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# NATIONAL ASSEMBLY OF QUÉBEC

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SECOND SESSION

FORTY-THIRD LEGISLATURE

Bill 99  
(2025, chapter 27)

**An Act to give effect to fiscal  
measures announced in the Update  
on Québec's Economic and Financial  
Situation presented on  
21 November 2024 and in the Budget  
Speech delivered on 25 March 2025  
and to certain other measures**

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Introduced 8 May 2025  
Passed in principle 21 May 2025  
Passed 22 October 2025  
Assented to 28 October 2025

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## **EXPLANATORY NOTES**

*This Act amends various Acts mainly to give effect to measures announced in the Update on Québec's Economic and Financial Situation presented on 21 November 2024 and in the Budget Speech delivered on 25 March 2025. It also gives effect to fiscal measures announced in various Information Bulletins published by the Ministère des Finances in 2022, 2023 and 2024.*

*The Tax Administration Act, the Taxation Act, the Act respecting the sectoral parameters of certain fiscal measures and the Act respecting the Québec sales tax are amended to, in particular,*

- (1) optimize the non-refundable tax credit for career extension;*
- (2) reduce the maximum age of a child for the purposes of eligibility to the refundable tax credit for child care expenses;*
- (3) introduce a new reporting requirement for foreign property held outside Canada;*
- (4) extend the refundable tax credit for the digital transformation of print media;*
- (5) abolish the non-refundable tax credit to foster synergy between Québec businesses;*
- (6) abolish certain tax holidays that foster the recruitment of specialized employees; and*
- (7) harmonize the rate of the tax on insurance premiums with that of the Québec sales tax.*

*The Act respecting the Régie de l'assurance maladie du Québec is amended to increase the exemption amounts used in computing the premium payable by a person subject to the public prescription drug insurance plan.*

*In addition, the Tax Administration Act, the Taxation Act and the Act respecting the Québec sales tax, in particular, are amended to make amendments similar to those made to the Income Tax Act and*

*the Excise Tax Act by federal bills assented to in 2023 and 2024. Among other things, the amendments deal with*

*(1) the enhancement of the Home Buyers' Plan;*

*(2) the non-deductibility of expenses related to a non-compliant short-term rental;*

*(3) the relaxation of the rules relating to intergenerational business transfers;*

*(4) the limitation of the deduction of interest and financing expenses by multinationals; and*

*(5) the exemption of counselling therapy and psychotherapy services from the Québec sales tax.*

*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);
- Mining Tax Act (chapter I-0.4);
- Taxation Act (chapter I-3);
- Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);
- Act respecting the Régie de l'assurance maladie du Québec (chapter R-5);
- Act respecting the Québec sales tax (chapter T-0.1).

**REGULATION AMENDED BY THIS ACT:**

- Regulation respecting the Taxation Act (chapter I-3, r. 1).



## Bill 99

### **AN ACT TO GIVE EFFECT TO FISCAL MEASURES ANNOUNCED IN THE UPDATE ON QUÉBEC'S ECONOMIC AND FINANCIAL SITUATION PRESENTED ON 21 NOVEMBER 2024 AND IN THE BUDGET SPEECH DELIVERED ON 25 MARCH 2025 AND TO CERTAIN OTHER MEASURES**

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### TAX ADMINISTRATION ACT

**1.** (1) Section 27.2 of the Tax Administration Act (chapter A-6.002) is amended by replacing the first paragraph by the following paragraph:

“Every person who is required under the Act respecting the Québec sales tax (chapter T-0.1), except Title IV of that Act, to pay or remit an amount to the Minister shall, where the amount is \$10,000 or more, make the payment or remittance by way of electronic payment, unless the person cannot reasonably pay or remit the amount in that manner, in which case the person must make the payment or remittance to the account of the Minister at a financial institution; in both cases, the payment or remittance must be made in the same manner and within the same time limits as those prescribed by that Act.”

(2) Subsection 1 applies in respect of an amount paid or remitted after 31 December 2023.

**2.** (1) Section 27.2.2 of the Act is amended by replacing “of section 27.2.1” by “of sections 27.2 and 27.2.1”.

(2) Subsection 1 applies in respect of an amount paid or remitted after 31 December 2023.

**3.** (1) Section 59.0.0.6 of the Act is amended by replacing “with section 27.2.1” by “with section 27.2 or 27.2.1”.

(2) Subsection 1 applies in respect of an amount paid or remitted after 31 December 2023.

**4.** (1) Sections 93.1.7, 93.1.9 and 93.1.11 of the Act are amended by replacing “a.3” by “a.7”.

(2) Subsection 1, where it amends sections 93.1.7, 93.1.9 and 93.1.11 of the Act to add a reference to paragraph *a.4* of subsection 2 of section 1010 of the Taxation Act (chapter I-3), applies to a taxation year that begins after 30 September 2023.

(3) Subsection 1, where it amends sections 93.1.7, 93.1.9 and 93.1.11 of the Act to add a reference to paragraphs *a.5* and *a.6* of subsection 2 of section 1010 of the Taxation Act, has effect from 1 January 2024.

## MINING TAX ACT

**5.** (1) Section 1 of the Mining Tax Act (chapter I-0.4) is amended by replacing the definition of “government assistance” in the first paragraph by the following definition:

““government assistance” means any direct or indirect assistance from a government, municipality or other public body, whether as a subsidy, premium, forgivable loan, deduction from tax, advance or as any other form of assistance, except assistance excluded by regulation of the Government or an excluded loan within the meaning of section 92.7 of the Taxation Act (chapter I-3);”.

(2) Subsection 1 applies in respect of a loan made after 31 December 2019.

## TAXATION ACT

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

(1) by inserting “and of Division IV of Chapter II of Title III of Book III” after “sections 36 to 47.17” in paragraph *c* of the definition of “automobile”;

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

““restricted interest and financing expense” has the meaning assigned by section 728.0.6;”.

(2) Paragraph 1 of subsection 1 has effect from 4 August 2023.

(3) Paragraph 2 of subsection 1 applies to a taxation year of a taxpayer that begins after 30 September 2023. In addition, it applies to a taxation year of a taxpayer that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**7.** (1) Section 7.10.1 of the Act is amended by replacing subparagraph *d* of the first paragraph by the following subparagraph:

“(d) presented as an arrangement in respect of which the corporation is to take action for the arrangement to become a first home savings account, a registered disability savings plan, a registered education savings plan, a registered retirement income fund, a registered retirement savings plan or a tax-free savings account.”

(2) Subsection 1 has effect from 1 April 2023.

**8.** (1) Section 11.1.1 of the Act is amended by adding the following at the end:

“(d) the corporation makes, in respect of the year, a valid election under paragraph *d* of subsection 6 of section 250 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)).

Chapter V.2 applies in relation to an election made under paragraph *d* of subsection 6 of section 250 of the Income Tax Act.”

(2) Subsection 1 applies to a taxation year that begins after 30 December 2023.

**9.** (1) Section 11.1.1.1 of the Act is amended by replacing “of paragraph *b* of section 11.1.1” by “of subparagraph *b* of the first paragraph of section 11.1.1”.

(2) Subsection 1 applies to a taxation year that begins after 30 December 2023.

**10.** (1) Section 11.1.1.2 of the Act is amended by replacing “of paragraph *a* of section 11.1.1” in paragraph *a* by “of subparagraph *a* of the first paragraph of section 11.1.1”.

(2) Subsection 1 applies to a taxation year that begins after 30 December 2023.

**11.** (1) Section 11.1.1.3 of the Act is amended by replacing “paragraph *b*” in the portion before paragraph *a* by “paragraphs *b* and *b.0.1*”.

(2) Subsection 1 applies to a taxation year that begins after 30 December 2023.

**12.** (1) Section 11.1.1.4 of the Act is amended, in the definition of “eligible entity”,

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

“(a.1) a corporation that is resident in Canada, otherwise than under section 11, and that satisfies the conditions set out in subparagraphs *a* and *b* of the first paragraph of section 11.1.1; or”;

(2) by replacing “of paragraph *a* of section 11.1.1” in subparagraph i of paragraph *b* by “of subparagraph *a* of the first paragraph of section 11.1.1”;

(3) by replacing “of paragraph *b* of section 11.1.1” in subparagraph ii of paragraph *b* by “of subparagraph *b* of the first paragraph of section 11.1.1”.

(2) Subsection 1 applies to a taxation year that begins after 30 December 2023.

**13.** (1) Section 21.4.2.1 of the Act is amended by replacing the definition of “specified provision” by the following definition:

““specified provision” means section 83.0.3 or 93.4, paragraph *d* of section 225, section 384.4 or 384.5, the first paragraph of section 418.26, any of sections 418.30, 427.4, 736, 736.0.1, 736.0.1.1, 736.0.2 and 736.0.3.1, paragraph *f* of section 772.13, any of sections 1029.8.36.166.49, 1029.8.36.166.50, 1029.8.36.166.60.54, 1029.8.36.166.60.55, 1029.8.36.171.3 and 1029.8.36.171.4 and any other provision of similar effect.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023.

**14.** (1) Section 21.4.22 of the Act is amended by inserting “776.1.18.3, 776.1.18.11, 776.1.21, 776.1.29, 776.1.39,” after “776.1.9,” in subparagraph i of paragraph *a*.

(2) Subsection 1 has effect from 1 January 2025.

**15.** (1) Section 21.4.30 of the Act is amended by inserting “776.1.18.3, 776.1.18.11, 776.1.21, 776.1.29, 776.1.39,” after “776.1.9,” in the portion before paragraph *a*.

(2) Subsection 1 has effect from 1 January 2025.

**16.** (1) The Act is amended by inserting the following section after section 21.33.1.1:

**“21.33.1.2.** For the purposes of paragraph *b* of sections 21.33.1 and 21.33.1.1, the amount of the dividends received by a corporation in respect of which no amount is deductible because of section 740.4.1 includes an amount of dividend that is not deductible under both sections 740.0.1 and 740.4.1.”

(2) Subsection 1 applies in respect of a dividend received after 31 December 2023.

**17.** (1) Section 23 of the Act is amended by inserting “728.0.5,” after “727,” in subparagraph *a* of the second paragraph.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**18.** (1) Section 49.2.1 of the Act is replaced by the following section:

**“49.2.1.** For the purposes of this division, a mutual fund trust is deemed not to deal at arm’s length with a corporation only if

(*a*) the trust controls the corporation; or

(*b*) the corporation holds securities that give the corporation not less than 50% of the votes that could be cast at a meeting of the unitholders of the trust.”

(2) Subsection 1 applies in respect of the rights exercised or disposed of after 31 December 2004 under an agreement to sell or issue securities made after 31 December 2002.

**19.** (1) Section 49.2.3 of the Act is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

**“49.2.3.** Where, at a particular time, a taxpayer acquires a particular security under an agreement referred to in section 48 or acquires a particular security as consideration for the disposition of rights under such an agreement and where, on a day that is no later than 30 days after the day that includes the particular time, the taxpayer disposes of a security that is identical to the particular security, the particular security is deemed to be the security that is so disposed of if”.

(2) Subsection 1 has effect since 1 January 2023.

**20.** (1) Section 78 of the Act is amended by replacing the first paragraph by the following paragraph:

“An individual may deduct, in computing the individual’s income for a taxation year, any amount paid by the individual in the year, to the extent that the individual has not been reimbursed and is not entitled to be reimbursed that amount, or paid on behalf of the individual in the year if the individual must include that amount in computing the individual’s income for the year, as office rent or salary to an assistant or substitute or for supplies consumed directly in the performance of duties if the individual’s contract of employment requires the individual to pay such amounts and, as the case may be, furnish such supplies.”

(2) Subsection 1 has effect from 26 June 2013.

**21.** (1) Section 87 of the Act is amended

(1) by inserting the following paragraph after paragraph *m.1*:

“(*m.2*) the aggregate of all amounts each of which is an amount determined, in relation to a partnership, in accordance with section 87.0.2;”;

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

“vi. is not an amount received by the taxpayer as an excluded loan;”.

(2) Paragraph 1 of subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year of a taxpayer that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by subsection 1, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

(3) Paragraph 2 of subsection 1 applies in respect of a loan made after 31 December 2019.

**22.** (1) The Act is amended by inserting the following section after section 87.0.1:

**“87.0.2.** The amount that a taxpayer is required to include under paragraph *m.2* of section 87 in computing the taxpayer’s income for a taxation year, in respect of a partnership’s income or loss, for a fiscal period that ends in the year, from a particular source or from sources in a particular place, is equal to the amount determined by the formula

$$(A \times B - C - D) \times E.$$

In the formula in the first paragraph,

(a) A is the aggregate of all amounts each of which is an amount that

i. is deductible in computing the partnership’s income or loss from the particular source, or the source in a particular place, for a fiscal period, and that would be described in the second paragraph of section 158.15.2 if that paragraph were read, with the necessary modifications, without its paragraph *h* and as if every occurrence of “taxpayer” were replaced by “partnership”, or

ii. would be included, under paragraph *j* of the description of A in the formula in the definition of “interest and financing expenses” in subsection 1 of section 18.2 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), in determining the partnership’s interest and financing expenses, for the purpose of determining its income or loss from the particular source, or the source in a particular place, for the fiscal period, if the partnership were a taxpayer for the purposes of that section 18.2;

(b) B is what the taxpayer’s agreed proportion would be if section 1.8 were read as if “income or loss of the partnership” and “partnership’s income or loss” were replaced by “partnership’s income or loss from the particular source, or the source in a particular place,”;

(c) C is the amount, if any, included in computing the taxpayer’s income under paragraph *m.1* of section 87 in respect of the amount referred to in subparagraph *a*;

(d) D is the portion of an amount referred to in subparagraph *a* that can reasonably be considered to not be deductible in computing the taxpayer’s income for the year, and to not be included in computing the taxpayer’s non-capital loss for the year, because of section 613.1; and

(e) E is

i. where the taxpayer is an excluded entity for the year, within the meaning of section 158.15.1, zero, and

ii. in any other case, the proportion referred to in the first paragraph of section 158.15.2 that is determined in respect of the taxpayer for the year.

For the purposes of this section,

(a) a person or partnership that is, or is deemed under this section to be, a member of a particular partnership that is a member of another partnership is deemed to be a member of the other partnership; and

(b) a person's share of the income or loss of a partnership includes the person's direct or indirect, through one or more other partnerships, share of that income or loss."

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer's three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**23.** (1) Section 87.2.2 of the Act is replaced by the following section:

**"87.2.2.** For the purposes of this Act, where a particular amount is included in computing a taxpayer's income for a taxation year because of paragraph *m.1* or *m.2* of section 87 in relation to another amount that is deductible by a partnership in computing its income from a particular source or from sources in a particular place, the particular amount is deemed to be from the particular source or from sources in the particular place, as the case may be."

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer's three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**24.** (1) The Act is amended by inserting the following section after section 87.4:

**“87.5.** For the purposes of paragraph *w* of section 87, an amount deemed to be paid by a taxpayer under subsection 2 or 3 of section 127.421 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) for a taxation year is deemed to be an amount of assistance received by the taxpayer from a government in the taxation year in which the assistance is received.”

(2) Subsection 1 has effect from 20 June 2024.

**25.** (1) Section 92.7 of the Act is replaced by the following section:

**“92.7.** For the purposes of sections 87 to 92.7,

“anniversary day” of an investment contract means

(a) the day that is one year after the day immediately preceding the date of issue of the contract;

(b) the day that occurs at every successive one-year interval from the anniversary day determined in the first instance under this paragraph; or

(c) the day on which the contract was disposed of;

“excluded loan” means a loan, other than a forgivable loan, that is established in writing and in respect of which the following conditions are met:

(a) the payer is

i. a government, municipality or other public authority in Canada, or

ii. a person that is resident in Canada or a Canadian partnership, if it is reasonable to conclude that the payer would not have made the loan but for the direct or indirect receipt by the payer of amounts from a government, municipality or other public authority in Canada;

(b) at the time the loan was made, bona fide arrangements were made for repayment of the loan within a reasonable time; and

(c) the funds from the loan are used to earn income from a business or property;

“investment contract”, in relation to a taxpayer, means a debt obligation other than

(a) a salary deferral arrangement or a plan or arrangement that, but for any of paragraphs *a*, *b* and *d* to *l* of section 47.16, would be a salary deferral arrangement;

(b) a retirement compensation arrangement or a plan or arrangement that, but for any of subparagraphs *a*, *b*, *d* and *f* to *n* of the second paragraph of section 890.1, would be a retirement compensation arrangement;

(c) an employee benefit plan or a plan or arrangement that, but for the second paragraph of section 47.6, would be an employee benefit plan;

(d) a foreign retirement arrangement;

(e) a tax-free savings account;

(f) a first home savings account;

(g) an income bond or income debenture;

(h) an obligation in respect of which the taxpayer has, otherwise than by reason of section 92.1, at periodic intervals of not more than one year, included, in computing the taxpayer's income throughout the period in which the taxpayer held a right in the obligation, the income accrued on it for those intervals;

(i) an obligation in respect of a net income stabilization account;

(j) an obligation in respect of a farm income stabilization account;

(k) an indexed debt obligation; and

(l) a prescribed contract.”

(2) Subsection 1 has effect from 1 January 2020. However,

(1) where section 92.7 of the Act applies before 1 April 2023, the definition of “investment contract” in that section is to be read without reference to its paragraph *f*; and

(2) where section 92.7 of the Act applies before 22 June 2023, the definition of “investment contract” in that section is to be read as if the following paragraphs were added at the end:

“(m) a development bond; and

“(n) a small business bond.”

**26.** (1) The Act is amended by inserting the following section after section 92.32:

**“92.33.** Where a taxpayer must include, under subsection 3 of section 12.7 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), in computing, for the purposes of that Act, the taxpayer's income for a taxation year, an amount in respect of a payment referred to in that subsection, the following rules apply:

(a) the amount must be included in computing the taxpayer's income for the taxation year; and

(b) the amount is deemed to be from the same source as the payment.”

(2) Subsection 1 applies in respect of a payment made after 30 June 2022.

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

“(f) the aggregate of all amounts each of which is an amount, other than a prescribed amount, deducted or deemed to be deducted, as the case may be, under subsection 5 or 6 of section 127, subsection 3 of section 127.44, subsection 6 of section 127.45, subsection 3 of section 127.48 or subsection 6 of section 127.49 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), in respect of a depreciable property of that class, in computing the tax payable under that Act by the taxpayer for a taxation year ending before that time and subsequent to the disposition of that property by the taxpayer;”.

(2) Subsection 1 has effect from 1 January 2022. However,

(1) where section 93 of the Act applies before 28 March 2023, subparagraph *f* of its second paragraph is to be read without reference to subsection 6 of section 127.45 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) and subsection 3 of section 127.48 of that Act; and

(2) where section 93 of the Act applies before 1 January 2024, subparagraph *f* of its second paragraph is to be read without reference to subsection 6 of section 127.49 of the Income Tax Act.

**28.** (1) Section 96 of the Act is amended by adding the following subsection at the end:

“(5) For the purpose of computing the period provided for in paragraph *a* of subsection 2 for the acquisition of a replacement property, the period that begins on 15 March 2020 and ends on 12 March 2022 is not to be counted.”

(2) Subsection 1 has effect from 12 March 2020.

**29.** (1) Section 101 of the Act is amended by replacing the portion before paragraph *b* by the following:

“**101.** For the purposes of this Part, where the capital cost to a taxpayer of a depreciable property was reduced, because of sections 485 to 485.18, or where a taxpayer deducted or is deemed to have deducted, as the case may be, a particular amount, other than a prescribed amount, under subsection 5 or 6 of section 127, subsection 3 of section 127.44, subsection 6 of section 127.45, subsection 3 of section 127.48 or subsection 6 of section 127.49 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), in respect of a depreciable property

in computing the taxpayer's tax payable under that Act, or received or is entitled to receive assistance, other than prescribed assistance, from a government, municipality or other public authority in respect of, or for the acquisition of, a depreciable property, whether as a subsidy, grant, forgivable loan, deduction from tax, investment allowance or as any other form, or is deemed to have received assistance under subsection 6 of section 127.47 of that Act, the capital cost to the taxpayer of the property at any particular time is deemed to be the amount by which the aggregate of the capital cost of the property, determined without reference to this section and sections 101.6, 101.7 and 485 to 485.18, and the amount of the assistance, in respect of that property, repaid by the taxpayer, pursuant to an obligation to do so, before the disposition of the property and before the particular time, exceeds the aggregate of

(a) where the property was acquired in a taxation year ending before the particular time, all particular amounts deducted or deemed to be deducted under those subsections of the Income Tax Act by the taxpayer, in respect of that property, for a taxation year ending before the particular time and before the disposition of that property;”.

(2) Subsection 1 has effect from 1 January 2022. However,

(1) where section 101 of the Act applies before 28 March 2023, the portion of that section before paragraph *a* is to be read without reference to subsection 6 of section 127.45 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) and subsection 3 of section 127.48 of that Act; and

(2) where section 101 of the Act applies before 1 January 2024, the portion of that section before paragraph *a* is to be read without reference to subsection 6 of section 127.49 of the Income Tax Act.

**30.** (1) The Act is amended by inserting the following section after section 101.8:

**“101.9.** A taxpayer who has incurred an expenditure of a capital nature the amount of which would have been, if the taxpayer had acquired a property as a result of the expenditure, included in computing the taxpayer's undepreciated capital cost of property included in Class 59 or 60 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) is deemed to have acquired a property included in Class 59 or 60, as the case may be, at a cost equal to the amount of the expenditure, at the time that the expenditure was incurred.”

(2) Subsection 1 has effect from 1 January 2022.

**31.** (1) Section 157 of the Act is amended by adding the following paragraph at the end:

“(v) any amount deducted in computing, for the purposes of the Income Tax Act, the taxpayer's income for the year under paragraph *yy* of subsection 1 of section 20 of that Act, in respect of a payment referred to in that paragraph.”

(2) Subsection 1 applies in respect of a payment made after 30 June 2022.

**32.** (1) The Act is amended by inserting the following division after section 158.15:

**“DIVISION X.1.1**

**“RESTRICTIONS APPLICABLE IN RESPECT  
OF EXCESSIVE INTEREST AND FINANCING EXPENSES**

**“158.15.1.** In this division,

“excluded entity” has the meaning assigned by subsection 1 of section 18.2 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.));

“excluded interest” has the meaning assigned by subsection 1 of section 18.2 of the Income Tax Act;

“excluded lease” for a taxation year of a taxpayer means a lease

(a) in respect of which the rules in section 125.1 apply;

(b) that would not be considered to be a lease for a term of more than one year for the purposes of paragraph *b* of the definition of “specified leasing property” in the first paragraph of section 130R71 of the Regulation respecting the Taxation Act (chapter I-3, r. 1); or

(c) that is in respect of property

i. that would not be considered, at the time the lease was entered into, to have a fair market value in excess of \$25,000 for the purposes of paragraph *c* of the definition of “specified leasing property” in the first paragraph of section 130R71 of the Regulation respecting the Taxation Act, or

ii. that would be considered, throughout the year, exempt property within the meaning of the first paragraph of section 130R71 of the Regulation respecting the Taxation Act;

“exempt interest and financing expenses” has the meaning assigned by subsection 1 of section 18.2 of the Income Tax Act;

“lease financing amount” has the meaning assigned by subsection 1 of section 18.2 of the Income Tax Act;

“taxpayer” has the meaning assigned by section 1, but does not include a natural person or a partnership.

**“158.15.2.** Despite any other provision of this Act, no deduction shall be made for a particular taxation year in computing the income from a business or property of a taxpayer (other than an excluded entity for the year) or in computing the taxable income of the taxpayer, and no reduction shall be made, in respect of the taxpayer for the particular year, in computing the amount determined under paragraph *b* of section 28, in respect of the particular amount described in the second paragraph that, in the absence of this division, would be deductible in computing that income or taxable income or would reduce the amount determined under that paragraph *b*, as the case may be, to the extent of the proportion of that particular amount, determined under subsection 2 of section 18.2 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) in respect of the taxpayer for the particular year.

The amount to which the first paragraph refers means any of the following amounts, other than an amount of exempt interest and financing expenses:

(*a*) an amount that

i. is paid in a year or payable in or in respect of a year as, on account of, in lieu of payment of or in satisfaction of, interest, other than excluded interest for the particular year or an amount deemed to be an amount of interest under section 801,

ii. would, in the absence of this division, be deductible, otherwise than under a provision referred to in subparagraph *i* of subparagraph *c*, in computing the taxpayer’s income for the particular year, and

iii. is not described in any of the other subparagraphs of this paragraph;

(*b*) an amount that would, in the absence of this division and on the assumption that it is not deductible under another provision of this Act (other than any of the provisions referred to in subparagraph *i* of subparagraph *c*), be deductible in computing the taxpayer’s income for the particular year under section 176 or any of sections 176.4, 176.6 and 179;

(*c*) the portion of a particular amount in respect of which the following conditions are met:

i. the particular amount would, in the absence of this division, be deductible in computing the taxpayer’s income for the particular year and is claimed as a deduction by the taxpayer under paragraph *a* of section 130 or any of sections 371, 400, 401, 413, 414, 418.1.10, 418.7, 418.16, 418.17, 418.17.3 to 418.19 and 418.21, and

ii. the portion of the particular amount can reasonably be attributed to an amount paid or payable after 3 February 2022 that

(1) is described in subparagraph *i* of subparagraph *a*, or

(2) would, but for the application of another provision of this Act, have been deductible for a taxation year under a provision referred to in subparagraph *b*;

(*d*) the portion of an amount that would, in the absence of this division, be deductible in computing the taxpayer's income for the particular year under the second paragraph of section 130.1, to the extent that the portion can reasonably be considered to be described in subparagraph ii of subparagraph *c*;

(*e*) an amount paid or payable by the taxpayer in a year or that is a loss or a capital loss of the taxpayer for a year, as the case may be, under or as a result of an agreement or arrangement, if

i. in the absence of this division, the amount would

(1) be deductible, otherwise than under section 147, in computing the taxpayer's income for the particular year, or

(2) in the case of a capital loss, reduce, for the particular year, the amount determined under paragraph *b* of section 28 in respect of the taxpayer or be deductible in computing the taxpayer's taxable income for the particular year, except to the extent it has already been taken into account under this subparagraph for a previous year,

ii. the agreement or arrangement is entered into as or in relation to a borrowing or other financing that the taxpayer or a person or partnership that does not deal at arm's length with the taxpayer enters into, whether immediately or in the future, and absolutely or contingently, and

iii. the amount can reasonably be considered to increase, or be part of, the cost of funding in respect of the borrowing or other financing (including as a result of any hedge of the cost of funding or of the borrowing or other financing) of the taxpayer or a person or partnership that does not deal at arm's length with the taxpayer;

(*f*) an amount that

i. is in respect of an agreement or arrangement that gives rise to, or can reasonably be expected to give rise to, another amount that

(1) is included in computing an amount determined in respect of a taxpayer under subparagraph *e* for a taxation year, or

(2) reduces, under the description of B in the definition of "interest and financing expenses" in subsection 1 of section 18.2 of the Income Tax Act, and for the purposes of that Act, the taxpayer's interest and financing expenses for a taxation year,

ii. would, in the absence of this division, be deductible in computing the taxpayer's income for the particular year,

- iii. is not deductible under any of the provisions listed in subparagraph *b*, and
- iv. is an expense or fee payable under the agreement or arrangement or an expense that is incurred in contemplation of, in the course of entering into or in relation to, the agreement or arrangement;
- (g) a lease financing amount, other than in respect of an excluded lease for the particular year, that
  - i. would, in the absence of this division, be deductible in computing the taxpayer's income for the particular year, and
  - ii. is not excluded interest for the particular year; and
- (h) the portion of an amount that would, in the absence of this division, be deductible in computing the taxpayer's taxable income for the particular year and is claimed as a deduction by the taxpayer under section 733.0.0.1, in respect of a partnership of which the taxpayer is a member, that can reasonably be considered to be attributable to an amount referred to in the description of F in the formula in paragraph *h* of the description of A in the definition of "interest and financing expenses" in subsection 1 of section 18.2 of the Income Tax Act in respect of a fiscal period of the partnership ending in another taxation year of the taxpayer.

**“158.15.3.** All or any portion of a particular amount described in subparagraph *c* or *d* of the second paragraph of section 158.15.2 that would, in the absence of section 158.15.2, have been deducted in computing a taxpayer's income for a taxation year but that is not deductible because of section 158.15.2 is deemed to have been deductible and to have been deducted in that year for the purpose of determining, in respect of a taxpayer at a particular time, such of the following amounts to which the particular amount relates:

- (a) the total depreciation, within the meaning of subparagraph *b* of the first paragraph of section 93, allowed for the property of a prescribed class;
- (b) the amount that the taxpayer may deduct under section 371;
- (c) the cumulative Canadian exploration expense, within the meaning of section 398;
- (d) the cumulative Canadian development expense, within the meaning of section 411;
- (e) the cumulative foreign resource expense, in relation to a country, within the meaning of section 418.1.3;
- (f) the cumulative Canadian oil and gas property expense, within the meaning of section 418.5; and

(g) the amount that the taxpayer may deduct under any of sections 418.16, 418.17, 418.17.3 to 418.19 and 418.21.

**“158.15.4.** Despite sections 1010 to 1011, the Minister shall make, under this Part, any assessment or reassessment of the tax, interest and penalties payable by a taxpayer for a taxation year as a result of an election or an amended election made by the taxpayer under subsection 4 of section 18.2 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) and following which the Minister of National Revenue assessed or reassessed the tax, interest and penalties payable by the taxpayer for the year under subsection 8 of section 18.2 of the Income Tax Act.

In addition, for the purposes of this Part, the following rules apply:

(a) no benefit is considered to have been conferred on a transferee, within the meaning of subsection 4 of section 18.2 of the Income Tax Act, by a transferor, within the meaning of that subsection 4, as a consequence of an election under the first paragraph; and

(b) if the transferor referred to in subparagraph *a* acquires property at any time as consideration for filing an election or amended election provided for in the first paragraph that is made jointly with a transferee referred to in subparagraph *a*,

i. where the property was owned by the transferee immediately before that time,

(1) the transferee is deemed to have disposed of the property at that time for proceeds equal to the fair market value of the property at that time, and

(2) no amount may be deducted in computing the transferee’s income as a consequence of the transfer of the property, except any amount arising as a consequence of subparagraph 1,

ii. the transferor is deemed to have acquired the property at a cost equal to the fair market value of the property at that time, and

iii. the transferor is not required to add an amount in computing income solely because of the acquisition at that time of the property.

**“158.15.5.** A taxpayer in respect of whom section 158.15.2 applies for a taxation year shall enclose with the fiscal return the taxpayer is required to file for the year under section 1000, or would be required to so file if the taxpayer had tax payable under this Part, the prescribed form containing prescribed information.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events,

shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**33.** (1) The Act is amended by inserting the following division after section 158.18:

**“DIVISION X.3**

**“HYBRID MISMATCH ARRANGEMENTS**

**“158.19.** Despite any other provision of this Act, an amount may be deducted in computing a taxpayer’s income for a taxation year in respect of a payment, within the meaning of subsection 1 of section 18.4 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), only to the extent that the amount may be deducted in computing, for the purposes of that Act, the taxpayer’s income, in respect of that payment, under subsection 4 of section 18.4 of that Act.

**“158.20.** The tax consequences, within the meaning of section 1079.9, to a person shall be determined in order to deny a tax benefit, within the meaning of that section, to the extent necessary to eliminate any outcome that qualifies as a deduction/non-inclusion mismatch, under subsection 6 of section 18.4 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), or that is substantially similar to such a deduction/non-inclusion mismatch, and that arises from a payment, within the meaning of subsection 1 of that section 18.4, if the conditions set out in paragraphs *a* and *b* of subsection 20 of that section 18.4 are met, for the purposes of that Act, in respect of that payment.

**“158.21.** A taxpayer shall enclose with the fiscal return the taxpayer is required to file under section 1000 for a taxation year, or would be required to so file if tax were payable by the taxpayer under this Part for the year, a copy of every document sent for the year to the Minister of National Revenue under subsection 21 of section 18.4 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), in respect of a payment, within the meaning of subsection 1 of section 18.4 of that Act.”

(2) Subsection 1, where it enacts sections 158.19 and 158.20 of the Act, applies in respect of a payment made after 30 June 2022.

(3) Subsection 1, where it enacts section 158.21 of the Act, applies in respect of a payment made after 30 June 2023.

**34.** (1) Section 169 of the Act is replaced by the following section:

**“169.** Despite any other provision of this Act (other than section 174.2), a corporation or a trust shall not make any deduction in respect of the proportion, determined in accordance with section 170, of any amount that would, in the absence of this section and section 158.15.2, be deductible in computing its income from a business (other than the Canadian banking business of an authorized foreign bank) or property for a taxation year, in respect of interest paid or payable by it on outstanding debts to specified persons not resident in Canada.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**35.** (1) Section 232.1 of the Act is amended, in the third paragraph,

(1) by replacing “réfère le premier alinéa” in the portion before subparagraph *a* in the French text by “le premier alinéa fait référence”;

(2) by replacing “Winding-up Act (Revised Statutes of Canada, 1985, chapter W-11)” in subparagraph *b* by “Winding-up and Restructuring Act (R.S.C. 1985, c. W-11)”.

(2) Paragraph 2 of subsection 1 has effect from 20 June 2024.

**36.** (1) Section 234 of the Act is amended by replacing “to section 234.1” in the portion of subparagraph *b* of the first paragraph before subparagraph *i* by “to sections 234.1 and 234.2”.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2023.

**37.** Section 234.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“234.1.** In computing the amount that a taxpayer may deduct as a reserve under subparagraph *b* of the first paragraph of section 234 in computing the taxpayer’s gain from the disposition of a property, subparagraph *ii* of that

subparagraph is to be read as if “1/5” and “four” were replaced by “1/10” and “nine”, respectively, if”.

**38.** (1) The Act is amended by inserting the following section after section 234.1:

**“234.2.** In computing the amount that a taxpayer may deduct as a reserve under subparagraph *b* of the first paragraph of section 234 in computing the taxpayer’s gain from the disposition of a share of the capital stock of a corporation resident in Canada to another corporation, subparagraph ii of that subparagraph is to be read as if “1/5” and “four” were replaced by “1/10” and “nine”, respectively, where section 517.5.2.1 applies in respect of that disposition.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2023.

**39.** (1) Section 248 of the Act is amended by replacing subparagraph vi of subparagraph *b* of the second paragraph by the following subparagraph:

“vi. if the transferor is an amateur athlete trust, a cemetery care trust, an employee trust, a trust referred to in section 851.25, a segregated fund trust referred to in section 851.2, a trust described in paragraph *c.4* of section 998 or a trust governed by an eligible funeral arrangement, a profit sharing plan, a first home savings account, a registered education savings plan, a registered disability savings plan, a registered supplementary unemployment benefit plan or a tax-free savings account, the transferee is the same type of trust, and”.

(2) Subsection 1 has effect from 1 April 2023.

**40.** (1) Section 262.3 of the Act is amended by replacing both occurrences of “flow-though” by “flow-through”.

(2) Subsection 1 has effect from 20 June 2024.

**41.** (1) Section 278 of the Act is amended by adding the following paragraph at the end:

“For the purpose of computing the period provided for in the first paragraph for the acquisition of a replacement property, the period that begins on 15 March 2020 and ends on 12 March 2022 is not to be counted.”

(2) Subsection 1 has effect from 12 March 2020.

**42.** (1) Section 299 of the Act is amended by replacing “Winding-up Act (Revised Statutes of Canada, 1985, chapter W-11)” in subparagraph *b* of the second paragraph by “Winding-up and Restructuring Act (R.S.C. 1985, c. W-11)”.

(2) Subsection 1 has effect from 20 June 2024.

**43.** (1) Section 308.6 of the Act is amended by replacing subparagraph *i* of subparagraph *e* of the first paragraph by the following subparagraph:

“i. a person is deemed to be dealing with another person at arm’s length and not to be related to the other person if the person is the brother or sister of the other person, except in the case where the dividend referred to in sections 308.1 and 308.2 was received or paid as part of a transaction or event or a series of transactions or events by a corporation of which a share of the capital stock is a qualified small business corporation share or a share of the capital stock of a family farm or fishing corporation, within the meaning assigned to those expressions by section 726.6.1,”.

(2) Subsection 1 has effect from 1 January 2024.

**44.** (1) Section 311 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) a benefit under Part I, VII.1, VIII or VIII.1 of the Employment Insurance Act (S.C. 1996, c. 23);”.

(2) Subsection 1 has effect from 20 June 2024.

**45.** (1) Section 336 of the Act is amended

(1) by striking out “Part VII of the Unemployment Insurance Act (R.S.C. 1985, c. U-1),” in paragraph *d*;

(2) by striking out “Part VII of the Unemployment Insurance Act or” in paragraph *d.1*.

(2) Subsection 1 has effect from 20 June 2024.

**46.** (1) Section 359.15 of the Act is amended by replacing the second and third paragraphs by the following paragraphs:

“Where a corporation fails to file within the time specified the statement referred to in the first paragraph or to apply, in that statement, the excess fully to reduce one or more purported renunciations, the Minister may at any time reduce the total amount purported to be renounced by the corporation to one or more persons by the amount of the unapplied excess.

In the cases referred to in the second paragraph, except for the purposes of Part III.14, the amount purported to have been renounced by the corporation to a person is deemed, after the time referred to in that paragraph, to have always been reduced by the portion of the unapplied excess allocated by the Minister in respect of that person.”

(2) Subsection 1 has effect from 4 August 2023.

**47.** (1) Section 418.37 of the Act is amended by replacing the second paragraph by the following paragraph:

“The excess amount to which the first paragraph refers is the amount by which the aggregate of all amounts each of which is the taxpayer’s share of each class of expenses described in the first paragraph incurred by the partnership in the fiscal period referred to in that paragraph, computed without reference to this section, exceeds the amount by which the at-risk amount of the taxpayer in respect of the partnership at the end of the fiscal period exceeds the aggregate of the following amounts:

(a) the aggregate of the amounts determined in respect of the partnership that are required by subsection 8 of section 127, subsection 11 of section 127.44, subsection 8 of section 127.45, subsection 12 of section 127.48 and subsection 8 of section 127.49 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) to be added in computing, respectively, the investment tax credit, the CCUS tax credit, the clean technology investment tax credit, the clean hydrogen tax credit and the CTM investment tax credit of the taxpayer in respect of the fiscal period, within the meaning assigned to those expressions by that Act for the purposes of those subsections; and

(b) the taxpayer’s share of any losses of the partnership for the fiscal period from a farming business.”

(2) Subsection 1 has effect from 1 January 2022. However,

(1) where section 418.37 of the Act applies before 28 March 2023, subparagraph *a* of the second paragraph of that section is to be read without reference to subsection 8 of section 127.45 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) and subsection 12 of section 127.48 of that Act and without reference to the clean technology investment tax credit and the clean hydrogen tax credit; and

(2) where section 418.37 of the Act applies before 1 January 2024, subparagraph *a* of the second paragraph of that section is to be read without reference to subsection 8 of section 127.49 of the Income Tax Act and without reference to the CTM investment tax credit.

**48.** Section 418.39 of the Act is amended by replacing “the taxpayer’s partnership interest” in subparagraph *a* of the first paragraph by “a partnership”.

**49.** (1) The Act is amended by inserting the following division after section 421.10:

**“DIVISION VI**

**“UNREGISTERED TOURIST ACCOMMODATION ESTABLISHMENTS**

**“421.11.** Despite any other provision of this Act, no amount may be deducted in computing income for a taxation year in respect of a residential immovable property situated in Québec that is a tourist accommodation establishment, within the meaning of section 2 of the Tourist Accommodation Act (chapter H-1.01), other than as determined by the formula

$$A \times B/C.$$

In the formula in the first paragraph,

(a) A is the aggregate of all amounts that would, but for this section, be deductible in computing income for the taxation year in respect of the use of the property;

(b) B is the number of days in the taxation year during which the property is duly registered under the Tourist Accommodation Act; and

(c) C is the number of days in the taxation year during which the property is a tourist accommodation establishment.

Despite sections 1010 to 1011, the Minister may make under this Part any assessment, reassessment or additional assessment of tax, interest and penalties and any determination or redetermination necessary for any taxation year to give effect to the first paragraph.”

(2) Subsection 1 applies to an outlay or expense made or incurred after 31 December 2023. However, it does not apply to an outlay or expense made or incurred in a taxation year that ends in the calendar year 2024, in respect of a tourist accommodation establishment that, not later than 31 December 2024, is duly registered under the Tourist Accommodation Act (chapter H-1.01).

**50.** (1) Section 485 of the Act is amended by inserting “158.15.2,” after “135.4,” in the definition of “commercial debt obligation”.

(2) Subsection 1 applies in respect of a taxation year that begins after 30 September 2023.

**51.** (1) Section 489 of the Act is amended by inserting the following paragraph after paragraph *b*:

“(b.0.1) the income earned from international shipping by a corporation that is resident in Canada, otherwise than under section 11, and that satisfies the conditions set out in subparagraphs *a* and *b* of the first paragraph of section 11.1.1;”.

(2) Subsection 1 applies to a taxation year that begins after 30 December 2023.

**52.** (1) The Act is amended by inserting the following section after section 517.5.2:

**“517.5.2.1.** Despite any other provision of this division, where this section applies, because of section 517.5.13 or 517.5.14, in respect of a disposition of shares by a taxpayer to a purchaser corporation, the taxpayer and the purchaser corporation are deemed to deal with each other at arm’s length at the time of the disposition.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2023.

**53.** Section 517.5.5 of the Act is amended by inserting “, before 1 January 2024,” after “Where” in the portion before subparagraph *a* of the first paragraph.

**54.** (1) The Act is amended by inserting the following division after section 517.5.11:

### “DIVISION III

#### “INTERGENERATIONAL BUSINESS TRANSFERS

**“517.5.12.** For the purposes of this division, the following rules apply:

(*a*) the expression “child” of a taxpayer has the meaning assigned by subparagraph *d* of the first paragraph of section 451 and also includes

- i. a niece or nephew of the taxpayer,
- ii. a spouse of a niece or nephew of the taxpayer, and
- iii. a child of a niece or nephew of the taxpayer;

(b) for the purposes of subparagraph iii of subparagraph c of the first paragraph of section 517.5.13 or 517.5.14, if the relevant group entity referred to in that section is a partnership,

i. the partnership is deemed to be a corporation (in this section referred to as the “deemed corporation”),

ii. the deemed corporation is deemed to have a capital stock of a single class of shares, with a total of 100 issued and outstanding shares,

iii. each member (in this section referred to as a “deemed shareholder”) of the partnership is deemed to be a shareholder of the deemed corporation,

iv. each deemed shareholder of the deemed corporation is deemed to hold a number of shares of the capital stock of the deemed corporation (in this section referred to as the “deemed equity interest”), determined by the formula

$A \times 100$ , and

v. the deemed corporation’s fiscal period is deemed to be its taxation year;

(c) a reference to direct or indirect ownership in respect of a property means

i. direct ownership of the property, or

ii. subject to the third paragraph, a right in or, for common law purposes, an ownership interest in the shares of a corporation, an interest in a partnership or an interest in a trust that has a right in or, for common law purposes, a direct or indirect interest in the property;

(d) if a person’s or partnership’s share of the accumulating income or capital of a trust in respect of which the person or partnership has an interest as a beneficiary depends on the exercise by a person of, or the failure by a person to exercise, a power to appoint, that person is deemed to have fully exercised the power, or to have failed to exercise the power, as the case may be;

(e) if one or more children referred to in subparagraph i of subparagraph f of the first paragraph of section 517.5.13 or subparagraph i of subparagraph g of the first paragraph of section 517.5.14 (in this subparagraph referred to as the “transferor”) have disposed of, or caused the disposition of, all of the shares of the capital stock of the purchaser corporation referred to in either of those sections, of a subject corporation referred to in either of those sections or of all relevant group entities referred to in either of those sections to a person or group of persons with whom the transferor is dealing at arm’s length, the conditions set out in subparagraphs f and g of the first paragraph of section 517.5.13 or subparagraphs g and h of the first paragraph of section 517.5.14, as applicable, are deemed to be met as of the time of the disposition, provided that all equity interests in all relevant businesses referred to in section 517.5.13 or section 517.5.14, as applicable, held, directly or

indirectly, by each child referred to in subparagraph *i* of subparagraph *f* of the first paragraph of section 517.5.13 or subparagraph *i* of subparagraph *g* of the first paragraph of section 517.5.14, as applicable, are included in the disposition;

*(f)* if one or more children referred to in subparagraph *i* of subparagraph *f* of the first paragraph of section 517.5.13 or subparagraph *i* of subparagraph *g* of the first paragraph of section 517.5.14 have disposed of, or caused the disposition of, a share of the capital stock of the purchaser corporation referred to in either of those sections, of the subject corporation referred to in either of those sections or of the relevant group entities referred to in either of those sections to another child or group of children of the taxpayer (in this subparagraph referred to as the “new child” or the “new children”), the conditions set out in subparagraphs *f* and *g* of the first paragraph of section 517.5.13 or subparagraphs *g* and *h* of the first paragraph of section 517.5.14, as applicable, are deemed

*i.* to be met as of the time of the disposition, and

*ii.* to continue to apply to the new child or the new children and any other member of the group of children that controls the subject corporation and the purchaser corporation at the time of the disposition;

*(g)* if a child, or each of the children, referred to in subparagraph *ii* of subparagraph *f* of the first paragraph of section 517.5.13 or subparagraph *ii* of subparagraph *g* of the first paragraph of section 517.5.14 has died or has, after the disposition of the particular shares referred to in either of those sections, suffered one or more severe and prolonged impairments in physical or mental functions, the conditions set out in subparagraphs *f* and *g* of the first paragraph of section 517.5.13 or subparagraphs *g* and *h* of the first paragraph of section 517.5.14, as applicable, are deemed to be met as of the time of the death or the time the child begins to suffer such an impairment;

*(h)* if a business of a subject corporation referred to in section 517.5.13 or 517.5.14 or of a relevant group entity referred to in either of those sections has ceased to be carried on due to the disposition of all of the assets that were used to carry on the business in order to satisfy debts owed to creditors of the corporation or of the entity, the conditions set out in respect of the business in subparagraphs *ii* and *iii* of subparagraph *f* of the first paragraph of section 517.5.13 and subparagraph *i* of subparagraph *g* of the first paragraph of that section, or in subparagraphs *ii* and *iii* of subparagraph *g* of the first paragraph of section 517.5.14 and subparagraph *i* of subparagraph *h* of the first paragraph of that section, as applicable, are deemed to be met as of the time of the disposition; and

*(i)* for the purposes of subparagraph *g* of the first paragraph of section 517.5.13 and subparagraph *h* of the first paragraph of section 517.5.14, the management of a business refers to the direction or supervision of business activities but does not include the provision of advice.

In the formula in subparagraph iv of subparagraph *b* of the first paragraph, A is equal to

(a) the deemed shareholder's agreed proportion, if any, for the last fiscal period of the deemed corporation; or

(b) if the deemed shareholder does not have an agreed proportion for the last fiscal period of the deemed corporation, the proportion that the fair market value of the deemed shareholder's deemed equity interest in the deemed corporation is of the fair market value of all the deemed equity interests in the deemed corporation.

The rule set out in subparagraph ii of subparagraph *c* of the first paragraph does not apply, for the purposes of subparagraphs *d* and *e* of the first paragraph of sections 517.5.13 and 517.5.14, as a look-through rule for a right in a share of a specified class within the meaning of section 21.20.1 (in this division referred to as a "non-voting preferred share") or debt of

(a) the purchaser corporation referred to in section 517.5.13 or 517.5.14, as applicable;

(b) the subject corporation referred to in section 517.5.13 or 517.5.14, as applicable; or

(c) any relevant group entity referred to in section 517.5.13 or 517.5.14, as applicable.

**“517.5.13.** Section 517.5.2.1 applies at the time of a disposition (in this section referred to as the “disposition time”) of particular shares of the capital stock of a corporation (in this section referred to as the “subject corporation”) by a taxpayer to a purchaser corporation if the following conditions are met:

(a) section 517.5.2.1 did not apply in respect of a prior disposition by the taxpayer of shares that, at the time of the disposition, derived their value from a qualified business that is relevant to the determination of whether the particular shares satisfy the condition set out in subparagraph iii of subparagraph *b*;

(b) at the disposition time,

i. the taxpayer is an individual, other than a trust,

ii. the purchaser corporation is controlled by one or more children of the taxpayer, each of whom is 18 years of age or over, and

iii. the particular shares are qualified small business corporation shares or shares of the capital stock of a family farm or fishing corporation, within the meaning assigned to those expressions by section 726.6.1;

(c) at no time after the disposition time does the taxpayer, either alone or together with the taxpayer's spouse, control, directly or indirectly in any manner whatever,

- i. the subject corporation,
- ii. the purchaser corporation, or

iii. a person or partnership (in this section referred to as a "relevant group entity") that carries on, at the disposition time, a qualified business (in this section referred to as a "relevant business") that is relevant to the determination of whether the particular shares satisfy the condition set out in subparagraph iii of subparagraph *b*;

(d) at no time after the disposition time does the taxpayer, either alone or together with the taxpayer's spouse, hold, directly or indirectly,

- i. 50% or more of any class of shares, other than non-voting preferred shares, of the capital stock of the subject corporation or of the purchaser corporation, or
- ii. 50% or more of any class of equity interest, other than non-voting preferred shares, in a relevant group entity;

(e) within 36 months after the disposition time and at all times thereafter, the taxpayer and the taxpayer's spouse do not hold, directly or indirectly,

- i. any shares, other than non-voting preferred shares, of the capital stock of the subject corporation or of the purchaser corporation, and
- ii. any equity interest, other than non-voting preferred shares, in a relevant group entity;

(f) subject to section 517.5.12, from the disposition time until 36 months after that time,

- i. the child or group of children, as the case may be, controls the purchaser corporation,
- ii. the child, or at least one member of the group of children, as the case may be, is actively engaged on a regular, continuous and substantial basis, within the meaning of paragraph *a* of section 766.3.3.1, in a relevant business of the subject corporation or a relevant group entity, and
- iii. each relevant business of the subject corporation and any relevant group entity is a qualified business;

(g) subject to section 517.5.12, within 36 months after the disposition time or such greater period that is reasonable in the circumstances, the taxpayer and the taxpayer's spouse take reasonable steps to

i. transfer management of each relevant business of the subject corporation and any relevant group entity to the child or at least one member of the group of children referred to in subparagraph ii of subparagraph *f*, and

ii. permanently cease to manage each relevant business of the subject corporation and any relevant group entity; and

(*h*) the taxpayer and the child, or the taxpayer and each member of the group of children, as the case may be, have made, in respect of the disposition, a valid joint election under subparagraph i of paragraph *h* of subsection 2.31 of section 84.1 of the Income Tax Act (R.S.C. 1985, c. 1, (5th Suppl.)).

Chapter V.2 of Title II of Book I applies in relation to an election made under subparagraph i of paragraph *h* of subsection 2.31 of section 84.1 of the Income Tax Act.

**“517.5.14.** Section 517.5.2.1 applies at the time of a disposition (in this section referred to as the “disposition time”) of particular shares of the capital stock of a corporation (in this section referred to as the “subject corporation”) by a taxpayer to a purchaser corporation if the following conditions are met:

(*a*) section 517.5.2.1 did not apply in respect of a prior disposition by the taxpayer of shares that, at the time of the disposition, derived their value from a qualified business that is relevant to the determination of whether the particular shares satisfy the condition set out in subparagraph iii of subparagraph *b*;

(*b*) at the disposition time,

i. the taxpayer is an individual, other than a trust,

ii. the purchaser corporation is controlled by one or more children of the taxpayer, each of whom is 18 years of age or over, and

iii. the particular shares are qualified small business corporation shares or shares of the capital stock of a family farm or fishing corporation, within the meaning assigned to those expressions by section 726.6.1;

(*c*) at no time after the disposition time does the taxpayer, either alone or together with the taxpayer's spouse, control

i. the subject corporation,

ii. the purchaser corporation, or

iii. a person or partnership (in this section referred to as a “relevant group entity”) that carries on, at the disposition time, a qualified business (in this section referred to as a “relevant business”) that is relevant to the determination of whether the particular shares satisfy the condition set out in subparagraph iii of subparagraph *b*;

(*d*) at no time after the disposition time does the taxpayer, either alone or together with the taxpayer’s spouse, hold, directly or indirectly,

i. 50% or more of any class of shares, other than non-voting preferred shares, of the capital stock of the subject corporation or of the purchaser corporation, or

ii. 50% or more of any class of equity interest, other than non-voting preferred shares, in a relevant group entity;

(*e*) within 36 months after the disposition time and at all times thereafter, the taxpayer and the taxpayer’s spouse do not hold, directly or indirectly,

i. any shares, other than non-voting preferred shares, of the capital stock of the subject corporation or of the purchaser corporation, and

ii. any equity interest, other than non-voting preferred shares, in a relevant group entity;

(*f*) within 10 years after the disposition time (in this section referred to as the “final sale time”) and at all times thereafter, the taxpayer and the taxpayer’s spouse do not hold, directly or indirectly,

i. in the case of a disposition of particular shares that are, at the disposition time, shares of the capital stock of a family farm or fishing corporation, within the meaning of section 726.6.1, any interest (including any debt or equity interest) in any of the subject corporation, the purchaser corporation, and any relevant group entity having a fair market value that exceeds 50% of the fair market value of all the interests that were held, directly or indirectly, by the taxpayer and the taxpayer’s spouse immediately before the disposition time, or

ii. in the case of a disposition of particular shares that are, at the disposition time, qualified small business corporation shares within the meaning of section 726.6.1, other than particular shares described in subparagraph i, any interest (including any debt or equity interest) in any of the subject corporation, the purchaser corporation and any relevant group entity having a fair market value that exceeds 30% of the fair market value of all the interests that were held, directly or indirectly, by the taxpayer and the taxpayer’s spouse immediately before the disposition time;

(*g*) subject to section 517.5.12, from the disposition time until the later of the time that is 60 months after the disposition time and the final sale time,

i. the child or group of children, as the case may be, controls the purchaser corporation,

ii. the child, or at least one member of the group of children, as the case may be, is actively engaged on a regular, continuous and substantial basis, within the meaning of paragraph *a* of section 766.3.3.1, in a relevant business of the subject corporation or of a relevant group entity, and

iii. each relevant business of the subject corporation and of any relevant group entity is a qualified business;

(*h*) subject to section 517.5.12, within 60 months after the disposition time or such greater period that is reasonable in the circumstances, the taxpayer and the taxpayer's spouse take reasonable steps to

i. transfer management of each relevant business of the subject corporation and of any relevant group entity to the child or at least one member of the group of children referred to in subparagraph ii of subparagraph *g*, and

ii. permanently cease to manage each relevant business of the subject corporation and of any relevant group entity; and

(*i*) the taxpayer and the child, or the taxpayer and each member of the group of children, as the case may be, have made, in respect of the disposition, a valid joint election under subparagraph i of paragraph *i* of subsection 2.32 of section 84.1 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)).

Chapter V.2 of Title II of Book I applies in relation to an election made under subparagraph i of paragraph *i* of subsection 2.32 of section 84.1 of the Income Tax Act.”

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2023.

**55.** (1) Section 547.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“For the purpose of determining either the new corporation's non-capital loss, net capital loss, restricted farm loss, farm loss, limited partnership loss or restricted interest and financing expense, as the case may be, for any taxation year, or the extent to which sections 734 to 736.0.4 and paragraph *e* of section 999.1 have the effect of restricting the deductibility by the new corporation of such a loss or expense, as the case may be, the new corporation is deemed to continue the corporate existence of any predecessor corporation.”

(2) Subsection 1 applies in respect of an amalgamation that occurs after 30 September 2023.

**56.** (1) Section 564.2 of the Act is replaced by the following section:

**“564.2.** For the purpose of computing the parent’s taxable income for any taxation year commencing after the commencement of a winding-up that is described in section 556 or that would be if “taxable Canadian corporation” were replaced by “Canadian corporation”, such portion of any non-capital loss, restricted farm loss, farm loss or limited partnership loss of the subsidiary for a particular taxation year as may reasonably be regarded as its loss from carrying on a particular business, any other portion of any non-capital loss or limited partnership loss of the subsidiary for any such year as may reasonably be regarded as being derived from any other source or any other portion of any non-capital loss of the subsidiary for any such year as may reasonably be regarded as being due to an amount added to its taxable income for any such year under section 726.5, as it read before its repeal, the net capital loss of the subsidiary for any such year, or the portion of the restricted interest and financing expense of the subsidiary for any such year that may reasonably be regarded as an expense or loss incurred by the subsidiary in the course of carrying on a particular business or any other portion of the restricted interest and financing expense of the subsidiary for any such year that may reasonably be regarded as being incurred in respect of any other source is deemed, for the purposes of this section and sections 564.3 to 564.4.4, 727, 728.0.5, 728.2, 729, 731, 733.0.0.1, 734 and 735, to be any of the following losses and expenses, as the case may be, incurred by the parent for its taxation year during which the particular taxation year of the subsidiary ended:

(a) a non-capital loss, restricted farm loss, farm loss or limited partnership loss from carrying on the particular business of the subsidiary;

(b) a non-capital loss or limited partnership loss that was derived from the source from which the subsidiary incurred such portion of its non-capital loss or limited partnership loss;

(c) a non-capital loss due to an amount added to its taxable income for that year under section 726.5, as it read before its repeal;

(d) a net capital loss;

(e) a restricted interest and financing expense from carrying on the subsidiary’s particular business; or

(f) a restricted interest and financing expense incurred in respect of that other source.”

(2) Subsection 1 applies in respect of a winding-up that begins after 30 September 2023.

**57.** (1) Section 564.4.1 of the Act is replaced by the following section:

**“564.4.1.** Where section 564.2 applies and where control of a parent has been acquired by a person or a group of persons at any time after the commencement of the winding-up, or control of a subsidiary has been acquired by a person or a group of persons at any time whatever, no amount in respect of the subsidiary’s non-capital loss or farm loss for a taxation year ending before that time and no amount in respect of the subsidiary’s restricted interest and financing expense for such a taxation year are deductible in computing the parent’s taxable income for a particular taxation year ending after that time, except that portion of the subsidiary’s non-capital loss or farm loss that may reasonably be regarded as its loss from carrying on a business, that portion of the restricted interest and financing expense that may reasonably be regarded as being an expense or loss incurred by the subsidiary in the course of carrying on a business and, where a business was carried on by the subsidiary in that year, that portion of the non-capital loss that may reasonably be regarded as being attributable to an amount deductible under section 725.1.1 in computing its taxable income for that year, such portions being then deductible only if the parent or the subsidiary carried on that business for profit or with a reasonable expectation of profit throughout the particular year, and only up to the amount computed under section 564.4.2.”

(2) Subsection 1 applies in respect of a winding-up that begins after 30 September 2023.

**58.** (1) Section 564.4.3 of the Act is replaced by the following section:

**“564.4.3.** For the purposes of section 564.4.1, where section 564.2 applies to the winding-up of a particular corporation in respect of which the subsidiary referred to in section 564.2 was the parent and section 564.4.1 applies in respect of the particular corporation’s losses and restricted interest and financing expenses, the subsidiary is deemed, in respect of those losses and restricted interest and financing expenses, to be the same corporation as, and a continuation of, the particular corporation.”

(2) Subsection 1 applies in respect of a winding-up that begins after 30 September 2023.

**59.** (1) Section 564.4.4 of the Act is amended by replacing the first paragraph by the following paragraph:

“A parent may elect that any portion of a loss or restricted interest and financing expense of the subsidiary that would otherwise be deemed, under section 564.2, to be a loss or restricted interest and financing expense, as the case may be, of the parent for a particular taxation year commencing after the commencement of the winding-up be deemed, for the purpose of computing the parent’s taxable income for a taxation year commencing after the commencement of a winding-up described in section 556, to be a loss or restricted interest and financing expense, as the case may be, of the parent for its immediately preceding taxation year and not for the particular taxation year.”

(2) Subsection 1 applies in respect of a winding-up that begins after 30 September 2023.

**60.** (1) Section 580.2 of the Act is amended by replacing “and Chapter IV” in the portion before subparagraph *a* of the first paragraph by “, Chapter IV and Division X.1.1 of Chapter III of Title III”.

(2) Subsection 1 applies to a taxation year of the foreign affiliate of a taxpayer that ends in a taxation year of the taxpayer that begins after 30 September 2023. In addition, it applies to a taxation year of the foreign affiliate of a taxpayer that ends in a taxation year of the taxpayer that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**61.** (1) Section 587 of the Act is amended by adding the following paragraph at the end:

“However, where the amount that should be included in computing the adjusted cost base of a share under the first paragraph is, because of the application of clause D of subparagraph ii of paragraph *f.11* of subsection 2 of section 95 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), greater than the amount that should be included for the purposes of that Act, the amount required to be included under the first paragraph in computing the adjusted cost base of the share is the amount that would have been so included, for the purposes of that Act, in the absence of that clause.”

(2) Subsection 1 applies to a taxation year of the foreign affiliate of a taxpayer that ends in a taxation year of the taxpayer that begins after 30 September 2023. In addition, it applies to a taxation year of the foreign affiliate of a taxpayer that ends in a taxation year of the taxpayer that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**62.** (1) Section 597.8 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**597.8.** Where, because of section 597.7, this section applies at a particular time to a beneficiary under, or a particular person in respect of, a trust, for the purposes of Division X.1.1 of Chapter III of Title III, sections 571 to 576.1, 578 and 579 to 583, paragraph *a* of section 597.1 and sections 598 and 728.0.6, the following rules apply:”.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**63.** (1) Section 613.1 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) the aggregate of the amounts determined in respect of the partnership that are required by subsection 8 of section 127, subsection 11 of section 127.44, subsection 8 of section 127.45, subsection 12 of section 127.48 and subsection 8 of section 127.49 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) to be added in computing, respectively, the investment tax credit, the CCUS tax credit, the clean technology investment tax credit, the clean hydrogen tax credit and the CTM investment tax credit of the taxpayer for the year, within the meaning assigned to those expressions by that Act for the purposes of those subsections;”.

(2) Subsection 1 has effect from 1 January 2022. However,

(1) where section 613.1 of the Act applies before 28 March 2023, subparagraph *a* of its second paragraph is to be read without reference to subsection 8 of section 127.45 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) and subsection 12 of section 127.48 of that Act and without reference to the clean technology investment tax credit and the clean hydrogen tax credit; and

(2) where section 613.1 of the Act applies before 1 January 2024, subparagraph *a* of its second paragraph is to be read without reference to subsection 8 of section 127.49 of the Income Tax Act and without reference to the CTM investment tax credit.

**64.** (1) The Act is amended by inserting the following section after section 649:

**“649.0.1.** For the purposes of subparagraph iv of paragraph *b* of section 649, if an amount included in computing the income of a trust is derived from an agreement, or from the disposition of an agreement, that can reasonably be considered to have been made by the trust to reduce its risk from fluctuations in interest rates in respect of debt incurred by the trust to acquire or refinance property described in subparagraph iii of that paragraph *b*, the amount is deemed to be derived from that property.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2021.

**65.** (1) Section 725.1.2 of the Act is amended by striking out “the Unemployment Insurance Act (R.S.C. 1985, c. U-1),” in subparagraph *b* of the second paragraph.

(2) Subsection 1 has effect from 20 June 2024.

**66.** (1) Section 728.0.1 of the Act is amended by inserting “, 728.0.5” after “726.28” in subparagraph ii of paragraph *a*.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**67.** (1) The Act is amended by inserting the following sections after section 728.0.4:

**“728.0.5.** A taxpayer may deduct, in a particular taxation year, the taxpayer’s restricted interest and financing expenses for preceding taxation years, up to the amount determined in respect of the taxpayer for the particular year in accordance with the formula in paragraph *a.1* of subsection 1 of section 111 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), for the purposes of that Act.

**“728.0.6.** For the purposes of section 728.0.5, a taxpayer’s restricted interest and financing expense for a taxation year means the amount determined by the formula

$$A + B + C.$$

In the formula in the first paragraph,

(a) A is the total of all amounts each of which is the portion of an amount that, because of section 158.15.2, is not deductible in computing the taxpayer’s income from a business or property for the taxation year, or the taxpayer’s taxable income for the year, or does not reduce the amount determined under paragraph *b* of section 28 in respect of the taxpayer for the year;

(b) B is the amount determined under paragraph *m.2* of section 87 in respect of the taxpayer for the year; and

(c) C is the amount determined in respect of the taxpayer for the year in accordance with the description of C in the definition of “restricted interest and financing expense” in subsection 8 of section 111 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), for the purposes of that Act.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**68.** (1) Section 733.0.0.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) the aggregate of the amounts determined in respect of the partnership that are required by subsection 8 of section 127, subsection 11 of section 127.44, subsection 8 of section 127.45, subsection 12 of section 127.48 and subsection 8 of section 127.49 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) to be added in computing, respectively, the investment tax credit, the CCUS tax credit, the clean technology investment tax credit, the clean hydrogen tax credit and the CTM investment tax credit of the taxpayer for the year, within the meaning assigned to those expressions by that Act for the purposes of those subsections;”.

(2) Subsection 1 has effect from 1 January 2022. However,

(1) where section 733.0.0.1 of the Act applies before 28 March 2023, paragraph *a* of that section is to be read without reference to subsection 8 of section 127.45 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) and subsection 12 of section 127.48 of that Act and without reference to the clean technology investment tax credit and the clean hydrogen tax credit; and

(2) where section 733.0.0.1 of the Act applies before 1 January 2024, paragraph *a* of that section is to be read without reference to subsection 8 of section 127.49 of the Income Tax Act and without reference to the CTM investment tax credit.

**69.** (1) Section 733.1 of the Act is amended by inserting “restricted interest and financing expense,” after “non-capital loss,”.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**70.** (1) Sections 734 and 735 of the Act are replaced by the following sections:

**“734.** A non-capital loss, restricted interest and financing expense, farm loss, restricted farm loss or limited partnership loss is deductible, and a net capital loss may be claimed as a deduction, for a particular taxation year under any of sections 727, 728.0.5, 728.1, 729, 731, 733.0.0.1 and 737, as the case may be, only to the extent that it exceeds the aggregate of

(*a*) the amounts deducted under this Title in respect of that non-capital loss, restricted interest and financing expense, farm loss, restricted farm loss or limited partnership loss in computing taxable income or, in the case of a restricted interest and financing expense, in computing a non-capital loss, for taxation years preceding the particular taxation year;

(*b*) the amount claimed as a deduction under section 729 in respect of that net capital loss for taxation years preceding the particular taxation year; and

(c) the amounts claimed as deductions in respect of that limited partnership loss in computing taxable income for taxation years preceding the particular taxation year to the extent that section 158.15.2 denied a deduction in respect of those amounts for such a preceding taxation year.

**“735.** No amount is deductible as a non-capital loss, restricted interest and financing expense, farm loss, net capital loss, restricted farm loss or limited partnership loss under any of sections 727, 728.0.5, 728.1, 729, 731, 733.0.0.1 and 737, as the case may be, for any taxation year, as long as the corresponding deductible losses or expenses, as the case may be, for the previous years have not been deducted.”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**71.** (1) Section 736.0.1 of the Act is amended by replacing the portion before subparagraph *a* of the second paragraph by the following:

**“736.0.1.** Where, at any time, a taxpayer is subject to a loss restriction event, no amount in respect of a non-capital loss, restricted interest and financing expense or farm loss for a taxation year ending before that time is deductible by the taxpayer for a taxation year ending after that time.

However, the taxpayer may deduct, for a particular taxation year ending after that time, such portion of a non-capital loss, restricted interest and financing expense or farm loss, as the case may be, incurred in a taxation year ending before that time as may reasonably be regarded as the taxpayer’s loss from carrying on a business or the taxpayer’s expense or loss incurred in the course of carrying on a business, as the case may be, and, where a business is carried on by the taxpayer in that taxation year, such portion of the non-capital loss as may reasonably be regarded as being attributable to an amount deductible under section 725.1.1 in computing the taxpayer’s taxable income for that taxation year, if the following conditions are met:”

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events,

shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**72.** (1) Section 739 of the Act is amended by replacing subparagraph *c* of the first paragraph by the following subparagraph:

“(c) “financial institution”, “mark-to-market property” and “tracking property” have the meaning assigned by section 851.22.1; and”.

(2) Subsection 1 applies in respect of a dividend received after 31 December 2023.

**73.** (1) The Act is amended by inserting the following sections after section 740:

**“740.0.1.** Subject to section 740.0.3, no deduction may be made under any of sections 738, 740 and 845, in computing the taxable income of a corporation for a taxation year, in respect of a dividend received on a share if

(a) the corporation is a financial institution at any time in the year; and

(b) the share

i. is a mark-to-market property of the corporation for the year, or

ii. would be a mark-to-market property of the corporation for the year if the share was held by the corporation at any time in the year.

**“740.0.2.** For the purposes of paragraph *b* of section 740.0.1, the following rules apply:

(a) a share (other than a share of a financial institution) is deemed to be a mark-to-market property of the corporation for the year if the share

i. is a tracking property of the corporation at any time in the year, or

ii. would be a tracking property of the corporation if the share was held by the corporation at any time in the year; and

(b) a taxable preferred share (other than a share that would be described in subparagraph i or ii of paragraph *a* if that paragraph were read without reference to “(other than a share of a financial institution)”) is deemed not to be a mark-to-market property of the corporation for the year.

**“740.0.3.** Section 740.0.1 does not apply in respect of a dividend received by an insurance corporation in a taxation year where

(a) the dividend

i. is received on a share (other than a share described in subparagraph i of paragraph *a* of section 740.0.2) held by the corporation in relation to an insurance contract entered into, issued or acquired in the ordinary course of an insurance business of the corporation, or

ii. is deemed to be received by the corporation because of a designation made under section 666 by a mutual fund trust in respect of a unit of the trust that is held by the corporation in relation to an insurance contract entered into, issued or acquired in the ordinary course of an insurance business of the corporation; and

(b) the dividend is indicated for that purpose in the corporation’s fiscal return filed under this Part for the year.”

(2) Subsection 1 applies in respect of a dividend received after 31 December 2023.

**74.** (1) The Act is amended by inserting the following sections after section 746:

**“746.1.** An amount that, but for this section, would be a dividend received by a corporation resident in Canada on a share that it owns of the capital stock of a foreign affiliate of the corporation is deemed, for the purposes of sections 746 and 747 to 749, to be a dividend received by the corporation on a share of the capital stock of the foreign affiliate only to the extent that the amount is deemed to be such a dividend, for the purposes of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), under subsection 5 of section 113 of that Act.

However, a corporation in respect of which the first paragraph applied for a taxation year may, in computing its income for the year, deduct an amount equal to the amount that is deductible, for the purposes of the Income Tax Act, for the year under subsection 6 of section 113 of that Act.

**“746.2.** A corporation shall enclose with the fiscal return the corporation is required to file under section 1000 for a taxation year a copy of every document sent for the year to the Minister of National Revenue under subsection 7 of section 113 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), in respect of a dividend received by the corporation on a share of the capital stock of a foreign affiliate.”

(2) Subsection 1, where it enacts section 746.1 of the Act, applies in respect of a dividend received after 30 June 2022.

(3) Subsection 1, where it enacts section 746.2 of the Act, applies in respect of a dividend received after 30 June 2023.

**75.** (1) Section 750.2 of the Act is amended by inserting the following subparagraph after subparagraph *e* of the fourth paragraph:

“(e.0.1) the amounts of \$12,500, \$7,500 and \$56,500 mentioned in section 752.0.10.0.3;”.

(2) Subsection 1 applies from the taxation year 2026.

**76.** (1) Section 750.3 of the Act is amended

(1) by replacing “subparagraph *a* or *d*” in the first paragraph by “any of subparagraphs *a*, *d* and *e.0.1*”;

(2) by replacing “and *e* to *g*” in the second paragraph by “, *e* and *e.1* to *g*”.

(2) Subsection 1 applies from the taxation year 2026.

**77.** (1) Section 752.0.10.0.2 of the Act is amended by striking out the definition of “reduction threshold”.

(2) Subsection 1 applies from the taxation year 2025.

**78.** (1) Section 752.0.10.0.3 of the Act is amended

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

“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 65 years of age or over may deduct from the individual’s tax otherwise payable for the year under this Part an amount determined by the formula

$(A \times B) - (0.07 \times C)$ .”;

(2) by replacing subparagraphs *b* and *c* of the second paragraph by the following subparagraphs:

“(b) B is the lesser of

i. \$12,500, and

ii. the amount by which the individual’s eligible work income for the year that is attributable to the year exceeds \$7,500; and

“(c) C is the amount by which the individual’s income for the year exceeds \$56,500.”;

(3) by striking out the third and fourth paragraphs.

(2) Subsection 1 applies from the taxation year 2025.

**79.** (1) Section 752.0.11.1 of the Act is amended by replacing “or ova” in paragraph x by “, ova or embryos”.

(2) Subsection 1 has effect from 1 January 2022.

**80.** (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 particular amount mentioned in subparagraph i of subparagraph *b* of the second paragraph of section 752.0.10.0.3 that, with reference to section 750.2, 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,

“ii. the particular amount in dollars mentioned in subparagraph ii of subparagraph *b* of the second paragraph of section 752.0.10.0.3 that, with reference to section 750.2, would otherwise be applicable for the taxation year that is deemed to begin on the date of the bankruptcy were replaced, for that taxation year, by an amount equal to the amount by which the particular amount exceeds the individual’s eligible work income, within the meaning of section 752.0.10.0.2, for the taxation year that is deemed to end the day before the bankruptcy, and

“iii. the particular amount in dollars mentioned in subparagraph *c* of the second paragraph of section 752.0.10.0.3 that, with reference to section 750.2, 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”;

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**81.** (1) The Act is amended by inserting the following section after section 752.0.27.1:

“**752.0.28.** For the purposes of section 752.0.10.0.3, where an individual has reached 65 years of age in a calendar year in which the individual became a bankrupt, the individual is deemed to have been 65 years of age throughout that year.”

(2) Subsection 1 has effect from 1 January 2025.

**82.** (1) Section 776.1.5.0.1 of the Act is amended by striking out “under section 776.1.5.0.2 or 776.1.5.0.3” in paragraph *a* of the definition of “specified balance” in the first paragraph.

(2) Subsection 1 applies from the taxation year 2024.

**83.** (1) Section 776.1.5.0.2 of the Act is amended

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

“ $[(A - B)/(15 - C)] - D$ ”;

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

“In the formula in the first paragraph and subject to section 776.1.5.0.2.1,”;

(3) by replacing the portion of subparagraph *b* of the second paragraph before subparagraph *i* by the following:

“(b) B is, where the completion date in respect of an eligible amount of the individual is included in the preceding taxation year, an amount equal to zero and, in any other case, the aggregate of all amounts each of which is”;

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

“(d) D is

i. where the completion date in respect of an eligible amount of the individual is included in the preceding taxation year, the aggregate of all amounts each of which is an amount paid by the individual on the acquisition of replacement shares in a taxation year preceding the particular taxation year or within 60 days after the end of that preceding year that is included in the particular participation period of the individual, and

ii. in any other case, an amount equal to zero.”

(2) Subsection 1 applies from the taxation year 2024.

**84.** (1) The Act is amended by inserting the following sections after section 776.1.5.0.2:

**“776.1.5.0.2.1.** Where the completion date in respect of an eligible amount of an individual is after 31 December 2022 and before 1 January 2027, the second paragraph of section 776.1.5.0.2 is to be read as if

(a) subparagraph *i* of subparagraph *a* were replaced by the following subparagraph:

“i. an amount equal to zero where the individual died or ceased to be resident in Canada in the particular taxation year, where the completion date in respect of an eligible amount of the individual is included in the particular taxation year, or where the particular taxation year and an eligible amount of the individual are referred to in section 776.1.5.0.2.2, and”;

(b) the portion of subparagraph *b* before subparagraph *i* were replaced by the following:

“(b) *B* is an amount equal to zero if the amount that is represented by *A* and that was determined for the preceding taxation year after the application of paragraph *a* of section 776.1.5.0.2.1 was equal to zero and, in any other case, is the aggregate of all amounts each of which is”;

(c) “first calendar year” in subparagraph *c* were replaced by “fourth calendar year”; and

(d) subparagraph *i* of subparagraph *d* were replaced by the following subparagraph:

“i. where the preceding taxation year is the year that includes the completion date in respect of an eligible amount of the individual or is one of the three taxation years following the year that includes that date, the aggregate of all amounts each of which is an amount paid by the individual on the acquisition of replacement shares in a taxation year preceding the particular taxation year or within 60 days after the end of that preceding year that is included in the particular participation period of the individual, and”.

**“776.1.5.0.2.2.** For the purposes of subparagraph *i* of subparagraph *a* of the second paragraph of section 776.1.5.0.2, enacted by paragraph *a* of section 776.1.5.0.2.1, the taxation year and an eligible amount of an individual are referred to where

(a) the year is the taxation year 2024 and the amount is an amount in respect of which the completion date is included in the year 2023;

(b) the year is the taxation year 2025 and the amount is an amount in respect of which the completion date is included in the year 2023 or 2024;

(c) the year is the taxation year 2026 and the amount is an amount in respect of which the completion date is included in the year 2023, 2024 or 2025;

(d) the year is the taxation year 2027 and the amount is an amount in respect of which the completion date is included in the year 2024, 2025 or 2026;

(e) the year is the taxation year 2028 and the amount is an amount in respect of which the completion date is included in the year 2025 or 2026; or

(f) the year is the taxation year 2029 and the amount is an amount in respect of which the completion date is included in the year 2026.”

(2) Subsection 1 applies from the taxation year 2024.

**85.** (1) Sections 776.1.5.0.3 and 776.1.5.0.4 of the Act are amended by striking out “under section 776.1.5.0.2” in paragraph *a*.

(2) Subsection 1 applies from the taxation year 2024.

**86.** (1) Section 776.1.18.5 of the Act is amended

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

“(b) the amount by which the aggregate of all amounts each of which is the tax that the corporation is required to pay to the Minister under section 1129.27.18.2 for the particular year or any of the 20 preceding taxation years exceeds the tax that the corporation would be required to so pay for the particular year if the circumstances described in the first paragraph of that section for each of those preceding years had occurred in the particular year.”;

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**87.** (1) Section 776.1.18.6 of the Act is amended

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

“(b) the amount by which the aggregate of all amounts each of which is the tax that the corporation is required to pay to the Minister under section 1129.27.18.2 for the particular year or any of the 20 preceding taxation years exceeds the tax that the corporation would be required to so pay for the particular year if the circumstances described in the first paragraph of that section for each of those preceding years had occurred in the particular year.”;

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**88.** (1) Section 776.1.18.8 of the Act is replaced by the following section:

**“776.1.18.8.** For the purposes of this Part, an amount deducted by a corporation under this Title in computing its tax payable under this Part for a particular taxation year is considered as received by the corporation

(a) where it is deducted in respect of the expenditures made in the particular year or in a preceding taxation year, on the corporation's balance-day for that particular year; or

(b) where it is deducted in respect of the expenditures made in a subsequent taxation year, on the corporation's balance-day for that year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**89.** (1) Section 776.1.18.13 of the Act is amended

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

“(b) the amount by which the aggregate of all amounts each of which is the tax that the corporation is required to pay to the Minister under section 1129.27.18.6 for the particular year or any of the 20 preceding taxation years exceeds the tax that the corporation would be required to so pay for the particular year if the circumstances described in the first paragraph of that section for each of those preceding years had occurred in the particular year.”;

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**90.** (1) Section 776.1.18.14 of the Act is amended

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

“(b) the amount by which the aggregate of all amounts each of which is the tax that the corporation is required to pay to the Minister under section 1129.27.18.6 for the particular year or any of the 20 preceding taxation years exceeds the tax that the corporation would be required to so pay for the particular year if the circumstances described in the first paragraph of that section for each of those preceding years had occurred in the particular year.”;

(2) by striking out the third paragraph.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**91.** (1) Section 776.1.18.16 of the Act is replaced by the following section:

“**776.1.18.16.** For the purposes of this Part, an amount deducted by a corporation under this Title in computing its tax payable under this Part for a particular taxation year is considered as received by the corporation

(a) where it is deducted in respect of an expenditure made in the particular year or in a preceding taxation year, on the corporation's balance-day for that particular year; or

(b) where it is deducted in respect of an expenditure made in a subsequent taxation year, on the corporation's balance-day for that year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**92.** (1) Sections 776.1.23 and 776.1.24 of the Act are replaced by the following sections:

**“776.1.23.** For the purpose of computing the amount that a corporation may deduct under section 776.1.21 for a particular taxation year in respect of its unused portions of the tax credit for the taxation years preceding the particular year, the total of those unused portions of the tax credit that would be deductible for that particular year if no reference were made to this section and section 776.1.24 is to be reduced by the amount determined under the second paragraph where, in the particular year or a preceding taxation year, an amount relating to wages included in computing the qualified wages, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX, paid by the corporation to an individual for any preceding taxation year, other than an amount described in subparagraph i or ii of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.79, is

(a) directly or indirectly refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; or

(b) obtained by a person or a partnership.

The amount to which the first paragraph refers is the amount by which the aggregate of all amounts each of which is the unused portion of the tax credit of the corporation for a preceding taxation year that would be deductible for the particular taxation year if no reference were made to this section and section 776.1.24 exceeds the total of

(a) the aggregate of all amounts each of which is the unused portion of the tax credit of the corporation for a preceding year that would be deductible for the particular year if, for the purposes of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.79,

i. any amount referred to in the first paragraph, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding taxation year, that is received or obtained at or before the end of the particular year, had been received or obtained in that preceding year, and

ii. any amount referred to in the first paragraph of section 776.1.24, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding taxation year, that is paid or deemed

to be paid under section 776.1.25 at or before the end of the particular year, had been paid or deemed to be paid in that preceding year; and

(b) the amount by which the aggregate of all amounts each of which is the tax that the corporation is required to pay to the Minister under section 1129.27.20 for the particular year or any of the 20 preceding taxation years exceeds the tax that the corporation would be required to so pay for the particular year if the circumstances described in the first paragraph of that section for each of those preceding years had occurred in the particular year.

**“776.1.24.** For the purpose of computing the amount that a corporation may deduct under section 776.1.21 for a particular taxation year in respect of its unused portions of the tax credit for the taxation years preceding the particular year, the total of those unused portions of the tax credit that would be deductible for that particular year if no reference were made to this section and section 776.1.23 is to be increased by the amount determined under the second paragraph where, in the particular year or a preceding taxation year, an amount that relates to wages included in computing the qualified wages, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX, paid by the corporation to an individual for any preceding taxation year and that is described in subparagraph i or ii of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.79 or in subparagraph a or b of the first paragraph of section 776.1.23 is

(a) paid by the corporation, pursuant to a legal obligation, and may reasonably be considered as the repayment of an amount attributable to the qualified wages that is referred to in that subparagraph i or that subparagraph a; or

(b) paid by a person or a partnership, pursuant to a legal obligation, and may reasonably be considered as the repayment of an amount attributable to the qualified wages that is referred to in that subparagraph ii or that subparagraph b.

The amount to which the first paragraph refers is the amount by which the aggregate of all amounts each of which is the unused portion of the tax credit of the corporation for a preceding taxation year that would be deductible for the particular taxation year if no reference were made to this section and section 776.1.23 is exceeded by the total of

(a) the aggregate of all amounts each of which is the unused portion of the tax credit of the corporation for a preceding year that would be deductible for the particular year if, for the purposes of paragraph b of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.79,

i. any amount referred to in the first paragraph, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding taxation year, that is paid at or before the end of the particular year, had been paid in that preceding year, and

ii. any amount referred to in the first paragraph of section 776.1.23, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding taxation year, that is received or obtained at or before the end of the particular year, had been received or obtained in that preceding year; and

(b) the amount by which the aggregate of all amounts each of which is the tax that the corporation is required to pay to the Minister under section 1129.27.20 for the particular year or any of the 20 preceding taxation years exceeds the tax that the corporation would be required to so pay for the particular year if the circumstances described in the first paragraph of that section for each of those preceding years had occurred in the particular year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**93.** Section 776.1.26 of the Act is replaced by the following section:

**“776.1.26.** For the purposes of this Part, an amount deducted by a corporation under this Title in computing its tax payable under this Part for a particular taxation year is considered as received by the corporation

(a) where it is deducted in respect of the expenditures made in the particular year or in a preceding taxation year, on the corporation’s balance-due day for that particular year; or

(b) where it is deducted in respect of the expenditures made in a subsequent taxation year, on the corporation’s balance-due day for that year.”

**94.** (1) Section 776.1.27 of the Act is amended by replacing the definition of “government assistance” by the following definition:

““government assistance” means 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, except an excluded loan within the meaning of section 92.7 or a deduction under this Title in computing tax payable under this Part;”.

(2) Subsection 1 applies in respect of a loan made after 31 December 2019.

**95.** (1) Sections 776.1.31 and 776.1.32 of the Act are replaced by the following sections:

**“776.1.31.** For the purpose of computing the amount that a corporation may deduct under section 776.1.29 for a particular taxation year in respect of its unused portions of the tax credit for the taxation years preceding the particular year, the total of those unused portions of the tax credit that would be deductible for that particular year if no reference were made to this section and section 776.1.32 is to be reduced by the amount determined under the second paragraph where, in the particular year or a preceding taxation year, an amount relating to wages included in computing the qualified wages paid

by the corporation to an individual for any preceding taxation year, other than an amount described in subparagraph i or ii of paragraph *b* of the definition of “qualified wages” in section 776.1.27, is

(*a*) directly or indirectly refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation; or

(*b*) obtained by a person or a partnership.

The amount to which the first paragraph refers is the amount by which the aggregate of all amounts each of which is the unused portion of the tax credit of the corporation for a preceding taxation year that would be deductible for the particular taxation year if no reference were made to this section and section 776.1.32 exceeds the total of

(*a*) the aggregate of all amounts each of which is the unused portion of the tax credit of the corporation for a preceding year that would be deductible for the particular year if, for the purposes of paragraph *b* of the definition of “qualified wages” in section 776.1.27,

i. any amount referred to in the first paragraph, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding taxation year, that is received or obtained at or before the end of the particular year, had been received or obtained in that preceding year, and

ii. any amount referred to in the first paragraph of section 776.1.32, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding taxation year, that is paid or deemed to be paid under section 776.1.33 at or before the end of the particular year, had been paid or deemed to be paid in that preceding year; and

(*b*) the amount by which the aggregate of all amounts each of which is the tax that the corporation is required to pay to the Minister under section 1129.27.24 for the particular year or any of the 20 preceding taxation years exceeds the tax that the corporation would be required to so pay for the particular year if the circumstances described in the first paragraph of that section for each of those preceding years had occurred in the particular year.

**“776.1.32.** For the purpose of computing the amount that a corporation may deduct under section 776.1.29 for a particular taxation year in respect of its unused portions of the tax credit for the taxation years preceding the particular year, the total of those unused portions of the tax credit that would be deductible for that particular year if no reference were made to this section and section 776.1.31 is to be increased by the amount determined under the second paragraph where, in the particular year or a preceding taxation year, an amount that relates to wages included in computing the qualified wages paid by the corporation to an individual for any preceding taxation year and that is described in subparagraph i or ii of paragraph *b* of the definition of “qualified wages” in section 776.1.27 or in subparagraph *a* or *b* of the first paragraph of section 776.1.31 is

(a) paid by the corporation, pursuant to a legal obligation, and may reasonably be considered as the repayment of an amount attributable to the qualified wages that is referred to in that subparagraph i or that subparagraph a; or

(b) paid by a person or a partnership, pursuant to a legal obligation, and may reasonably be considered as the repayment of an amount attributable to the qualified wages that is referred to in that subparagraph ii or that subparagraph b.

The amount to which the first paragraph refers is the amount by which the aggregate of all amounts each of which is the unused portion of the tax credit of the corporation for a preceding taxation year that would be deductible for the particular taxation year if no reference were made to this section and section 776.1.31 is exceeded by the total of

(a) the aggregate of all amounts each of which is the unused portion of the tax credit of the corporation for a preceding year that would be deductible for the particular year if, for the purposes of paragraph b of the definition of “qualified wages” in section 776.1.27,

i. any amount referred to in the first paragraph, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding taxation year, that is paid at or before the end of the particular year, had been paid in that preceding year, and

ii. any amount referred to in the first paragraph of section 776.1.31, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding taxation year, that is received or obtained at or before the end of the particular year, had been received or obtained in that preceding year; and

(b) the amount by which the aggregate of all amounts each of which is the tax that the corporation is required to pay to the Minister under section 1129.27.24 for the particular year or any of the 20 preceding taxation years exceeds the tax that the corporation would be required to so pay for the particular year if the circumstances described in the first paragraph of that section for each of those preceding years had occurred in the particular year.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**96.** Section 776.1.34 of the Act is replaced by the following section:

**“776.1.34.** For the purposes of this Part, an amount deducted by a corporation under this Title in computing its tax payable under this Part for a particular taxation year is considered as received by the corporation

(a) where it is deducted in respect of the expenditures made in the particular year or in a preceding taxation year, on the corporation’s balance-due day for that particular year; or

(b) where it is deducted in respect of the expenditures made in a subsequent taxation year, on the corporation's balance-due day for that year.”

**97.** (1) The Act is amended by inserting the following section after section 776.1.41:

“**776.1.42.** For the purposes of this Part, an amount deducted by a corporation under this Title in computing its tax payable under this Part for a particular taxation year is considered as received by the corporation

(a) where it is deducted in respect of the amounts paid in the particular year or in a preceding taxation year, on the corporation's balance-due day for that particular year; or

(b) where it is deducted in respect of the amounts paid in a subsequent taxation year, on the corporation's balance-due day for that year.”

(2) Subsection 1 applies in respect of an eligible investment made after 31 December 2020.

**98.** (1) Section 797 of the Act is replaced by the following section:

“**797.** A savings and credit union (in this Title referred to as a “credit union”) means a corporation, association or federation that is incorporated or organized as a savings and credit union, financial services cooperative or cooperative credit society and that meets any of the following conditions:

(a) it is a federal credit union or a provider of financial services that is organized on cooperative principles and incorporated by or under a law of Québec or of another province;

(b) all or substantially all of its members having full voting rights are corporations, associations or federations each of which meets the following conditions:

i. it is incorporated as a savings and credit union, financial services cooperative or cooperative credit society and is either described in paragraph *a* or all or substantially all of its members are savings and credit unions, cooperatives or a combination of savings and credit unions and cooperatives,

ii. it is incorporated, organized or registered under, or governed by a law of Québec, Canada or another province with respect to cooperatives,

iii. it is incorporated or organized for charitable purposes, or

iv. no part of its income may be distributed to, or be available for the benefit of, any of its shareholders or members; or

(c) the corporation, association or federation would meet the condition set out in paragraph *b* if all the members, other than individuals, having full voting rights in each savings and credit union that is a member of that corporation, association or federation were members having full voting rights in the corporation, association or federation.”

(2) Subsection 1 has effect from 1 January 2016.

**99.** (1) Section 798 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) a registered retirement savings plan, a registered retirement income fund, a tax-free savings account, a first home savings account or a registered education savings plan, the annuitant, holder or subscriber under which is a person described in paragraph *a*.”

(2) Subsection 1 has effect from 1 April 2023.

**100.** (1) Section 832.3 of the Act is amended by replacing “87.4” in subparagraph *g* of the second paragraph by “87.5”.

(2) Subsection 1 has effect from 20 June 2024.

**101.** (1) Section 890.11 of the Act is replaced by the following section:

“**890.11.** A taxpayer shall also include in computing income for a taxation year the aggregate of all amounts each of which is an amount received by the taxpayer in the year in the course of carrying on a business out of or under a retirement compensation arrangement to which the taxpayer, another person who carried on a business that was acquired by the taxpayer, or any person with whom the taxpayer or that other person does not deal at arm’s length, has contributed an amount that was deductible under section 139.1 in computing the contributor’s income for a taxation year, including any amount received by the taxpayer in the year, in the course of carrying on a business, in relation to such a compensation arrangement, under subsection 3 of section 207.71 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.).”

(2) Subsection 1 applies from the taxation year 2024.

**102.** (1) Section 905.0.3 of the Act is amended by replacing the portion of paragraph *c* of the definition of “qualifying person” in the first paragraph before subparagraph *ii* by the following:

“(c) an individual who is a qualifying family member in relation to the beneficiary if

i. at or before that time, the beneficiary has reached 18 years of age and, other than for the purposes of subparagraph *b.1* of the first paragraph of section 905.0.6, is not a beneficiary under a disability savings plan.”

(2) Subsection 1 has effect from 20 June 2024.

**103.** (1) Section 905.0.3.1 of the Act is amended by inserting “, or who was a successor holder because of subparagraph *b.1* of the first paragraph of section 905.0.6,” after “905.0.3” in the portion before paragraph *a*.

(2) Subsection 1 has effect from 20 June 2024.

**104.** (1) Section 905.0.3.2 of the Act is amended by inserting “or was a successor holder because of subparagraph *b.1* of the first paragraph of section 905.0.6,” after “that definition,” in the portion before paragraph *a*.

(2) Subsection 1 has effect from 20 June 2024.

**105.** (1) Section 905.0.3.3 of the Act is amended by inserting “, or who was a successor holder because of subparagraph *b.1* of the first paragraph of section 905.0.6,” after “905.0.3”.

(2) Subsection 1 has effect from 20 June 2024.

**106.** (1) Section 905.0.3.4 of the Act is replaced by the following section:

**“905.0.3.4.** If, after reasonable inquiry, an issuer of a disability savings plan is of the opinion that an individual’s contractual competence to enter into a disability savings plan is in doubt, no judicial recourse may be exercised against the issuer for

(*a*) entering into a disability savings plan, under which the individual is the beneficiary, with a qualifying family member who was a qualifying person in relation to the beneficiary at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of the application of paragraph *c* of the definition of “qualifying person” in the first paragraph of section 905.0.3; or

(*b*) allowing a qualifying family member to acquire rights as a successor of the holder of the plan under subparagraph *b.1* of the first paragraph of section 905.0.6.”

(2) Subsection 1 has effect from 20 June 2024.

**107.** (1) Section 905.0.6 of the Act is amended, in the first paragraph,

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

“*iv.* a qualifying person (other than a person described in paragraph *c* of the definition of “qualifying person” in the first paragraph of section 905.0.3) in relation to the beneficiary under the plan at the time the rights are acquired, or”;

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

“(b.1) before 1 January 2027, as a consequence of the death of a qualifying family member who was the remaining holder of the plan immediately before death, the plan may allow one qualifying family member in respect of whom the conditions set out in paragraph *c* of the definition of “qualifying person” in the first paragraph of section 905.0.3 are met to acquire rights as a successor of the holder of the plan;”;

(3) by replacing the portion of subparagraph *f* before subparagraph *i* in the French text by the following:

“*f*) le régime interdit que des cotisations y soient versées, à un moment quelconque, dans l’une des circonstances suivantes :”.

(2) Paragraphs 1 and 2 of subsection 1 have effect from 20 June 2024.

**108.** (1) Section 905.0.21 of the Act is amended by inserting “or who was a successor holder because of subparagraph *b.1* of the first paragraph of section 905.0.6,” after “905.0.3,” in the portion of subparagraph *e* of the first paragraph before subparagraph *i*.

(2) Subsection 1 has effect from 20 June 2024.

**109.** (1) Section 930 of the Act is replaced by the following section:

“**930.** An individual and the legal representative of a deceased person who was an annuitant under a registered retirement savings plan may jointly designate in the prescribed form filed with the Minister that all or a portion of an amount paid out of or under the plan and paid at a particular time to the legal representative is deemed to have been received, at that time, by the individual as a benefit that is a refund of premiums, and not to have been paid to the legal representative, if

(*a*) a payment not less than the designated amount is made from the succession of the deceased person to the individual and that individual is entitled to receive the payment

i. as a beneficiary, within the meaning of the second paragraph of section 646, under the succession, or

ii. under a decree, order or judgment of a competent tribunal or under a written agreement, relating to the rights of a spouse in respect of property as a result of marriage; and

(*b*) the designated amount would have been a refund of premiums if it had been paid to the individual directly from the registered retirement savings plan.”

(2) Subsection 1 has effect from 1 January 2020.

**II0.** (1) Section 935.1 of the Act is amended, in the first paragraph,

(1) by replacing “\$35,000” in paragraph *h* of the definition of “regular eligible amount” and in paragraph *g* of the definition of “supplemental eligible amount” by “\$60,000”;

(2) by replacing paragraph *b* of the definition of “excluded premium” by the following paragraph:

“(b) was an amount transferred directly from a first home savings account, registered retirement savings plan, registered pension plan, registered retirement income fund or deferred profit sharing plan;”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2024 in respect of an amount received after 16 April 2024.

(3) Paragraph 2 of subsection 1 has effect from 28 November 2023.

**III.** (1) Section 935.4 of the Act is amended by replacing the portion of the second paragraph before subparagraph *a* by the following:

“In the formula in the first paragraph and subject to section 935.4.1,”.

(2) Subsection 1 applies from the taxation year 2024.

**II2.** (1) The Act is amended by inserting the following sections after section 935.4:

**“935.4.1.** Where the completion date in respect of an eligible amount received by an individual is after 31 December 2022 and before 1 January 2027, the second paragraph of section 935.4 is to be read as if

(a) subparagraph *i* of subparagraph *a* were replaced by the following subparagraph:

“i. an amount equal to zero where the individual died or ceased to be resident in Canada in the particular year, where the completion date in respect of an eligible amount received by the individual is included in the particular year, or where the particular year and an eligible amount received by the individual are referred to in section 935.4.2, and”;

(b) subparagraph *i* of subparagraph *b* were replaced by the following subparagraph:

“i. an amount equal to zero if the amount that is represented by A and that was determined for the preceding taxation year after the application of paragraph *a* of section 935.4.1 was equal to zero, and”;

(c) “first calendar year” in subparagraph ii of subparagraph *d* were replaced by “fourth calendar year”; and

(d) subparagraph ii of subparagraph *e* were replaced by the following subparagraph:

“ii. if the preceding taxation year is the year that includes the completion date in respect of an eligible amount received by the individual or is one of the three taxation years following the year that includes that date, the aggregate of all amounts each of which is designated under section 935.3 by the individual for the particular year or a preceding taxation year included in the particular participation period, and”.

**“935.4.2.** For the purposes of subparagraph i of subparagraph *a* of the second paragraph of section 935.4, enacted by paragraph *a* of section 935.4.1, the taxation year and an eligible amount received by an individual are referred to where

(a) the year is the taxation year 2024 and the amount is an amount in respect of which the completion date is included in the year 2023;

(b) the year is the taxation year 2025 and the amount is an amount in respect of which the completion date is included in the year 2023 or 2024;

(c) the year is the taxation year 2026 and the amount is an amount in respect of which the completion date is included in the year 2023, 2024 or 2025;

(d) the year is the taxation year 2027 and the amount is an amount in respect of which the completion date is included in the year 2024, 2025 or 2026;

(e) the year is the taxation year 2028 and the amount is an amount in respect of which the completion date is included in the year 2025 or 2026; or

(f) the year is the taxation year 2029 and the amount is an amount in respect of which the completion date is included in the year 2026.”

(2) Subsection 1 applies from the taxation year 2024.

**II3.** (1) Section 935.12 of the Act is amended by replacing paragraph *c* of the definition of “excluded premium” in the first paragraph by the following paragraph:

“(c) was an amount transferred directly from a first home savings account, registered retirement savings plan, registered pension plan, registered retirement income fund or deferred profit sharing plan; or”.

(2) Subsection 1 has effect from 28 November 2023.

**114.** (1) Section 935.30 of the Act is amended, in the first paragraph,

(1) by replacing “du particulier” in the definition of “bénéficiaire” in the French text by “d’un particulier”;

(2) by replacing the definition of “survivor” by the following definition:

““survivor” of a holder means an individual who is, immediately before the holder’s death, the holder’s spouse.”

(2) Subsection 1 has effect from 1 April 2023.

**115.** (1) The Act is amended by inserting the following section after section 935.34:

**“935.34.1.** An amount that is credited or added to a deposit that is a first home savings account as interest or other income in respect of the account is deemed not to be received by the holder of the account or any other person solely because of that crediting or adding.”

(2) Subsection 1 has effect from 1 April 2023.

**116.** (1) Section 935.38 of the Act is amended by replacing subparagraph *c* of the first paragraph by the following subparagraph:

“(c) where the transfer is not made to another first home savings account of the holder of the transferor account, the amount does not exceed the amount by which the total fair market value, immediately before the particular time, of all property held as part of a first home savings account under which the last holder of the transferor account is the last holder exceeds the excess FHSA amount, within the meaning assigned by subsection 1 of section 207.01 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), of the last holder of the transferor account immediately before the particular time.”

(2) Subsection 1 has effect from 1 April 2023.

**117.** (1) Section 935.43 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) the survivor is a qualifying individual at that time and

i. no contributions or transfers are made to the first home savings account by the survivor after that time,

ii. no qualifying withdrawals are made from the first home savings account after that time, and

iii. the balance of the first home savings account is transferred to a registered retirement savings plan or a registered retirement income fund of the survivor, or distributed to the survivor in accordance with section 935.44, by the end of the calendar year following the year of death; or

“(b) the survivor is not a qualifying individual at that time, in which case the balance of the first home savings account is to be transferred to a first home savings account, a registered retirement savings plan or a registered retirement income fund of the survivor, or distributed to the survivor in accordance with section 935.44, by the end of the calendar year following the year of death.”

(2) Subsection 1 has effect from 1 April 2023.

**118.** (1) Section 935.45 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) if a payment is made from the succession to a first home savings account, a registered retirement savings plan or a registered retirement income fund of the survivor, the payment is deemed to be a transfer from the account to the extent that it is so designated jointly by the legal representative and the survivor in the prescribed form filed with the Minister;”.

(2) Subsection 1 has effect from 1 April 2023.

**119.** (1) Section 935.47 of the Act is amended by replacing paragraphs *a* to *c* by the following paragraphs:

“(a) sections 935.31 and 935.34.1 do not apply in respect of that arrangement after the particular time;

“(b) if the taxpayer who was the last holder under the arrangement immediately before it ceased to be a first home savings account is not deceased at the particular time, an amount equal to the fair market value of all the property of the arrangement, determined at that time, is deemed for the purposes of section 935.37 to be received at that time by the taxpayer out of the first home savings account;

“(c) if the last holder is deceased at the particular time, the proportion of the fair market value of all the property of the arrangement that a beneficiary is entitled to, determined at the particular time, is deemed for the purposes of section 935.44 to be an amount distributed at that time from the first home savings account to the beneficiary;

“(d) if the arrangement governs a trust,

i. the trust is deemed to have disposed, immediately before the particular time, of each property held by the trust for proceeds equal to the property’s fair market value immediately before the particular time,

ii. the trust is deemed to have acquired, at the particular time, each such property at a cost equal to that fair market value,

iii. the trust's last taxation year that began before the particular time is deemed to have ended immediately before the particular time, and

iv. a taxation year of the trust is deemed to begin at the particular time; and

“(e) if the arrangement is a deposit or contract,

i. the arrangement is deemed to have been disposed of immediately before the particular time for proceeds equal to its fair market value immediately before the particular time,

ii. if the arrangement is an annuity contract, the contract is deemed to be a separate annuity contract issued and effected at the particular time otherwise than pursuant to or as a first home savings account, and

iii. each person who has a right in the separate annuity contract or deposit, as the case may be, at the particular time is deemed to acquire the right at the particular time at a cost equal to its fair market value at the particular time.”

(2) Subsection 1 has effect from 1 April 2023.

**120.** (1) Section 965.0.17.2 of the Act is amended by replacing subparagraph *b* of the first paragraph by the following subparagraph:

“(b) the contract does not permit premiums to be paid at or after that time, except

i. a premium paid at that time out of or under the plan to purchase the contract, or

ii. a premium paid after that time to acquire additional benefits consequential to proceedings commenced under the Bankruptcy and Insolvency Act (R.S.C. 1985, c. B-3) or the Companies' Creditors Arrangement Act (R.S.C. 1985, c. C-36);”.

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

**121.** (1) Section 1000 of the Act is amended by adding the following paragraph at the end of subsection 2.2:

“(t) an eligible trust, within the meaning of section 796.1.”

(2) Subsection 1 applies to a taxation year that ends after 30 December 2023.

**122.** (1) Section 1010 of the Act is amended by inserting the following paragraphs after paragraph *a.3* of subsection 2:

“(a.4) within three years after the day on which the prescribed form containing prescribed information provided for in section 158.15.5 is filed or, in the case of a taxpayer referred to in paragraph *a.0.1*, within four years after that day, if the prescribed form is not filed in the manner and within the time specified;

“(a.5) within six years after the day referred to in paragraph *a* if the taxpayer has, in the taxation year concerned, disposed of the shares of the capital stock of a corporation resident in Canada and has made, in respect of the disposition, an election referred to in subparagraph *h* of the first paragraph of section 517.5.13;

“(a.6) within 13 years after the day referred to in paragraph *a* if the taxpayer has, in the taxation year concerned, disposed of the shares of the capital stock of a corporation resident in Canada and has made, in respect of the disposition, an election referred to in subparagraph *i* of the first paragraph of section 517.5.14;

“(a.7) within six years after the day referred to in paragraph *a* or, in the case of a taxpayer referred to in paragraph *a.0.1*, within seven years after that day, if

i. the taxpayer, or a partnership of which the taxpayer is a member, has failed to file for the taxation year concerned the prescribed form in the manner and within the time specified in section 1079.8.15.10 or to report on the prescribed form the information required in respect of a designated foreign property, within the meaning of section 1079.8.15.8, held by the taxpayer at any time in the year, and

ii. the taxpayer has failed to report, in the taxpayer’s fiscal return for the taxation year concerned, an amount in respect of a designated foreign property the taxpayer is required to include in computing income for the year; or”.

(2) Subsection 1, where it enacts paragraph *a.4* of subsection 2 of section 1010 of the Act, applies to a taxation year that begins after 30 September 2023.

(3) Subsection 1, where it enacts paragraphs *a.5* and *a.6* of subsection 2 of section 1010 of the Act, has effect from 1 January 2024.

**123.** (1) Section 1011 of the Act is amended by replacing “*a.3*” in the portion before paragraph *a* by “*a.7*”.

(2) Subsection 1, where it adds, in the portion of section 1011 of the Act before paragraph *a*, a reference to paragraph *a.4* of subsection 2 of section 1010 of the Act, applies to a taxation year that begins after 30 September 2023.

(3) Subsection 1, where it adds, in the portion of section 1011 of the Act before paragraph *a*, a reference to paragraphs *a.5* and *a.6* of subsection 2 of section 1010 of the Act, has effect from 1 January 2024.

**124.** (1) Section 1014 of the Act is amended by replacing “*a.3*” in the second paragraph by “*a.7*”.

(2) Subsection 1, where it adds, in the second paragraph of section 1014 of the Act, a reference to paragraph *a.4* of subsection 2 of section 1010 of the Act, applies to a taxation year that begins after 30 September 2023.

(3) Subsection 1, where it adds, in the second paragraph of section 1014 of the Act, a reference to paragraphs *a.5* and *a.6* of subsection 2 of section 1010 of the Act, has effect from 1 January 2024.

**125.** (1) Section 1015 of the Act is amended, in the second paragraph,

(1) by inserting the following subparagraph after subparagraph *e.0.1*:

“(*e.0.2*) an amount described in paragraph *c.2* of section 311;”;

(2) by replacing subparagraph *w* by the following subparagraph:

“(*w*) a payment out of or under a first home savings account, if the amount is required in accordance with Title IV.4 of Book VII to be included in computing a taxpayer’s income.”

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

(3) Paragraph 2 of subsection 1 has effect from 1 April 2023.

**126.** (1) Section 1029.6.0.0.1 of the Act is amended by replacing the definitions of “government assistance” and “non-government assistance” in the first paragraph by the following definitions:

““government assistance” means 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, except an excluded loan within the meaning of section 92.7;

““non-government assistance” means an amount (other than an amount from a government, municipality or other public authority) that would be included in computing a taxpayer’s income because of paragraph *w* of section 87, if that paragraph were read without reference to its subparagraphs *i* to *iii* and *v*;”.

(2) Subsection 1, where it replaces the definition of “government assistance” in the first paragraph of section 1029.6.0.0.1 of the Act, applies in respect of a loan made after 31 December 2019.

(3) Subsection 1, where it replaces the definition of “non-government assistance” in the first paragraph of section 1029.6.0.0.1 of the Act, has effect from 20 June 2024.

**127.** (1) Section 1029.8.36.0.3.88 of the Act is amended by replacing “2024” in the definition of “eligibility period” in the first paragraph and in subparagraph *a* of the second paragraph by “2025”.

(2) Subsection 1 has effect from 25 March 2025.

**128.** (1) Section 1029.8.36.0.3.102 of the Act is amended by replacing “2027” in the portion before paragraph *a* by “2028”.

(2) Subsection 1 has effect from 25 March 2025.

**129.** (1) Section 1029.8.36.0.3.103 of the Act is amended by replacing “2027” in the portion before subparagraph *a* of the first paragraph by “2028”.

(2) Subsection 1 has effect from 25 March 2025.

**130.** (1) Section 1029.8.36.0.3.104 of the Act is amended by replacing “2027” in the portion before subparagraph *a* of the first paragraph by “2028”.

(2) Subsection 1 has effect from 25 March 2025.

**131.** (1) Section 1029.8.50 of the Act is amended

(1) by striking out “the Unemployment Insurance Act (R.S.C. 1985, c. U-1) or” in the portion before the formula in the first paragraph;

(2) by striking out “Part VII of the Unemployment Insurance Act or” in subparagraph *a* of the second paragraph.

(2) Subsection 1 has effect from 20 June 2024.

**132.** (1) Section 1029.8.67 of the Act is amended by replacing “16 years” in the definition of “eligible child” by “14 years”.

(2) Subsection 1 applies from the taxation year 2026.

**133.** (1) The Act is amended by inserting the following section after section 1034.0.0.3:

**“1034.0.0.3.1.** Where a particular taxpayer has made, with another taxpayer referred to in section 517.5.13 or 517.5.14, a joint election in respect of a disposition of shares of the capital stock of a corporation resident in Canada, under subparagraph *i* of paragraph *h* of subsection 2.31 of section 84.1 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) or subparagraph *i* of paragraph *i* of subsection 2.32 of that section 84.1, the particular taxpayer and the other taxpayer are solidarily liable for the tax payable by the particular taxpayer under this Part to the extent that that tax payable is greater than it would have been if the conditions of section 517.5.13 or 517.5.14, as applicable, had been satisfied in respect of the disposition.”

(2) Subsection 1 has effect from 1 January 2024.

**134.** (1) Section 1034.1 of the Act is amended by striking out subsection 2.0.2.

(2) Subsection 1 has effect from 1 April 2023.

**135.** (1) Section 1051 of the Act is amended by inserting the following subparagraphs after subparagraph *d.1* of the second paragraph:

“(d.2) within the three years or four years, as the case may be, following the day on which the prescribed form containing prescribed information provided for in section 158.15.5 is filed, where paragraph *a.4* of subsection 2 of section 1010 applies;

“(d.3) within the six years following the end of the taxation year concerned, where paragraph *a.5* of subsection 2 of section 1010 applies;

“(d.4) within the 13 years following the end of the taxation year concerned, where paragraph *a.6* of subsection 2 of section 1010 applies;

“(d.5) within the six years or seven years, as the case may be, following the end of the taxation year concerned, where paragraph *a.7* of subsection 2 of section 1010 applies; or”.

(2) Subsection 1, where it enacts subparagraph *d.2* of the second paragraph of section 1051 of the Act, applies to a taxation year that begins after 30 September 2023.

(3) Subsection 1, where it enacts subparagraphs *d.3* and *d.4* of the second paragraph of section 1051 of the Act, has effect from 1 January 2024.

**136.** (1) Section 1055.1.3 of the Act is amended by striking out “the Unemployment Insurance Act (R.S.C. 1985, c. U-1)” in the first paragraph.

(2) Subsection 1 has effect from 20 June 2024.

**137.** The Act is amended by inserting the following Book after section 1079.8.15.7:

“**BOOK X.2.2**

“REPORTING FOREIGN PROPERTY

“TITLE I

“INTERPRETATION

“**1079.8.15.8.** In this Book,

“designated foreign property” of a person or a partnership means, subject to the second paragraph, any property of the person or partnership that is

- (a) funds or incorporeal property situated, deposited or held outside Canada;
- (b) corporeal property situated outside Canada;
- (c) a share of the capital stock of a corporation not resident in Canada;
- (d) an interest in a trust not resident in Canada;
- (e) an interest in a partnership that owns or holds designated foreign property;
- (f) an interest in, or right with respect to, an entity not resident in Canada;
- (g) indebtedness owed by a person not resident in Canada;
- (h) a right in a property (other than a property owned by a corporation or trust that is not the person) that is designated foreign property, or a right to such property, under a contract either immediately or in the future and either absolutely or contingently; or
- (i) property that, under the terms or conditions thereof or any agreement relating thereto, is convertible into, is exchangeable for or confers a right to acquire, designated foreign property;

“designated member” of a partnership for a fiscal period means a person that is a member of the partnership and that either is not resident in Canada or is referred to in any of subparagraphs i to vii of paragraph *a* of the definition of “designated Québec entity”;

“designated Québec entity” for a taxation year or a fiscal period means, as the case may be,

(a) a taxpayer that, in a taxation year, is either an individual resident in Québec or a corporation resident in Canada that has an establishment in Québec, and is not

- i. a mutual fund corporation,
- ii. an investment corporation owned by persons not resident in Canada,
- iii. a person (including a trust) all of whose taxable income for the year is exempt from tax under Part I,
- iv. a mutual fund trust,
- v. a trust described in any of subparagraphs *a* to *d* of the third paragraph of section 647,

vi. a corporation or trust that is a registered investment, within the meaning of subsection 1 of section 204.4 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), or

vii. a trust in which all the beneficial interests are held by one or more persons described in subparagraphs i to vi; or

(b) a partnership in respect of which the aggregate of all amounts, each of which is any of its designated members' share of the partnership's income or loss for the fiscal period, is less than 90% of that income or loss;

“exempt foreign trust” means

(a) a trust governed by a foreign retirement arrangement;

(b) a trust that meets the following conditions:

i. the trust is resident in a country whose laws provide for an income tax,

ii. the laws referred to in subparagraph i exempt the trust from payment of that tax to that country's government,

iii. either the trust is established principally as part of one or more plans or funds that are superannuation, pension or retirement funds or plans, or that are established to provide benefits in respect of the employees, or the trust's main purpose is to administer or provide benefits under one or more of those funds or plans, and

iv. the trust is either administered primarily for the benefit of individuals who are not resident in Canada or governed by a profit sharing plan; or

(c) a trust that meets the following conditions:

i. the trust is resident in Australia or New Zealand, as the case may be, for the purposes of the laws of those countries that provide for an income tax,

ii. the trust qualifies for a reduced rate of income tax under the laws of its country of residence referred to in subparagraph i,

iii. the trust is established principally for the purpose of administering or providing benefits under a superannuation, pension or retirement fund or plan, and

iv. the trust is maintained primarily for the benefit of individuals who are resident in Australia or New Zealand, as the case may be.

None of the following property of a person or partnership is a designated foreign property of the person or partnership:

(a) property that is used or held exclusively in the course of carrying on a business that would be an eligible business of the person or partnership if the person or partnership were a corporation resident in Canada;

(b) a share of the capital stock or indebtedness of a corporation not resident in Canada that is a foreign affiliate of the person or partnership for the purposes of section 233.4 of the Income Tax Act;

(c) an interest in, or indebtedness of, a trust not resident in Canada that is a foreign affiliate of the person or partnership for the purposes of section 233.4 of the Income Tax Act;

(d) an interest in a trust not resident in Canada that was not acquired for consideration by either the person or partnership or a person related to the person or partnership;

(e) an interest in an exempt foreign trust;

(f) an interest in a partnership that is either a designated Québec entity or a specified Canadian entity within the meaning of subsection 1 of section 233.3 of the Income Tax Act;

(g) a right with respect to, or indebtedness of, an authorized foreign bank that is issued by, and payable or otherwise enforceable at, a branch in Canada;

(h) personal-use property of the person or partnership; and

(i) a right in a property that is described in any of subparagraphs *a* to *h*.

For the purposes of paragraph *b* of the definition of “designated Québec entity” in the first paragraph, a partnership’s income for a fiscal period is deemed to be equal to \$1,000,000 where its income and loss are nil.

**“1079.8.15.9.** For the purposes of this Book, the following rules apply where a particular person is a member, or is deemed because of the application of this section to be a member, of a partnership (in this section referred to as the “interposed partnership”) at the end of a fiscal period of the interposed partnership (in this section referred to as the “interposed fiscal period”) and the interposed partnership is itself a member of a given partnership at the end of the given partnership’s given fiscal period that ends in the interposed fiscal period:

(a) the particular person is deemed to be a member of the given partnership at the end of the given fiscal period; and

(b) the agreed proportion in respect of the particular person for the given partnership's given fiscal period is deemed to be equal to the product obtained by multiplying the agreed proportion in respect of the particular person for the interposed partnership's interposed fiscal period by the agreed proportion in respect of the interposed partnership for the given partnership's given fiscal period.

## “TITLE II

### “REPORTING

**“1079.8.15.10.** Where, at a particular time when a designated Québec entity is, for the taxation year or fiscal period that includes that time, resident in Canada, the aggregate of all amounts each of which is the cost amount to the entity of a designated foreign property of the entity exceeds \$100,000, the entity must file with the Minister, for the year or fiscal period, a return in the prescribed form containing prescribed information on or before the day that is

(a) where the entity is a partnership, the day on or before which an information return is required to be filed in respect of the fiscal period under section 1086R78 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) or would be required to be so filed if that section applied to the entity; and

(b) in any other case, the entity's filing-due date for the year.

## “TITLE III

### “PENALTIES

**“1079.8.15.11.** Every person or partnership who, knowingly or under circumstances amounting to gross negligence, fails to file the return the person or partnership is required to file under section 1079.8.15.10, in the manner and within the time specified in that section, incurs a penalty of up to \$12,000, subject to the third paragraph, comprising a penalty of \$500 for each month or part of a month the failure continues.

Every person or partnership who, knowingly or under circumstances amounting to gross negligence, fails to comply with a demand made under section 39 of the Tax Administration Act (chapter A-6.002) to file the return the person or partnership is required to file under section 1079.8.15.10 incurs, if the first paragraph does not apply and subject to the third paragraph, a penalty of \$1,000 for each month or part of a month the failure continues, from the month in which the demand was sent to the person or partnership, up to \$24,000.

The penalty incurred by the person or partnership under the first paragraph of section 59 of the Tax Administration Act must be subtracted from the penalty incurred under the first or second paragraph.

**“1079.8.15.12.** A person or partnership who incurs a penalty referred to in section 1079.8.15.11 and whose failure to file the return the person or partnership is required to file under section 1079.8.15.10 for a particular taxation year or fiscal period or to comply with a demand made under section 39 of the Tax Administration Act (chapter A-6.002) to file such a return continues for more than 24 months incurs, in addition to that penalty, but subject to the second paragraph, a penalty equal to 5% of the greatest of all amounts each of which is the total of the cost amounts to the person or partnership at any time in the year or fiscal period of the designated foreign property of the person or partnership.

The total of the penalties incurred by the person or partnership under section 1079.8.15.11 and section 59 of the Tax Administration Act must be subtracted from the penalty incurred under the first paragraph.

**“1079.8.15.13.** Every person or partnership who, knowingly or under circumstances amounting to gross negligence makes or participates in, assents to or acquiesces in, the making of a false statement or omission in the return the person or partnership is required to file under section 1079.8.15.10 for a taxation year or fiscal period incurs a penalty equal to the greater of \$24,000 and 5% of the greatest of all amounts each of which is the total of the cost amounts to the person or partnership at any time in the year or fiscal period of the designated foreign property of the person or partnership.

**“1079.8.15.14.** For the purposes of this Title, an act or omission of a member of a partnership in respect of a return the partnership is required to file under section 1079.8.15.10 is deemed to be an act or omission of the partnership in respect of the return.

**“1079.8.15.15.** Where a partnership incurs a penalty under any of sections 1079.8.15.11 to 1079.8.15.13, sections 1005 to 1014, 1034 to 1034.0.2, 1035 to 1044.0.2 and 1051 to 1055.1 apply, with the necessary modifications, in respect of the penalty as if the partnership were a corporation.”

**138.** (1) The Act is amended by inserting the following before section 1079.9:

## **“CHAPTER I**

### **“INTERPRETATION AND GENERAL RULES**

**“1079.8.43.** This Title contains the general anti-avoidance rule, the object of which, for the purposes of this Act, is to

(a) deny the tax benefit derived from avoidance transactions that result directly or indirectly in a misuse of the provisions of one or more of the texts mentioned in subparagraph *a* of the first paragraph of section 1079.12 or an abuse of those provisions read as a whole, while not preventing taxpayers from obtaining tax benefits contemplated by Parliament; and

(b) strike a balance between the Government’s responsibility to protect the tax base and the fairness of the tax system and taxpayers’ need for certainty in planning their affairs.”

(2) Subsection 1 has effect from 20 June 2024.

**139.** (1) The Act is amended by inserting the following after section 1079.9.1:

**“CHAPTER II**

**“GENERAL ANTI-AVOIDANCE RULE”.**

(2) Subsection 1 has effect from 20 June 2024.

**140.** (1) Section 1079.11 of the Act is replaced by the following section:

**“1079.11.** An avoidance transaction is any transaction that, but for this Title, would result, directly or indirectly, in a tax benefit or that is part of a series of transactions, which series, but for this Title, would result, directly or indirectly, in a tax benefit if, in either case, it may reasonably be considered that one of the main purposes for undertaking or arranging the transaction is one of the following purposes or a combination of them:

(a) the obtainment of a tax benefit;

(b) the reduction, avoidance or deferral of tax or of another amount payable as tax or in respect of tax under an Act of Canada or of a province, other than this Act;

(c) the increase of a refund of tax or of another amount as tax or in respect of tax under an Act of Canada or of a province, other than this Act; and

(d) the reduction, increase or preservation of an amount that could at a subsequent time

i. be relevant for the purpose of computing an amount referred to in paragraph *b* or *c*, and

ii. result in any of the effects described in paragraph *b* or *c*.”

(2) Subsection 1 applies in respect of a transaction that occurs after 31 December 2023.

(3) In addition, where section 1079.11 of the Act applies in respect of a transaction that occurs either before 7 April 2022, where a determination is made in accordance with section 1006.1 of the Act after 6 April 2022 in relation to the transaction, or after 6 April 2022 and before 1 January 2024, the second paragraph of that section is to be read as if the following subparagraph were added at the end:

“(d) the reduction, increase or preservation of an amount that could at a subsequent time

i. be relevant for the purpose of computing an amount referred to in subparagraph *b* or *c*, and

ii. result in any of the effects described in subparagraph *b* or *c*.”

**141.** (1) Section 1079.12 of the Act is amended by adding the following paragraphs at the end:

“The fact that an avoidance transaction carried out by a taxpayer, or a series of transactions that includes the avoidance transaction, is significantly lacking in economic substance is an important consideration that tends to indicate that the transaction results in a misuse of the provisions referred to in subparagraph *a* of the first paragraph or an abuse referred to in subparagraph *b* of that paragraph.

Factors that establish that a transaction or series of transactions is significantly lacking in economic substance may include, but are not limited to, any of the following:

(a) the fact that all or substantially all of the opportunity for gain or profit and risk of loss of the taxpayer—taken together with those of other taxpayers not dealing at arm’s length with the taxpayer (other than those who can reasonably be considered, having regard to the circumstances viewed as a whole, to have economic interests that are largely adverse from those of the taxpayer)—remains unchanged, including because of

i. a circular flow of funds,

ii. offsetting financial positions,

iii. the timing between steps in a series of transactions, or

iv. the use of an accommodation party;

(b) the fact that it is reasonable to conclude that, at the time the transaction or series of transactions was entered into, the expected value of the resulting tax benefit exceeded the expected non-tax economic return (excluding the tax benefit and any tax advantages connected to another jurisdiction); and

(c) the fact that it is reasonable to conclude that the entire, or almost entire, purpose for undertaking or arranging the transaction or series of transactions was to obtain the resulting tax benefit.”

(2) Subsection 1 applies in respect of a transaction that occurs after 31 December 2023.

**142.** (1) The Act is amended by inserting the following after section 1079.13:

**“CHAPTER III**

**“PENALTIES”.**

(2) Subsection 1 has effect from 20 June 2024.

**143.** (1) Section 1079.13.1 of the Act is amended by replacing the second paragraph by the following paragraph:

“However, the first paragraph does not apply where

(a) the person filed an information return in respect of the transaction, or series of transactions that includes the transaction, in accordance with any of sections 1079.8.5 to 1079.8.6.2, 1079.8.7 and 1079.8.7.1; or

(b) the person demonstrates that, at the time that the transaction was entered into, it was reasonable for the person to have concluded that section 1079.10 would not apply to the transaction, in reliance on the transaction, or a series of transactions that includes the transaction, being identical or almost identical to a transaction or series of transactions that was the subject of published administrative guidance or statements made by the Minister or another relevant government authority or of a court decision.”

(2) Subsection 1 applies in respect of a transaction that occurs after 19 June 2024.

**144.** (1) The Act is amended by inserting the following after section 1079.13.4:

**“CHAPTER IV**

**“MISCELLANEOUS PROVISIONS”.**

(2) Subsection 1 has effect from 20 June 2024.

**145.** (1) Section 1086.15 of the Act is amended, in the second paragraph,

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

“In the formula in the first paragraph and subject to section 1086.15.1,”;

(2) by replacing the portion of subparagraph *b* before subparagraph *i* by the following:

“(b) B is, where the completion date in respect of an eligible amount of the individual is included in the taxation year that precedes the particular taxation year referred to in section 1086.14, an amount equal to zero and, in any other case, the aggregate of all amounts each of which is”;

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

“(d) D is

i. where the completion date in respect of an eligible amount of the individual is included in the taxation year that precedes the particular taxation year referred to in section 1086.14, the aggregate of all amounts each of which is

(1) an amount paid by the individual on the acquisition of replacement shares in the particular taxation year referred to in section 1086.14 or within the first 60 days after the end of that year that is included in the particular participation period referred to in section 1086.14, or

(2) an amount paid by the individual on the acquisition of replacement shares in a taxation year preceding the particular taxation year referred to in section 1086.14 or within 60 days after the end of that preceding year that is included in the particular participation period referred to in section 1086.14, and

ii. in any other case, the aggregate of all amounts each of which is an amount referred to in subparagraph 1.”

(2) Subsection 1 applies from the taxation year 2024.

**146.** (1) The Act is amended by inserting the following sections after section 1086.15:

“**1086.15.1.** Where the completion date in respect of an eligible amount of an individual is after 31 December 2022 and before 1 January 2027, the second paragraph of section 1086.15 is to be read as if

(a) subparagraph *i* of subparagraph *a* were replaced by the following subparagraph:

“i. an amount equal to zero where the individual died or ceased to be resident in Canada in the particular taxation year referred to in section 1086.14, where the completion date in respect of an eligible amount of the individual is included in that particular taxation year, or where the particular taxation year and an eligible amount of the individual are referred to in section 1086.15.2, and”;

(b) the portion of subparagraph *b* before subparagraph *i* were replaced by the following:

“(b) B is an amount equal to zero if the amount that is represented by A and that was determined for the preceding taxation year after the application of paragraph *a* of section 1086.15.1 was equal to zero and, in any other case, is the aggregate of all amounts each of which is”;

(c) “first calendar year” in subparagraph *c* were replaced by “fourth calendar year”; and

(d) the portion of subparagraph *i* of subparagraph *d* before subparagraph 1 were replaced by:

“i. where the taxation year that precedes the particular taxation year referred to in section 1086.14 is the year that includes the completion date in respect of an eligible amount of the individual or is one of the three taxation years following the year that includes that date, the aggregate of all amounts each of which is”.

“**1086.15.2.** For the purposes of subparagraph *i* of subparagraph *a* of the second paragraph of section 1086.15, enacted by paragraph *a* of section 1086.15.1, the taxation year and an eligible amount of an individual are referred to where

(a) the year is the taxation year 2024 and the amount is an amount in respect of which the completion date is included in the year 2023;

(b) the year is the taxation year 2025 and the amount is an amount in respect of which the completion date is included in the year 2023 or 2024;

(c) the year is the taxation year 2026 and the amount is an amount in respect of which the completion date is included in the year 2023, 2024 or 2025;

(d) the year is the taxation year 2027 and the amount is an amount in respect of which the completion date is included in the year 2024, 2025 or 2026;

(e) the year is the taxation year 2028 and the amount is an amount in respect of which the completion date is included in the year 2025 or 2026; or

(f) the year is the taxation year 2029 and the amount is an amount in respect of which the completion date is included in the year 2026.”

(2) Subsection 1 applies from the taxation year 2024.

**147.** (1) Section 1086.17.1 of the Act is amended by inserting “with reference to section 1086.15.1, where applicable,” after “determined” in the portion of subparagraphs *i*, *ii* and *iii* of paragraph *a* before subparagraph 1.

(2) Subsection 1 applies from the taxation year 2024.

**148.** (1) Section 1091 of the Act is amended by inserting “728.0.5,” after “727,” in subparagraph *b* of the first paragraph.

(2) Subsection 1 applies to a taxation year that begins after 30 September 2023. In addition, it applies to a taxation year that begins before 1 October 2023 and ends after that date if any of the taxpayer’s three immediately preceding taxation years was, because of a transaction or event or a series of transactions or events, shorter than it would have been in the absence of that transaction, event or series and it can reasonably be considered that one of the purposes of the transaction, event or series was to defer, in respect of the taxpayer, the application of paragraph *m.2* of section 87 of the Act, enacted by section 21 of this Act, or the application of Division X.1.1 of Chapter III of Title III of Book III of Part I of the Act, enacted by section 32 of this Act.

**149.** (1) Section 1129.27.20 of the Act is amended by replacing the portion of the second paragraph before subparagraph *b* by the following:

“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 deducted by the corporation, for a taxation year preceding the repayment year, under section 776.1.20 or 776.1.21, exceeds the total of

(*a*) the aggregate of all amounts each of which is an amount that the corporation could have deducted for a preceding year under section 776.1.20 or 776.1.21 if, for the purposes of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.79,

i. any amount referred to in the first paragraph that is, at or before the end of the repayment year, so refunded, paid or allocated, or so obtained, in relation to wages included in computing the qualified wages, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX of Part I, paid by the corporation to an individual for a preceding year, had been refunded, paid, allocated or obtained in that preceding year, and

ii. any amount referred to in the first paragraph of section 776.1.24 for the repayment year or for a preceding year that is, at or before the end of the repayment year, paid or deemed to be paid under section 776.1.25, in relation to wages included in computing the qualified wages, for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX of Part I, paid by the corporation to an individual for a preceding year, had been paid or deemed to be paid in that preceding year; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**150.** (1) Section 1129.27.24 of the Act is amended by replacing the portion of the second paragraph before subparagraph *b* by the following:

“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 deducted by the corporation, for a taxation year preceding the repayment year, under section 776.1.28 or 776.1.29, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation could have deducted for a preceding year under section 776.1.28 or 776.1.29 if, for the purposes of paragraph *b* of the definition of “qualified wages” in section 776.1.27,

i. any amount referred to in the first paragraph that is, at or before the end of the repayment year, so refunded, paid or allocated, or so obtained, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding year, had been refunded, paid, allocated or obtained in that preceding year, and

ii. any amount referred to in the first paragraph of section 776.1.32 for the repayment year or for a preceding year that is, at or before the end of the repayment year, paid or deemed to be paid under section 776.1.33, in relation to wages included in computing the qualified wages paid by the corporation to an individual for a preceding year, had been paid or deemed to be paid in that preceding year; and”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2024.

**151.** (1) Section 1130 of the Act is amended by replacing the definition of “government assistance” by the following definition:

““government assistance” means 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, except an excluded loan within the meaning of section 92.7;”.

(2) Subsection 1 applies in respect of a loan made after 31 December 2019.

**152.** Section 1174.0.1 of the Act is replaced by the following section:

**“1174.0.1.** Section 1174 does not apply to Book III.

No tax is payable under Book III by a prescribed insurance corporation or in respect of a prescribed taxable premium.”

**153.** (1) Section 1175.1 of the Act is amended by replacing “818R53” in the definition of “total reserve liabilities” by “840R1”.

(2) Subsection 1 applies to a taxation year that begins after 31 December 2022.

ACT RESPECTING THE SECTORAL PARAMETERS  
OF CERTAIN FISCAL MEASURES

**154.** Section 20.2 of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) is replaced by the following section:

“**20.2.** A corporation that wishes to issue shares of its capital stock, the acquisition of which allows another corporation to benefit from the tax credit to foster synergy between Québec businesses, must obtain an authorized investment certificate from Investissement Québec. The application for an authorized investment certificate must be filed on or before 25 March 2025.”

**155.** Section 3.2 of Schedule C to the Act is amended by adding the following paragraph at the end:

“However, the Minister may issue a researcher qualification certificate to an employer only if the employer has filed an application with the Minister for that purpose before 26 March 2025.”

**156.** Section 4.2 of Schedule C to the Act is amended by adding the following paragraph at the end:

“However, the application for a qualification certificate, in respect of an individual for a taxation year, must be filed on or before 25 March 2025, unless the employer has obtained a qualification certificate in respect of the individual for a preceding taxation year.”

**157.** Section 3.2 of Schedule E to the Act is amended by adding the following paragraph at the end:

“The Minister may issue a specialist qualification certificate to an employer only if the employer has filed an application with the Minister for that purpose before 26 March 2025.”

**158.** Section 7.2 of Schedule E to the Act is amended by inserting the following paragraph after the fourth paragraph:

“In addition, the Minister may issue a specialist qualification certificate to an employer only if the employer has filed an application with the Minister for that purpose before 26 March 2025.”

**159.** Section 2.2 of Schedule G to the Act is amended by adding the following paragraph at the end:

“However, the Minister may issue to a shipowner a seaman certificate or a vessel certificate only if the shipowner has filed an application with the Minister for that purpose before 26 March 2025.”

ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE  
DU QUÉBEC

**160.** (1) Section 37.4 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) is amended, in subparagraph *a* of the first paragraph,

(1) by replacing subparagraphs i to iv by the following subparagraphs:

“i. \$19,500 where, for the year, the individual has no eligible spouse and no dependent child,

“ii. \$31,610 where, for the year, the individual has no eligible spouse but has one dependent child,

“iii. \$35,715 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$31,610 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) \$35,715 where the individual has one dependent child for the year, or

“(2) \$39,505 where the individual has more than one dependent child for the year; and”.

(2) Subsection 1 applies from the year 2024.

ACT RESPECTING THE QUÉBEC SALES TAX

**161.** (1) Section 1 of the Act respecting the Québec sales tax (chapter T-0.1) is amended, in the definition of “financial instrument”,

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

“(2.1) a right (other than a right as a creditor), whether immediate or future and whether absolute or contingent, conferred by a corporation that does not have capital divided into shares, to receive an amount that can reasonably be regarded as all or any part of the capital, revenue or income of the corporation,”;

(2) by replacing “paragraph 1, 2, 4, 5 or” in paragraph 8 by “any of paragraphs 1 to 2.1, 4, 5 and”.

(2) Subsection 1 has effect from 10 August 2022.

**162.** (1) Section 81 of the Act is amended by replacing “198.7” in paragraph 7 by “198.6”.

(2) Subsection 1 applies in respect of a supply made after 30 April 2024.

**163.** (1) Section 108 of the Act is amended by replacing the portion of the definition of “practitioner” before paragraph 1 by the following:

““practitioner” means a person who practices the profession of acupuncture, audiology, chiropody, chiropractic, counselling therapy, dietetics, midwifery, naturopathy as a naturopathic doctor, occupational therapy, optometry, osteopathy, physiotherapy, podiatry, psychology, psychotherapy or speech-language pathology in Québec and who”.

(2) Subsection 1 has effect from 20 June 2024.

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

“**114.** A supply of an acupuncture, audiological, chiropodic, chiropractic, counselling therapy, midwifery, naturopathic, occupational therapy, optometric, osteopathic, physiotherapy, podiatric, psychological, psychotherapy or speech-language pathology service is exempt if the service is rendered to an individual by a practitioner of the service.”

(2) Subsection 1 has effect from 20 June 2024.

**165.** Section 176 of the Act is amended by replacing “une personne incontinente” in paragraph 36 in the French text by “incontinence”.

**166.** (1) Section 198.7 of the Act is repealed.

(2) Subsection 1 applies in respect of a supply made after 30 April 2024.

**167.** (1) Section 297.0.2.3 of the Act is amended, in the second paragraph,

(1) by replacing “paragraph *c* of subsection 4” and “that paragraph *c*” in subparagraph 1 by “subsection 4.1” and “that subsection 4.1”, respectively;

(2) by replacing “paragraph *c* of subsection 4” in subparagraph 2 by “subsection 4.1”.

(2) Subsection 1 has effect from 10 August 2022.

**168.** Section 327.5 of the Act is amended by replacing both occurrences of “consignee” in subparagraph *i* of subparagraph *c* of paragraph 2 by “depository”.

**169.** (1) Section 329.1 of the Act is amended by replacing both occurrences of “qualifying partnerships” in paragraph 2 by “specified partnerships”.

(2) Subsection 1 has effect from 10 August 2022.

**170.** (1) Section 330.1 of the Act is amended by replacing the portion before paragraph 1 by the following:

“**330.1.** For the purposes of this division, “qualifying member” of a qualifying group means a registrant that is a corporation resident in Québec or a specified partnership, each member of which is resident in Québec, and that”.

(2) Subsection 1 has effect from 10 August 2022.

**171.** (1) Section 331.0.1 of the Act is amended

(1) by replacing “a corporation” in the portion before paragraph 1 by “a particular corporation”;

(2) by replacing paragraph 5 by the following paragraph:

“(5) that receives a supply of property in respect of which the following conditions are met:

(a) the supply is made by another corporation that is a qualifying member of the qualifying group in anticipation of a distribution made in the course of a reorganization whereby the shares of the particular corporation are to be transferred on the distribution to one or more corporations (in this section referred to as the “transferee corporations”),

(b) the supplied property includes property that is neither a financial instrument nor property having a nominal value, and

(c) all or substantially all of the supplied property, other than financial instruments and property having a nominal value,

i. was last manufactured, produced, acquired or brought into Québec by the other corporation for consumption, use or supply exclusively in the course of the commercial activities of the other corporation,

ii. is not consumed, used or supplied by the particular corporation otherwise than exclusively in the course of its commercial activities, and

iii. may reasonably be expected to be consumed, used or supplied by the transferee corporations exclusively in the course of their commercial activities within 12 months after the time the supply is made;”;

(3) by replacing paragraph 7 by the following paragraph:

“(7) the shares of which are transferred to the transferee corporations on the distribution referred to in subparagraph *a* of paragraph 5.”

(2) Subsection 1 has effect from 9 August 2022.

**172.** (1) Section 331.1 of the Act is replaced by the following section:

“**331.1.** For the purposes of this division, “specified partnership” means a partnership each member of which is a corporation or a partnership.”

(2) Subsection 1 has effect from 10 August 2022.

**173.** (1) Section 331.2 of the Act is amended by replacing all occurrences of “qualifying partnership” by “specified partnership”.

(2) Subsection 1 has effect from 10 August 2022.

**174.** (1) Section 331.3 of the Act is replaced by the following section:

“**331.3.** If, under section 331.2, two persons are closely related to the same corporation or the same specified partnership, the two persons are closely related to each other for the purposes of this division.”

(2) Subsection 1 has effect from 10 August 2022.

**175.** (1) Section 334 of the Act is amended by replacing subparagraph 6 of the second paragraph by the following subparagraph:

“(6) a supply that is not a supply of property in respect of which the conditions set out in paragraph 5 of section 331.0.1 are met, if the recipient of the supply is a temporary member.”

(2) Subsection 1 applies in respect of a supply made after 8 August 2022.

**176.** (1) Section 350.0.2 of the Act is amended by replacing “1,000,000” in the formula in subparagraph 3 of the first paragraph by “2,000,000”.

(2) Subsection 1 applies in respect of a fiscal year of a person that ends after 9 August 2022.

**177.** (1) Section 350.60.4 of the Act is amended by adding the following paragraph at the end:

“This section does not apply to a small supplier who is a public service body.”

(2) Subsection 1 has effect from 1 November 2023.

**178.** (1) Section 512 of the Act is amended by replacing “9%” in the first paragraph by “9.975%”.

(2) Subsection 1 applies in respect of a premium paid after 31 December 2026.

**179.** (1) Section 520 of the Act is amended

(1) by replacing paragraph 13 by the following paragraph:

“(13) the prescribed premium payable by an Indian or a band, within the meaning of the Indian Act (R.S.C. 1985, c. I-5) or the Naskapi and the Cree-Naskapi Commission Act (S.C. 1984, c. 18), or by a Cree First Nation, within the meaning of the Cree Nation of Eeyou Istchee Governance Agreement Act (S.C. 2018, c. 4, s. 1), if the prescribed conditions are met;”;

(2) by inserting the following subparagraph after subparagraph *f* of paragraph 14:

“(f.1) the Department of Health Act (S.C. 1996, c. 8), for the purposes of the Canadian Dental Care Plan in respect of dental service for individuals; or”.

(2) Paragraph 1 of subsection 1 has effect from 29 March 2018.

(3) Paragraph 2 of subsection 1 applies in respect of an amount payable after 28 March 2023.

**180.** (1) Section 677 of the Act is amended by striking out subparagraph 23.1.1 of the first paragraph.

(2) Subsection 1 has effect from 1 May 2024.

#### REGULATION RESPECTING THE TAXATION ACT

**181.** (1) Section 87R4 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) is amended by replacing the portion before paragraph *a* by the following:

“**87R4.** For the purposes of paragraph *u* of section 87 of the Act, a prescribed amount is any amount deducted or deemed to be deducted, as the case may be, under subsection 5 or 6 of section 127, subsection 3 of section 127.44, subsection 6 of section 127.45, subsection 3 of section 127.48 or subsection 6 of section 127.49 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), other than the part of that amount that may reasonably be considered to be related to”.

(2) Subsection 1 has effect from 1 January 2022. However,

(1) where section 87R4 of the Regulation applies before 28 March 2023, the portion of that section before paragraph *a* is to be read without reference to subsection 6 of section 127.45 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) and subsection 3 of section 127.48 of that Act; and

(2) where section 87R4 of the Regulation applies before 1 January 2024, the portion of that section before paragraph *a* is to be read without reference to subsection 6 of section 127.49 of the Income Tax Act.

**182.** (1) Section 130R22 of the Regulation is amended by adding the following paragraphs at the end:

“(z.21) Class 57: 8%;

“(z.22) Class 58: 20%;

“(z.23) Class 59: 100%; and

“(z.24) Class 60: 30%.”

(2) Subsection 1 applies in respect of a property acquired after 31 December 2021.

**183.** (1) Section 130R120 of the Regulation is amended by replacing the portion of subparagraph i of subparagraph *a* of the second paragraph before subparagraph 1 by the following:

“i. if the property is not described in section 130R62 or in any of subparagraphs ii, v and vi and is not included in any of Classes 12, 13, 14, 15, 43.1, 43.2, 53, 54, 55, 56 and 59, or in Class 43 in the circumstances described in subparagraph vii,”.

(2) Subsection 1 applies in respect of a property acquired after 31 December 2021.

**184.** (1) Section 257R3 of the Regulation is replaced by the following section:

“**257R3.** For the purposes of subparagraph vi of paragraph *l* of section 257 of the Act, the following amounts are prescribed amounts:

(*a*) any particular amount deducted by a taxpayer under subsection 5 of section 127 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)) in computing tax payable under that Act for a taxation year subsequent to the 1981 taxation year that may reasonably be attributed to an amount added under subsection 8 of that section 127 in computing the taxpayer’s investment tax credit within the meaning of subsection 9 of that section 127, other than the part of that particular amount that may reasonably be considered to be related to an amount that is a qualified expenditure within the meaning of that subsection 9, and that constitutes, for the purposes of the definition of that expression, an expenditure made after 30 April 1987 and before 10 May 1996;

(*b*) any amount deemed to be deducted by a taxpayer under subsection 3 of section 127.44 of the Income Tax Act in computing tax payable under that Act that may reasonably be attributed to an amount added under subsection 11 of that section 127.44 in computing the taxpayer’s CCUS tax credit within the meaning of subsection 1 of that section 127.44;

(c) any amount deemed to be deducted by a taxpayer under subsection 6 of section 127.45 of the Income Tax Act in computing tax payable under that Act that may reasonably be attributed to an amount added under subsection 8 of that section 127.45 in computing the taxpayer’s clean technology investment tax credit within the meaning of subsection 1 of that section 127.45;

(d) any amount deemed to be deducted by a taxpayer under subsection 3 of section 127.48 of the Income Tax Act in computing tax payable under that Act that may reasonably be attributed to an amount added under subsection 12 of that section 127.48 in computing the taxpayer’s clean hydrogen tax credit within the meaning of subsection 1 of that section 127.48; and

(e) any amount deemed to be deducted by a taxpayer under subsection 6 of section 127.49 of the Income Tax Act in computing tax payable under that Act that may reasonably be attributed to an amount added under subsection 8 of that section 127.49 in computing the taxpayer’s CTM investment tax credit within the meaning of subsection 1 of that section 127.49.”

(2) Subsection 1 has effect from 1 January 2022. However,

(1) where section 257R3 of the Regulation applies before 28 March 2023, it is to be read without reference to paragraphs *c* and *d*; and

(2) where section 257R3 of the Regulation applies before 1 January 2024, it is to be read without reference to paragraph *e*.

**185.** (1) Section 1015R1 of the Regulation is amended by inserting the following paragraph after paragraph *g* of the definition of “remuneration”:

“(g.1) an amount described in paragraph *c.2* of section 311 of the Act;”.

(2) Subsection 1 has effect from 1 April 2019.

**186.** (1) The Regulation is amended by inserting the following section after section 1174R3:

**“1174.0.1R1.** For the purposes of section 1174.0.1 of the Act, the benefits paid under the Canadian Dental Care Plan to oral health professionals or beneficiaries under the plan and the fees paid to a third-party benefits administrator for the plan’s administration are prescribed taxable premiums.

For the purposes of the first paragraph, “Canadian Dental Care Plan” means the plan established under the authority of the Department of Health Act (S.C. 1996, c. 8), in respect of dental service for individuals.”

(2) Subsection 1 applies in respect of an amount payable after 28 March 2023.

**187.** (1) Class 8 of Schedule B to the Regulation is amended by replacing the portion before paragraph *a* by the following:

**“CLASS 8**

**(20%)**

*(ss. 130R3, 130R22, 130R61, 130R71, 130R105, 130R128, 130R130, 130R152, 130R191, 130R198)*

“Property not included in any of Classes 1, 2, 7, 9, 11, 17, 30, 57 and 58 that is”.

(2) Subsection 1 has effect from 1 January 2022.

**188.** (1) Class 17 of Schedule B to the Regulation is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

**“CLASS 17**

**(8%)**

*(ss. 130R3, 130R22, 130R129)*

“Property that would otherwise be included in another class, other than property included in Class 57 or 58, that is”.

(2) Subsection 1 has effect from 1 January 2022.

**189.** (1) Class 41 of Schedule B to the Regulation is amended by replacing the portion before subparagraph *a* of the first paragraph by the following:

**“CLASS 41**

**(25%)**

*(ss. 130R3, 130R7, 130R8, 130R9, 130R22, 130R143, 130R150, 130R150.2, 130R171, 130R172, 360R2, 360R49, 360R54, 360R55)*

“Property, other than property included in any of Classes 41.1, 57 and 58, that is”.

(2) Subsection 1 has effect from 1 January 2022.

**190.** (1) Class 41.1 of Schedule B to the Regulation is amended by replacing the portion before paragraph *a* by the following:

**“CLASS 41.1**

**(25%)**

*(ss. 130R3, 130R7, 130R8, 130R9, 130R22, 130R143, 130R150.2, 130R172.1, 130R172.2)*

“Oil sands property, other than specified oil sands property or property included in Class 57 or 58, that is acquired by a taxpayer”.

(2) Subsection 1 has effect from 1 January 2022.

**191.** (1) Class 43 of Schedule B to the Regulation is amended by replacing the portion before paragraph *a* by the following:

**“CLASS 43**

**(30%)**

*(ss. 130R3, 130R22, 130R199)*

“Property acquired after 25 February 1992, other than property included in Class 57 or 58, that”.

(2) Subsection 1 has effect from 1 January 2022.

**192.** (1) Class 49 of Schedule B to the Regulation is amended by replacing the portion before paragraph *a* by the following:

**“CLASS 49**

**(8%)**

*(ss. 130R22, 130R202)*

“Property, other than property included in Class 57 or 58, that is a pipeline, including control and monitoring devices, valves and other equipment ancillary to the pipeline, that”.

(2) Subsection 1 has effect from 1 January 2022.

**193.** (1) Class 53 of Schedule B to the Regulation is amended by replacing the portion before paragraph *a* by the following:

**“CLASS 53**

**(50%)**

*(s. 130R22)*

“Property, other than property included in Class 57 or 58, acquired after 31 December 2015 and before 1 January 2026 that is not included in Class 29, but that would otherwise be included in that class if”.

(2) Subsection 1 has effect from 1 January 2022.

**194.** (1) Schedule B to the Regulation is amended by adding the following classes at the end:

**“CLASS 57**

**(8%)**

*(s. 130R22)*

“Property that is part of a CCUS project of a taxpayer and that is

(a) equipment that is not expected to be used for hydrogen production, natural gas processing or acid gas injection and that

i. is not oxygen production equipment and is to be used solely for capturing carbon dioxide that would otherwise be released into the atmosphere or for capturing carbon dioxide directly from the ambient air,

ii. prepares or compresses captured carbon for transportation,

iii. generates or distributes electrical energy, heat energy or a combination of electrical and heat energy, that directly and solely supports a qualified CCUS project, unless the equipment uses fossil fuels and emits carbon dioxide that is not subject to capture by a qualified CCUS project,

iv. is equipment that solely supports a qualified CCUS project and transmits electrical energy from electrical generation equipment described in subparagraph iii to the qualified CCUS project directly, or

v. delivers, collects, recovers, treats or recirculates water, or a combination of any of those activities, that solely supports a qualified CCUS project;

(b) equipment that is to be used solely for transportation of captured carbon, including equipment used for the transportation system safety and integrity;

(c) equipment that is to be used solely for storage of captured carbon in a geological formation, including equipment used for the storage system safety and integrity, but not including equipment used for enhanced oil recovery;

(d) property that is physically and functionally integrated with the equipment described in any of subparagraphs *a* to *c*, excluding construction equipment, furniture, office equipment and vehicles, and that is ancillary equipment used solely to support the functioning of equipment described in any of those subparagraphs within a CCUS process as part of

i. an electrical system,

ii. a fuel supply system,

iii. a liquid delivery and distribution system,

iv. a cooling system,

v. a process material storage and handling and distribution system,

vi. a process venting system,

vii. a process waste management system, or

viii. a utility air or nitrogen distribution system;

(e) equipment used for system safety and integrity or as part of a control or monitoring system solely to support the equipment described in any of subparagraphs *a* to *d*;

(f) a building or other structure all or substantially all of which is used, or to be used, for the installation or operation of equipment described in any of subparagraphs *a* to *e*; or

(g) property that is used solely to

i. convert another property that would not otherwise be described in any of subparagraphs *a* to *f* if the conversion causes the other property to satisfy the description in any of subparagraphs *a* to *f*, or

ii. refurbish property described in any of subparagraphs *a* to *f* that is part of a CCUS project of the taxpayer.

For greater clarity, equipment described in subparagraph iii of subparagraph *a* of the first paragraph does not include

(a) equipment that supports the qualified CCUS project indirectly by way of an electrical utility grid, or

(b) equipment that expands the capacity of existing equipment that supports the qualified CCUS project and that distributes electrical energy, heat energy or a combination of electrical and heat energy.

For the purposes of this class, the expressions “captured carbon”, “CCUS process”, “CCUS project” and “qualified CCUS project” have the meaning assigned by subsection 1 of section 127.44 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)).

**“CLASS 58**  
**(20%)**  
(s. 130R22)

“Property that is part of a CCUS project and that is

(a) equipment to be used solely for using captured carbon in industrial production, including for enhanced oil recovery;

(b) property that is physically and functionally integrated with the equipment described in subparagraph *a*, excluding construction equipment, furniture, office equipment and vehicles, and that is ancillary equipment used solely to support the functioning of equipment described in subparagraph *a* within a CCUS process as part of

i. an electrical system,

ii. a fuel supply system,

- iii. a liquid delivery and distribution system,
- iv. a cooling system,
- v. a process material storage and handling and distribution system,
- vi. a process venting system,
- vii. a process waste management system, or
- viii. a utility air or nitrogen distribution system;

(c) equipment used as part of a control, monitoring or safety system solely to support the equipment described in subparagraph *a* or *b*;

(d) a building or other structure all or substantially all of which is used, or to be used, for the installation or operation of equipment described in any of subparagraphs *a* to *c*; or

(e) property that is used solely to

i. convert another property that would not otherwise be described in any of subparagraphs *a* to *d* if the conversion causes the other property to satisfy the description in any of subparagraphs *a* to *d*, or

ii. refurbish property described in any of subparagraphs *a* to *d* that is part of a CCUS project of the taxpayer.

For the purposes of this class, the expressions “captured carbon”, “CCUS process” and “CCUS project” have the meaning assigned by subsection 1 of section 127.44 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)).

**“CLASS 59**

**(100%)**

*(ss. 130R22 and 130R120)*

“Incorporeal property, including property deemed to have been acquired under section 101.9 of the Act, that is not included in any other class and that is

(a) acquired for the purpose of determining the existence, location, extent or quality of a geological formation to permanently store captured carbon, within the meaning of subsection 1 of section 127.44 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.)), in Canada, other than for enhanced oil recovery, including property acquired as a result of undertaking environmental studies or community consultations, including studies or consultations that are undertaken to obtain a right, permit or privilege for the purpose of determining the existence, location, extent or quality of a geological formation to permanently store captured carbon, other than for enhanced oil recovery; and

(b) not acquired for the purpose of drilling or completing an oil or gas well or in building a temporary access road to, or preparing a site in respect of, any such well.

**“CLASS 60**

**(30%)**

*(s. 130R22)*

“Incorporeal property, including property deemed to have been acquired under section 101.9 of the Act, that is not included in any other class and that is

(a) acquired for the purpose of

i. drilling or converting a well in Canada for the permanent storage of captured carbon, other than for enhanced oil recovery,

ii. drilling or completing a well for the permanent storage of captured carbon, other than for enhanced oil recovery, in Canada, building a temporary access road to the well or preparing a site in respect of the well, or

iii. drilling or converting a well in Canada for the purpose of monitoring pressure changes or other phenomena in a geological formation in which captured carbon is permanently stored, other than for enhanced oil recovery; or

(b) a right, permit or privilege granted

i. for the purpose of determining the existence, location, extent or quality of a geological formation to permanently store captured carbon, other than for enhanced oil recovery, or

ii. to permanently store captured carbon in dedicated geological storage.

For the purposes of this class, the expressions “captured carbon” and “dedicated geological storage” have the meaning assigned by subsection 1 of section 127.44 of the Income Tax Act (R.S.C. 1985, c. 1 (5th Suppl.).”

(2) Subsection 1 has effect from 1 January 2022.

## TRANSITIONAL AND FINAL PROVISIONS

**195.** 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 and 2 of section 134 of the Fall Economic Statement Implementation Act, 2023 (S.C. 2024, c. 15), 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 28 October 2026, 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.

**196.** This Act comes into force on 28 October 2025, except the following provisions, which come into force on the date or dates to be set by the Government:

(1) subsection 1 of section 4, where it adds, in sections 93.1.7, 93.1.9 and 93.1.11 of the Tax Administration Act (chapter A-6.002), a reference to paragraph *a.7* of subsection 2 of section 1010 of the Taxation Act (chapter I-3);

(2) subsection 1 of section 122, where it enacts paragraph *a.7* of subsection 2 of section 1010 of the Taxation Act;

(3) subsection 1 of section 123 and subsection 1 of section 124, where they respectively add, in sections 1011 and 1014 of the Taxation Act, a reference to paragraph *a.7* of subsection 2 of section 1010 of that Act;

(4) subsection 1 of section 135, where it enacts subparagraph *d.5* of the second paragraph of section 1051 of the Taxation Act; and

(5) section 137.