is amended by inserting the following class after Class 14:

“CLASS 14.1

(5%)

(ss. 130R22 and 130R39.1)

“Property of a taxpayer that, in respect of a business of the taxpayer,

(a) is goodwill;

(b) was incorporeal capital property of the taxpayer immediately before 1 January 2017 and was owned by the taxpayer at the beginning of that day; or

(c) is acquired after 31 December 2016, other than

i. property that is corporeal property,

ii. property that is not acquired for the purpose of gaining or producing income from business,

iii. property in respect of which any amount is deductible (otherwise than as a result of being included in this class) in computing the taxpayer's income from the business,

iv. property in respect of which any amount is not deductible in computing the taxpayer's income from the business because of any provision of the Act (other than section 129 of the Act) or this Regulation,

v. an interest in a trust,

vi. an interest in a partnership,

vii. a share, bond, debenture, hypothecary claim, mortgage, note, bill or other similar property, or

viii. property that is a right in, or a right to acquire, a property described in any of subparagraphs i to vii.”

(2) Subsection 1 has effect from 1 January 2017.

REGULATION RESPECTING THE QUÉBEC SALES TAX

658. (1) Section 386R5.1 of the Regulation respecting the Québec sales tax (chapter T-0.1, r. 2) is replaced by the following section:

“386R5.1. Excisable goods that are acquired by a person for the purpose of making a supply of the excisable goods for consideration that is not included as part of the consideration for a meal supplied together with the excisable goods are prescribed property, except where tax is payable in respect of the supply by the person of the excisable goods.”

(2) Subsection 1 has effect from 21 June 2018.

659. (1) Section 434R0.2 of the Regulation is amended

(1) by replacing the definition of “capital asset” by the following definition:

““capital asset” of a person means

(1) property that is, or would be if the person were a taxpayer under the Taxation Act (chapter I-3), capital property of the person within the meaning of that Act; and

(2) in respect of a supply that was made by the person at any time before 1 January 2017, property that was, or would have been if the person were a taxpayer under the Taxation Act, incorporeal capital property of the person within the meaning of that Act, as it read at that time;”;

(2) by striking out the definition of “eligible capital property”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2017.

(3) Paragraph 2 of subsection 1 applies in respect of a supply made after 31 December 2016.

660. (1) Section 434R0.3 of the Regulation is amended by replacing “sale of immovables, capital assets or eligible capital property” in subparagraphs 1 and 2 of the second paragraph by “sale of immovables or capital assets”.

(2) Subsection 1 has effect from 1 January 2017.

661. (1) Section 434R0.4 of the Regulation is amended by replacing “sale of immovables, capital assets or eligible capital property” in subparagraphs 1 and 2 of the third and fifth paragraphs by “sale of immovables or capital assets”.

(2) Subsection 1 has effect from 1 January 2017.

662. (1) Section 434R0.5 of the Regulation is amended

(1) by replacing the definition of “specified property” by the following definition:

““specified property”, in respect of a person, means property of the person, other than immovables or capital assets;”;

(2) by replacing paragraph 1 of the definition of “specified supply” by the following paragraph:

“(1) a supply by way of sale of immovables or capital assets of the supplier;”.

(2) Subsection 1 has effect from 1 January 2017.

663. (1) Section 434R4 of the Regulation is amended

(1) by striking out the definition of “specified property”;

(2) by replacing “sale of an immovable, a capital asset or a qualifying capital property” in paragraph 1 of the definition of “designated supply” by “sale of an immovable or a capital asset”;

(3) by replacing “specified property” in paragraph 2 of the definition of “specified supply” by “capital asset of the registrant” and by replacing “specified property made by a registrant” in paragraph 3 of that definition by “capital asset of the registrant made by the registrant”.

(2) Subsection 1 has effect from 1 January 2017.

664. (1) Section 434R7 of the Regulation is amended by replacing “specified property” wherever it appears in subparagraphs ii and iii of subparagraph *a* of subparagraph 3 of the second paragraph by “capital asset”.

(2) Subsection 1 has effect from 1 January 2017.

665. (1) Section 541.47R3 of the Regulation is amended by adding the following paragraph at the end:

“(4) cannabis products, within the meaning of section 2 of the Excise Act, 2001 (Statutes of Canada, 2002, chapter 22).”

(2) Subsection 1 applies to a supply in respect of which tax becomes payable after 16 October 2018.

OTHER AMENDING PROVISIONS

666. (1) All occurrences of “child assistance payment”, “child assistance payments” and “child assistance measure” are replaced by “family allowance”, “a family allowance” and “family allowance measure”, respectively, with the necessary grammatical adjustments, in the following provisions:

(1) the first paragraph and subparagraph *c* of the second paragraph of section 1029.8.61.18.1, sections 1029.8.61.18.3, 1029.8.61.18.4, 1029.8.61.25 and 1029.8.61.26.1, the first paragraph of section 1029.8.61.27, section 1029.8.61.29, the first paragraph of section 1029.8.61.30, sections 1029.8.61.31 to 1029.8.61.33, 1029.8.61.35 and 1029.8.61.42, the first paragraph of section 1029.8.61.45, subparagraphs *a* and *b* of the first paragraph of section 1029.8.61.48, section 1029.8.61.49, the first paragraph of section 1029.8.61.50, the first, second and third paragraphs of section 1029.8.61.51, the first paragraph of section 1029.8.61.54, the first paragraph of section 1029.8.61.55, section 1029.8.61.57, the first paragraph of section 1029.8.61.59 and section 1029.8.61.60 of the Taxation Act (chapter I-3);

(2) subparagraph 7 of section 1 of Schedule I to the Act respecting administrative justice (chapter J-3);

(3) section 71, the first paragraph of section 72, paragraphs 1 and 9 of section 111, the first and second paragraphs of section 140, section 168, subparagraph 2 of the first paragraph of section 176 and paragraph 1 of section 177.29 of the Individual and Family Assistance Regulation (chapter A-13.1.1, r. 1);

(4) the second paragraph of section 33, the third and sixth paragraphs of section 37 and paragraph 5 of Schedule II to the Regulation respecting financial assistance for education expenses (chapter A-13.3, r. 1);

(5) subparagraph 2 of the first paragraph of section 8 of the Regulation respecting legal aid (chapter A-14, r. 2);

(6) the first paragraph of section 6 of the Regulation respecting financial assistance to facilitate the adoption of a child (chapter P-34.1, r. 4).

(2) Subsection 1 has effect from 1 January 2019.

667. (1) All occurrences of “credit for child assistance” and “tax credit for child assistance” are replaced by “credit granting an allowance to families” and “tax credit granting an allowance to families”, respectively, in the following provisions:

(1) the second paragraph of section 69.4 of the Tax Administration Act (chapter A-6.002);

(2) paragraph 2 of section 33 of the Individual and Family Assistance Act (chapter A-13.1.1);

(3) the heading of Division II.11.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3);

(4) the first paragraph of section 72.11 of the Youth Protection Act (chapter P-34.1).

(2) Subsection 1 has effect from 1 January 2019.

TRANSITIONAL AND FINAL PROVISIONS

668. In applying sections 368, 650 and 651 in respect of an application referred to in the second paragraph of section 1029.8.61.19.1 of the Taxation Act (chapter I-3) and filed for the purpose of considering an amount in respect of the supplement for handicapped children requiring exceptional care, under subparagraph *c* of the second paragraph of section 1029.8.61.18 of that Act, for a particular month that begins after 31 March 2016 and before 1 June 2018, the following rules apply if the child described in the application is four years of age or over at the beginning of the particular month and is, according to the application, in the situation described in subparagraph *a* of the first paragraph of that section 1029.8.61.19.1:

(1) the application may, despite the expiry of the time limit provided for in the second paragraph of section 1029.8.61.19.1 of that Act, be filed with Retraite Québec on or before 20 May 2019; and

(2) Retraite Québec shall revise any decision that it rendered before 20 June 2018 in relation to such an application where the decision is unfavourable by reason of the child’s handicap situation or the expiry of the time limit provided for in the second paragraph of that section 1029.8.61.19.1.

669. If, in determining the amount of any fees, interest and penalties for which a person is liable under the Act respecting the Québec sales tax (chapter T-0.1) in respect of the tax payable by a person under sections 26.3 and 26.4 of that Act for a particular specified year of the person, the Minister of Revenue took into consideration an amount as or on account of external charges or qualifying consideration for that year and, because of the amendments made by subsections 1 to 7 of section 65 of the Budget Implementation Act, 2016, No. 1 (Statutes of Canada, 2016, chapter 7), the amount or part of the amount does not constitute a qualifying consideration for a specified year of the person or external charges for a specified year of the person for which the election referred to in section 26.3 of the Act respecting the Québec sales tax is effective, the person is entitled to request in writing, on or before 19 June 2020, that the Minister of Revenue make an assessment or reassessment for the purpose of taking into account that the amount or the part of the amount, as the case may be, is not, if the election referred to in section 26.3 of the Act respecting the Québec sales tax is effective for the particular specified year, external charges for that year, or, in any other case, a qualifying consideration for that year. On receipt of the request, the Minister shall with all due dispatch

(1) consider the request; and

(2) make an assessment or reassessment in respect of the tax payable by the person under sections 26.3 and 26.4 of that Act for a specified year of the person and of any interest, penalty or other obligation of the person, but only for determining that the amount or the part of the amount, as the case may be, is not, if the election referred to in section 26.3 of that Act is effective for the particular specified year, external charges for that year, or, in any other case, a qualifying consideration for that year.

670. This Act comes into force on 19 June 2019.

