

# Gazette officielle du Québec

## Part 2 Laws and Regulations

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### Summary

Table of Contents  
Acts 1999  
Coming into force of Acts  
Regulations and other acts  
Draft Regulations  
Municipal Affairs

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## Table of Contents

Page

---

### Acts 1999

3	An Act to amend the Taxation Act and other legislative provisions . . . . .	371
---	---	-----

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### Coming into force of Acts

55-2000	Ministère du Revenu and other legislative provisions of a fiscal nature, An Act to amend the Act respecting the... — Coming into force of certain provisions . . . . .	653
---------	--	-----

---

### Regulations and Others Acts

34-2000	Farm income stabilization insurance scheme (Amend.) . . . . .	655
44-2000	Designation of persons permitted to offer an insurance product that cannot be offered by a distributor . . . . .	659
46-2000	Bailiffs — Tariff of fees and transportation of expenses (Amend.) . . . . .	660
48-2000	Professional Code — Specialists of professional orders (social workers) — Diplomas issued by designated teaching establishments which give access to permits or certificates . . . . .	660
49-2000	Professional Code — Barreau du Québec — Professional acts that may be performed by persons other than members . . . . .	662
50-2000	Professional Code — Chartered appraisers — Standards for a diploma or training equivalence for the issue of a permit . . . . .	663
51-2000	Professional Code — Chartered appraisers — Terms and conditions for permits to be issued . .	666

---

### Draft Regulations

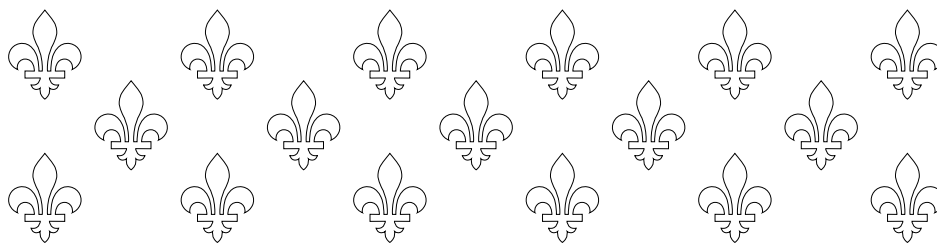
	Mineral substances other than petroleum, natural gas and brine . . . . .	674
	Unit rates applicable to the calculation of dues of Forest management permits for the supply of wood processing plants . . . . .	703
	Used tire storage and elimination . . . . .	715
	Value of silvicultural treatments . . . . .	671

---

### Municipal Affairs

31-2000	Amalgamation of Ville de Sainte-Anne-des-Monts and Municipalité de Tourelle . . . . .	721
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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-SIXTH LEGISLATURE

Bill 3

(1999, chapter 83)

## **An Act to amend the Taxation Act and other legislative provisions**

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**Introduced 14 April 1999**

**Passage in principle 12 May 1999**

**Passage 17 December 1999**

**Assented to 20 December 1999**

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**Québec Official Publisher  
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## EXPLANATORY NOTES

*This bill amends various legislation to give effect primarily to the Budget Speech delivered by the Minister of Finance on 31 March 1998, to the Minister's Statement of 11 June 1998 and to Information Bulletins 97-3, 97-4, 97-5, 97-6, 97-7, 98-1, 98-3, 98-5, 98-6, 98-7 and 98-8 issued by the Ministère des Finances respectively on 22 May 1997, 3 July 1997, 16 October 1997, 14 November 1997, 18 December 1997, 13 February 1998, 23 June 1998, 17 September 1998, 24 September 1998, 6 November 1998 and 22 December 1998.*

*Amendments are also introduced to give effect to various measures contained in the Budget Speeches delivered by the Minister of Finance on 25 March 1997 and 9 March 1999.*

*The bill amends the Mining Duties Act to raise the rate of the additional exploration allowance for mining exploration expenses incurred in the Near North and Far North of Québec from 50% to 75%.*

*The bill amends the Tobacco Tax Act to raise the rate of the tax on tobacco products in parallel with the introduction of a zero-rating measure within the Québec sales tax system, primarily to counter fraud inherent in the tobacco products trade.*

*The bill amends the Taxation Act mainly to amend or introduce a number of fiscal measures specific to Québec. It also brings amendments similar to those made to the Income Tax Act of Canada in federal Bill C-28 (S.C. 1998, chapter 19) assented to on 18 June 1998. In particular, the amendments*

*(1) enhance the tax treatment for charitable donations and standardize the rules that apply to such donations and to Crown gifts;*

*(2) raise the exploration expense deduction by an amount equal to 25% of exploration expense incurred in the Near North and Far North of Québec;*

*(3) introduce a deduction available to a corporation, for a period of five years, in computing its taxable income in relation to its income from the administration and management of an investment fund;*

(4) *make changes to the stock savings plan to allow a regional venture capital corporation to issue a new class of shares that are eligible under the plan;*

(5) *streamline the rules pertaining to sub-contracting in connection with the refundable tax credit for scientific research and experimental development;*

(6) *raise the refundable tax credit rate for Québec film productions in relation to wages paid to create computer-aided special effects and animation as part of certain productions;*

(7) *introduce a refundable tax credit for film dubbing expenditure incurred by a corporation to have films dubbed in Québec;*

(8) *introduce a refundable tax credit for film production services in relation to labour expenditure incurred by a corporation for services provided in Québec as part of the filming of a foreign production, and raise the rate of that tax credit in relation to wages paid to create computer-aided special effects and animation as part of such a production;*

(9) *raise the refundable tax credit rate for multimedia titles and introduce two new sections within the credit to simplify its application;*

(10) *introduce a refundable tax credit for corporations specialized in the production of multimedia titles which is to be available to corporations engaged in producing multimedia titles and, where applicable, in scientific research and experimental development in connection with multimedia titles;*

(11) *introduce a refundable tax credit in relation to wages paid by a corporation established in the Multimedia Complex to carry on an activity relating to the multimedia sector or an activity related to information technologies;*

(12) *enhance and streamline the rules relating to corporations carrying on a business in a building housing an information technologies development centre;*

(13) *enhance the measures pertaining to the shipbuilding industry in Québec, in particular by raising the refundable tax credit rate for the construction of a prototype from 40% to 50%, introducing a refundable tax credit for prototype conversion and making the tax credit available for the first three vessels constructed*

*or converted according to the prototype plans and specifications as part of a production run;*

*(14) introduce a temporary refundable tax credit for job creation in the clothing and footwear industry;*

*(15) introduce a refundable tax credit for expenditure incurred by a corporation in relation to the creation of an investment fund and that is attributable to the fund's start-up period;*

*(16) introduce a temporary refundable tax credit in relation to wages paid by a portfolio management corporation to fund managers;*

*(17) introduce a refundable tax credit for individuals living in northern villages, payable in two equal instalments in August and December of each year; and*

*(18) enhance the reduction in the tax on capital to enable the reduction to apply to certain vessels converted in Québec.*

*The bill amends the Licenses Act to harmonize the reporting periods for license duties with the reporting periods in the Québec sales tax system.*

*The bill amends the Act respecting income security and the Act respecting income support, employment assistance and social solidarity in particular to take into account the rules concerning the elimination of the tax treatment of child support payments and total family income subsequent to the implementation of simplified income taxation rules.*

*The bill amends the Act respecting Québec business investment companies to simplify the Québec business investment company program and to standardize the tax assistance in its application to all investments made by such companies.*

*The bill amends the Act respecting the Québec sales tax primarily to insert measures that concern*

*(1) the zero-rating of services relating to corporeal movable property usually situated outside Québec but within Canada;*

*(2) the exemption of 9-1-1 emergency call services acquired by a municipality;*



(3) *the harmonization of reporting periods for the specific tax on alcoholic beverages with the reporting periods under the Québec sales tax system; and*

(4) *the reduction of the duty on perchloroethylene.*

*The bill amends the Fuel Tax Act to relax the rule prohibiting the transfer of fuel to certain dealers.*

*The bill also amends other legislation to make various technical and consequential amendments and changes in terminology.*

**LEGISLATION AMENDED BY THIS BILL :**

- Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001);
- Cultural Property Act (R.S.Q., chapter B-4);
- Mining Duties Act (R.S.Q., chapter D-15);
- Act respecting duties on transfers of immovables (R.S.Q., chapter D-15.1);
- Act respecting municipal taxation (R.S.Q., chapter F-2.1);
- Tobacco Tax Act (R.S.Q., chapter I-2);
- Taxation Act (R.S.Q., chapter I-3);
- Act respecting the application of the Taxation Act (R.S.Q., chapter I-4);
- Licenses Act (R.S.Q., chapter L-3);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5);
- Act respecting the Québec Pension Plan (R.S.Q., chapter R-9);
- Act respecting income security (R.S.Q., chapter S-3.1.1);
- Act respecting Québec business investment companies (R.S.Q., chapter S-29.1);
- Act respecting the Québec sales tax (R.S.Q., chapter T-0.1);

- Fuel Tax Act (R.S.Q., chapter T-1);
- Act to again amend the Taxation Act and other legislative provisions (1993, chapter 19);
- Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 1);
- Act to again amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1997, chapter 85);
- Act to amend the Taxation Act and other legislative provisions of a fiscal nature (1998, chapter 16);
- Act respecting income support, employment assistance and social solidarity (1998, chapter 36).

## **Bill 3**

### **AN ACT TO AMEND THE TAXATION ACT AND OTHER LEGISLATIVE PROVISIONS**

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

#### **ACT RESPECTING INDUSTRIAL ACCIDENTS AND OCCUPATIONAL DISEASES**

1. (1) Section 289 of the Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001) is amended by replacing, in the fourth line of the second paragraph, the words “with the exception of gratuities and” by the words “including any tip that the employer is deemed to pay as remuneration to the worker under section 1019.7 of that Act, with the exception”.

(2) Subsection 1 applies from 1 January 2000.

#### **CULTURAL PROPERTY ACT**

2. (1) Section 2.1 of the Cultural Property Act (R.S.Q., chapter B-4) is amended by replacing, in paragraph *b*, “paragraph *b.1*” by “subparagraph ii of paragraph *d*” and “in section 752.0.10.1” by “in the first paragraph of section 752.0.10.1”.

(2) Subsection 1 applies to a taxation year, within the meaning of Part I of the Taxation Act (R.S.Q., chapter I-3), that begins after 31 December 1997.

3. (1) Section 7.12 of the said Act is amended by replacing “paragraph *b.1*” by “subparagraph ii of paragraph *d*” and “in section 752.0.10.1” by “in the first paragraph of section 752.0.10.1”.

(2) Subsection 1 applies to a taxation year, within the meaning of Part I of the Taxation Act (R.S.Q., chapter I-3), that begins after 31 December 1997.

#### **MINING DUTIES ACT**

4. Section 1 of the Mining Duties Act (R.S.Q., chapter D-15) is amended by inserting the following definition in alphabetical order :

““Minister” means the Minister of Natural Resources;”.

5. (1) Section 8 of the said Act is amended by replacing, in subparagraph *c* of paragraph 2, “any of paragraphs *a* to *f* of section 710 of the Taxation Act (chapter I-3)” by “section 710 of the Taxation Act (chapter I-3), if that section were read without reference to subparagraphs vi to viii of paragraph *a*,”.

(2) Subsection 1 applies to fiscal years that begin after 31 December 1997.

6. (1) Section 16.1 of the said Act is amended

(1) by inserting, after subparagraph *b* of paragraph 1, the following subparagraph:

“(b.1) 25% of the total of all amounts each of which is an amount referred to in subparagraph *b* that was incurred by the operator after 31 March 1998 and before that time in respect of exploration work performed

i. in the territory in which the program entitled “Near North Mineral Exploration Program”, implemented by the Ministère des Ressources naturelles, applies, or

ii. in the territory north of the 54°00' north latitude ;”;

(2) by striking out, at the end of subparagraph *b* of paragraph 1, the word “and” and by replacing, at the end of subparagraph *c* of that paragraph, the word “exceeds” by the word “and”;

(3) by adding, after subparagraph *c* of paragraph 1, the following subparagraph:

“(d) 25% of the total of all amounts each of which is an amount repaid by the operator before that time, pursuant to an obligation to repay, in whole or in part, government assistance relating to an amount referred to in subparagraph *b.1*; exceeds”;

(4) by adding, after subparagraph *d* of paragraph 2, the following subparagraph:

“(e) 25% of the total of all amounts each of which is an amount of government assistance relating to an amount referred to in subparagraph *b.1* of paragraph 1 that the operator received or was entitled to receive before that time.”

(2) Subsection 1 applies in respect of expenses incurred after 31 March 1998.

7. (1) Section 16.4 of the said Act is replaced by the following:

“16.4. Where a share of the capital stock of an operator is issued to a person under an agreement in writing entered into between that person and the operator, under which the operator has agreed to incur expenses in respect of

exploration, mineral deposit evaluation or mine development work, that would be expenses referred to in subparagraph *b* of paragraph 1 of section 16.1, and to renounce, under the Taxation Act (chapter I-3), in favour of that person, an amount that does not exceed the consideration received by the operator for the share, relating to expenses so incurred by the operator, the expenses to which the amount relates are deemed, from the day on which they are incurred, never to have been such expenses incurred by the operator.

The first paragraph does not apply if the share is issued to a legal person that undertakes in writing with the Minister not to renounce, under the Taxation Act, the expenses described in the agreement referred to in the first paragraph and the legal person fulfills such undertaking.”

(2) Subsection 1 applies in respect of expenses renounced by an operator after 31 March 1998.

8. (1) Section 16.5 of the said Act is replaced by the following :

“16.5. Where a share of the capital stock of an operator is issued to a partnership under an agreement in writing entered into between the partnership and the operator, under which the operator has agreed to incur expenses in respect of exploration, mineral deposit evaluation or mine development work, that would be expenses referred to in subparagraph *b* of paragraph 1 of section 16.1, and to renounce, under the Taxation Act (chapter I-3), in favour of the partnership, an amount that does not exceed the consideration received by the operator for the share, relating to expenses so incurred by the operator, the expenses which relate to the amount or part thereof that has been renounced and which the partnership attributes to each partner are deemed, from the day on which they are incurred, never to have been such expenses incurred by the operator.

The first paragraph does not apply to the part of the expenses which relates to the amount attributed by the partnership to a partner that is a legal person if the legal person undertakes in writing with the Minister not to renounce, under the Taxation Act, that part of the expenses and the legal person fulfills such undertaking.”

(2) Subsection 1 applies in respect of expenses renounced by an operator after 31 March 1998.

9. (1) Section 16.6 of the said Act is replaced by the following :

“16.6. Where an operator is a partnership that incurs expenses in respect of exploration, mineral deposit evaluation or mine development work that would be expenses referred to in subparagraph *b* of paragraph 1 of section 16.1, the expenses relating to the share, described in paragraph *d* of section 395 of the Taxation Act (chapter I-3), which is attributed to each partner of the operator, are deemed, from the day on which they are incurred, never to have been such expenses incurred by the operator.

The first paragraph does not apply to the expenses which are attributed by the operator to a partner that is a legal person if the legal person undertakes in writing with the Minister not to renounce, under the Taxation Act, those expenses and the legal person fulfills such undertaking.”

(2) Subsection 1 applies in respect of expenses renounced by an operator after 31 March 1998.

10. (1) Section 19.5 of the said Act is replaced by the following :

“19.5. Where a share of the capital stock of an operator is issued to a person under an agreement in writing entered into between that person and the operator, under which the operator has agreed to incur expenses in respect of exploration or underground core drilling work carried out in Québec, that would be expenses referred to in subparagraph *a* of paragraph 1 of section 19.2, and to renounce, under the Taxation Act (chapter I-3), in favour of that person, an amount that does not exceed the consideration received by the operator for the share, relating to expenses so incurred by the operator, the expenses to which the amount relates are deemed, from the day on which they are incurred, never to have been such expenses incurred by the operator.

The first paragraph does not apply if the share is issued to a legal person that undertakes in writing with the Minister not to renounce, under the Taxation Act, the expenses described in the agreement referred to in the first paragraph and the legal person fulfills such undertaking.”

(2) Subsection 1 applies in respect of expenses renounced by an operator after 31 March 1998.

11. (1) Section 19.6 of the said Act is replaced by the following :

“19.6. Where a share of the capital stock of an operator is issued to a partnership under an agreement in writing entered into between the partnership and the operator, under which the operator has agreed to incur expenses in respect of exploration or underground core drilling work carried out in Québec, that would be expenses referred to in subparagraph *a* of paragraph 1 of section 19.2, and to renounce, under the Taxation Act (chapter I-3), in favour of the partnership, an amount that does not exceed the consideration received by the operator for the share, relating to expenses so incurred by the operator, the expenses which relate to the amount or part thereof that has been renounced and which the partnership attributes to each partner, are deemed, from the day on which they are incurred, never to have been such expenses incurred by the operator.

The first paragraph does not apply to the part of the expenses which relates to the amount attributed by the partnership to a partner that is a legal person if the legal person undertakes in writing with the Minister not to renounce, under the Taxation Act, that part of the expenses and the legal person fulfills such undertaking.”

(2) Subsection 1 applies in respect of expenses renounced by an operator after 31 March 1998.

12. (1) Section 19.7 of the said Act is replaced by the following :

“19.7. Where an operator is a partnership that incurs expenses in respect of exploration or underground core drilling work carried out in Québec, that would be expenses referred to in subparagraph *a* of paragraph 1 of section 19.2, the expenses relating to the share, described in paragraph *d* of section 395 of the Taxation Act (chapter I-3), which is attributed to each partner of the operator, are deemed, from the day on which they are incurred, never to have been such expenses incurred by the operator.

The first paragraph does not apply to the expenses which are attributed by the operator to a partner that is a legal person if the legal person undertakes in writing with the Minister not to renounce, under the Taxation Act, those expenses and the legal person fulfills such undertaking.”

(2) Subsection 1 applies in respect of expenses renounced by an operator after 31 March 1998.

13. (1) Section 21 of the said Act is amended by replacing paragraph 1 by the following :

“(1) the aggregate of

(a) an amount equal,

i. if the operator does not engage in smelting or refining, to 8% of the capital cost to the operator of each property that is a processing asset during the fiscal year and that is in the operator’s possession at the end of that fiscal year, and

ii. if the operator engages in smelting or refining, to the aggregate of

(1) 8% of the capital cost of each property referred to in subparagraph i, where the property is used solely in processing ore from a gold or silver mine, and

(2) the amount by which 15% of the capital cost of each property referred to in subparagraph i, where the property is used in processing ore other than ore from a gold or silver mine, exceeds 7% of the proportion of the capital cost of the property, where it is used for the purposes of concentration, that the quantity of ore concentrated by the operator, which is not smelted or refined by the operator and the processing of which required the use of the property, is of the total quantity of ore the processing of which required the use of the property; and

(b) subject to section 21.1, 15% of the aggregate of all amounts each of which is the capital cost of property that is in the possession of the operator at the end of the operator's fiscal year, that is a processing asset, purchased new by the operator after 31 March 1998 and used by the operator in Québec during the fiscal year exclusively for the purpose of processing mine tailings; and”.

(2) Subsection 1 applies to fiscal years that end after 31 March 1998.

14. (1) The said Act is amended by inserting, after section 21, the following section:

“21.1. For the purposes of subparagraph *b* of paragraph 1 of section 21, the capital cost of property used during a fiscal year that ends after the ninth fiscal year following the fiscal year during which the operator begins processing mine tailings is deemed to be nil.”

(2) Subsection 1 applies to fiscal years that end after 31 March 1998.

15. (1) Sections 23 and 23.1 of the said Act are replaced by the following:

“23. Where property is used in a fiscal year both for the processing of ore and for another purpose, the part of the amount determined under subparagraph *a* of paragraph 1 of section 21 that relates to that property shall be reduced by an amount equal to the proportion of that part of the amount, determined without reference to this section or section 23.1, that the use of the property for a purpose other than processing for that fiscal year is of the total use of the property for that fiscal year.

“23.1. Where property is used in a fiscal year for the processing of ore the actual value of which is not taken into account in determining the gross value of the annual output under section 6, the part of the amount determined under subparagraph *a* or *b* of paragraph 1 of section 21, subject to section 23, that relates to that property shall be reduced by an amount equal to the proportion of that part of the amount that the part of the quantity of processed ore the actual value of which is not taken into account in determining the gross value of the annual output, for that fiscal year, is of the total quantity of ore processed by the operator in that fiscal year and the processing of which required the use of the property.”

(2) Subsection 1 applies to fiscal years that end after 31 March 1998.

16. (1) Section 25 of the said Act is replaced by the following:

“25. Where the fiscal year of an operator comprises fewer than 12 months, the amount determined under subparagraph *a* or *b* of paragraph 1 of section 21 shall be reduced by the proportion of the amount that the number of days by which 365 exceeds the number of days in the fiscal year is of 365.”



(2) Subsection 1 applies to fiscal years that end after 31 March 1998.

17. (1) Section 32 of the said Act is amended by replacing subparagraph *b* of paragraph 2 by the following :

“(b) the total of the following amounts, without however exceeding the amount deducted by the operator under subparagraph *e* of paragraph 2 of section 8 in computing the operator’s annual profit for that fiscal year :

i. the amount that is the amount by which the expenses in respect of exploration, mineral deposit evaluation and mine development work, incurred by the operator for the fiscal year in connection with mining operation, exceeds the amount of government assistance that the operator received or was entitled to receive for that fiscal year and that relates to those expenses, and provided that such expenses, notwithstanding section 16.2, have been declared by the operator to be deductible expenses, on or before the date on or before which the operator is required to file the operator’s return, in accordance with section 36, for that fiscal year, and

ii. the total of all amounts each of which is the amount by which an amount referred to in subparagraph *b.1* of paragraph 1 of section 16.1 that relates to expenses incurred by the operator during that fiscal year and declared by the operator to be deductible expenses, on or before the date provided in subparagraph *i*, exceeds the amount that is 25% of the government assistance that the operator received or was entitled to receive for that fiscal year and that relates to those expenses.”

(2) Subsection 1 applies to fiscal years that end after 31 March 1998.

18. The said Act is amended by replacing the words “Minister of Natural Resources” by the word “Minister” in the following provisions :

— the first paragraph of section 59.0.1 ;

— section 59.0.2 ;

— section 96.

#### ACT RESPECTING DUTIES ON TRANSFERS OF IMMOVABLES

19. (1) Section 17 of the Act respecting duties on transfers of immovables (R.S.Q., chapter D-15.1), amended by section 20 of chapter 8 of the statutes of 1999, is again amended by adding, after paragraph *f*, the following paragraph :

“(g) where, pursuant to any of sections 66, 67 and 68 of the Act respecting municipal taxation (chapter F-2.1), the immovable is not entered on the roll or is exempt from all municipal or school property taxes pursuant to paragraph 7 of section 204 of that Act.”

(2) Subsection 1 has effect from 24 June 1998.

20. (1) Section 19 of the said Act, amended by section 112 of chapter 40 of the statutes of 1999, is again amended

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

“(d) the transfer is between two closely related legal persons;” ;

(2) by striking out subparagraphs *e* and *f*;

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

“For the purposes of subparagraph *d* of the first paragraph, a legal person is closely related to a particular legal person if, at the time of the transfer, at least 90% of its issued shares having full voting rights are owned by the particular legal person, a qualifying subsidiary of the particular legal person, a legal person of which the particular legal person is a qualifying subsidiary, a qualifying subsidiary of a legal person of which the particular legal person is a qualifying subsidiary or any combination of such legal persons or subsidiaries. A legal person at least 90% of whose issued shares having full voting rights are owned by a particular legal person is a qualifying subsidiary of the particular legal person.”

(2) Subsection 1 has effect from 1 April 1998.

#### ACT RESPECTING MUNICIPAL TAXATION

21. (1) Section 224 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) is replaced by the following :

“224. Where a person referred to in section 221 operates or has operated a gas distribution or telecommunication system which is not limited to Québec, the taxable revenue for the purpose of computing the tax the person is required to pay under that section for a fiscal period is equal to the amount of the taxable revenue that would be determined for the fiscal period, but for this section, that the part of the person’s gross revenue from a business referred to in paragraph 4 of section 228, that may reasonably be attributed to Québec for that fiscal period is of the part of the person’s gross revenue, from that business, that may reasonably be attributed to a particular jurisdiction for that fiscal period.”

(2) Subsection 1 applies to fiscal periods that end after 14 May 1992.

#### TOBACCO TAX ACT

22. (1) Section 2 of the Tobacco Tax Act (R.S.Q., chapter I-2) is amended by replacing the definition of “loose tobacco” by the following :

““loose tobacco” means any cut, chopped or granular tobacco sold in packages, but does not include tobacco sticks, cigarettes, cigars, leaf tobacco, rolls of tobacco or any other pre-rolled tobacco products designed for smoking;”.

(2) Subsection 1 has effect from 13 February 1998.

23. (1) Section 8 of the said Act is amended by replacing paragraphs *a* to *d* by the following :

“(a) \$0.04 per cigarette and per cigar sold at a retail price of \$0.15 or less ;

“(b) \$0.019 per gram of any loose tobacco ;

“(b.1) \$0.0083 per gram of any leaf tobacco ;

“(c) 60% of the retail price of each cigar other than a cigar sold at a retail price of \$0.15 or less ;

“(d) \$0.0454 per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco or cigars. However, where the quantity of tobacco contained in a tobacco stick, a roll of tobacco or any other pre-rolled tobacco product designed for smoking is such that the consumer tax payable under this paragraph is less than \$0.0295 per tobacco stick, roll of tobacco or other pre-rolled tobacco product, the consumer tax shall be \$0.0295 per tobacco stick, roll of tobacco or other pre-rolled tobacco product designed for smoking.”

(2) Subsection 1 has effect from 23 June 1998. However, for the period that begins on 13 February 1998 and ends on 22 June 1998, paragraphs *a* to *d*, enacted by subsection 1, shall be read as follows :

“(a) \$0.0297 per cigarette and per cigar sold at a retail price of \$0.15 or less ;

“(b) \$0.0119 per gram of any loose tobacco ;

“(b.1) \$0.0059 per gram of any leaf tobacco ;

“(c) 57% of the retail price of each cigar other than a cigar sold at a retail price of \$0.15 or less ;

“(d) \$0.0348 per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco or cigars. However, where the quantity of tobacco contained in a tobacco stick, a roll of tobacco or any other pre-rolled tobacco product designed for smoking is such that the consumer tax payable under this paragraph is less than \$0.0226 per tobacco stick, roll of tobacco or other pre-rolled tobacco product, the consumer tax shall be \$0.0226 per tobacco stick, roll of tobacco or other pre-rolled tobacco product designed for smoking.”

24. Section 10 of the said Act is replaced by the following :

“10. The tax imposed by this Act shall, as regards cigars, be computed on each cigar and, as regards other tobacco products, on every package, and any fraction of \$0.01 of that tax shall be computed as \$0.01.

However, the first paragraph does not apply in respect of cigars sold at a sale price of \$0.15 or less each or cigarettes nor, in the case of tobacco referred to in paragraph *d* of section 8, in respect of tobacco sticks, rolls of tobacco or any other pre-rolled tobacco products designed for smoking.”

25. Section 11 of the said Act is amended, in the English text, by replacing the first paragraph by the following :

“11. Every retail vendor shall collect, as a mandatary of the Minister, the tax provided for in section 8 on every sale of tobacco made by the retail vendor.”

#### TAXATION ACT

26. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3) is amended

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

““stock exchange in Canada” means

(a) the Alberta Stock Exchange ;

(b) the Montréal Stock Exchange ;

(c) the Toronto Stock Exchange ;

(d) the Vancouver Stock Exchange ; or

(e) the Winnipeg Stock Exchange ;”;

(2) by replacing, in the French text, the definition of “cotisation” by the following :

“«cotisation» comprend une nouvelle cotisation et une cotisation supplémentaire ;”;

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

““private foundation” has the meaning assigned by paragraph *e* of section 985.1 ;

““public foundation” has the meaning assigned by paragraph *f* of section 985.1 ;”;

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

““municipality” includes an urban community and the Kativik Regional Government, established under the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1);” ;

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

““registered charity” at any time means a charitable organization within the meaning of section 985.1, a private foundation or a public foundation, that is at that time registered with the Minister as a charitable organization within the meaning of that section 985.1, a private foundation or a public foundation, or that is deemed to be so registered in accordance with sections 985.5 to 985.5.2;” ;

(6) by replacing the definition of “oil or gas well” by the following :

““oil or gas well” means any well, other than an exploratory probe or a well drilled from below the surface of the earth, drilled for the purpose of producing petroleum or natural gas or of determining the existence, location, extent or quality of a natural accumulation of petroleum or natural gas, but, for the purpose of applying sections 93 to 104 and 130 and any regulations made for the purpose of paragraph *a* of section 130 in respect of property acquired after 6 March 1996, does not include a well for the extraction of material from a deposit of bituminous sands or oil shales;” .

(2) Paragraph 1 of subsection 1 has effect from 26 November 1999.

(3) Paragraphs 3 and 5 of subsection 1 have effect from 1 January 1997.

(4) Paragraph 4 of subsection 1 has effect from 3 July 1997.

27. (1) Section 25 of the said Act is amended by replacing, in the second paragraph, “737.21” by “737.21, 737.22.0.0.3”.

(2) Subsection 1 applies from the taxation year 1998.

28. (1) Section 38 of the said Act is amended by replacing the third paragraph by the following :

“Furthermore, the individual is not required in computing the individual’s income to include the value of any benefit under a retirement compensation arrangement, an employee benefit plan or an employee trust or under a salary deferral arrangement, except to the extent that the value of the benefit is included under section 37 because of section 47.11, the value of any benefit that was a benefit in respect of the use of an automobile, except if the benefit related to the use of an automobile owned or leased by the individual and is not referred to in section 41.1.2, the value of any benefit derived from counselling services received by the individual or a person related to the

individual in respect of stress management or the use or consumption of tobacco, drugs or alcohol, other than a benefit attributable to an outlay or expense to which section 134 applies, or from counselling services in respect of the re-employment or retirement of the individual, or the value of any benefit derived from the individual's participation in a training activity the cost of which is borne by the individual's employer, if it is reasonable to consider that the training significantly benefits the individual's employer."

(2) Subsection 1 applies from the taxation year 1998. In addition, it applies to any taxation year of a taxpayer in respect of which the time limits provided for in subsection 2 of section 1010 of the said Act had not expired on 7 November 1998.

(3) For the purposes of subsection 2 and of Part I of the said Act, the Minister of Revenue shall, notwithstanding sections 1007, 1010 and 1011 of the said Act, make, pursuant to the said Part I, a determination or redetermination of the amount deemed to have been paid by a taxpayer under Division II.5 of Chapter III.1 of Title III of Book IX of that Part, and any assessment or reassessment of tax, interest and penalties of a taxpayer to give effect to subsection 1 and subsection 2.

29. (1) Section 78.1 of the said Act is amended by inserting, in the first paragraph, after the word "income", the words "for the year".

(2) Subsection 1 applies in respect of reimbursement payments made from the taxation year 1998.

30. (1) Section 87 of the said Act is amended by replacing subparagraph ii of paragraph *w* by the following :

"ii. except as provided by any provision of Chapter III.1 of Title III of Book IX, does not reduce, for the purposes of this Part, the cost or capital cost of the property or the amount of the outlay or expense, as the case may be,".

(2) Subsection 1 has effect from 9 May 1996.

31. (1) Section 104.1 of the said Act is amended by replacing the portion before the formula in the first paragraph by the following :

"104.1. Where an amount in respect of depreciable property of a prescribed class is included under section 94 in computing the income for a taxation year of a taxpayer, whether that taxpayer is an individual or a corporation, and an amount was deducted or is deemed, pursuant to section 104.3, to have been deducted under section 156.1 or 156.1.1 in respect of that property in computing the taxpayer's income from a business for a preceding taxation year, there shall be included in computing the taxpayer's income from a business for the year an amount equal to the product obtained by multiplying the aggregate of the amounts determined in accordance with any of sections 156.2 to 156.3.1 in respect of the property for a preceding taxation year by the amount determined by the formula".

(2) Subsection 1 has effect from 1 April 1998.

32. (1) Section 104.1.1 of the said Act is amended

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

“104.1.1. Where an amount in respect of depreciable property of a prescribed class is included under section 94 in computing the income of a partnership for a fiscal period and an amount was deducted or is deemed, pursuant to section 104.3, to have been deducted under section 156.1 or 156.1.1 in respect of that property in computing the partnership’s income from a business for a preceding fiscal period, there shall be included in computing the income from a business of a taxpayer, whether that taxpayer is an individual or a corporation, who may reasonably be considered to be entitled for a particular taxation year, whether directly or indirectly through another partnership, to a share of the income of the partnership for the period, or, as the case may be, could reasonably be considered to be so entitled for the particular year to a share of the income of the partnership for the period if the partnership had income for the period, the amount determined by the formula”;

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

“In the formula provided for in the first paragraph,

(*a*) A is the amount that may reasonably be considered to be the taxpayer’s share of an amount equal to the product obtained by multiplying the aggregate of the amounts determined in accordance with any of sections 156.2 to 156.3.1 in respect of the property referred to in the first paragraph for a fiscal period preceding the period by the quotient obtained by dividing the amount included under section 94 in computing the income of the partnership for the period in respect of the property by the total depreciation, within the meaning of paragraph *b* of section 93, allowed to the partnership in respect of the property.”.

(2) Subsection 1 has effect from 1 April 1998.

33. (1) Section 104.3 of the said Act is replaced by the following :

“104.3. For the purposes of this division, where at any time a taxpayer or a partnership has, in any manner whatever, acquired depreciable property of a prescribed class from a transferor, any of sections 7.6, 99, 439, 444, 450, 455, 462, 527, 565, 617, 624, 630, 688, 690.1 to 690.3 and 832.4 applied in respect of the acquisition, the property was, immediately before its acquisition by the taxpayer or the partnership, a capital property of the transferor and an amount was deducted under section 156.1 or 156.1.1 in respect of the property in computing the income of the transferor for any taxation year or fiscal period, the taxpayer or the partnership, as the case may be, is deemed to have

deducted under section 156.1 or 156.1.1, as the case may be, in respect of the property in computing his or its income from a business for the taxation years or the fiscal periods preceding the taxation year or the fiscal period in which the taxpayer or the partnership, as the case may be, acquired the property, an amount equal to the amount so allowed as a deduction under those sections 156.1 and 156.1.1 in respect of the property in computing the income of the transferor.”

(2) Subsection 1 has effect from 1 April 1998.

34. (1) Section 114 of the said Act is amended, in the second paragraph,

(1) by striking out, in subparagraph *a*, “or an eligible employee contemplated in section 15.2 or 15.2.1 of the Act respecting Québec business investment companies (chapter S-29.1)”;

(2) by replacing the portion of subparagraph *b* before subparagraph *i* by the following :

“(b) where the lender or creditor is a corporation, in respect of a person who is an employee of the lender or creditor or of another corporation that is related to the lender or creditor, to enable or assist the person to acquire shares, described in any of the following subparagraphs, to be held by the person for the person’s own benefit:”;

(3) by striking out subparagraph *iii* of subparagraph *b*.

(2) Subsection 1 has effect from 1 April 1998.

35. Section 156.1 of the said Act is amended by replacing, in the English text, paragraph *b* by the following :

“(b) where the taxpayer is a corporation, the proportion of the amount determined for the year in its respect under section 156.3 that the aggregate of the business carried on in Canada or in Québec and elsewhere by the corporation in the year is of the business carried on in Québec by the corporation in the year.”

36. (1) The said Act is amended by inserting, after section 156.1, the following section :

“156.1.1. A partnership may deduct, in computing the partnership’s income from a business for a fiscal period, the proportion of the amount determined in its respect for the period under section 156.3.1 that the aggregate of the business carried on in Canada or in Québec and elsewhere by the partnership in the period is of the business carried on in Québec by the partnership in the period.”



(2) Subsection 1 applies in respect of property acquired by a partnership after 31 March 1998.

37. (1) The said Act is amended by inserting, after section 156.3, the following section :

“156.3.1. The amount to which section 156.1.1 refers is, in respect of a partnership for a fiscal period, equal to 20% of the amount determined for the fiscal period in respect of the partnership according to the formula

$$A \times B/C.$$

In the formula provided for in the first paragraph,

(a) A is the amount deducted by the partnership, in computing its income for the fiscal period, under paragraph *a* of section 130 or the second paragraph of section 130.1 in respect of a property that would, if the partnership were a corporation, be a prescribed depreciable property for the purposes of subparagraph *a* of the second paragraph of section 156.3;

(b) B is the amount by which the aggregate of the business carried on in Canada or in Québec and elsewhere by the partnership in the fiscal period exceeds the business carried on in Québec by the partnership in the fiscal period; and

(c) C is the aggregate of the business carried on in Canada or in Québec and elsewhere by the partnership in the fiscal period.”

(2) Subsection 1 applies in respect of property acquired by a partnership after 31 March 1998.

38. (1) Section 156.4 of the said Act is amended

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

“156.4. For the purposes of sections 156.1 to 156.3.1, the following rules apply:”;

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

“(b) the computation of the business carried on in Canada, in Québec and in Québec and elsewhere by a corporation is made in the manner prescribed in the regulations made under subsection 2 of section 771, with the necessary modifications, and the computation of the business carried on in Canada, in Québec and in Québec and elsewhere by a partnership is made in the manner so prescribed in those regulations, with the necessary modifications, as if the partnership were a corporation and if its fiscal period were a taxation year.”

(2) Subsection 1 has effect from 1 April 1998.

39. (1) Section 156.5 of the said Act is amended

(1) by striking out subparagraph *c* of the first paragraph;

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

“A taxpayer may not, under the first paragraph, deduct in computing the taxpayer’s income from a business for a taxation year an amount in respect of property acquired from a person or a partnership with whom or with which the taxpayer was not dealing at arm’s length at the time of the acquisition, if that person or that partnership was entitled to deduct, for a taxation year or a fiscal period, as the case may be, preceding the taxation year or fiscal period in which the property was disposed of, an amount in computing the person’s or the partnership’s income from a business under the first paragraph or under the first paragraph of section 156.5.1, as the case may be, in respect of the property.”

(2) Paragraph 1 of subsection 1 applies in respect of property acquired after 25 March 1997.

(3) Paragraph 2 of subsection 1 applies in respect of property acquired by a taxpayer after 25 March 1997, other than property acquired by the taxpayer pursuant to an agreement in writing entered into before 26 March 1997 or that was under construction by or on behalf of the taxpayer on 25 March 1997.

40. (1) The said Act is amended by inserting, after section 156.5, the following section:

“156.5.1. Subject to the second paragraph, a partnership may deduct, in computing its income from a business for a fiscal period the proportion of the amount determined for the fiscal period in its respect under the second paragraph of section 156.6 that the aggregate of the business carried on in Canada or in Québec and elsewhere by the partnership in the fiscal period is of the business carried on in Québec by the partnership in the fiscal period.

A partnership may not, under the first paragraph, deduct in computing its income from a business for a fiscal period an amount in respect of property acquired from a person or a partnership with whom or with which it was not dealing at arm’s length at the time of the acquisition, if that person or that partnership was entitled to deduct, for a taxation year or a fiscal period, as the case may be, preceding the taxation year or the fiscal period in which the property was disposed of, an amount in computing the person’s or the partnership’s income from a business under the first paragraph or under the first paragraph of section 156.5, as the case may be, in respect of the property.”

(2) Paragraph 1 of subsection 1 applies in respect of property acquired by a partnership after 25 March 1997, other than property acquired by it pursuant to an agreement in writing entered into before 26 March 1997 or that was under construction by or on behalf of the partnership on 25 March 1997.

However, where the first paragraph of section 156.5.1 of the said Act, enacted by subsection 1, applies in respect of property acquired before 1 April 1998, it shall be read as follows :

“156.5.1. Subject to the second paragraph, a partnership may deduct, in computing its income from a business for a fiscal period, the amount determined for the fiscal period in its respect under the second paragraph of section 156.6.”

41. (1) Section 156.6 of the said Act is amended by replacing the second paragraph by the following :

“The amount to which the first paragraph of section 156.5.1 refers, in relation to a partnership for a fiscal period, is equal to 25% of the aggregate of all amounts each of which is an amount deducted by the partnership under paragraph *a* of section 130 or the second paragraph of section 130.1 in computing the partnership’s income for the fiscal period, in respect of property acquired before 1 January 1999 that would be prescribed depreciable property for the purpose of subparagraph *a* of the second paragraph of section 156.3 if the partnership were a corporation.”

(2) Subsection 1 applies in respect of property acquired by a partnership after 25 March 1997, other than property acquired by it pursuant to an agreement in writing entered into before 26 March 1997 or that was under construction by or on behalf of the partnership on 25 March 1997.

42. (1) Section 156.7 of the said Act is amended

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

“156.7. For the purposes of sections 156.5 and 156.5.1, the following rules apply:”;

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

“(b) the computation of the business carried on in Canada, in Québec and in Québec and elsewhere by a corporation is made in the manner prescribed in the regulations made under subsection 2 of section 771, with the necessary modifications, and the computation of the business carried on in Canada, in Québec and in Québec and elsewhere by a partnership is made in the manner so prescribed in those regulations as if the partnership were a corporation and if its fiscal period were a taxation year, and with the necessary modifications.”

(2) Subsection 1 applies in respect of property acquired by a taxpayer or a partnership after 25 March 1997, other than property acquired by the taxpayer or the partnership pursuant to an agreement in writing entered into before 26 March 1997 or that was under construction by or on behalf of the taxpayer or the partnership on 25 March 1997.

43. The said Act is amended by inserting, after section 157.15, the following sections :

“157.16. A corporation may, in computing its income for a taxation year, deduct an additional amount equal to half the contribution, otherwise deductible in computing its income from a business, that is made in the year by the corporation to the Réseau d’investissement social du Québec.

“157.17. Where a corporation is a member of a partnership at the end of a particular fiscal period of the partnership during which the partnership made a contribution to the Réseau d’investissement social du Québec, the corporation may, in computing its income for a taxation year in which that fiscal period ends, deduct an amount equal to half the corporation’s share of the contribution, otherwise deductible in computing the income of the partnership from a business.

For the purposes of the first paragraph, the share of a corporation of a contribution made by a partnership of which the corporation is a member is equal to the proportion of the contribution that the share of the corporation of the income or loss of the partnership for the fiscal period of that partnership ending in the taxation year of the corporation is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000.”

44. (1) Sections 165.3 and 165.4 of the said Act are replaced by the following :

“165.3. Notwithstanding section 165.2, where none of the corporations that are associated with each other in a taxation year has, in that year, an establishment in a province other than Québec and all of those corporations have filed with the Minister, in prescribed form, an agreement whereby, for the purposes of this division, they allocate an amount to one or more of them for the taxation year and the amount so allocated or the aggregate of the amounts so allocated, as the case may be, does not exceed \$1,000,000, the base level deduction for each of the corporations for the year is equal to the base level deduction that would be computed under section 165.2 in respect of the corporation if the reference in that section to an amount of \$1,000,000 were read as a reference to the amount so allocated to it.

“165.4. Where any of the corporations referred to in section 165.3 has failed to file with the Minister an agreement referred to therein within 30 days after notice in writing by the Minister has been forwarded to any of them that such an agreement is required for the purposes of any assessment of tax under this Part, the Minister shall, for the purposes of this division, allocate an amount to one or more of them for the taxation year, which amount or the aggregate of which amounts, as the case may be, shall be equal to \$1,000,000 and, in any such case, the amount so allocated to any such corporation is deemed to be an amount allocated to the corporation pursuant to section 165.3.”

(2) Subsection 1 applies from the taxation year 1998.

45. (1) The said Act is amended by inserting, after section 165.4, the following section :

“165.4.1. Notwithstanding section 165.2, where one of the corporations that are associated with each other in a taxation year has, in that year, an establishment in a province other than Québec and an amount is, pursuant to subsection 2.3 of section 18 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), allocated to one or more such corporations for the year, the base level deduction for the year for each such corporation shall be equal to its base level deduction determined for that year for the purposes of paragraph *f* of subsection 2 of the said section 18.

Where, for a taxation year, a corporation referred to in the first paragraph files an agreement with the Minister of National Revenue in accordance with paragraph 2.3 of section 18 of the Income Tax Act, the corporation shall file with the Minister, for that year, a copy of that agreement.”

(2) Subsection 1 applies from the taxation year 1998.

46. (1) Section 165.5 of the said Act is amended by replacing paragraphs *a* and *b* by the following :

“(a) where a corporation to which section 165.3 or 165.4 applies, in this section referred to as “the first corporation”, has more than one taxation year ending in the same calendar year and is associated in two or more of those taxation years with another corporation that has a taxation year ending in that calendar year, the base level deduction of the first corporation for each taxation year in which it is associated with the other corporation ending in that calendar year is, subject to paragraph *b*, an amount equal to its base level deduction for the first such taxation year determined without reference to paragraph *b*; and

“(b) where a corporation to which any of sections 165.2 to 165.4 applies, other than a corporation to which section 165.4.1 applies, has a taxation year that is less than 51 weeks, its base level deduction for the year is equal to that proportion of its base level deduction for the year, determined without reference to this paragraph, that the number of days in the year is of 365.”

(2) Subsection 1 applies from the taxation year 1998.

47. The heading of Division XII.1 of Chapter III of Title III of Book III of Part I of the said Act is replaced, in the French text, by the following :

“ENTREPRISE EXERCÉE À DOMICILE”.

48. (1) Section 175.5 of the said Act is amended by adding, after the second paragraph, the following paragraph :

“For the purposes of subparagraph ii of subparagraph *a* of the first paragraph, an amount paid or payable by the individual or partnership in respect of the work space in connection with the operation of a lodging establishment that is a tourist home, bed and breakfast establishment or participating establishment in a hospitality village within the meaning of the regulations made under the Tourist Establishments Act (chapter E-15.1), is deemed to be an expenditure relating solely to the work space if the individual or partnership holds a permit of the appropriate subclass to which the lodging establishment belongs, issued under that Act, or is a participant in a hospitality village covered by such a permit.”

(2) Subsection 1 applies to taxation years or fiscal periods that begin after 9 May 1996.

49. (1) The said Act is amended by inserting, after section 234, the following section:

“234.0.1. A taxpayer’s gain for a particular taxation year from a disposition of a non-qualifying security of the taxpayer, as defined in the first paragraph of section 752.0.10.1, that is the making of a gift of the security, other than an excepted gift within the meaning assigned by that paragraph, to a qualified donee, as defined in paragraph *b* of section 985.1, is equal to the amount by which

(*a*) an amount equal to

i. where the disposition occurred in the particular taxation year, the amount by which the taxpayer’s proceeds of disposition exceed the aggregate of the adjusted cost base to the taxpayer of the security immediately before the disposition and any outlays and expenses made or incurred by the taxpayer for the purpose of making the disposition, and

ii. where the disposition occurred in the 60-month period ending at the beginning of the particular taxation year, the amount, if any, deducted under paragraph *b* in computing the taxpayer’s gain for the preceding taxation year from the disposition of the security; exceeds

(*b*) the amount that the taxpayer claims in prescribed form filed with the taxpayer’s fiscal return for the particular taxation year, where the taxpayer is not deemed under section 752.0.10.16 to have made a gift of property before the end of the particular taxation year as a consequence of a disposition of the security by the donee or as a consequence of the security ceasing to be a non-qualifying security of the taxpayer before the end of that year.”

(2) Subsection 1 applies from the taxation year 1997.

50. Section 261.7 of the said Act is amended by replacing, in subparagraph i of paragraph *e*, “a prospectus, preliminary prospectus” by “a final prospectus, preliminary prospectus”.

51. (1) Section 312 of the said Act is amended by inserting, in paragraph *g*, after the words “prescribed prize”, the words “or a prescribed bursary”.

(2) Subsection 1 applies in respect of amounts received after 31 December 1992.

52. (1) Section 339 of the said Act is amended by inserting, after paragraph *c*, the following paragraph:

“(c.1) any amount that is deductible under Title V.1 of Book VII in computing the income of the taxpayer for the year;”.

(2) Subsection 1 applies from the taxation year 1998.

53. Section 359 of the said Act is amended by striking out paragraph *d*.

54. Section 462.11 of the said Act is amended by striking out, in the English text of subparagraphs *i* and *iii* of paragraph *a*, the words “a title of”.

55. (1) Section 659 of the said Act is replaced by the following:

“659. Where a trust and a preferred beneficiary under the trust for a taxation year of the trust make, in respect of the year, a valid election for the purposes of subsection 14 of section 104 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the lesser of the amount determined for the purposes of that subsection in respect of the beneficiary in relation to the trust for the year and the allocable amount for the preferred beneficiary in respect of the trust for the year, shall be included in computing the income of the beneficiary for the beneficiary’s taxation year in which the taxation year of the trust ended and shall not be included in computing the income of any beneficiary of the trust for a subsequent taxation year.”

(2) Subsection 1 applies to taxation years of a trust that end after 31 March 1998.

56. (1) The said Act is amended by inserting, after section 659, the following section:

“659.1. Where section 659 applies in respect of a taxation year, the trust and the preferred beneficiary having made, in respect of the year, a valid election under that section shall send to the Minister, on or before the trust’s filing-due date for the year, a copy of every document sent to the Minister of National Revenue in connection with that election.

Where, as a consequence of the operation of subsection 3.2 of section 220 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the time for making a valid election referred to in section

659 is extended or such an election that was made is amended or revoked, the following rules apply:

(a) the trust and the preferred beneficiary having made the election shall notify the Minister in writing and attach to the notice a copy of every document to that effect sent by the trust and the preferred beneficiary to the Minister of National Revenue; and

(b) the trust is liable, jointly with the preferred beneficiary, to a penalty equal to \$100 for each complete month in the period beginning on the trust's filing-due date for the year and ending on the day on which the notice referred to in subparagraph *a* is sent to the Minister, up to \$5,000.

Notwithstanding sections 1010 to 1011, such assessments of tax, interest and penalties under this Part shall be made as are necessary by the Minister for any taxation year to take into account the election or the amended or revoked election referred to in the second paragraph.”

(2) Subsection 1 applies to taxation years of a trust that end after 31 March 1998.

57. (1) Section 663.1 of the said Act is amended

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

“663.1. Where a trust, in its fiscal return for a taxation year under Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in accordance with subsection 13.1 of section 104 of that Act, designates an amount in respect of a beneficiary under the trust, the lesser of the amount so designated and the amount determined under the second paragraph in respect of the beneficiary for the year, is deemed, for the purposes of sections 662 and 663, not to have been paid or to have become payable in the year to or for the benefit of the beneficiary or out of income of the trust.”;

(2) by adding, after the third paragraph, the following paragraph:

“A trust that designates an amount in respect of a beneficiary, in accordance with the first paragraph, in respect of a taxation year shall notify the Minister in writing on or before its filing-due date for the year.”

(2) Subsection 1 applies to taxation years of a trust that end after 31 March 1998.

58. (1) Section 663.2 of the said Act is amended

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



“663.2. Where a trust, in its fiscal return for a taxation year under Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in accordance with subsection 13.2 of section 104 of that Act, designates an amount in respect of a beneficiary under the trust, the lesser of the amount so designated and the amount determined under the second paragraph in respect of the beneficiary for the year, is deemed, for the purposes of sections 662 and 663, except in the application of section 663 for the purposes of section 668, not to have been paid or to have become payable in the year to or for the benefit of the beneficiary or out of income of the trust, and, except for the purposes of section 668 as it applies for the purposes of sections 668.0.1 to 668.2, shall reduce the amount of the taxable capital gain of the beneficiary otherwise included in computing the beneficiary’s income for the year by reason of section 668.”;

(2) by adding, after the third paragraph, the following paragraph :

“A trust that designates an amount in respect of a beneficiary, in accordance with the first paragraph, in respect of a taxation year shall notify the Minister in writing on or before its filing-due date for the year.”

(2) Subsection 1 applies to taxation years of a trust that end after 31 March 1998.

59. (1) Section 669.1 of the said Act is replaced by the following :

“669.1. Where a testamentary trust has, in a taxation year throughout which it was resident in Canada, received a pension benefit or a benefit out of or under a foreign retirement arrangement and has designated, in its fiscal return for the year under this Part, an amount in respect of a beneficiary under the trust equal to such portion, in this section referred to as the “beneficiary’s share”, of the benefit as was designated by the trust exclusively in respect of the beneficiary and as may reasonably be considered, having regard to all the circumstances including the terms and conditions of the trust arrangement, to be part of the amount that, by reason of section 663, was included in computing the income of the beneficiary for a particular taxation year, the beneficiary’s share of the benefit is deemed, for the purposes of section 752.0.8, to be a payment described in subparagraph i of paragraph a of that section that is included in computing the beneficiary’s income for the particular taxation year where the benefit is an amount described in that subparagraph i and the beneficiary was the spouse of the settlor of the trust.”

(2) Subsection 1 applies from the taxation year 1998.

60. Section 669.1.1 of the said Act is repealed.

61. (1) Section 693 of the said Act is amended by replacing the second paragraph by the following :

“However, the taxpayer shall apply the provisions of this Book in the following order: sections 694.0.1, 694.0.2 and 737.17, Titles V, VI.8, V.1, VI.0.1, VI.1, VI.2, VI.3, VI.3.1, V.1.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VI.5, VI.5.1 and VI.6 and sections 725.1.2, 737.14 to 737.16.1, 737.18.3, 737.21, 737.22.0.0.3, 737.22.0.3, 737.25 and 737.28.”

(2) Subsection 1 applies from the taxation year 1998.

62. (1) Section 710 of the said Act is replaced by the following :

“710. Subject to section 711.1, a corporation may deduct in computing its taxable income for a taxation year such of the following amounts as the corporation claims:

(a) subject to section 711, the aggregate of all amounts each of which is the fair market value of a gift, other than a gift the fair market value of which is included in the aggregate described in any of paragraphs *b*, *c* and *d*, made by the corporation in the year or in any of the five preceding taxation years, to

i. a registered charity,

ii. a prescribed Canadian amateur athletic association,

iii. a recognized arts organization,

iv. a housing corporation resident in Canada and exempt from tax under paragraph *b* of section 995,

v. a municipality in Canada,

vi. the United Nations or an agency thereof,

vii. a prescribed foreign university the student body of which ordinarily includes students from Canada,

viii. a foreign charitable organization to which the State or Her Majesty in right of Canada or a province has made a gift in the taxation year of the corporation or in the twelve months preceding that year, or

ix. the State or to Her Majesty in right of Canada or a province ;

(b) the aggregate of all amounts each of which is the fair market value of a gift, other than a gift the fair market value of which is included in the aggregate described in paragraph *c* or *d*, made by the corporation to the State or to Her Majesty in right of Canada or a province before 1 April 1998 or pursuant to an obligation in writing entered into on or before 31 March 1998, and in the year or in any of the five preceding taxation years ;

(c) the aggregate of all amounts each of which is the fair market value of a gift the object of which is a property described in section 710.0.1, other than a gift the fair market value of which is included in the aggregate described in paragraph *d*, made by the corporation in the year or in any of the five preceding taxation years to

i. a registered charity whose mission in Québec, at the time of the gift, consists mainly, in the opinion of the Minister of the Environment and Wildlife, in the conservation of the ecological heritage,

ii. a municipality in Québec, or

iii. the State if the gift is made after 31 March 1998; and

(d) the aggregate of all amounts each of which is the fair market value of a gift made by the corporation in the year or in any of the five preceding taxation years to

i. a prescribed institution or public authority in Canada if the object of the gift is a cultural property described in section 232, or

ii. a certified archival centre or an accredited museum, where the object of the gift is a prescribed cultural property.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

63. (1) Section 710.0.1 of the said Act is amended

(1) by replacing, in the portion before paragraph *a*, “paragraphs *c*, *f*, *k* and *l* of section 710 refer” by “paragraph *c* of section 710 refers”;

(2) by replacing, in paragraph *b*, “paragraph *k* or *l*” by “any of subparagraphs *i* to *iii* of paragraph *c*”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

64. (1) The said Act is amended by inserting, after section 710.0.1, the following section:

“710.0.2. For the purposes of paragraph *c* of section 710, the fair market value of a servitude referred to in paragraph *b* of section 710.0.1 is deemed to be equal to the greater of its fair market value otherwise determined and the amount by which the fair market value of the land encumbered by the servitude has been reduced as a consequence of the making of the gift of the servitude.”

(2) Subsection 1 applies in respect of gifts made after 12 May 1994. However, where section 710.0.2 of the said Act, enacted by subsection 1,

applies to a taxation year that ends before 1 January 1998, it shall be read as follows:

“710.0.2. For the purposes of paragraphs *k* and *l* of section 710, the fair market value of a servitude referred to in paragraph *b* of section 710.0.1 is deemed to be equal to the greater of its fair market value otherwise determined and the amount by which the fair market value of the land encumbered by the servitude has been reduced as a consequence of the making of the gift of the servitude.”

65. (1) Section 710.1 of the said Act is amended by replacing “paragraph *b*” by “subparagraph *i* of paragraph *d*”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

66. (1) Section 711 of the said Act is replaced by the following:

“711. The deduction allowed by paragraph *a* of section 710 shall not exceed the lesser of the corporation’s income for the year and the amount determined by the formula

$$0.75 \times A + 0.25 \times (B + C + D).$$

In the formula provided for in the first paragraph,

(*a*) A is the corporation’s income for the year computed before any deduction under section 800;

(*b*) B is the aggregate of all amounts each of which is a taxable capital gain of the corporation for the year from a disposition that is the making of a gift of a property related to the mission of the donee, made by the corporation in the year and described in paragraph *a* of section 710;

(*c*) C is the aggregate of all amounts each of which is a taxable capital gain of the corporation for the year, because of the application of section 234.0.1, from a disposition of a property related to the mission of the donee in a preceding taxation year; and

(*d*) D is the aggregate of all amounts each of which is determined in respect of the corporation’s depreciable property of a prescribed class and equal to the lesser of

i. the amount included under section 94 in respect of the class in computing the corporation’s income for the year, and

ii. the aggregate of all amounts each of which is determined in respect of a disposition that is the making of a gift of a property of the class that is a property related to the mission of the donee, made by the corporation in the

year and described in paragraph *a* of section 710, and equal to the lesser of the proceeds of disposition of the property minus any outlays and expenses made or incurred by the corporation for the purpose of making the disposition, and the capital cost to the corporation of the property.

For the purposes of subparagraphs *b* to *d* of the second paragraph, a property is related to the mission of the donee if the donee has acquired the property in connection with its primary mission and can use the property without being required to sell it.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

67. (1) The said Act is amended by inserting, after section 711, the following section:

“711.1. For the purpose of determining the amount deductible under section 710 in computing the taxable income of a corporation for a taxation year, the following rules apply:

(*a*) an amount relating to a gift is deductible only to the extent that it exceeds amounts in respect of the gift deducted in computing the corporation’s taxable income for preceding taxation years; and

(*b*) no amount in respect of a gift made in a particular taxation year is deductible under any of paragraphs *a* to *d* of section 710 until amounts deductible under that paragraph in respect of gifts made in taxation years preceding the particular year have been deducted.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1996. However, where section 711.1 of the said Act, enacted by subsection 1, applies to a taxation year ending before 1 January 1998, it shall be read as follows:

“711.1. For the purposes of section 710, no amount in respect of a gift made in a particular taxation year is deductible until amounts deductible under that section in respect of gifts made in taxation years preceding the particular year have been deducted.”

68. (1) Section 712.0.2 of the said Act is amended by replacing “paragraphs *k* and *l*” by “paragraph *c*” and “paragraph *k*” by “subparagraph *i* of paragraph *c*”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

69. (1) Section 714.1 of the said Act is amended by replacing, in the first paragraph, “paragraphs *c*, *d*, *e* and *g* to *i*” by “subparagraphs *i*, *ii*, *iv* and *vi* to *viii* of paragraph *a*”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

70. (1) Section 716 of the said Act is amended by replacing “contemplated in paragraphs *a* or *c* to *l*” by “referred to in any of paragraphs *a* to *c*”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

71. (1) The said Act is amended by inserting, after section 716.0.1, the following sections:

“716.0.2. The definitions of “excepted gift” and “non-qualifying security” in the first paragraph of section 752.0.10.1, the second paragraph of that section and sections 752.0.10.16 to 752.0.10.18 apply in respect of a corporation as if the references therein to “an individual” were read as references to “a corporation”, as if the reference therein to “752.0.10.12” were read as a reference to “716” and as if a non-qualifying security of a corporation included a share, other than a share listed on a prescribed stock exchange for the purposes of paragraph *d* of section 21.11.20, of the capital stock of the corporation.

“716.0.3. If, but for this section, a corporation, other than a corporation that was a predecessor corporation in an amalgamation to which section 544 applied or a corporation that was wound up in a winding-up to which Chapter VII of Title IX of Book III applied, would be deemed under section 752.0.10.16 to have made a gift after the corporation ceased to exist, for the purposes of this Title, the corporation is deemed to have made the gift in its last taxation year.

Any amount of interest payable under this Part must be determined as if the presumption provided in the first paragraph did not apply.”

(2) Subsection 1 has effect from 1 August 1997.

72. (1) Section 725 of the said Act is amended by inserting, after paragraph *c*, the following paragraph:

“(c.1) an amount received by the individual from the Minister of Education as a postdoctoral research fellowship under the Fellowship for Excellence Program, that is awarded according to the standards provided in Schedule V to decision 191649 of the Conseil du trésor dated 31 March 1998, and included as such under paragraph *g* or *h* of section 312;”.

(2) Subsection 1 applies from the taxation year 1998.

73. (1) Section 725.0.1 of the said Act is amended by inserting the following definitions in alphabetical order:

““band” means

(a) a band within the meaning of subsection 1 of section 2 of the Indian Act (Revised Statutes of Canada, 1985, chapter I-5);

(b) a band within the meaning of subsection 1 of section 2 of the Cree-Naskapi (of Quebec) Act (Statutes of Canada, 1984, chapter 18);

(c) a designated corporation within the meaning of section 2 of the Indians and Bands on certain Indian Settlements Remission Order made by Order in Council P.C. 1992-1052 dated 14 May 1992, as amended by Order in Council P.C. 1994-2096 dated 14 December 1994, under the Financial Administration Act (Revised Statutes of Canada, 1985, chapter F-11); or

(d) a Band within the meaning of subsection 1 of section 2 of the Sechelt Indian Band Self-Government Act (Statutes of Canada, 1986, chapter 27);

““council of the band” means

(a) in the case of a band referred to in paragraph *a* of the definition of “band”, a council of the band within the meaning of subsection 1 of section 2 of the Indian Act;

(b) in the case of a band referred to in paragraph *b* of the definition of “band”, a council within the meaning of subsection 1 of section 2 of the Cree-Naskapi (of Quebec) Act; or

(c) in the case of a Band referred to in paragraph *d* of the definition of “band”, a Council within the meaning of subsection 1 of section 2 of the Sechelt Indian Band Self-Government Act;”.

(2) Subsection 1 applies from the taxation year 1997.

74. (1) Section 725.0.2 of the said Act is amended by replacing subparagraphs *a* and *b* of the second paragraph by the following:

“(a) a band that owns a reserve;

“(b) a council of the band representing one or more bands referred to in subparagraph *a*; or”.

(2) Subsection 1 applies from the taxation year 1997.

75. (1) Section 725.6 of the said Act is amended by replacing the portion before paragraph *a* by the following:

“725.6. Subject to paragraph *f* of section 737.18, paragraph *d* of section 737.22 and paragraph *e* of sections 737.22.0.4 and 737.22.0.0.4, an individual who has, by virtue of sections 487.1 to 487.6, included an amount in computing the individual’s income for the year in respect of a benefit received by the individual in respect of a home relocation loan, may deduct an amount equal to the least of”.

(2) Subsection 1 applies from the taxation year 1997. However, where the portion of section 725.6 of the said Act before paragraph *a*, enacted by subsection 1, applies to the taxation year 1997, it shall be read as if the reference to “sections 737.22.0.4 and 737.22.0.0.4” were a reference to “section 737.22.0.4”.

76. Section 726.4.13 of the said Act is amended by replacing, in the English text, the words “incurred before a particular time” by the words “incurred before any time”.

77. (1) The said Act is amended by inserting, after section 726.4.17.17, the following :

**“TITLE VI.3.2.3**

**“ADDITIONAL DEDUCTION IN RESPECT OF CERTAIN  
EXPLORATION EXPENSES INCURRED IN THE NEAR NORTH AND  
FAR NORTH OF QUÉBEC**

“726.4.17.18. In this Title,

“northern exploration zone” means a territory situated in Québec, which comprises

(a) the territory between 50°30' north latitude and 54°00' north latitude and bounded on the east by the Grenville Front ;

(b) the portion of the territory of the Lower North Shore situated between Baie-Johan-Beetz and the Petit Mécatina river; and

(c) the territory situated north of 54°00' north latitude ;

“qualified corporation” means a corporation all of the activities of which consist mainly in exploring for minerals, petroleum or gas or developing a mineral resource or an oil or gas well and which, at the time the expenses in respect of which an amount is renounced under section 359.2 or 359.2.1 are incurred, and throughout the 12-month period preceding that time, fulfills the following conditions :

(a) the corporation does not operate any mineral resource or oil or gas well ;

(b) the corporation neither controls another corporation that operates a mineral resource or an oil or gas well nor is so controlled by such a corporation ;

“qualified partnership” means a partnership all the activities of which consist mainly in exploring for minerals, petroleum or gas or developing a mineral resource or an oil or gas well and which, at the time the expenses



referred to in paragraph *d* of section 395 are incurred and, throughout the 12-month period preceding that time, fulfills the following conditions:

(a) neither the partnership nor any of its members operates a mineral resource or an oil or gas well;

(b) none of its members is a corporation that controls a corporation operating a mineral resource or an oil or gas well or is so controlled by such a corporation.

“726.4.17.19. A corporation may deduct, in computing its taxable income for a taxation year, an amount not exceeding its exploration base relating to certain exploration expenses incurred in a northern exploration zone at the end of the year, computed before any deduction for the year under this section.

“726.4.17.20. In this Title, the exploration base relating to certain exploration expenses incurred in a northern exploration zone of a corporation, at any time, means an amount equal to the amount by which the amount computed under section 726.4.17.21 is exceeded by 25% of the amount by which

(a) the aggregate of the expenses, except those described in section 726.4.17.22, incurred by the corporation in a northern exploration zone after 31 March 1998 and before that time, and that are

i. Canadian exploration expenses that would be described in paragraph *a*, *b.1* or *c* of section 395 if the reference in those paragraphs to “Canada”, wherever it appears except in subparagraph iv of that paragraph *b.1*, were a reference to “the northern exploration zone”, or described in paragraph *d* of that section 395 if the reference therein to “expenses described in paragraphs *a* to *b.1* and *c* to *c.2*” were replaced by a reference to “expenses that would be described in paragraph *a*, *b.1* or *c*, if the reference in those paragraphs to “Canada”, wherever it appears except in subparagraph iv of paragraph *b.1*, were a reference to “the northern exploration zone””, or

ii. Canadian development expenses that would be described in paragraph *a* or *a.1* of section 408 if the reference in those paragraphs to “Canada”, wherever it appears, were a reference to “the northern exploration zone”, or described in paragraph *d* of that section 408 if the reference therein to “expense described in paragraphs *a* to *c*” were replaced by a reference to “expense that would be described in paragraph *a* or *a.1*, if the reference in those paragraphs to “Canada”, wherever it appears, were a reference to “the northern exploration zone””, and that are deemed, under paragraph *a* of section 359.3, to be Canadian exploration expenses of the corporation by reason of a renunciation to the corporation under section 359.2.1 ; exceeds

(b) the aggregate of all amounts of assistance, within the meaning of paragraph *c.0.1* of section 359, that a person, including a partnership, has received, is entitled to receive or becomes, at any time, entitled to receive in

respect of an expense referred to in paragraph *a*, to the extent that the assistance has not reduced, by reason of subparagraph *a* of the first paragraph of section 359.2, the Canadian exploration expenses of the corporation or, by reason of paragraph *a* of section 359.2.1, the Canadian development expenses deemed to be Canadian exploration expenses of the corporation.

“726.4.17.21. The amount to which section 726.4.17.20 refers is equal, at any time referred to therein, to the aggregate of

(*a*) any amount deducted by the corporation under section 726.4.17.19 in computing its taxable income for a taxation year ending before that time, and

(*b*) 25% of each amount that became receivable by the corporation before that time but after 31 March 1998 and in respect of which the consideration given by the corporation was a property, other than a property disposed of by the corporation to any person with whom the corporation was not dealing at arm’s length, a share, depreciable property of a prescribed class or a Canadian resource property, or services, the cost of which may reasonably be regarded as having been an expenditure in respect of which an amount was included, under section 726.4.17.20, in computing the exploration base relating to certain exploration expenses of the corporation or of a person with whom the corporation was not dealing at arm’s length, incurred in a northern exploration zone.

“726.4.17.22. The expenses to which paragraph *a* of section 726.4.17.20 refers are

(*a*) any amount included in the Canadian exploration and development overhead expenses of the corporation, within the meaning of the regulations ;

(*b*) any amount relating to Canadian exploration expenses or Canadian development expenses that is renounced by a corporation that is not a qualified corporation, effective after 31 March 1998, under section 359.2 or 359.2.1, as the case may be, in respect of a share ;

(*c*) any amount relating to financing, including expenses incurred before the beginning of the carrying on of a business ;

(*d*) expenses that are Canadian exploration expenses of the corporation under paragraph *d* of section 395, to the extent that they refer to expenses incurred, after 31 March 1998 and before the time referred to in section 726.4.17.20, by a partnership that is not a qualified partnership ; and

(*e*) any prescribed expense.

“726.4.17.23. Where an expense incurred before any time is included in the aggregate determined under paragraph *a* of section 726.4.17.20 in respect of a corporation and, after that time, a person, including a partnership,

becomes entitled to receive assistance, within the meaning of paragraph *c.0.1* of section 359, in respect of that expense, the assistance shall be included in the aggregate referred to in paragraph *b* of that section 726.4.17.20 in respect of the corporation at the time the expense was incurred, to the extent that it has not reduced the amount of the expense by reason of subparagraph *a* of the first paragraph of section 359.2 or paragraph *a* of section 359.2.1.

“726.4.17.24. For the purposes of this Title, the operation of a mineral resource or an oil or gas well shall be interpreted as such an operation carried out in reasonable commercial quantities.

“726.4.17.25. For the purposes of this Title, where a member of a partnership is deemed to have incurred Canadian exploration expenses under paragraph *d* of section 395, the expenses are deemed to have been incurred by the member at the time they were incurred by the partnership.”

(2) Subsection 1 applies in respect of exploration expenses incurred after 31 March 1998.

78. (1) Section 726.22 of the said Act is amended, in the first paragraph,

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

“726.22. Subject to paragraph *f* of section 737.22 and paragraph *h* of sections 737.22.0.4 and 737.22.0.0.4, the amounts to which section 726.21 refers are the following :”;

(2) by replacing, in the English text of subparagraph 2 of subparagraph ii of subparagraph *b*, “this paragraph” by “this subparagraph *b*”.

(2) Paragraph 1 of subsection 1 applies from the taxation year 1997. However, where the portion of the first paragraph of section 726.22 of the said Act before subparagraph *a*, enacted by that paragraph 1, applies to the taxation year 1997, it shall be read as if the reference therein to “sections 737.22.0.4 and 737.22.0.0.4” were a reference to “section 737.22.0.4”.

79. (1) The said Act is amended by inserting, after section 733.0.1, the following section :

“733.0.2. For the purpose of determining the amount of the non-capital loss, farm loss, net capital loss or limited partnership loss for a taxation year of a corporation that is, for that year, a qualified corporation within the meaning of the first paragraph of section 1029.8.36.89, the following rules apply :

(*a*) the amount determined under subparagraph *a* of the first paragraph of section 737.18.3 in respect of the qualified corporation for the year is deemed to be nil;

(b) the amount determined under subparagraph *b* of the first paragraph of section 737.18.3 in respect of the qualified corporation for the year is, up to the amount that would, but for paragraph *a*, be determined under subparagraph *a* of the first paragraph of that section 737.18.3 in respect of the qualified corporation for the year, deemed to be nil.”

(2) Subsection 1 applies from the taxation year 1998.

80. (1) The said Act is amended by inserting, after section 737.18, the following:

**“TITLE VII.2.1**

**“DEDUCTION IN RESPECT OF A QUALIFIED INVESTMENT FUND**

**“CHAPTER I**

**“INTERPRETATION AND GENERAL**

**“737.18.1.** In this Title,

“exemption period” applicable to a qualified corporation in respect of a qualified investment fund of the qualified corporation means the period of five years that begins on the reference date applicable to the qualified investment fund;

“qualification certificate” has the meaning assigned by the first paragraph of section 1029.8.36.89;

“qualified corporation” has the meaning assigned by the first paragraph of section 1029.8.36.89;

“qualified investment fund” has the meaning assigned by the first paragraph of section 1029.8.36.89;

“reference date” has the meaning assigned by the first paragraph of section 1029.8.36.89;

“temporary certificate” has the meaning assigned by the first paragraph of section 1029.8.36.89.

**“737.18.2.** For the purpose of determining, for the purposes of this Title, the income or loss of a qualified corporation for a taxation year from its activities relating to the administration and management of a qualified investment fund of the qualified corporation, the following rules apply:

(a) the income or loss, as the case may be, shall be computed as if the activities constituted the carrying on, by the qualified corporation, of a separate business;

(b) the income or loss of the qualified corporation for the year from the operations of an international financial centre is deemed to be nil.

## “CHAPTER II

### “DEDUCTION

“737.18.3. Subject to the third paragraph, a qualified corporation may, in computing its taxable income for a taxation year, deduct an amount that does not exceed the amount by which

(a) the aggregate of all amounts each of which is the amount obtained by multiplying the income of the qualified corporation for the year from its activities relating to the administration and management of a qualified investment fund of the qualified corporation in respect of which the conditions mentioned in the second paragraph are met, by the proportion that the number of days in the year comprised in the exemption period applicable to the qualified corporation in respect of that fund is of the number of days in the year during which it administers and manages that fund; exceeds

(b) the aggregate of all amount each of which is the amount obtained by multiplying the loss of the qualified corporation for the year from its activities relating to the administration and management of a qualified investment fund of the qualified corporation in respect of which the conditions mentioned in the second paragraph are met, by the proportion that the number of days in the year comprised in the exemption period applicable to the qualified corporation in respect of that fund is of the number of days in the year during which it administers and manages that fund.

The conditions to which subparagraph *a* or *b*, as the case may be, of the first paragraph refers in respect of a qualified investment fund of the qualified corporation are as follows:

(a) a qualification certificate, the date of which is not after the filing-due date of the qualified corporation for the year, has been issued to the qualified corporation in respect of that fund or, where the date is after the filing-due date of the qualified corporation for the year, a temporary certificate, the date of which is not after that filing-due date, has been issued to the qualified corporation in respect of that fund;

(b) the taxation year of the qualified corporation is comprised, in whole or in part, in the exemption period applicable to the qualified corporation in respect of that fund.

A qualified corporation may not deduct an amount in computing its taxable income for a taxation year under the first paragraph unless it encloses with its fiscal return it is required to file for the year under section 1000 the prescribed form containing the prescribed information and, in relation to each qualified investment fund of the qualified corporation that is referred to for the year in

subparagraph *a* or *b* of the first paragraph, a copy of the valid qualification certificate or valid temporary certificate, as the case may be, mentioned in subparagraph *a* of the second paragraph in respect of that fund and a copy of the valid certificate issued to the qualified corporation by the Minister of Finance for the year in respect of that fund.

### “CHAPTER III

#### “ADMINISTRATION

“737.18.4. Where the Minister of Finance revokes a qualification certificate or a temporary certificate issued by the Minister of Finance to a qualified corporation in respect of a qualified investment fund of the qualified corporation, or a certificate issued by the Minister of Finance for a taxation year to a qualified corporation in respect of such a fund, and where that revocation occurs at a particular time within eight years or, where the corporation is not a Canadian-controlled private corporation, nine years after the reference date in respect of the fund, the following rules apply :

(*a*) every certificate issued by the Minister of Finance to the qualified corporation in respect of that fund for a taxation year, and every qualification certificate or temporary certificate issued by the Minister of Finance to the qualified corporation in respect of that fund are, for the purposes of this Title, null and void from the time they were issued ;

(*b*) the corporation shall, for any taxation year that ends before the particular time, where the corporation has filed a fiscal return under section 1000 for that preceding year and the taxable income of the corporation as determined for that preceding year differs from the amount that would have been its taxable income for that preceding year if, in respect of the qualified investment fund, no qualification certificate or temporary certificate had been issued to the corporation, file with the Minister, on or before its filing-due date for the taxation year that includes the particular time, an amended fiscal return in which the corporation shall take into account the tax consequences of the revocation in respect of an amount relating to that preceding year.

Notwithstanding the expiration of the time limits provided for in section 1010,

(*a*) the Minister may, within one year after the filing-due date referred to in subparagraph *b* of the first paragraph, but for the amended fiscal return that the corporation is required to file under that subparagraph *b*, redetermine the tax, interest and penalties payable under this Part by the corporation for any taxation year for which the revocation referred to in the first paragraph entails tax consequences under this Part ; and

(*b*) the Minister may also redetermine the tax, interest and penalties payable under this Part and make a reassessment or an additional assessment, as the case may be,

i. within three years after the later of the day of mailing, pursuant to subparagraph *a*, of a notice of assessment for a taxation year or of a notification that no tax is payable for a taxation year and the day on which an amended fiscal return for the taxation year is filed pursuant to subparagraph *b* of the first paragraph, or

ii. within four years after the day referred to in subparagraph i if, at the end of the taxation year concerned, the corporation is not a Canadian-controlled private corporation.

However, the Minister may, in respect of a taxation year for which the revocation referred to in the first paragraph entails tax consequences under this Part, make an assessment, a reassessment or an additional assessment beyond the periods referred to in paragraph *a* or *a.0.1* of subsection 2 of section 1010 only to the extent that the assessment, reassessment or additional assessment may reasonably be considered to relate to a tax consequence referred to in subparagraph *b* of the first paragraph.

“737.18.5. For the purposes of section 737.18.4, where a temporary certificate issued to a qualified corporation in respect of a qualified investment fund of the qualified corporation is not replaced by a qualification certificate, on or before the filing-due date of the qualified corporation for the taxation year of the qualified corporation that includes the last day of the three-year period that begins on the reference date applicable to that fund, that temporary certificate is deemed to be revoked by the Minister of Finance in that taxation year.”

(2) Subsection 1 applies from the taxation year 1998.

81. (1) Section 737.19 of the said Act, amended by section 25 of chapter 8 of the statutes of 1999, is again amended by replacing, in the portion of paragraph *a* before subparagraph i, the words “from the Minister” by the words “issued by the Minister”.

(2) Subsection 1 has effect from 8 June 1999.

82. Section 737.22 of the said Act is amended, in the English text, by replacing, in subparagraph 2 of subparagraph ii of subparagraph *b* of the first paragraph of section 726.22 of the Act, enacted by paragraph *f* of that section 737.22, “this paragraph” by “this subparagraph *b*”.

83. (1) The said Act is amended by inserting, after section 737.22, the following:

**“TITLE VII.3.0.1****“DEDUCTION IN RESPECT OF A FOREIGN RESEARCHER ON A POST-DOCTORAL INTERNSHIP****“CHAPTER I****“DEFINITIONS**

“737.22.0.0.1. In this Title,

“eligible employer” means an eligible public research centre within the meaning of paragraph *a.1* of section 1029.8.1 or an eligible university entity within the meaning of paragraph *f* of that section;

“eligible income” of a foreign researcher on a post-doctoral internship for a taxation year means the aggregate of all amounts paid to the researcher as wages in the year by the researcher’s eligible employer and that may reasonably be considered to be attributable to the researcher’s research activity period;

“foreign researcher on a post-doctoral internship” means an individual who, at a particular time after 31 March 1998, takes up employment, as an employee, with an eligible employer pursuant to an employment contract entered into after 31 March 1998 with the eligible employer, in respect of whom the eligible employer obtained, not later than 30 days after the later of the date the employment contract was entered into and the individual’s employment starting date, a certificate issued by the Minister of Education, that has not been revoked, certifying that the individual is specialized in the field of pure or applied science or a related field and holds a doctoral degree in such a field, and who

(*a*) is not resident in Canada immediately before entering into the employment contract or immediately before taking up employment, as an employee, with the eligible employer,

(*b*) from the particular time and without interruption, works exclusively or almost exclusively as an employee of the eligible employer, and

(*c*) performs duties as an employee of the eligible employer that consist exclusively or almost exclusively in performing scientific research and experimental development;

“research activity period” of a foreign researcher on a post-doctoral internship means the period beginning on the day when, for the first time after 31 March 1998, the foreign researcher takes up employment, as an employee, with an eligible employer and ending on the earlier of

(*a*) the day on which the foreign researcher ceases to satisfy a condition set out in paragraph *b* or *c* of the definition of “foreign researcher on a post-doctoral internship”, and



(b) the seven hundred and thirty-first day following the foreign researcher's employment starting date ;

“wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

**“737.22.0.0.2.** For the purposes of this Title, any employment contract referred to in the definition of “foreign researcher on a post-doctoral internship” in section 737.22.0.0.1 that is renewed is deemed not to be a separate employment contract.

The same rule applies where a new employment contract is entered into with another eligible employer, in which case that other eligible employer is deemed not to be other than the eligible employer who entered into the employment contract referred to in the definition of “foreign researcher on a post-doctoral internship” in section 737.22.0.0.1.

## **“CHAPTER II**

### **“DEDUCTION**

**“737.22.0.0.3.** A foreign researcher on a post-doctoral internship may deduct, in computing the foreign researcher's taxable income for a taxation year, any amount not greater than the amount by which the foreign researcher's eligible income for the year as attested in prescribed manner by the eligible employer exceeds the aggregate of the amounts deductible by the foreign researcher in computing the foreign researcher's income for the year under Chapter III of Title II of Book III and which may reasonably be considered to be attributable to the foreign researcher's employment as a foreign researcher on a post-doctoral internship during the research activity period.

## **“CHAPTER III**

### **“COMPUTATION OF TAXABLE INCOME**

**“737.22.0.0.4.** For the purpose of computing the taxable income of a foreign researcher on a post-doctoral internship referred to in section 737.22.0.0.3 for a taxation year, the following rules apply :

(a) where the foreign researcher has included in computing the foreign researcher's income for the year an amount representing the benefit the foreign researcher is deemed to receive in the year under any of sections 49 and 50 to 52, in respect of the share or the transfer or other disposition of the rights under the agreement and the amount of the benefit is included in the foreign researcher's eligible income for the year, the amount of the benefit is, for the purpose of computing the deduction provided in section 725.2, deemed to be nil ;

(b) where the foreign researcher has included in computing the foreign researcher's income for the year an amount representing the benefit the foreign researcher is deemed to receive under section 49 by virtue of section 49.2 in respect of a share acquired by the foreign researcher after 22 May 1985 and the amount of the benefit is included in the foreign researcher's eligible income for the year, the amount of the benefit is, for the purpose of computing the deduction provided in section 725.3, deemed to be nil;

(c) where the foreign researcher has included in computing the foreign researcher's income for the year an amount referred to in paragraph *a* or *e* of section 725 and the amount is included in the foreign researcher's eligible income for the year, the amount is, for the purpose of computing the deduction provided in either of those paragraphs, deemed to be nil;

(d) where the foreign researcher has included in computing the foreign researcher's income for the year an amount referred to in subparagraph *a* of the second paragraph of section 725.1.2 and the amount is included in the foreign researcher's eligible income for the year, the amount is, for the purpose of computing the deduction provided in the first paragraph of that section, deemed to be nil;

(e) paragraph *a*, the portion of paragraph *b* before subparagraph *i* and paragraph *c* of section 725.6 shall be read as follows :

“(a) such part of the benefit that would be deemed to have been received in the year by the individual under sections 487.1 to 487.6 if those sections had applied only in respect of the home relocation loan as may reasonably be attributed to the part of the year that is not included in the individual's research activity period within the meaning of section 737.22.0.0.1 ;”;

“(b) the amount of interest for that part of the year, not included in the individual's research activity period within the meaning of section 737.22.0.0.1, that would be computed at the prescribed rate referred to in section 487.2 in respect of the home relocation loan of the individual if that loan were in the amount of \$25,000 and were extinguished on the earlier of” ;

“(c) such part of the amount of the benefit that the individual is deemed to have received in the year under sections 487.1 to 487.6 in respect of the loan as may reasonably be considered as having been received in the part of the year not included in the individual's research activity period within the meaning of section 737.22.0.0.1.” ;

(f) where the foreign researcher has included in computing the foreign researcher's income for the year an amount received by the foreign researcher under a registered gain-sharing plan that is part of a quality approach, within the meaning of section 725.8, of a corporation and the amount is included in the foreign researcher's eligible income for the year, the amount is, for the purpose of computing the deduction provided in section 725.9, deemed to be nil ;

(g) where the foreign researcher has included in computing the foreign researcher's income for the year an amount received, or the value of a benefit received or enjoyed by the foreign researcher and such amount or such value is both described in subparagraph *a* of the first paragraph of section 726.22 and included in the foreign researcher's eligible income for the year, the amount or value, as the case may be, is, for the purpose of computing the deduction provided in section 726.21, deemed to be nil; and

(h) subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the first paragraph of section 726.22 shall be read as follows:

“(1) \$7.50 multiplied by the number of days in the year included in the qualifying period in which the taxpayer resided in the particular area, except any day included in the taxpayer's research activity period within the meaning of section 737.22.0.0.1;”;

“(2) \$7.50 multiplied by the number of days in the year included in that portion of the qualifying period throughout which the taxpayer maintained and resided in a self-contained domestic establishment in the particular area, except any day included in the taxpayer's research activity period within the meaning of section 737.22.0.0.1 or included in computing an amount deducted under this subparagraph *b* by another person who resided on that day in that establishment.”.

(2) Subsection 1 applies from the taxation year 1998.

84. The heading of Chapter I.0.1 of Title I of Book V of Part I of the said Act is replaced, in the English Text, by the following:

“PERSONAL TAX CREDITS”.

85. (1) Section 752.0.1 of the said Act is amended

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

“iii. who, during the year, ordinarily lives with the individual or is deemed to ordinarily live with the individual under section 752.0.5.1;”;

(2) by replacing the portion of paragraph *e* before subparagraph i by the following:

“(e) \$1,300 for a person in respect of whom the individual is entitled to a deduction under paragraph *b*, if, where the rules in Book V.2.1 do not apply to the individual for the year, the individual is not entitled to the deduction under paragraph *a* and, where the rules in Book V.2.1 apply to the individual for the year, the individual would not be entitled to the deduction under paragraph *a* but for that Book and if, during the year, the individual”;

(3) by replacing subparagraph iii of paragraph *f* by the following:

“iii. who, during the year, ordinarily lives with the individual or is deemed to ordinarily live with the individual under section 752.0.5.1;”.

(2) Subsection 1 applies from the taxation year 1998.

86. (1) The said Act is amended by inserting, after section 752.0.5, the following section :

“752.0.5.1. For the purposes of subparagraph iii of paragraph *b* or *f* of section 752.0.1, a person who, during a year, does not ordinarily live with the individual on whom the person is dependent by reason of mental or physical infirmity, is deemed to ordinarily live with that individual during that year, except if the person has not been resident in Canada at any time in the year where the person is not the child or grandchild of the individual.”

(2) Subsection 1 applies from the taxation year 1998.

87. (1) Section 752.0.7.4 of the said Act is amended

(1) by replacing subparagraphs ii and iii of paragraph *a* by the following :

“ii. the lesser of \$1,000 and the amount referred to in section 752.0.8 in respect of the individual for the year;

“iii. where the individual has attained the age of 65 years before the end of the year, \$2,200;”;

(2) by replacing subparagraphs ii and iii of paragraph *b* by the following :

“ii. the lesser of \$1,000 and the amount referred to in section 752.0.8 in respect of the eligible spouse for the year;

“iii. where the eligible spouse has attained the age of 65 years before the end of the year, \$2,200.”

(2) Subsection 1 applies from the taxation year 1998.

88. (1) Section 752.0.9 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 1998.

89. (1) Section 752.0.10 of the said Act is amended by replacing the portion before paragraph *a* by the following :

“752.0.10. For the purposes of this chapter, the amounts described in section 752.0.8 do not include any amount that is”.

(2) Subsection 1 applies from the taxation year 1998.

90. (1) Section 752.0.10.1 of the said Act is amended

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

““excepted gift” of an individual means the gift of a share made by the individual if

(a) the donee is not a private foundation;

(b) the individual deals at arm’s length with the donee; and

(c) where the donee is a charitable organization or a public foundation, the individual deals at arms’s length with each director, trustee, officer and like official of the donee;

““non-qualifying security” of an individual at any time means

(a) an obligation, other than an obligation of a financial institution described in the second paragraph to repay an amount deposited with the institution or an obligation listed on a prescribed stock exchange for the purposes of paragraph *d* of section 21.11.20, of the individual or the individual’s succession or of any person or partnership with whom or with which the individual or the succession does not deal at arm’s length immediately after that time;

(b) a share, other than a share listed on a prescribed stock exchange for the purposes of paragraph *d* of section 21.11.20, of the capital stock of a corporation with which the individual or the succession does not deal at arm’s length immediately after that time; or

(c) any other security, other than a security listed on a prescribed stock exchange for the purposes of paragraph *d* of section 21.11.20, issued or contracted by the individual or the succession or by any person or partnership with whom or with which the individual or the succession does not deal at arm’s length immediately after that time;

““qualified total charitable gifts” of an individual for a taxation year means

(a) where the individual dies in the year or the subsequent taxation year, the lesser of the individual’s income for the year computed with reference to the rules in Title II of Book V.2.1 and the total charitable gifts of the individual for the year; and

(b) in any other case, the least of the individual’s income for the year computed with reference to the rules in Title II of Book V.2.1, the total charitable gifts of the individual for the year and the amount determined by the formula

$0.75 \times A + 0.25 \times (B + C + D - E)$ ”;

(2) by replacing the definition of “total Crown gifts” by the following :

““total Crown gifts” of an individual for a taxation year means the aggregate of all amounts each of which is the fair market value of a gift, other than a gift the fair market value of which is included in the total cultural gifts of the individual for the year, made by the individual before 1 April 1998 or pursuant to an obligation in writing entered into on or before 31 March 1998, in the year or in any of the five preceding taxation years to the State or to Her Majesty in right of Canada or a province, if the conditions set out in section 752.0.10.2 are met in respect of that amount;”;

(3) by replacing, in the definition of “total charitable gifts”, the portion before paragraph *a* by the following :

““total charitable gifts” of an individual for a taxation year means the aggregate of all amounts each of which is the fair market value of a gift, other than a gift the fair market value of which is included in the total Crown gifts, the total gifts of qualified property or the total cultural gifts of the individual for the year, made by the individual in the year or in any of the five preceding taxation years, if the conditions set out in section 752.0.10.2 are met in respect of that amount, to”;

(4) by adding, after paragraph *h* of the definition of “total charitable gifts”, the following paragraph :

“(i) the State or to Her Majesty in right of Canada or a province;”;

(5) by replacing, in the definition of “total gifts of qualified property”, the portion before paragraph *a* by the following :

““total gifts of qualified property” of an individual for a taxation year means the aggregate of all amounts each of which is the fair market value of a gift, other than a gift the fair market value of which is included in the total Crown gifts or the total cultural gifts of the individual for the year, made by the individual in the year or in any of the five preceding taxation years, if the conditions set out in section 752.0.10.2 are met in respect of that amount, to”;

(6) by replacing paragraph *b* of the definition of “total gifts of qualified property” by the following :

“(b) the State or to a municipality in Québec, if the object of the gift is qualified property.”;

(7) by adding the following paragraphs:

“For the purposes of paragraph *a* of the definition of “non-qualifying security” in the first paragraph, “financial institution” means a corporation that is

(a) a member of the Canadian Payments Association ; or

(b) a savings and credit union that is a member or shareholder of a body corporate, in this Act referred to as a corporation, or organization that is a central for the purposes of the Canadian Payments Association Act (Revised Statutes of Canada, 1985, chapter C-21).

“In the formula provided for in paragraph *b* of the definition of “qualified total charitable gifts” in the first paragraph,

(a) A is the individual’s income for the year computed with reference to the rules in Title II of Book V.2.1;

(b) B is the aggregate of all amounts each of which is a taxable capital gain of the individual for the year from a disposition that is the making of a gift of a property related to the mission of the donee made by the individual in the year and included in the total charitable gifts of the individual for the year;

(c) C is the aggregate of all amounts each of which is a taxable capital gain of the individual for the year, because of the application of section 234.0.1, from a disposition of a property related to the mission of the donee in a preceding taxation year;

(d) D is the aggregate of all amounts each of which is determined in respect of the individual’s depreciable property of a prescribed class and equal to the lesser of

i. the amount included under section 94 in respect of the class in computing the individual’s income for the year, and

ii. the aggregate of all amounts determined in respect of a disposition that is the making of a gift of a property of the class that is a property related to the mission of the donee, made by the individual in the year and included in the total charitable gifts of the individual for the year, each of which is equal to the lesser of the proceeds of disposition of the property minus any outlays made or expenses incurred by the individual for the purpose of making the disposition, and the capital cost to the individual of the property; and

(e) E is the aggregate of all amounts each of which is the portion of an amount deducted under Title VI.5 of Book IV in computing the individual’s taxable income for the year that may reasonably be considered to relate to a gift referred to in paragraph *b* or *c*.

“For the purposes of subparagraphs *b* to *d* of the third paragraph, a property is related to the mission of the donee if the donee has acquired the property in connection with its primary mission and can use the property without being required to sell it.”

(2) Paragraph 1 of subsection 1, where it enacts the definition of “excepted gift” in the first paragraph of section 752.0.10.1 of the said Act, applies in respect of gifts made after 31 July 1997.

(3) Paragraph 1 of subsection 1, where it enacts the definition of “non-qualifying security” in the first paragraph of section 752.0.10.1 of the said Act, and paragraph 7 of that subsection 1, where it enacts the second paragraph of that section 752.0.10.1, have effect from 1 August 1997.

(4) Paragraph 1 of subsection 1, where it enacts the definition of “qualified total charitable gifts” in the first paragraph of section 752.0.10.1 of the said Act, applies to taxation years that begin after 31 December 1997. In addition, paragraph 1 of subsection 1, where it enacts that definition, applies to the taxation year 1997 where an individual dies in the year 1998 and paragraph *a* of that definition shall be read without reference to “computed with reference to the rules in Title II of Book V.2.1”.

(5) Paragraphs 2 to 5 of subsection 1 and paragraph 7 of that subsection 1, where it enacts the third and fourth paragraphs of section 752.0.10.1 of the said Act, apply to taxation years that begin after 31 December 1997.

(6) Paragraph 6 of subsection 1 applies in respect of gifts made after 31 March 1998.

91. (1) The said Act is amended by inserting, after section 752.0.10.3.1, the following section :

“752.0.10.3.2. For the purposes of the definition of “total gifts of qualified property” in the first paragraph of section 752.0.10.1, the fair market value of a servitude referred to in paragraph *b* of the definition of “qualified property” in that first paragraph is deemed to be the greater of its fair market value otherwise determined and the amount by which the fair market value of the land encumbered by the servitude has been reduced as a result of the making of the gift of the servitude.”

(2) Subsection 1 applies in respect of gifts made after 12 May 1994.

92. (1) The said Act is amended by inserting, after section 752.0.10.5, the following section :

“752.0.10.5.1. For the purpose of determining the total Crown gifts, total charitable gifts, total gifts of qualified property and total cultural gifts, no amount in respect of a gift described in any of the definitions of those expressions in the first paragraph of section 752.0.10.1 and made in a particular taxation year by an individual shall be taken into account in determining an amount that is deducted under section 752.0.10.6 in computing the tax payable under this Part by the individual for a taxation year until amounts in respect of such gifts made in taxation years preceding the particular year that can be so taken into account are so taken into account.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1996.



93. (1) Section 752.0.10.6 of the said Act is amended by replacing paragraph *c* by the following :

“(c) the individual’s qualified total charitable gifts for the year.”

(2) Subsection 1 applies to taxation years that begin after 31 December 1997. In addition, it applies to the taxation year 1997 of an individual who dies in the year 1998.

94. (1) Sections 752.0.10.9 and 752.0.10.10 of the said Act are replaced by the following :

“752.0.10.9. Subject to section 752.0.10.16, a gift made by an individual in the taxation year in which the individual dies, including a gift deemed by section 752.0.10.10, 752.0.10.10.1 or 752.0.10.16 to have been so made, is deemed, for the purposes of this chapter other than this section, to have been made by the individual in the preceding taxation year to the extent that an amount in respect of the gift is not deducted under section 752.0.10.6 for the taxation year in which the individual dies.

“752.0.10.10. Subject to section 752.0.10.16, where an individual by the individual’s will makes a gift to a donee referred to in the first paragraph of section 752.0.10.1, the gift is deemed, for the purposes of this chapter, to have been made by the individual immediately before the individual’s death.”

(2) Subsection 1 applies in respect of gifts made after 31 July 1997.

95. (1) The said Act is amended by inserting, after section 752.0.10.10, the following section :

“752.0.10.10.1. If, but for this section, an individual would be deemed under section 752.0.10.16 to have made a gift after the individual’s death, for the purposes of this chapter the individual is deemed to have made the gift in the taxation year in which the individual died.

Any amount of interest payable under this Act must be determined as if the presumption provided in the first paragraph did not apply.”

(2) Subsection 1 applies in respect of gifts made after 31 July 1997.

96. (1) The said Act is amended by inserting, after section 752.0.10.15, the following sections :

“752.0.10.16. For the purposes of this chapter, where at any particular time an individual makes a gift, including a gift that, but for this section and section 752.0.10.9, would be deemed under section 752.0.10.10 to have been made at the particular time, of a non-qualifying security of the individual and the gift is not an excepted gift of the individual, the following rules apply :

(a) except for the purpose of determining the individual's proceeds of disposition of the security pursuant to section 752.0.10.12, the gift is deemed not to have been made;

(b) where the security ceases to be a non-qualifying security of the individual at a subsequent time that is within 60 months after the particular time and the donee has not disposed of the security at or before the subsequent time, the individual is deemed to have made a gift to the donee of property at the subsequent time and the fair market value of that gift is deemed to be the lesser of the fair market value of the security at the subsequent time and the amount of the gift made at the particular time that would, but for this section, have been included in the individual's total charitable gifts or total Crown gifts for a taxation year;

(c) where the security is disposed of by the donee within 60 months after the particular time and paragraph *b* does not apply to the security, the individual is deemed to have made a gift to the donee of property at the time of the disposition and the fair market value of that gift is deemed to be the lesser of the fair market value of any consideration, other than a non-qualifying security of the individual or a property that would be a non-qualifying security of the individual if the individual were alive at the time of the disposition, received by the donee for the security and the amount of the gift made at the particular time that would, but for this section, have been included in the individual's total charitable gifts or total Crown gifts for a taxation year; and

(d) a designation under section 752.0.10.12 in respect of the gift made at the particular time may be made in the individual's fiscal return for the year that includes the subsequent time referred to in paragraph *b* or the time of the disposition referred to in paragraph *c*.

**“752.0.10.17.** Where a share, in this section referred to as the “new share”, that is a non-qualifying security of an individual has been acquired by a donee referred to in section 752.0.10.16 in exchange for another share, in this section referred to as the “exchanged share”, that is a non-qualifying security of the individual as a result of a transaction to which any of sections 301, 301.1, 537 and 541 to 555.4 applies, the new share is deemed for the purposes of section 752.0.10.16 and this section to be the same share as the exchanged share.

**“752.0.10.18.** For the purposes of this chapter, the fair market value of a gift of property made at any particular time by an individual is deemed to be equal to the fair market value of the gift of property otherwise determined minus the amount described in the second paragraph, where

(a) if the property is a non-qualifying security of the individual, the gift is an excepted gift; and

(b) within 60 months after the particular time,

i. the donee holds a non-qualifying security of the individual that was acquired by the donee on the latest of 1 August 1997 and any time that is after 60 months before the particular time, or

ii. where the individual and the donee do not deal at arm's length with each other,

(1) the individual or any person or partnership with whom or with which the individual does not deal at arm's length uses property of the donee under an agreement that was made or modified after the time that is 60 months before the particular time and has begun to so use it after 31 July 1997, and

(2) the property was not used in the carrying on of the donee's charitable activities.

The amount to which the first paragraph refers is the aggregate of all amounts each of which is the fair market value of the consideration given by the donee to acquire a non-qualifying security referred to in subparagraph i of subparagraph *b* of the first paragraph or the fair market value of property referred to in subparagraph ii of that subparagraph *b*, as the case may be.

Where the first paragraph applies for the purpose of determining the fair market value of a gift made at any particular time by an individual, the fair market value, referred to in the second paragraph, of consideration given to acquire a non-qualifying security referred to in subparagraph i of subparagraph *b* of the first paragraph or of property referred to in subparagraph ii of that subparagraph *b* is deemed to be equal to the fair market value of the consideration otherwise determined minus any portion of it that has been used under the first paragraph to reduce the fair market value of another gift made before that time by the individual."

(2) Subsection 1, where it enacts sections 752.0.10.16 and 752.0.10.17 of the said Act, applies in respect of gifts made after 31 July 1997.

(3) Subsection 1, where it enacts section 752.0.10.18 of the said Act, has effect from 1 August 1997.

97. (1) Section 752.0.18.2 of the said Act is amended by replacing, in paragraph *a*, "737.21 and 737.22.0.3" by "737.21, 737.22.0.0.3 and 737.22.0.3".

(2) Subsection 1 applies from the taxation year 1998.

98. (1) Section 752.0.18.7 of the said Act is amended by replacing "737.21 and 737.22.0.3" by "737.21, 737.22.0.0.3 and 737.22.0.3".

(2) Subsection 1 applies from the taxation year 1998.

99. (1) Section 752.14 of the said Act is replaced by the following :

“752.14. For the purposes of section 752.12, additional tax of an individual for a taxation year is equal to the amount by which the individual’s minimum tax applicable for the year as determined under section 776.46 exceeds the amount that would be the tax otherwise payable by the individual under this Part for the year if such amount were computed under Book V without reference to sections 752.1 to 752.5, 772.2 to 772.13, 776 and 776.1.1 to 776.1.5.”

(2) Subsection 1 applies from the taxation year 1998.

100. (1) Section 752.15.1 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 1998.

101. (1) Section 771 of the said Act is amended, in subsection 1,

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

“(j) notwithstanding paragraph *d.2*, in the case of a corporation referred to in paragraph *b*, for a taxation year for which it is an exempt corporation, within the meaning of sections 771.12 and 771.13, to the amount by which 16.25% of its taxable income for the year exceeds 16.25% of the amount determined in its respect for the year under section 771.8.5;”;

(2) by replacing the portion of paragraph *k* before subparagraph *i* by the following:

“(k) notwithstanding paragraphs *d.2* and *j*, in the case of a corporation referred to in paragraph *b*, for its taxation year that includes the last day of its eligibility period and for which it is an exempt corporation, within the meaning of sections 771.12 and 771.13, to the amount by which 16.25% of its taxable income for the year exceeds the aggregate of”.

(2) Subsection 1 has effect from 26 March 1997.

102. (1) Section 771.1 of the said Act is amended by replacing the definition of “eligibility period” by the following:

““eligibility period” of a corporation means the five-year period that begins on the later of the first day of the corporation’s first taxation year and 26 March 1997, except where the corporation ceases, in a particular taxation year, to be an exempt corporation within the meaning of sections 771.12 and 771.13, in which case that expression means the portion of the period that ends on the last day of the taxation year preceding the particular year;”.

(2) Subsection 1 has effect from 26 March 1997.

103. (1) Section 771.1.5 of the said Act is amended by replacing paragraph *b* by the following:

“(b) where a Canadian-controlled private corporation to which any of sections 771.1.2 to 771.1.4 applies, other than a corporation to which section 771.1.4.1 applies, has a taxation year of fewer than 51 weeks, its business limit for the year is that proportion of its business limit for the year, determined without reference to this paragraph and sections 771.1.5.1 and 771.1.5.2, that the number of days in the year is of 365.”

(2) Subsection 1 applies from the taxation year 1998.

104. Section 771.1.5.3 of the said Act is amended by replacing paragraph *c* by the following:

“(c) in respect of a cooperative, its paid-up capital determined for that year in accordance with Title I of Book III of Part IV.”

105. (1) The said Act is amended by inserting, after section 771.2.2, the following section:

“771.2.3. For the purposes of subparagraphs i and ii of paragraph *d.2* of subsection 1 of section 771, subparagraphs ii and iii of paragraphs *f*, *h* and *i* of subsection 1 of section 771 and paragraph *d* of sections 771.8.1, 771.8.3 and 771.8.4, the amount by which the income of a corporation for a taxation year from an eligible business carried on by it exceeds its loss for the year from such a business shall be computed

(a) as if the amount determined under subparagraph *a* of the first paragraph of section 737.18.3 in respect of the corporation for the year were nil; and

(b) as if the amount determined under subparagraph *b* of the first paragraph of section 737.18.3 in respect of the corporation for the year were, up to the amount that would, but for paragraph *a*, be determined under subparagraph *a* of that first paragraph in respect of the corporation for the year, nil.”

(2) Subsection 1 applies from the taxation year 1998.

106. (1) Section 771.12 of the said Act is amended by replacing paragraph *a* by the following:

“(a) the corporation holds a certificate issued and unrevoked by the Minister of Finance establishing that the corporation carries on or may carry on a business in a building housing an information technology development centre;”

(2) Subsection 1 has effect from 26 March 1997.

107. (1) Section 771.13 of the said Act is replaced by the following:

“771.13. A corporation is not an exempt corporation for a taxation year if

(a) the corporation is exempt from tax for the year under Book VIII;

(b) the corporation would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof:

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”; or

(c) the corporation, at any time in the period extending from the day of its incorporation to the end of that year, was a beneficiary of a trust or carried on

i. a personal services business, or

ii. an eligible business as a member of a partnership or as a co-participant in a joint venture with another person or partnership.”

(2) Subsection 1 has effect from 26 March 1997.

108. (1) Section 772.7 of the said Act is amended by replacing, in subparagraph ii of subparagraph *b* of the first paragraph, “737.21,” by “737.21, 737.22.0.0.3,”.

(2) Subsection 1 applies from the taxation year 1998.

109. (1) Section 772.9 of the said Act is amended by replacing, in subparagraph 2 of subparagraph ii of paragraph *a*, “737.21,” by “737.21, 737.22.0.0.3,”.

(2) Subsection 1 applies from the taxation year 1998.

110. (1) Section 772.11 of the said Act is amended by replacing, in subparagraph 2 of subparagraph ii of subparagraph *a* of the second paragraph, “737.21,” by “737.21, 737.22.0.0.3,”.

(2) Subsection 1 applies from the taxation year 1998.

111. (1) Section 775.1 of the said Act is repealed.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

112. (1) Section 776.32 of the said Act is amended by replacing, in the first paragraph, “the aggregate” by “the amount”.

(2) Subsection 1 applies from the taxation year 1998.

113. (1) Section 776.33 of the said Act is replaced by the following :

“776.33. For the purposes of the first paragraph of section 776.32, the amount determined for a taxation year in respect of the individual referred to therein is, subject to the second paragraph, equal to

(a) \$1,500 where the individual has an eligible spouse for the year;

(b) \$1,195 in other cases.

Where more than one individual is, for a taxation year, entitled to deduct an amount under section 776.32 as a result of the designation, pursuant to that section, of one and the same dependent person, the following rules apply :

(a) the amount determined for the year under the first paragraph in respect of each of those individuals shall be reduced to the proportion of that amount that is determined by all of the individuals, and the aggregate of the proportions so determined in respect of each of the individuals shall not exceed 1 for the year;

(b) where the individuals cannot agree as to what proportion is applicable to each of them, the Minister may fix the amount that each of those individuals may deduct for the year under section 776.32.

For the purposes of the second paragraph, where one of the individuals entitled to deduct an amount under section 776.32 is the eligible spouse of an individual referred to in that paragraph, the individual and the eligible spouse of that individual are deemed to be the same person.”

(2) Subsection 1 applies from the taxation year 1998.

114. (1) Sections 776.39 and 776.40 of the said Act are repealed.

(2) Subsection 1 applies from the taxation year 1998.

115. (1) Section 776.67 of the said Act is amended by replacing paragraph *b* by the following :

“(b) where paragraph *a* does not apply, the Minister determines the tax payable by the individual for the year under this Part with reference to the provisions of this Book if, as a consequence of the application of those provisions, the tax payable by the individual for the year is lesser than the amount that would be the individual’s tax payable for the year under this Part if this Book were not taken into account or another individual is, pursuant to

section 776.78, entitled to deduct an amount in computing that other individual's tax otherwise payable for the year under this Part."

(2) Subsection 1 applies from the taxation year 1998.

116. (1) Section 776.75 of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 1998.

117. (1) Title V of Book V.2.1 of Part I of the said Act is repealed.

(2) Subsection 1 applies from the taxation year 1998.

118. (1) Section 776.90 of the said Act is replaced by the following :

"776.90. For the purposes of subsection 2 of section 175.1, paragraph *e.1*, subparagraph *xi* of paragraph *i* and paragraph *k* of section 255, subparagraph *ii* of subparagraph *c* of the first paragraph of section 418.15 and subparagraph *b* of the first paragraph of section 485.3, an amount shall not be considered not to be deductible in computing the individual's income for the year because of the provisions of Title II."

(2) Subsection 1 applies from the taxation year 1998.

119. (1) Section 779 of the said Act is amended by replacing "II.16" by "II.17".

(2) Subsection 1 applies from the taxation year 1998.

120. (1) Section 835 of the said Act is amended by replacing, in subparagraph 7 of subparagraph *ii* of paragraph *l*, "paragraphs *a* and *c* to *l*" by "paragraphs *a* to *c*".

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

121. (1) Section 851.33 of the said Act is amended by replacing, in the portion of the first paragraph before subparagraph *a*, "under section 752.0.10.1" by "under the first paragraph of section 752.0.10.1" and "752.0.10.14" by "752.0.10.18".

(2) Subsection 1 has effect from 1 August 1997.

122. (1) Section 851.34 of the said Act is amended by replacing, in the portion before paragraph *a*, "paragraph *d*" by "subparagraph *ii* of paragraph *a*".

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.



123. The heading of Title I of Book VII of Part I of the said Act is amended by striking out the word “EMPLOYEES”.

124. Section 923.4 of the said Act is repealed.

125. (1) Section 965.4.4.1 of the said Act is amended by replacing the first paragraph by the following :

“965.4.4.1. For the purposes of sections 965.3 to 965.3.2 and 965.4.1.2, where any of the computations referred to therein must be made in respect of a particular corporation that makes a public share issue, a convertible security issue or a non-guaranteed convertible security issue and that would be, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus, a growth corporation or a qualified corporation but for a venture capital corporation associated with it on that date, the computation is made without taking into account the assets of that venture capital corporation if, on the date on which the public share issue, the convertible security issue or the non-guaranteed convertible security issue, as the case may be, ends, the particular corporation is no longer associated with that venture capital corporation.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 14 November 1997.

126. (1) Section 965.5 of the said Act is replaced by the following :

“965.5. For the purposes of sections 965.3 to 965.3.2 and 965.4.1.2, where a corporation or a corporation associated with it reduces its assets by any transaction for the purpose of qualifying the corporation as a growth corporation or as a corporation whose assets are under \$300,000,000 or as a qualified corporation, as the case may be, the assets are deemed not to have been reduced unless the Minister decides otherwise.”

(2) Subsection 1 applies in respect of shares or non-guaranteed convertible securities acquired as part of a public share issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 31 March 1998.

127. (1) Section 965.6 of the said Act is amended

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

“(b.1) 125% in the case of a qualifying share of a corporation described in section 965.11.7.1 that is acquired by the purchaser and issued before 15 May 1992 as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus was granted

after 11 November 1986, and 150% in the case of such a share that is issued after 14 May 1992, other than a share referred to in paragraph *b.1.1* or *b.2*.”;

(2) by inserting, after paragraph *b.1*, the following paragraph:

“(b.1.1) 75% in the case of a qualifying share of a corporation described in section 965.11.7.1 that is

i. a preferred share that meets the requirements of paragraph *b* of section 965.9.1.0.4.2 and is issued as part of a public share issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 3 July 1997, or

ii. a common share that meets the requirements of paragraph *a* of section 965.9.1.0.4.2 and is acquired as a result of the exercise of a conversion right conferred on the holder of a qualifying share that is a preferred share referred to in subparagraph *i*.”;

(3) by replacing, in subparagraph *ii* of paragraph *c.8*, “\$250,000,000” by “\$300,000,000”.

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 3 July 1997.

(3) Paragraph 3 of subsection 1 applies in respect of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 31 March 1998.

128. (1) Section 965.6.0.5 of the said Act is replaced by the following:

“965.6.0.5. The adjusted cost of a qualifying non-guaranteed convertible security to an individual, an investment group or an investment fund is obtained by multiplying the cost of the security to the individual, investment group or investment fund, as the case may be, determined without reference to the borrowing costs, subscription or custody fees or other similar costs related to the security, by 50% in the case of a qualifying non-guaranteed convertible security issued by a corporation whose assets are under \$300,000,000.”

(2) Subsection 1 applies in respect of non-guaranteed convertible securities acquired as part of a non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 31 March 1998.

129. (1) Section 965.9.1.0.1 of the said Act is amended by replacing paragraph *c* by the following:

“(c) it is issued by a qualified corporation whose assets are less than \$300,000,000 on the date of the receipt for the final prospectus or of the exemption from filing a prospectus in respect of the issue of convertible securities referred to in paragraph *b* ;”.

(2) Subsection 1 applies in respect of shares acquired as a result of the exercise of a conversion right conferred on the holder of a convertible security issued as part of a convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 31 March 1998.

130. (1) Section 965.9.1.0.2 of the said Act is amended by replacing paragraph *c* by the following :

“(c) it is issued by a qualified corporation whose assets are less than \$300,000,000 on the date of the transaction referred to in paragraph *b* ;”.

(2) Subsection 1 applies in respect of shares acquired as a result of the exercise of a conversion right conferred on the holder of a convertible security issued in replacement of a convertible security already issued as part of a convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 31 March 1998.

131. (1) The said Act is amended by inserting, after section 965.9.1.0.4, the following sections :

“965.9.1.0.4.1. A share issued by a corporation described in section 965.11.7.1 also qualifies for a stock savings plan if

(a) it is a common share which, in comparison with all other common shares with voting rights of the capital stock of the issuing corporation, carries voting rights in a ratio of at least one to ten ; and

(b) it meets the requirements of paragraphs *c* to *f* of section 965.7 where its acquirer is an investment fund, and the requirements of paragraphs *c* to *g* of section 965.7 where its acquirer is an individual or an investment group.

“965.9.1.0.4.2. A share also qualifies for a stock savings plan if it is issued by a corporation described in section 965.11.7.1 and is either

(a) a common share described in section 965.9.1.0.4.1 which

i. is acquired by an individual, an investment group or an investment fund as first purchaser, other than a dealer acting as an intermediary, as a result of the exercise of a conversion right conferred on the holder of a preferred share that met the requirements of paragraph *b*,

ii. under the conditions pertaining to the issue of the preferred share referred to in subparagraph i, cannot

(1) be redeemed by the issuing corporation or purchased by anyone in any manner whatever, directly or indirectly, either in whole or in part,

(2) be the subject of a transaction that would result in rendering such a share, a share substituted for such a share, a share received through a transaction referred to in section 301, 536, 541 or 544 in relation to any such shares or a substituted share redeemable by the issuing corporation or purchasable by anyone, in any manner whatever, directly or indirectly, either in whole or in part, or in transferring property of the issuing corporation, other than a dividend, to the shareholder, or

(3) entitle the holder to a dividend that is or will be the subject of an undertaking whereby its payment is guaranteed by a person other than the issuing corporation,

iii. is the subject of a statement by the issuing corporation, in the final prospectus or the application for an exemption from filing a prospectus relating to the public share issue as part of which the preferred share referred to in subparagraph i was issued, to the effect that the share may be included in a stock savings plan and entitles any person to the benefit provided for in respect of the share by this Title,

iv. before the receipt for the final prospectus or the exemption from filing a prospectus relating to the public share issue referred to in subparagraph iii was obtained, was the subject of a favourable advance ruling from the Ministère du Revenu to the effect that it respects the objectives of this Title, and

v. is

(1) on the date of the receipt for the final prospectus or of the exemption from filing a prospectus relating to the public share issue referred to in subparagraph iii, a share of a class listed on a stock exchange in Canada, or

(2) a share of a class none of the shares of which, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus relating to the public share issue referred to in subparagraph iii, has been issued but in respect of which the issuing corporation has undertaken, in the final prospectus or the application for an exemption from filing a prospectus, to have shares of that class listed on a stock exchange in Canada not later than 60 days after the date on which the issuing corporation demonstrates to the proper authorities of that stock exchange that it has distributed a sufficient quantity of shares of that class to holders; or

(b) a preferred share that is a non-guaranteed preferred share issued as part of a public share issue by the corporation which

i. subject to section 965.9.1.0.8, meets the requirements of paragraphs *c* to *f* of section 965.7 where its acquirer is an investment fund, and the requirements of paragraphs *c* to *g* of section 965.7 where its acquirer is an individual or an investment group,

ii. is convertible into a common share meeting the requirements of paragraph *a*, and

iii. is of a separate class relating to the public share issue.

“965.9.1.0.4.3. A share described in section 965.9.1.0.4.1 and issued by a corporation described in section 965.11.7.1 also qualifies for a stock savings plan if

(a) it is acquired by an individual, an investment group or an investment fund as first purchaser, other than a dealer acting as an intermediary, as a result of the exercise of a conversion right conferred on the holder of a particular preferred share meeting the requirements of paragraph *b* of section 965.9.1.0.4.2 and issued, as a result of a transaction referred to in section 536, 541 or 544, in replacement for such a preferred share which was outstanding at the time of such transaction or in replacement for such a preferred share which had been issued in substitution for a preferred share which, were it not for such substitution, could have been converted into a qualifying share described in this section ;

(b) under the conditions pertaining to the issue of the particular preferred share, it cannot

i. be redeemed by the issuing corporation or purchased by anyone in any manner whatever, directly or indirectly, either in whole or in part,

ii. be the subject of a transaction that would result in rendering such a share, a share substituted for such a share, a share received through a transaction referred to in section 301, 536, 541 or 544 in relation to any such shares or a substituted share redeemable by the issuing corporation or purchasable by anyone, in any manner whatever, directly or indirectly, either in whole or in part, or in transferring property of the issuing corporation, other than a dividend, to the shareholder, or

iii. entitle the holder to a dividend that is or will be the subject of an undertaking whereby its payment is guaranteed by a person other than the issuing corporation ;

(c) the issuing corporation states, in the final prospectus or the application for an exemption from filing a prospectus relating to the replacement of the particular preferred share, that the share may be included in a stock savings plan and entitles any person to the benefit provided for in respect of the share by this Title ;

(d) it is

i. a share of a class of the capital stock of the corporation having shares of the same class which, immediately after the transaction mentioned in paragraph *a*, are listed on a stock exchange in Canada, or

ii. a share of a class of the capital stock of the corporation none of the shares of which, immediately after the transaction mentioned in paragraph *a*, is listed on a stock exchange in Canada but in respect of which the corporation has undertaken, in the final prospectus or the application for an exemption from filing a prospectus relating to the replacement of the particular preferred share, to have shares of that class listed on a stock exchange in Canada not later than 60 days after the date on which the corporation demonstrates to the proper authorities of that stock exchange that it has distributed a sufficient quantity of shares of that class to holders; and

(*e*) before the transaction mentioned in paragraph *a*, it was the subject of a favourable advance ruling from the Ministère du Revenu to the effect that it respects the objectives of this Title.”

(2) Subsection 1 applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 3 July 1997. However,

(1) where subparagraph 1 of subparagraph *v* of paragraph *a* of section 965.9.1.0.4.2 of the said Act, enacted by subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”;

(2) where subparagraph 2 of subparagraph *v* of paragraph *a* of section 965.9.1.0.4.2 of the said Act and subparagraphs *i* and *ii* of paragraph *d* of section 965.9.1.0.4.3 of the said Act, enacted by subsection 1, apply before 26 November 1999, they shall be read with the words “a stock exchange in Canada”, wherever they appear therein, replaced by the words “the Montréal Stock Exchange”.

132. (1) Section 965.9.1.0.5 of the said Act is amended, in paragraph *a*,

(1) by replacing, in the English text, the portion of subparagraph *iii* before subparagraph 1 by the following:

“*iii.* under the conditions pertaining to the issue of the preferred share referred to in subparagraph *i*, cannot”;

(2) by replacing, in the English text, subparagraph *iv* by the following:

“*iv.* is the subject of a statement by the issuing corporation, in the final prospectus or the application for an exemption from filing a prospectus relating to the public share issue as part of which the preferred share referred to in subparagraph *i* was issued, to the effect that the share may be included in a stock savings plan and entitles any person to the benefit provided for in respect of the share by this Title.”;

(3) by replacing, in the English text of subparagraph v, the words “it was the subject” by the words “was the subject”;

(4) by replacing subparagraph vi by the following:

“vi. is

(1) on the date of the receipt for the final prospectus or of the exemption from filing a prospectus relating to the public share issue referred to in subparagraph iv, a share of a class listed on a stock exchange in Canada, or

(2) a share of a class none of the shares of which, on the date of the receipt for the final prospectus or of the exemption from filing a prospectus relating to the public share issue referred to in subparagraph iv, has been issued but in respect of which the issuing corporation has undertaken, in the final prospectus or the application for an exemption from filing a prospectus, to have shares of that class listed on a stock exchange in Canada not later than 60 days after the date on which the issuing corporation demonstrates to the proper authorities of that stock exchange that it has distributed a sufficient quantity of shares of that class to holders; or”.

(2) Paragraph 4 of subsection 1 applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 3 July 1997. However,

(1) where subparagraph 1 of subparagraph vi of paragraph *a* of section 965.9.1.0.5 of the said Act, enacted by paragraph 4 of subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”;

(2) where subparagraph 2 of subparagraph vi of paragraph *a* of section 965.9.1.0.5 of the said Act, enacted by paragraph 4 of subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by the words “the Montréal Stock Exchange”.

133. (1) Section 965.9.1.0.6 of the said Act is amended by replacing paragraph *e* by the following:

“(e) it is

i. a share of a class of the capital stock of the corporation having shares of the same class which, immediately after the transaction mentioned in paragraph *a*, are listed on a stock exchange in Canada, or

ii. a share of a class of the capital stock of the corporation none of the shares of which, immediately after the transaction mentioned in paragraph *a*, is listed on a stock exchange in Canada but in respect of which the corporation has undertaken, in the final prospectus or the application for an exemption

from filing a prospectus relating to the replacement of the particular preferred share, to have shares of that class listed on a stock exchange in Canada not later than 60 days after the date on which the corporation demonstrates to the proper authorities of that stock exchange that it has distributed a sufficient quantity of shares of that class to holders ; and”.

(2) Subsection 1 applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 3 July 1997. However, where subparagraphs i and ii of paragraph *e* of section 965.9.1.0.6 of the said Act, enacted by subsection 1, apply before 26 November 1999, they shall be read with the words “a stock exchange in Canada”, wherever they appear therein, replaced by the words “the Montréal Stock Exchange”.

134. (1) Section 965.9.1.1 of the said Act is amended by replacing, in paragraph *d*, the words “registered with a stock exchange in Québec” by the words “listed on a stock exchange in Canada”.

(2) Subsection 1 has effect from 26 November 1999.

135. (1) Section 965.9.8.2 of the said Act is amended by replacing, in paragraph *c*, the words “listed on the Montréal Stock Exchange” by the words “listed on a stock exchange in Canada”.

(2) Subsection 1 has effect from 26 November 1999.

136. (1) Section 965.10 of the said Act is amended

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

“(a.1) its assets are under \$300,000,000;”;

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

“(e) it had not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons related to such insiders

i. throughout the preceding 12 months, or

ii. throughout the preceding six months where

(1) it has already made a public issue of shares with the stipulation that they could be included in a stock savings plan, and

(2) a class of shares of its capital stock is listed on a stock exchange in Canada on that date.”



(2) Paragraph 1 of subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 31 March 1998.

(3) Paragraph 2 of subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997. However, where subparagraph 2 of subparagraph ii of paragraph *e* of section 965.10 of the said Act, enacted by paragraph 2 of subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”.

137. (1) Section 965.10.2 of the said Act is replaced by the following :

“965.10.2. For the purposes of section 965.10, where a corporation results from an amalgamation within the meaning of section 544 and a period of at least 12 months has not elapsed between the time of the amalgamation and the date of the receipt for the final prospectus or of the exemption from filing a prospectus, the requirement in paragraph *e* of section 965.10 shall be replaced by the requirement to have, throughout the period from the time of the amalgamation to the date of the receipt for the final prospectus or of the exemption from filing a prospectus, not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons related to such insiders and, immediately before the time of the amalgamation, for one of the predecessor corporations to have had not fewer than five full-time employees who are not insiders within the meaning of section 89 of that Act or persons related to such insiders

(a) throughout the 12 months preceding the time of the amalgamation ; or

(b) throughout the six months preceding the time of the amalgamation where

i. it has already made a public issue of shares with the stipulation that they could be included in a stock savings plan,

ii. a class of shares of its capital stock is listed on a stock exchange in Canada immediately before the time of the amalgamation, and

iii. a class of shares of the capital stock of the corporation resulting from the amalgamation is listed on a stock exchange in Canada on the date of the receipt for the final prospectus or of the exemption from filing a prospectus.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997. However, where subparagraphs ii and iii of

paragraph *b* of section 965.10.2 of the said Act, enacted by subsection 1, apply before 26 November 1999, they shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”.

138. (1) Section 965.10.3 of the said Act is amended by replacing the first paragraph by the following :

“965.10.3. For the purposes of section 965.10.2, where a predecessor corporation referred to in that section is itself a corporation resulting from an amalgamation within the meaning of section 544 and a period of at least 12 months has not elapsed between the time of the amalgamation and the time it became a predecessor corporation, the requirement last provided in its respect in section 965.10.2 concerning the number of employees shall be replaced by the requirement to have had, throughout the period from the time of the amalgamation to the time it became a predecessor corporation, not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons to whom they are related and, immediately before the time of the amalgamation, for one of the predecessor corporations to have had not fewer than five full-time employees who are not insiders within the meaning of section 89 of that Act or persons to whom they are related

(a) throughout the 12 months preceding the time of the amalgamation ; or

(b) throughout the six months preceding the time of the amalgamation where

i. it has already made a public issue of shares with the stipulation that they could be included in a stock savings plan,

ii. a class of shares of its capital stock is listed on a stock exchange in Canada immediately before the time of the amalgamation, and

iii. a class of shares of the capital stock of the corporation referred to in section 965.10.2, resulting from an amalgamation, is listed on a stock exchange in Canada on the date of the receipt for the final prospectus or of the exemption from filing a prospectus.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997. However, where subparagraphs ii and iii of subparagraph *b* of the first paragraph of section 965.10.3 of the said Act, enacted by subsection 1, apply before 26 November 1999, they shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”.

139. (1) Section 965.10.3.1 of the said Act is amended by replacing paragraph *b* by the following :

“(b) the subsidiary shall have not fewer than five full-time employees who are not insiders within the meaning of section 89 of that Act or persons to whom they are related

i. throughout the 12-month period immediately preceding the commencement of its winding-up, or

ii. throughout the six-month period immediately preceding the commencement of its winding-up where

(1) it has already made a public issue of shares with the stipulation that they could be included in a stock savings plan,

(2) a class of shares of its capital stock is listed on a stock exchange in Canada immediately before the commencement of its winding-up, and

(3) a class of shares of the capital stock of the corporation is listed on a stock exchange in Canada on the date of the receipt for the final prospectus or of the exemption from filing a prospectus.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997. However, where subparagraphs 2 and 3 of subparagraph ii of paragraph *b* of section 965.10.3.1 of the said Act, enacted by subsection 1, apply before 26 November 1999, they shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”.

140. (1) Section 965.10.3.2 of the said Act is amended by replacing subparagraph *b* of the first paragraph by the following :

“(b) the other subsidiary shall have not fewer than five full-time employees who are not insiders within the meaning of section 89 of that Act or persons to whom they are related

i. throughout the 12-month period immediately preceding the commencement of its winding-up, or

ii. throughout the six-month period immediately preceding the commencement of its winding-up where

(1) it has already made a public issue of shares with the stipulation that they could be included in a stock savings plan,

(2) a class of shares of its capital stock is listed on a stock exchange in Canada immediately before the commencement of its winding-up, and

(3) a class of shares of the capital stock of the corporation referred to in section 965.10.3.1 that makes an issue referred to therein is listed on a stock exchange in Canada on the date of the receipt for the final prospectus or of the exemption from filing a prospectus.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997. However, where subparagraphs 2 and 3 of subparagraph ii of subparagraph *b* of the first paragraph of section 965.10.3.2 of the said Act, enacted by subsection 1, apply before 26 November 1999, they shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”.

141. Section 965.11 of the said Act is amended by replacing paragraph *b* by the following :

“(b) debentures, bonds or shares issued by a cooperative, other than a savings and credit union, meeting the requirements of paragraph *d* of section 965.10;”.

142. (1) Section 965.11.5 of the said Act is amended by replacing paragraph *d* by the following :

“(d) one of the subsidiary corporations meets the requirements of paragraphs *a* to *d* of section 965.10 and had not fewer than five full-time employees who are not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons to whom they are related

- i. throughout the 12 months preceding that date, or
- ii. throughout the six months preceding that date where

(1) it has already made a public issue of shares with the stipulation that they could be included in a stock savings plan, and

(2) a class of shares of the capital stock of the corporation is listed on the Montréal Stock Exchange on that date.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997.

143. (1) Section 965.17.2 of the said Act is amended by replacing paragraphs *c* and *d* by the following :

“(c) it is a corporation that had not fewer than five full-time employees who were not insiders within the meaning of section 89 of the Securities Act (chapter V-1.1) or persons to whom they were related

- i. throughout the 12 months preceding that date, or
- ii. throughout the six months preceding that date where

(1) it has already made a public issue of shares with the stipulation that they could be included in a stock savings plan, and

(2) a class of shares of its capital stock is listed on a stock exchange in Canada on that date;

“(d) its assets are less than \$300,000,000; and”.

(2) Subsection 1, where it replaces paragraph *c* of section 965.17.2 of the said Act, applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997. However, where subparagraph 2 of subparagraph ii of paragraph *c* of section 965.17.2 of the said Act, enacted by subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”.

(3) Subsection 1, where it replaces paragraph *d* of section 965.17.2 of the said Act, applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 31 March 1998.

144. (1) Section 965.17.3 of the said Act is amended by replacing subparagraphs i and ii of paragraph *c* by the following:

“i. whose control was acquired by the qualified corporation more than 12 months before that date fulfills, subject to section 965.17.3.1, the requirements of paragraphs *a* to *e* of section 965.17.2, or

“ii. that results from an amalgamation, within the meaning of section 544, within the 365 days before that date, fulfills the requirements of paragraphs *a*, *b*, *d* and *e* of section 965.17.2 and paragraph *b* of section 965.17.5, and one of the predecessor corporations whose control was acquired by the qualified corporation more than 12 months before that date fulfilled, subject to sections 965.17.3.1 and 965.17.3.2, immediately before that date, all the requirements to qualify as a growth corporation other than the requirement to make a public share issue, a convertible security issue or a non-guaranteed convertible security issue; and”.

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997.

145. (1) The said Act is amended by inserting, after section 965.17.3, the following sections :

“965.17.3.1. For the purpose of determining, for the purposes of subparagraphs i and ii of paragraph *c* of section 965.17.3, paragraph *b* of section 965.17.4.1, paragraph *c* of section 965.17.5 and paragraph *b* of section 965.17.5.1, whether a subsidiary or a predecessor corporation, as the case may be, referred to therein fulfills the requirement in paragraph *c* of section 965.17.2, subparagraph 2 of subparagraph ii of paragraph *c* of that section 965.17.2 shall be read as follows :

“(2) a class of shares of the capital stock of the qualified corporation is listed on a stock exchange in Canada on the date of the receipt for the final prospectus or of the exemption from filing a prospectus ;”.

“965.17.3.2. The exclusion relating to a public share issue provided in subparagraph ii of paragraph *c* of section 965.17.3, paragraph *b* of section 965.17.4.1, paragraph *c* of section 965.17.5 and paragraph *b* of section 965.17.5.1 does not apply in respect of a public share issue referred to in subparagraph 1 of subparagraph ii of paragraph *c* of section 965.17.2.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997. However, where subparagraph 2 of subparagraph ii of paragraph *c* of section 965.17.2 of the said Act, enacted by section 965.17.3.1 of the said Act, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”.

146. (1) Section 965.17.4.1 of the said Act is amended by replacing paragraph *b* by the following :

“(b) the other subsidiary meets, subject to sections 965.17.3.1 and 965.17.3.2, immediately before the commencement of its winding-up, all the requirements to qualify as a growth corporation other than the requirement to make a public share issue, a convertible security issue or a non-guaranteed convertible security issue.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997.

147. (1) Section 965.17.5 of the said Act is amended by replacing paragraph *c* by the following :

“(c) immediately before the amalgamation, one of the predecessor corporations fulfilled, subject to sections 965.17.3.1 and 965.17.3.2, all the

requirements to qualify as a growth corporation other than the requirement to make a public share issue, a convertible security issue or a non-guaranteed convertible security issue.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997.

148. (1) Section 965.17.5.1 of the said Act is amended by replacing paragraph *b* by the following :

“(b) the subsidiary meets, subject to sections 965.17.3.1 and 965.17.3.2, immediately before the commencement of its winding-up, all the requirements to qualify as a growth corporation other than the requirement to make a public share issue, a convertible security issue or a non-guaranteed convertible security issue.”

(2) Subsection 1 applies in respect of a public share issue, convertible security issue or non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 16 October 1997.

149. (1) Section 965.23.0.1 of the said Act is replaced by the following :

“965.23.0.1. Where, as a result of a transaction provided for in section 301, a qualifying non-guaranteed convertible security included in a stock savings plan is converted into a qualifying share referred to in section 965.9.1.0.3 or 965.9.1.0.4, a preferred share meeting the requirements of paragraph *b* of section 965.9.1.0.4.2 and included in a stock savings plan is converted into a qualifying share referred to in paragraph *a* of section 965.9.1.0.4.2 or in section 965.9.1.0.4.3, or a preferred share meeting the requirements of paragraph *b* of section 965.9.1.0.5 and included in a stock savings plan is converted into a qualifying share referred to in paragraph *a* of section 965.9.1.0.5 or in section 965.9.1.0.6, the qualifying non-guaranteed convertible security or preferred share is deemed to be withdrawn from the stock savings plan only when a qualifying share issued in replacement of the qualifying non-guaranteed convertible security or preferred share, as the case may be, is withdrawn from the plan.”

(2) Subsection 1 applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 3 July 1997.

150. (1) Section 965.23.1.0.1 of the said Act is amended by replacing the portion before paragraph *a* by the following :

“965.23.1.0.1. Where, as a result of a transaction provided for in section 301, a qualifying non-guaranteed convertible security that is owned by

an investment fund is converted into a qualifying share referred to in section 965.9.1.0.3 or 965.9.1.0.4, a preferred share that is a qualifying share by reason of paragraph *b* of section 965.9.1.0.4.2 and that is owned by an investment fund is converted into a qualifying share referred to in paragraph *a* of section 965.9.1.0.4.2 or in section 965.9.1.0.4.3, or a preferred share that is a qualifying share by reason of paragraph *b* of section 965.9.1.0.5 and that is owned by an investment fund is converted into a qualifying share referred to in paragraph *a* of section 965.9.1.0.5 or in section 965.9.1.0.6, the following rules apply:”.

(2) Subsection 1 applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 3 July 1997.

151. (1) The said Act is amended by inserting, after section 965.24.1.2.1, the following section:

“965.24.1.2.1.1. Notwithstanding section 965.24.1, where a corporation referred to in section 965.11.7.1 issues, as part of a public issue, a preferred share referred to in paragraph *b* of section 965.9.1.0.4.2, in section 965.9.1.0.4.3, in paragraph *b* of section 965.9.1.0.5 or in section 965.9.1.0.6, that is convertible into a qualifying share referred to in paragraph *a* of section 965.9.1.0.4.2, in section 965.9.1.0.4.3, in paragraph *a* of section 965.9.1.0.5 or in section 965.9.1.0.6, while no share of the same class as that qualifying share was outstanding on the date of the receipt for the final prospectus or of the exemption from filing a prospectus relating to the public issue of that preferred share, the corporation is required to undertake, in the final prospectus or the application for an exemption from filing a prospectus relating to the issue of that preferred share, to have shares of the same class as the qualifying share listed on a stock exchange in Canada on or before the sixtieth day after the date on which the corporation demonstrates to the proper authorities of that stock exchange that the shares of that class are sufficiently distributed among holders.”

(2) Subsection 1 applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 3 July 1997. However, where section 965.24.1.2.1.1 of the said Act, enacted by subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada”, wherever they appear therein, replaced by “the Montréal Stock Exchange”.

152. (1) Section 965.29 of the said Act is amended by striking out paragraph *e.1*.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

153. (1) Section 965.31 of the said Act is repealed.



(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

154. (1) Section 965.31.1 of the said Act is amended

(1) by replacing, in paragraphs *j* to *m*, “after 2 May 1991” by “during the period from 3 May 1991 to 31 March 1998”;

(2) by adding, after paragraph *m*, the following paragraph :

“(n) in the case of a qualified investment made after 31 March 1998 by a Québec business investment company, 150% of the aggregate of the amount of the taxpayer’s interest in the qualified investment and the amount of the taxpayer’s additional interest in respect of the qualified investment, without exceeding 150% of the amount of the taxpayer’s financial commitment in respect of the Québec business investment company determined immediately before the time the Québec business investment company makes the qualified investment.”

(2) Subsection 1 has effect from 1 April 1998.

155. (1) Section 965.31.3 of the said Act is replaced by the following :

“965.31.3. In this Title, where an individual acquires by succession or will a share of a Québec business investment company, the following rules apply :

(a) the cost to the individual of the share is deemed to be equal to the cost to the deceased shareholder of the share determined without taking into account the borrowing costs and other costs related to the acquisition thereof or the custody fees ;

(b) the individual’s interest in and additional interest in respect of a qualified investment that is made by the Québec business investment company after the death of the shareholder but before the time the share is allocated or transferred to the individual, are deemed to be an interest of the individual in and an additional interest of the individual in respect of a qualified investment for the year in which the share is allocated or transferred to the individual and not to be an interest of the individual in and an additional interest of the individual in respect of a qualified investment for the year in which the Québec business investment company makes the qualified investment.”

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

156. (1) Section 965.33 of the said Act is repealed.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

157. (1) Section 965.34 of the said Act is amended by striking out the words “or a venture capital corporation”.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

158. (1) Section 985.1 of the said Act is amended by replacing, in paragraph *b*, “paragraphs *a* and *c* to *l*” by “paragraphs *a* to *c*” and “in section” by “in the first paragraph of section”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

159. Section 985.4.3 of the said Act is amended by replacing, in the French text, the words “poste recommandée” by the words “courrier recommandé”.

160. (1) Section 985.14 of the said Act is amended by replacing, in paragraph *c*, “paragraphs *c* to *l*” by “paragraph *a* or *c*”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

161. (1) Section 985.25 of the said Act is amended by replacing, in paragraph *a*, “716” by “716.0.2” and “752.0.10.14” by “752.0.10.18”.

(2) Subsection 1 has effect from 1 August 1997.

162. (1) Section 985.27 of the said Act is amended by replacing, in paragraph *a* of the definition of “qualified donee”, “paragraphs *a* to *b.1, f* and *l*” by “subparagraphs *v* and *ix* of paragraph *a*, in subparagraph *ii* of paragraph *c* or in paragraph *d*”.

(2) Subsection 1 applies to taxation years that begin after 31 December 1997.

163. (1) The said Act is amended by inserting, after section 1000.1, the following sections:

“1000.2. Where a taxpayer has deducted, in respect of a property in Class 12 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), because of subparagraph *t* of the first paragraph of that class or of the second paragraph of that class, an amount in computing the taxpayer’s income under paragraph *a* of section 130 or the second paragraph of section 130.1 for a taxation year ending before all the conditions applicable to the property and mentioned in that subparagraph *t* or that second paragraph, as the case may be, have been met, and, in a subsequent taxation year, an event occurs that results in any of those conditions not being able to be met, the taxpayer shall, on or before the taxpayer’s filing-due date for that subsequent taxation year, file with the Minister for any taxation year that precedes the

subsequent taxation year and for which the taxpayer's fiscal return was filed by the taxpayer under section 1000, and for which tax consequences under this Part arise from the fact that the property cannot be included in that class, an amended fiscal return in which those tax consequences must be taken into account.

“1000.3. Where a partnership has deducted, in respect of a property in Class 12 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1), because of subparagraph *t* of the first paragraph of that class or of the second paragraph of that class, an amount in computing its income under paragraph *a* of section 130 or the second paragraph of section 130.1 for a particular fiscal period ending before all the conditions applicable to the property and mentioned in that subparagraph *t* or that second paragraph, as the case may be, have been met, and, in a subsequent fiscal period, an event occurs that results in any of those conditions not being able to be met, each taxpayer who was a member of the partnership at the end of the particular fiscal period shall, on or before the taxpayer's filing-due date for the taxpayer's taxation year in which that subsequent fiscal period ends or would have ended had the taxpayer been a member of the partnership at the end of that subsequent fiscal period, file with the Minister for any taxation year that precedes that taxation year and for which the taxpayer's fiscal return was filed by the taxpayer under section 1000, and for which tax consequences under this Part arise from the fact that the property cannot be included in that class, an amended fiscal return in which those tax consequences must be taken into account.”

(2) Subsection 1 applies to taxation years in respect of which the time limits provided for in subsection 2 of section 1010 of the said Act have not expired on 20 December 1999.

164. (1) The said Act is amended by inserting, after section 1010, the following section :

“1010.O.O.1. Notwithstanding the expiration of the time limits provided for in section 1010, where a taxpayer has deducted, or is a member of a partnership that has deducted, in respect of a property in Class 12 of Schedule B to the Regulation respecting the Taxation Act (R.R.Q., 1981, chapter I-3, r.1) because of subparagraph *t* of the first paragraph of that class or of the second paragraph of that class, an amount in computing the taxpayer's income under paragraph *a* of section 130 or the second paragraph of section 130.1 for a taxation year or a fiscal period, as the case may be, ending before all the conditions applicable to the property and mentioned in that subparagraph *t* or that second paragraph, as the case may be, have been met, and, in a subsequent taxation year or fiscal period, an event occurs that results in any of those conditions not being able to be met, the following rules apply :

(*a*) the Minister may, at any time, but for the amended fiscal return that the taxpayer is required to file under section 1000.2 or 1000.3, redetermine the tax, interest and penalties payable under this Part by the taxpayer for any

taxation year for which tax consequences under this Part arise from the fact that the property cannot be so included in that class ; and

(b) the Minister may also redetermine the tax, interest and penalties payable under this Part and make a reassessment or an additional assessment, as the case may be,

i. within three years after the later of the day of mailing, pursuant to subparagraph *a*, of a notice of assessment for a taxation year or of a notification that no tax is payable for a taxation year and the day on which an amended fiscal return for the taxation year is filed pursuant to section 1000.2 or 1000.3, or

ii. within four years after the day referred to in subparagraph i if, at the end of the taxation year concerned, the taxpayer is a mutual fund trust or a corporation other than a Canadian-controlled private corporation.

However, the Minister may, in respect of a taxation year for which tax consequences under this Part arise from the fact that the property cannot be so included in a class, make an assessment, a reassessment or an additional assessment beyond the periods referred to in paragraph *a* or *a.0.1* of subsection 2 of section 1010 only to the extent that the assessment, reassessment or additional assessment may reasonably be considered to relate to a tax consequence referred to in section 1000.2 or 1000.3.”

(2) Subsection 1 applies to taxation years in respect of which the time limits provided for in subsection 2 of section 1010 of the said Act have not expired on 20 December 1999.

165. (1) Section 1010.0.2 of the said Act is replaced by the following :

“1010.0.2. Notwithstanding the expiration of the time limits provided for in section 1010, where a taxpayer is the subject of an assessment or reassessment made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the Minister may, within one year after the date of that assessment, redetermine the tax, interest and penalties payable by the taxpayer and make a reassessment for the sole purpose of taking into account elements that may be considered to relate to that assessment or reassessment.”

(2) Subsection 1 applies in respect of assessments or reassessments made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) after 6 November 1998, other than such an assessment relating to a taxation year of a taxpayer in respect of which the time limits provided for in section 1010 of the Taxation Act (R.S.Q., chapter I-3) expired before 7 November 1998.

166. (1) The said Act is amended by inserting, after section 1010.0.2, the following section :

“1010.0.3. Notwithstanding the expiration of the time limits provided for in section 1010, where a taxpayer is the subject of an assessment or reassessment by a province other than Québec under an Act that is similar to this Act, the Minister may, within one year after the date of that assessment, redetermine the tax, interest and penalties payable by the taxpayer and make a reassessment for the sole purpose of taking into account elements that may be considered to relate to that assessment or reassessment.”

(2) Subsection 1 applies in respect of assessments or reassessments by a province other than Québec after 18 December 1997, other than such an assessment relating to a taxation year of a taxpayer in respect of which the time limits provided for in section 1010 of the said Act expired before 19 December 1997.

167. (1) Section 1029.6.0.1 of the said Act is amended

(1) by replacing, in paragraph *a*, “and II.6.5” by “, II.6.5, II.6.8 and II.6.9”;

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

“(b) where it may reasonably be considered that all or a portion of a consideration paid or payable by a person or partnership under a particular contract relates to a particular expenditure or to particular costs and that person or a member of that partnership may be deemed, for a taxation year, to have paid to the Minister an amount, under Divisions II to II.6.2, II.6.5, II.6.8 or II.6.9, in respect of that expenditure or those costs, as the case may be, no amount may be deemed to have been paid to the Minister by another taxpayer, for any taxation year, under any of those divisions, in respect of all or part of a cost, an expenditure or any costs incurred in performing the particular contract or any contract derived therefrom, that may reasonably be considered to relate to the particular expenditure or particular costs;”;

(3) by adding, after paragraph *b*, the following paragraph:

“(c) a taxpayer operating an international financial centre in a taxation year shall not be deemed to have paid to the Minister any amount for the year under this chapter other than an amount that the taxpayer is deemed to have so paid for the year under Division II.6.8 or II.6.9, in respect of a cost, an expenditure or any costs incurred by the taxpayer within the context of the operations of the international financial centre.”

(2) Paragraphs 1 and 2 of subsection 1 have effect from 1 January 1998. However, where paragraph *a* of section 1029.6.0.1 of the said Act, as amended by paragraph 1, and paragraph *b* of that section, enacted by paragraph 2, apply before 1 April 1998, they shall be read with “, II.6.8 or II.6.9” replaced by “or II.6.8”.

(3) Paragraph 3 of subsection 1 applies to taxation years that end after 31 March 1998.

168. (1) Section 1029.7 of the said Act is amended, in the first paragraph,

(1) by replacing, in the English text of subparagraph *d*, the words “at the time the contract was entered into” by the words “at the time the particular contract was entered into”;

(2) by adding, after subparagraph *e*, the following subparagraphs :

“(f) that portion of the consideration paid under the contract by the taxpayer in respect of the research and development undertaken on the taxpayer’s behalf in the year to a person or partnership with whom or with which the taxpayer was not dealing at arm’s length at the time the contract was entered into, and paid again by that person or partnership, under a particular contract, in respect of that research and development, to another person or partnership with whom or with which the taxpayer was not dealing at arm’s length at the time the particular contract was entered into and who or which has undertaken all or part of the research and development, that may reasonably be attributed to the wages paid to the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees;

“(g) one-half of that portion of the consideration paid under the contract by the taxpayer to a person or partnership with whom or with which the taxpayer was not dealing at arm’s length at the time the contract was entered into, and paid again by that person or partnership, under a particular contract, to another person or partnership with whom or with which the taxpayer was dealing at arm’s length at the time the particular contract was entered into, that may reasonably be attributed to such research and development undertaken on the taxpayer’s behalf in the year by the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees;

“(h) that portion of the consideration paid by the taxpayer under a particular contract, other than a contract by which the taxpayer causes scientific research and experimental development to be undertaken on the taxpayer’s behalf, for work undertaken in the year relating to such research and development, to a person or partnership with whom or with which the taxpayer was not dealing at arm’s length at the time the particular contract was entered into, and paid again by that person or partnership, under another particular contract, to another person or partnership with whom or with which the taxpayer was not dealing at arm’s length at the time the other particular contract was entered into and who or which has undertaken all or part of the work, that may reasonably be attributed to the wages paid to the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees; and

“(i) one-half of that portion of the consideration paid by the taxpayer under a particular contract, other than a contract by which the taxpayer causes scientific research and experimental development to be undertaken on the taxpayer’s behalf, for work relating to such research and development, to a

person or partnership with whom or with which the taxpayer was not dealing at arm's length at the time the particular contract was entered into, and paid again by that person or partnership, under another particular contract, to another person or partnership with whom or with which the taxpayer was dealing at arm's length at the time the other particular contract was entered into, that may reasonably be attributed to the work undertaken in the year by the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees.”

(2) Paragraph 2 of subsection 1 applies in respect of scientific research and experimental development undertaken after 31 March 1998, under a contract entered into after that date.

169. (1) Section 1029.8 of the said Act is amended by adding, after subparagraph *e* of the first paragraph, the following subparagraphs :

“(f) that portion of the consideration paid under the contract by the partnership in respect of the research and development undertaken on its behalf in that fiscal period to a person or another partnership with whom or with which a member of the partnership was not dealing at arm's length at the time the contract was entered into, and paid again by that person or that other partnership, under a particular contract, in respect of that research and development, to another person or partnership with whom or with which a member of the partnership was not dealing at arm's length at the time the particular contract was entered into and who or which has undertaken all or part of the research and development, that may reasonably be attributed to the wages paid to the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees ;

“(g) one-half of that portion of the consideration paid under the contract by the partnership to a person or another partnership with whom or with which a member of the partnership was not dealing at arm's length at the time the contract was entered into, and paid again by that person or that other partnership, under a particular contract, to another person or partnership with whom or with which all the members of the partnership were dealing at arm's length at the time the particular contract was entered into, that may reasonably be attributed to such research and development undertaken on its behalf in that fiscal period by the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees ;

“(h) that portion of the consideration paid by the partnership under a particular contract, other than a contract by which the partnership causes scientific research and experimental development to be undertaken on its behalf, for work undertaken in that fiscal period relating to such research and development, to a person or another partnership with whom or with which a member of the partnership was not dealing at arm's length at the time the particular contract was entered into, and paid again by that person or that other

partnership, under another particular contract, to another person or partnership with whom or with which a member of the partnership was not dealing at arm's length at the time the other particular contract was entered into and who or which has undertaken all or part of the work, that may reasonably be attributed to the wages paid to the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees; and

“(i) one-half of that portion of the consideration paid by the partnership under a particular contract, other than a contract by which the partnership causes scientific research and experimental development to be undertaken on its behalf, for work relating to such research and development, to a person or another partnership with whom or with which a member of the partnership was not dealing at arm's length at the time the particular contract was entered into, and paid again by that person or that other partnership, under another particular contract, to another person or partnership with whom or with which all the members of the partnership were dealing at arm's length at the time the other particular contract was entered into, that may reasonably be attributed to the work undertaken in that fiscal period by the employees of an establishment of that other person or partnership situated in Québec or that could be so attributed if that other person or partnership had such employees.”

(2) Subsection 1 applies in respect of scientific research and experimental development undertaken after 31 March 1998, under a contract entered into after that date.

170. (1) Section 1029.8.0.0.1 of the said Act is replaced by the following:

“1029.8.0.0.1A taxpayer shall not be deemed to have paid to the Minister an amount as partial payment of the taxpayer's tax payable for a taxation year under section 1029.7 or 1029.8 in respect of an expenditure that is a portion of a consideration referred to in subparagraph *c*, *e*, *g* or *i* of the first paragraph of that section, unless the taxpayer files with the Minister, on or before the taxpayer's filing-due date for the year, a statement in prescribed form containing the following information:

(a) in the case of an expenditure that is a portion of a consideration referred to in subparagraph *c* or *e* of the first paragraph of section 1029.7 or 1029.8, as the case may be,

i. the name of the person or partnership referred to therein with whom or with which the taxpayer or the partnership of which the taxpayer is a member has entered into the contract or particular contract referred to therein, as the case may be, the registration number assigned to that person or partnership in accordance with the Act respecting the Québec sales tax (chapter T-0.1) and, where that person is an individual, that person's Social Insurance Number,

ii. the total amount of the consideration provided for in the contract or particular contract referred to therein, as the case may be, in respect of the



scientific research and experimental development or the work relating to that scientific research and experimental development, as the case may be, referred to in that section, and

iii. the amount of the portion of the consideration provided for in the contract or particular contract referred to therein, as the case may be, that is paid in the year or, where the taxpayer is a member of a partnership, in the fiscal period of the partnership ending in the year, in respect of the scientific research and experimental development or the work relating to that scientific research and experimental development, as the case may be, referred to in that section ;

(b) in the case of an expenditure that is a portion of a consideration referred to in subparagraph *g* of the first paragraph of section 1029.7 or 1029.8, as the case may be,

i. the name of the other person or partnership referred to therein with whom or with which the person or partnership with whom or with which a contract has been entered into by the taxpayer or the partnership of which the taxpayer is a member has entered into the particular contract referred to therein, the registration number assigned to that other person or partnership in accordance with the Act respecting the Québec sales tax and, where that other person is an individual, that other person's Social Insurance Number,

ii. the total amount of the consideration provided for in the particular contract referred to therein that is required to be paid to the other person or partnership and that relates to the scientific research and experimental development referred to in that section that the taxpayer or the partnership of which the taxpayer is a member causes to be undertaken on behalf of the taxpayer or the partnership of which the taxpayer is a member under the contract referred to therein that the taxpayer or the partnership of which the taxpayer is a member has entered into with the person or partnership referred to therein, and

iii. the amount of the portion of the consideration provided for in the particular contract referred to therein that is paid in the year or, where the taxpayer is a member of a partnership, in the fiscal period of the partnership ending in the year, to the other person or partnership and that relates to the scientific research and experimental development referred to in that section that the taxpayer or the partnership of which the taxpayer is a member causes to be undertaken on behalf of the taxpayer or the partnership of which the taxpayer is a member under the contract referred to therein that the taxpayer or the partnership of which the taxpayer is a member has entered into with the person or partnership referred to therein ;

(c) in the case of an expenditure that is a portion of a consideration referred to in subparagraph *i* of the first paragraph of section 1029.7 or 1029.8, as the case may be,

i. the name of the other person or partnership referred to therein with whom or with which the person or partnership with whom or with which a particular contract has been entered into by the taxpayer or the partnership of which the taxpayer is a member has entered into the other particular contract referred to therein, the registration number assigned to that other person or partnership in accordance with the Act respecting the Québec sales tax and, where that other person is an individual, that other person's Social Insurance Number,

ii. the total amount of the consideration provided for in the other particular contract referred to therein that is required to be paid to the other person or partnership and that relates to the work relating to the scientific research and experimental development referred to in that section that the taxpayer or the partnership of which the taxpayer is a member causes to be undertaken under the particular contract referred to therein that the taxpayer or the partnership of which the taxpayer is a member has entered into with the person or partnership referred to therein, and

iii. the amount of the portion of the consideration provided for in the other particular contract referred to therein that is paid in the year or, where the taxpayer is a member of a partnership, in the fiscal period of the partnership ending in the year, to the other person or partnership and that relates to the work relating to the scientific research and experimental development referred to in that section that the taxpayer or the partnership of which the taxpayer is a member causes to be undertaken under the particular contract referred to therein that the taxpayer or partnership of which the taxpayer is a member has entered into with the person or partnership referred to therein.”

(2) Subsection 1 applies in respect of scientific research and experimental development undertaken after 31 March 1998, under a contract entered into after that date.

171. (1) Section 1029.8.19.2 of the said Act is amended

(1) by replacing, in the first paragraph, the references to “subparagraph *c*” by references to “subparagraphs *c* and *g*”;

(2) by replacing, in the second paragraph, the references to “subparagraph *e*” by references to “subparagraphs *e* and *i*”.

(2) Subsection 1 applies in respect of scientific research and experimental development undertaken after 31 March 1998, under a contract entered into after that date.

172. (1) Section 1029.8.19.3 of the said Act is amended

(1) by replacing the first and second paragraphs by the following:

“1029.8.19.3 Notwithstanding section 1029.8.19.2, a taxpayer may be deemed to have paid an amount to the Minister under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *c* or *g* of the first paragraph of each of those sections, or under any of sections 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11, in respect of a project referred to in the first paragraph of that section 1029.8.19.2 in which the scientific research and experimental development is undertaken, in whole or in part, on behalf of the taxpayer or the partnership of which the taxpayer is a member, by another person or partnership if, were it not for section 1029.8.19.2, an amount would have been deemed to have been paid to the Minister under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *c* or *g* of the first paragraph of that section, or under any of sections 1029.8.6, 1029.8.7, 1029.8.10 and 1029.8.11 and if each contribution referred to in the first paragraph of that section 1029.8.19.2, in respect of the project or the carrying out thereof, constitutes an expenditure made by the other person or partnership or, where subparagraph *g* of the first paragraph of section 1029.7 or 1029.8 applies, by the other person or partnership referred to in that subparagraph, to undertake, in whole or in part, the scientific research and experimental development.

“Notwithstanding section 1029.8.19.2, a taxpayer may be deemed to have paid an amount to the Minister under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *e* or *i* of the first paragraph of each of those sections, under a contract referred to in the second paragraph of that section 1029.8.19.2 in which the work relating to scientific research and experimental development is undertaken, in whole or in part, on behalf of the taxpayer or the partnership of which the taxpayer is a member, by another person or partnership if, were it not for section 1029.8.19.2, an amount would have been deemed to have been paid to the Minister under section 1029.7 or 1029.8, in respect of the portion of a consideration referred to in subparagraph *e* or *i* of the first paragraph of that section and if each contribution referred to in the second paragraph of that section 1029.8.19.2, in respect of the contract or the performance of the contract, constitutes an expenditure made by the other person or partnership or, where subparagraph *i* of the first paragraph of section 1029.7 or 1029.8 applies, by the other person or partnership referred to in that subparagraph, to undertake, in whole or in part, that work.”;

(2) by replacing, in the third paragraph, “subparagraph *c* or *e*” by “subparagraph *c*, *e*, *g* or *i*”.

(2) Subsection 1 applies in respect of scientific research and experimental development undertaken after 31 March 1998, under a contract entered into after that date.

173. (1) Section 1029.8.19.5 of the said Act is amended

(1) by replacing, in the first paragraph, the references to “subparagraphs *a* and *b*” by references to “subparagraph *a*, *b* or *f*”;

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

“Notwithstanding sections 1029.7 and 1029.8, in respect of the portion of a consideration referred to in subparagraph *d* or *h* of the first paragraph of each of those sections, where, in respect of a contract for work relating to scientific research and experimental development referred to in either of those subparagraphs or in respect of the performance of the contract, a taxpayer, a partnership, a member of that partnership, a person not dealing at arm’s length with the taxpayer, the partnership or any member thereof, or any other person designated by the Minister, has obtained, is entitled to obtain or may reasonably expect to obtain a contribution or, upon a determination by the Minister to that effect, is deemed to have obtained or to be entitled to obtain a contribution, from a person or a partnership who or that is a party to the work, from a person or a partnership not dealing at arm’s length with that person or partnership, or from any other person or partnership designated by the Minister, the taxpayer or any taxpayer who is a member of the partnership, as the case may be, is deemed not to be deemed to have paid to the Minister an amount under either of those sections, in respect of the portion of a consideration referred to in subparagraph *d* or *h* of the first paragraph of each of those sections, in respect of that contract.”

(2) Subsection 1 applies in respect of scientific research and experimental development undertaken after 31 March 1998, under a contract entered into after that date.

174. (1) Section 1029.8.21.4 of the said Act is amended, in the first paragraph,

(1) by replacing the definition of “non-government assistance” by the following :

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;”;

(2) by replacing, in the definition of “acquisition costs”, “1 January 2002” by “1 January 2000”.

(2) Subsection 1 applies in respect of costs incurred after 25 March 1997.

175. (1) Section 1029.8.21.7 of the said Act is amended

(1) by replacing the portion of subparagraph *a* of the first paragraph before subparagraph *i* by the following :

“(a) where the acquisition costs are incurred after 25 March 1997 and before 19 December 1997, the qualified property referred to therein does not

use perchloroethylene, as certified in the validation certificate issued by the Minister of the Environment and Wildlife, and the gross revenue from the dry-cleaning business in which the property is used is, for the fiscal period or the taxation year referred to in the second paragraph.”;

(2) by replacing the portion of subparagraph *b* of the first paragraph before subparagraph *i* by the following :

“(b) where the acquisition costs are incurred after 25 March 1997 and before 19 December 1997, the qualified property referred to therein uses less perchloroethylene than the property it replaces, as certified in the validation certificate issued by the Minister of the Environment and Wildlife, and the gross revenue from the dry-cleaning business in which the property is used is, for the fiscal period or the taxation year referred to in the second paragraph.”;

(3) by adding, after subparagraph *b* of the first paragraph, the following subparagraphs :

“(c) where the acquisition costs are incurred after 18 December 1997, the qualified property referred to therein does not use perchloroethylene, as certified in the validation certificate issued by the Minister of the Environment and Wildlife, and the gross revenue from the dry-cleaning business in which the property is used is, for the fiscal period or the taxation year referred to in the second paragraph,

- i. less than \$250,000, 20%, or
- ii. equal to or greater than \$250,000, 15% ; or

“(d) where the acquisition costs are incurred after 18 December 1997, the qualified property referred to therein uses less perchloroethylene than the property it replaces, as certified in the validation certificate issued by the Minister of the Environment and Wildlife, and the gross revenue from the dry-cleaning business in which the property is used is, for the fiscal period or the taxation year referred to in the second paragraph,

- i. less than \$250,000, 15%, or
- ii. equal to or greater than \$250,000, 10%.”;

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

“For the purposes of subparagraphs *a* to *d* of the first paragraph, the fiscal period or taxation year referred to therein is”.

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of costs incurred after 25 March 1997.

(3) Paragraphs 3 and 4 of subsection 1 apply in respect of costs incurred after 18 December 1997. However, where subparagraphs *c* and *d* of the first paragraph of section 1029.8.21.7 of the said Act, enacted by paragraph 3 of subsection 1, apply in respect of costs incurred in relation to qualified property acquired by an eligible taxpayer or a qualified partnership under the terms of a written contract entered into after 18 December 1997 and leased to the eligible taxpayer or the qualified partnership immediately before the acquisition under the terms of a written contract entered into after 25 March 1997 and before 19 December 1997, those subparagraphs shall be read as follows :

“(c) where the acquisition costs are incurred after 18 December 1997, the qualified property referred to therein does not use perchloroethylene, as certified in the validation certificate issued by the Minister of the Environment and Wildlife, and the gross revenue from the dry-cleaning business in which the property is used is, for the fiscal period or the taxation year referred to in the second paragraph,

- i. less than \$250,000, 40%, or
- ii. equal to or greater than \$250,000, 30% ; or

“(d) where the acquisition costs are incurred after 18 December 1997, the qualified property referred to therein uses less perchloroethylene than the property it replaces, as certified in the validation certificate issued by the Minister of the Environment and Wildlife, and the gross revenue from the dry-cleaning business in which the property is used is, for the fiscal period or the taxation year referred to in the second paragraph,

- i. less than \$250,000, 30%, or
- ii. equal to or greater than \$250,000, 20%.”

176. (1) Section 1029.8.21.11 of the said Act is amended by replacing, in the portion before paragraph *a*, “1 January 2003” by “1 January 2001”.

(2) Subsection 1 has effect from 26 March 1997.

177. (1) Section 1029.8.21.12 of the said Act is amended by replacing, in the portion before paragraph *a*, “1 January 2003” by “1 January 2001”.

(2) Subsection 1 has effect from 26 March 1997.

178. (1) Section 1029.8.21.13 of the said Act is amended by replacing, in the portion before paragraph *a*, “1 January 2003” by “1 January 2001”.

(2) Subsection 1 has effect from 26 March 1997.

179. (1) Section 1029.8.22 of the said Act is amended by striking out paragraph *c* of the definition of “qualified corporation” in the first paragraph.

(2) Subsection 1 applies to taxation years that end after 31 March 1998.

180. (1) Section 1029.8.33.2 of the said Act is amended

(1) by striking out paragraph *c* of the definition of “qualified corporation” in the first paragraph;

(2) by replacing, in the definition of “qualified training period” in the first paragraph, the portion before paragraph *a* by the following:

““qualified training period” means, subject to the third paragraph, a period of practical training served by an eligible trainee of an eligible taxpayer or qualified partnership under the supervision”;

(3) by replacing, in paragraph *a.1* of the definition of “eligible trainee” in the first paragraph, the words “Société québécoise de développement de la main-d’oeuvre” by the words “Minister of Employment and Solidarity”;

(4) by replacing, in the definition of “eligible trainee” in the first paragraph, paragraph *b* by the following:

“(b) an individual who is enrolled as a full-time student in an education program at the secondary level offered by a recognized educational institution, which provides for one or more training periods totalling at least 140 hours during the course of the program,”;

(5) by inserting, after paragraph *b* of the definition of “eligible trainee” in the first paragraph, the following paragraph:

“(b.1) an individual who is enrolled as a full-time student in an education program at the college level, or at the university level if the individual is enrolled in an undergraduate program, offered by a recognized educational institution, which provides for one or more training periods totalling at least 140 hours during the course of the program, or”;

(6) by adding, after the second paragraph, the following paragraph:

“Where the eligible trainee is an individual referred to in paragraph *b.1* of the definition of “eligible trainee” in the first paragraph, the following requirements must also be met for the training period served by the eligible trainee to be a qualified training period:

(a) the training period must, under the education program, be followed by a period of resumption of studies;

(b) the trainee must be remunerated under conditions that would be at least equivalent to those established under the Act respecting labour standards (chapter N-1.1) if that Act were applicable to the determination of the remuneration paid to the trainee.”

(2) Paragraph 1 of subsection 1 applies to taxation years that end after 31 March 1998.

(3) Paragraphs 2 and 4 to 6 of subsection 1 apply in respect of expenditures made after 31 December 1998 in relation to a training period that begins after that date.

(4) Paragraph 3 of subsection 1 has effect from 1 April 1998.

181. (1) Section 1029.8.33.3 of the said Act is amended by adding, after the third paragraph, the following paragraph:

“Notwithstanding the first paragraph, the amount referred to in the definition of “qualified expenditure” in the first paragraph of section 1029.8.33.2, in respect of an eligible trainee who is an individual referred to in paragraph *b.1* of the definition of “eligible trainee” in that paragraph, is equal to zero where the week in respect of which the amount is computed is included in a period of more than 20 consecutive weeks of training with the same eligible taxpayer or the same qualified partnership and that week follows the twentieth week of training.”

(2) Subsection 1 applies in respect of expenditures made after 31 December 1998 in relation to a qualified training period that begins after that date.

182. (1) Section 1029.8.33.4.1 of the said Act is replaced by the following:

“1029.8.33.4. Where the eligible trainee in respect of whom an amount must be determined in accordance with section 1029.8.33.3 is an individual referred to in paragraph *a.1* or *c* of the definition of “eligible trainee” in the first paragraph of section 1029.8.33.2, the amount of “\$500” in the first paragraph of that section 1029.8.33.3 shall be replaced by an amount of “\$625”, and the figure “10” in subparagraph *b* of the first paragraph of section 1029.8.33.4 shall be replaced by the figure “20”.”

(2) Subsection 1 applies in respect of qualified expenditures made after 31 March 1998 in relation to a qualified training period that begins after that date.

183. (1) Section 1029.8.33.6 of the said Act is amended by replacing, in the first paragraph, “1 January 1999” by “1 January 2002”.

(2) Subsection 1 has effect from 31 March 1998.

184. (1) Section 1029.8.33.7 of the said Act is amended by replacing, in the first paragraph, “1 January 1999” by “1 January 2002”.

(2) Subsection 1 has effect from 31 March 1998.



185. (1) Section 1029.8.33.10 of the said Act is amended, in the first paragraph,

(1) by replacing, in subparagraph *a*, the words “it administers” by the words “administered by the Minister”;

(2) by replacing the portion of subparagraph *b* before subparagraph *i* by the following:

“(b) where the qualified training period is served by one or more eligible trainees referred to in paragraph *b* or *b.1* of the definition of “eligible trainee” in the first paragraph of section 1029.8.33.2, the recognized educational institution offering the education program within the framework of which the qualified training period is served issues to the eligible taxpayer or qualified partnership, as the case may be, in prescribed form, an attestation”;

(3) by inserting, after subparagraph *b*, the following subparagraph:

“(b.1) where the qualified training period is served by one or more eligible trainees referred to in paragraph *b.1* of the definition of “eligible trainee” in the first paragraph of section 1029.8.33.2, the attestation shall also certify that each training period is followed by a period of resumption of studies;”.

(2) Paragraph 1 of subsection 1 has effect from 1 April 1998.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of qualified expenditures made after 31 December 1998 in relation to a qualified training period that begins after that date.

186. (1) Section 1029.8.33.12 of the said Act is amended, in the definition of “qualified expenditure”,

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

“(a) unless provided for in paragraph *b*, an amount paid by the eligible taxpayer or the qualified partnership in respect of an eligible employee in relation to the taxation year or fiscal period, as the case may be, under any of the following provisions:”;

(2) by inserting, after paragraph *a*, the following paragraph:

“(a.1) the amount paid, as an assessment, by the eligible taxpayer or the qualified partnership in respect of an eligible employee in relation to the taxation year or fiscal period, as the case may be, pursuant to the Act respecting industrial accidents and occupational diseases (chapter A-3.001);”;

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

“(b) an indemnity pertaining to the annual leave as prescribed by the Act respecting labour standards or the compensation in lieu thereof provided for in a contract of employment and paid in respect of an eligible employee by the eligible taxpayer in respect of the taxation year or by the qualified partnership in respect of the fiscal period, as the case may be, and any amount paid by the eligible taxpayer or by the qualified partnership under the provisions mentioned in subparagraphs ii to iv of paragraph *a* in respect of that indemnity or compensation;”.

(2) Paragraphs 1 and 3 of subsection 1 apply to pay periods that begin after 31 December 1997.

(3) Paragraph 2 of subsection 1 applies to pay periods that end after 31 December 1999.

187. (1) Section 1029.8.33.13 of the said Act is amended

(1) by striking out, in the first paragraph, the words “both” and “and paid”;

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

“The qualified expenditure, for a taxation year, to which the first paragraph refers in respect of an eligible taxpayer consists of

(a) for each pay period ending in the taxation year and on or before the nearer of the date of the last day of the taxation year and 31 December 2000, the aggregate of all amounts paid under the provisions mentioned in subparagraphs ii and iii of paragraph *a* of the definition of “qualified expenditure” in section 1029.8.33.12, other than any amount paid under those provisions and referred to in subparagraph *d* in relation to an indemnity referred to in that subparagraph, in relation to the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer, in respect of the pay period, to eligible employees, in the proportion that the amount of the salary or wages paid, allocated, granted, awarded or attributed to eligible employees, in respect of the pay period, in relation to the tips reported by eligible employees to the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to the customer’s bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees is of the total of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer, in respect of the pay period, to eligible employees;

(b) for each pay period ending in the taxation year and on or before the nearer of the date of the last day of the taxation year and 31 December 2000, the amount paid under the provision mentioned in subparagraph iv of paragraph *a* of the definition of “qualified expenditure” in section 1029.8.33.12, other than any amount paid under that provision and referred to in subparagraph *d* in relation to an indemnity referred to in that subparagraph, in relation to the

salary, wages or other remuneration paid, allocated, granted or awarded by the eligible taxpayer, in respect of the pay period, to eligible employees, in the proportion that the amount of the salary or wages paid, allocated, granted or awarded to eligible employees, in respect of the pay period, in relation to the tips reported by eligible employees to the eligible taxpayer and to the tips that eligible employees received or benefited from and that constitute service charges added to the customer's bill is of the total of the salary, wages or other remuneration paid, allocated, granted or awarded by the eligible taxpayer, in respect of the pay period, to eligible employees;

(c) the amount paid under the provision mentioned in subparagraph i of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, in respect of a calendar year that ends in the taxation year or the end of which coincides with the end of the taxation year, in relation to remuneration subject to contribution, within the meaning of the first paragraph of section 39.0.1 of the Act respecting labour standards (chapter N-1.1), paid, allocated, granted, awarded or attributed by the eligible taxpayer in that calendar year to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer for a period that is after 24 March 1997 and before 1 January 2001, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees for such a period;

(d) the aggregate of the indemnities pertaining to the annual leave as prescribed by the Act respecting labour standards or of the compensation in lieu thereof and provided for in a contract of employment, as the case may be, paid by the eligible taxpayer in the taxation year in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer for a period that is after 24 March 1997 and before 1 January 2001, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees for such a period, and of any amount paid in the taxation year, under the provisions mentioned in subparagraphs ii to iv of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, in relation to such indemnities or compensation; and

(e) the aggregate of all amounts each of which is an amount paid, as an assessment, under the Act mentioned in paragraph *a.1* of the definition of "qualified expenditure" in section 1029.8.33.12, in respect of a calendar year that ends in the taxation year or the end of which coincides with the end of the taxation year, in relation to the gross wages, within the meaning of sections 289 and 289.1 of the Act respecting industrial accidents and occupational diseases (chapter A-3.001), paid, allocated, granted, awarded or attributed by the eligible taxpayer in that calendar year to eligible employees in relation to the tips reported by eligible employees to the eligible taxpayer for a period that is after 31 December 1999 and before 1 January 2001, to the tips that eligible employees received or benefited from during such a period and that

constitute service charges added to the customer's bill and to the amounts attributed by the eligible taxpayer under section 42.11 to eligible employees for such a period."

(2) Paragraphs 1 and 2 of subsection 1, except where the latter paragraph enacts subparagraph *e* of the third paragraph of section 1029.8.33.13 of the said Act, apply to pay periods that begin after 31 December 1997.

(3) Paragraph 2 of subsection 1, where it enacts subparagraph *e* of the third paragraph of section 1029.8.33.13 of the said Act, applies to pay periods that end after 31 December 1999.

188. (1) Section 1029.8.33.14 of the said Act is amended

(1) by striking out, in the first paragraph, the words "both" and "and paid";

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

"The qualified expenditure, for a fiscal period, to which the first paragraph refers in respect of a qualified partnership consists of

(a) for each pay period ending in the fiscal period and on or before the nearer of the date of the last day of the fiscal period and 31 December 2000, the aggregate of all amounts paid under the provisions mentioned in subparagraphs ii and iii of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, other than any amount paid under those provisions and referred to in subparagraph *d* in relation to an indemnity referred to in that subparagraph, in relation to the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership, in respect of the pay period, to eligible employees, in the proportion that the amount of the salary or wages paid, allocated, granted, awarded or attributed to eligible employees, in respect of the pay period, in relation to the tips reported by eligible employees to the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to the customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees is of the total of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership, in respect of the pay period, to eligible employees;

(b) for each pay period ending in the fiscal period and on or before the nearer of the date of the last day of the fiscal period and 31 December 2000, the amount paid under the provision mentioned in subparagraph iv of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, other than any amount paid under that provision and referred to in subparagraph *d* in relation to an indemnity referred to in that subparagraph, in relation to the salary, wages or other remuneration paid, allocated, granted or awarded by the qualified partnership, in respect of the pay period, to eligible employees, in the proportion that the amount of the salary or wages paid, allocated, granted

or awarded to eligible employees, in respect of the pay period, in relation to the tips reported by eligible employees to the qualified partnership and to the tips that eligible employees received or benefited from and that constitute service charges added to the customer's bill is of the total of the salary, wages or other remuneration paid, allocated, granted or awarded by the qualified partnership, in respect of the pay period, to eligible employees ;

(c) the amount paid under the provision mentioned in subparagraph i of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, in respect of a calendar year that ends in the fiscal period or the end of which coincides with the end of the fiscal period, in relation to remuneration subject to contribution, within the meaning of the first paragraph of section 39.0.1 of the Act respecting labour standards (chapter N-1.1), paid, allocated, granted, awarded or attributed by the qualified partnership in that calendar year to eligible employees in relation to the tips reported by eligible employees to the qualified partnership for a period that is after 24 March 1997 and before 1 January 2001, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees for such a period ;

(d) the aggregate of the indemnities pertaining to the annual leave as prescribed by the Act respecting labour standards or of the compensation in lieu thereof and provided for in a contract of employment, as the case may be, paid by the qualified partnership in the fiscal period in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership to eligible employees in relation to the tips reported by eligible employees to the qualified partnership for a period that is after 24 March 1997 and before 1 January 2001, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts attributed by the qualified partnership under section 42.11 to eligible employees for such a period, and of any amount paid in the fiscal period, under the provisions mentioned in subparagraphs ii to iv of paragraph *a* of the definition of "qualified expenditure" in section 1029.8.33.12, in relation to such indemnities or compensation ; and

(e) the aggregate of all amounts each of which is an amount paid, as an assessment, under the Act mentioned in paragraph *a.1* of the definition of "qualified expenditure" in section 1029.8.33.12, in respect of a calendar year that ends in the fiscal period or the end of which coincides with the end of the fiscal period, in relation to the gross wages, within the meaning of sections 289 and 289.1 of the Act respecting industrial accidents and occupational diseases (chapter A-3.001), paid, allocated, granted, awarded or attributed by the qualified partnership in that calendar year to eligible employees in relation to the tips reported by eligible employees to the qualified partnership for a period that is after 31 December 1999 and before 1 January 2001, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts

attributed by the qualified partnership under section 42.11 to eligible employees for such a period.”

(2) Paragraphs 1 and 2 of subsection 1, except where the latter paragraph enacts subparagraph *e* of the fourth paragraph of section 1029.8.33.14 of the said Act, apply to pay periods that begin after 31 December 1997.

(3) Paragraph 2 of subsection 1, where it enacts subparagraph *e* of the fourth paragraph of section 1029.8.33.14 of the said Act, applies to pay periods that end after 31 December 1999.

189. (1) Section 1029.8.34 of the said Act is amended

(1) by replacing the definition of “non-government assistance” in the first paragraph by the following :

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than a prescribed amount and the amount that a corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.35 ;”;

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

““qualified computer-aided special effects and animation expenditure” of a corporation for a taxation year in respect of a property that is a Québec film production means the lesser of

(a) the amount by which

i. the aggregate of

(1) the computer-aided special effects and animation expenditure of the corporation for the year in respect of the property,

(2) any repayment made by the corporation in the year, pursuant to a legal obligation to do so, of any assistance referred to, in relation to the property, in subparagraph *ii* or in paragraph *b* of the definition of “qualified computer-aided special effects and animation expenditure” in respect of a taxation year for which the corporation is a qualified corporation or of any other assistance referred to in subparagraph *i* of subparagraph *c* of the first paragraph of section 1129.2 in relation to the property, not exceeding 60/7 of the tax under Part III.1 which the corporation is required to pay in a taxation year preceding the year by reason of the said subparagraph *i* in relation to that assistance, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the computer-aided special effects and animation expenditure of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the

aggregate of all amounts each of which is the qualified computer-aided special effects and animation expenditure of the corporation in respect of the property, for a taxation year before the end of which the main filming and taping of the property began and which precedes the year, exceeds 60/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 for a year preceding the year by reason of subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds

ii. the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to paragraph *b* of the definition of "computer-aided special effects and animation expenditure", reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year; and

(*b*) the amount by which

i. 45% of the amount by which production costs, other than an amount included in the production cost, cost or capital cost of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year in respect of the property, exceeds the amount of any government assistance and non-government assistance attributable to those costs that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year and that it has not repaid at that time pursuant to a legal obligation to do so, exceeds

ii. the amount by which the aggregate of all amounts each of which is the qualified computer-aided special effects and animation expenditure of the corporation in respect of the property, for a taxation year before the end of which the main filming and taping of the property began and which precedes the year, exceeds 60/7 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 in respect of the property for a taxation year preceding the year;" ;

(3) by replacing subparagraph ii of paragraph *b* of the definition of "manpower expenditure" in the first paragraph by the following :

"ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, that is reasonably attributable to the wages of the particular corporation's employees who provided services as part of the production of the property," ;

(4) by replacing subparagraph 2 of subparagraph i of paragraph *a* of the definition of "qualified manpower expenditure" in the first paragraph by the following :

“(2) a repayment made by the corporation in the year, pursuant to a legal obligation to do so, of any assistance referred to, in respect of the property, in subparagraph ii or in subparagraph *e* of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation or of any other assistance referred to in subparagraph i of subparagraph *c* of the first paragraph of section 1129.2 in respect of the property not exceeding 250% of the tax under Part III.1 which the corporation is required to pay in a taxation year preceding the year by reason of the said subparagraph i in respect of such assistance.”;

(5) by replacing, in the definition of “qualified manpower expenditure” in the first paragraph, the portion of paragraph *a* after subparagraph 2.1 of subparagraph i by the following:

“(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year in respect of the property, the labour expenditure of the corporation, an amount determined under subparagraph 2 or 2.1 or 250% of the amount by which the amount that, but for the fourth paragraph of section 1029.8.35, the corporation would be deemed to have paid to the Minister under that section exceeds the amount that the corporation is deemed to have paid to the Minister under that section, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the property, for a taxation year before the end of which the main filming and taping of the property began and which precedes the year, exceeds 250% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1 for a taxation year preceding the year, by reason of subparagraph i of subparagraph *c* of the first paragraph of section 1129.2, in relation to assistance referred to in subparagraph ii, exceeds

ii. the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, by virtue of subparagraph *e* of the second paragraph, reduced the labour expenditure of the corporation for that preceding year; and”;

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

““computer-aided special effects and animation expenditure” of a corporation for a taxation year in respect of a property that is a Québec film production means

(*a*) where the corporation is not a qualified corporation for the year, an amount equal to zero; and



(b) in other cases, an amount equal to the amount by which the amount of wages paid, after 31 March 1998 and in the year to the employees of a person or partnership having an establishment in Québec for activities connected with computer-aided special effects and animation and carried out as part of the production of the property, and indicated on a valid certificate issued to the corporation for the year in relation to the property by the Société de développement des entreprises culturelles, exceeds the amount of any government assistance and non-government assistance, attributable to those wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that year;" ;

(7) by striking out paragraphs *b* and *d* of the definition of "qualified corporation" in the first paragraph ;

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

"(d) the amount referred to in paragraph *b* of that definition shall be determined by considering, where the remuneration relates to the post-production stage of the property, only the services that are provided at that stage by a person who performs the duties of assistant sound-effects technician, assistant colourist, assistant mixer, cutter, sound-effects technician, animation cameraperson, colourist, timer, computer graphics designer, mixer, special effects editor, senior editor, sound editor, picture editor, boom operator, developing technician, inspection technician — clean up, printing technician, projectionist, encoding technician, recording technician, dubbing technician, optical effects technician, videotape operator, subtitle technician or video film recorder operator;" ;

(9) by replacing the portion of the third paragraph before subparagraph *b* by the following :

"For the purposes of subparagraph 2 of subparagraph *i* of paragraph *a* of the definitions of "qualified computer-aided special effects and animation expenditure" and "qualified labour expenditure" in the first paragraph, an amount of assistance is deemed to be repaid by a qualified corporation in a taxation year, pursuant to a legal obligation to do so, where that amount

(a) reduced, for the purpose of computing an amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.35,

i. a qualified computer-aided special effects and animation expenditure of the qualified corporation, because of subparagraph *ii* of paragraph *a* of the definition of "qualified computer-aided special effects and animation expenditure" in the first paragraph,

ii. a labour expenditure of the qualified corporation, because of subparagraph *e* of the second paragraph,

iii. a qualified labour expenditure of the qualified corporation, because of subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph, or

iv. a computer-aided special effects and animation expenditure of the qualified corporation, because of paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph;”;

(10) by replacing the portion of the fourth paragraph before subparagraph *a* by the following :

“For the purposes of subparagraph i of paragraph *b* of the definitions of “qualified computer-aided special effects and animation expenditure” and “qualified labour expenditure” in the first paragraph, an amount of government assistance or non-government assistance that a qualified corporation is entitled to receive in a taxation year is deemed not to be such an amount where that amount”;

(11) by replacing the fifth paragraph by the following :

“For the purposes of subparagraph i of paragraph *b* of the definitions of “qualified computer-aided special effects and animation expenditure” and “qualified labour expenditure” in the first paragraph, the production costs incurred by a corporation before the end of a taxation year in respect of a property are deemed to include the aggregate of

(*a*) an amount as production fees equal to the greater of

i. the costs actually incurred as production fees in respect of the property, to the extent that they are reasonable under the circumstances, and

ii. 10% of the aggregate of all production costs, excluding the costs relating to the script, to development, to the producer, to the production and to the stars, and the post-production costs for the property;

(*b*) an amount as general administration costs equal to the greater of

i. the costs actually incurred as general administration costs in respect of the property, to the extent that they are reasonable under the circumstances, and

ii. 10% of all the production costs, excluding the costs referred to in subparagraph i and the costs relating to the script, to development, to the producer, to the production and to the stars, and the post-production costs for the property; and

(*c*) an amount equal to the fair market value of the use by the corporation before the end of the year of property or services as part of the production of the property, for no consideration on the part of the corporation.”;

(12) by replacing the word “manpower”, wherever it appears in the English text of the following provisions, by the word “labour”:

— the portion of the definition of “manpower expenditure” in the first paragraph before paragraph *a*;

— paragraph *c* of the definition of “manpower expenditure” in the first paragraph;

— the portion of the definition of “qualified manpower expenditure” in the first paragraph before paragraph *a*;

— subparagraph 1 of subparagraph *i* of paragraph *a* of the definition of “qualified manpower expenditure” in the first paragraph;

— the portion of subparagraph *ii* of paragraph *b* of the definition of “qualified manpower expenditure” in the first paragraph before subparagraph 1;

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

— subparagraphs *e* and *f* of the second paragraph;

— the sixth paragraph.

(2) Paragraphs 2, 6, 9, 10 and 12 of subsection 1 have effect from 1 April 1998.

(3) Paragraphs 3, 7 where it strikes out paragraph *b* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34 of the said Act, and 8 of subsection 1 apply in respect of a production the main filming or taping of which began after 23 June 1998.

(4) Paragraphs 4, 5 and 7, where it strikes out paragraph *d* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34 of the said Act, of subsection 1 apply to taxation years that end after 31 March 1998.

(5) Paragraph 11 of subsection 1 has effect from 19 December 1990, except in respect of a taxation year of a taxpayer in respect of which the time limits provided for in subsection 2 of section 1010 of the said Act expired before 23 June 1998. However, where the portion of the fifth paragraph of section 1029.8.34 of the said Act before subparagraph *a*, enacted by that paragraph 11, applies before 1 April 1998, it shall be read as follows:

“For the purposes of subparagraph *i* of paragraph *b* of the definition of “qualified manpower expenditure” in the first paragraph, the production costs incurred by a corporation before the end of a taxation year in respect of a property are deemed to include the aggregate of”.

(6) For the purposes of subsection 5 and of Part I of the said Act, the Minister of Revenue shall, notwithstanding sections 1007, 1010 and 1011 of the said Act, make, pursuant to the said Part I, a determination or

redetermination of the amount deemed to have been paid by a corporation under Division II.6 of Chapter III.1 of Title III of Book IX of that Part, and any assessment or reassessment of the interest and penalties of the corporation that are required to give effect to paragraph 11 of subsection 1 and that subsection 5.

190. (1) Section 1029.8.35 of the said Act is amended

(1) by replacing the first and second paragraphs by the following :

“1029.8.35A corporation that, for a year, is a qualified corporation and encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the favourable advance ruling in force at the end of the year or, as the case may be, of the certificate, unrevoked at the end of the year, that was given or issued by the Société de développement des entreprises culturelles in respect of a property that is a Québec film production, and the prescribed form containing the prescribed information is deemed, subject to the second paragraph and sections 1029.8.35.1 and 1029.8.35.2, where the main filming or taping of the property began before the end of the year, to have paid to the Minister on the corporation’s balance-due day for that year, as partial payment of its tax payable for that year under this Part, an amount equal to the aggregate of

(a) 40% of its qualified labour expenditure for the year in respect of the property ; and

(b) where paragraph *b* of section 1029.8.35.2 applies in respect of the property and the qualified corporation encloses with its fiscal return for the year a copy of the certificate issued to it for the year by the Société de développement des entreprises culturelles that is valid for the year, in respect of the property, in relation to activities connected with computer-aided special effects or animation, 11 2/3% of the corporation’s qualified computer-aided special effects and animation expenditure for the year in respect of the property.

“For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, as partial payment of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which the first payment is required to be made, the portion, in this paragraph referred to as the “particular portion”, of the amount determined under the first paragraph for the year that may reasonably be attributed to a labour expenditure or to a computer-aided special effects and animation expenditure of the corporation for a preceding taxation year and, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment without reference to the particular portion.”;

(2) by replacing the portion of subparagraph *b* of the third paragraph before subparagraph *i* by the following :

“(b) in respect of a qualified labour expenditure or qualified computer-aided special effects and animation expenditure of a corporation for a particular taxation year or a subsequent taxation year in respect of a property all or any part of which, in circumstances other than those described in subparagraph *a* and on or before the earlier of the first day on which the property is used for commercial purposes and the first anniversary of the day on which the main filming or taping was completed, was acquired by an individual resident in Québec at the end of any taxation year of that individual or by a partnership any member of which, at the end of any of the partnership’s fiscal periods, is such an individual at the end of the individual’s taxation year in which the fiscal period ends or such a partnership, where,”;

(3) by replacing, in the English text of the fourth paragraph, the word “manpower” by the word “labour”.

(2) Subsection 1 has effect from 1 April 1998.

191. (1) The said Act is amended by inserting, after section 1029.8.35, the following section :

“1029.8.35.0. For the purposes of paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph of section 1029.8.34 and subparagraph *b* of the first paragraph of section 1029.8.35, where the Société de développement des entreprises culturelles replaces or revokes a certificate issued by it for a taxation year in respect of a property that is a qualified production, in relation to activities connected with computer-aided special effects or animation, the following rules apply :

(a) the replaced certificate is null and void from the time it was issued or deemed issued and the new certificate is deemed to have been issued at that time for that taxation year; and

(b) the revoked certificate is null and void from the time it was issued or deemed issued.”

(2) Subsection 1 has effect from 1 April 1998.

192. (1) Section 1029.8.35.1 of the said Act is amended by replacing, in subparagraph *i* of subparagraph *b* of the second paragraph, “31 December 1997” by “30 June 1998”.

(2) Subsection 1 has effect from 26 March 1997.

193. (1) Section 1029.8.35.2 of the said Act is amended by replacing, in the portion before paragraph *a*, the words “mentioned in that paragraph” by the words “mentioned in subparagraph *a* of that paragraph”.

(2) Subsection 1 has effect from 1 April 1998.

194. (1) The said Act is amended by inserting, after section 1029.8.36, the following :

**“DIVISION II.6.0.0.1**

**“CREDIT FOR FILM DUBBING**

“1029.8.36.0.0. In this division,

“eligible dubbing service” in relation to the production of a property that is a qualified production means

(a) where the property is a feature film for theatres, any of the following services :

i. the performance of actors,

ii. adaptation, that is, translation of dialogue,

iii. detection, that is, writing of synchronized dialogue, using conventional signs, of all the dialogue and mouth movements of all the characters of the original version,

iv. calligraphy/grid/typing, that is, recopying the adapted text, taking into account the synchronization indications from detection, to be read by the actors during the recording of the dubbed version,

v. stage management, that is, directing the actors during the recording,

vi. the production of film titles, that is, the photography on neutral backgrounds of opening and closing credits and, as the case may be, of subtitles, to produce the negative of the titles for the dubbed version, to be used for the production of distribution copies, and

vii. optical transfer, that is, recording of the sound on a negative to be matched with the negative of the picture to produce distribution copies for theatres; and

(b) in any other case, any of the services referred to in subparagraphs i to v of paragraph a;

“excluded production” means a Québec film production, within the meaning of the first paragraph of section 1029.8.34, in respect of which an amount is deemed to have been paid to the Minister under Division II.6;

“film dubbing expenditure” of a corporation for a taxation year in respect of the production of a property that is a qualified production means, subject to

the second paragraph, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances :

(a) the salaries or wages that are incurred in the year by the corporation and paid by it in the year or within 60 days after the end of the year, or within a longer period that is reasonable to the Minister for eligible dubbing services rendered in Québec by the corporation's employees in respect of the production of the property ;

(b) the consideration that is paid by the corporation in the year or within 60 days after the end of the year, or within a longer period that is reasonable to the Minister for eligible dubbing services rendered in Québec by a person or partnership, other than an employee of the corporation, as part of the production of the property ;

“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, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division ;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on therein a business that consists in the rendering of dubbing services and that is a qualified business, but does not include

(a) a corporation that, at any time in the year or during the 24 months preceding the year, is controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Québec ;

(b) a corporation that is exempt from tax for the year under Book VIII ;

(c) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof :

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.” ;  
or

(d) a corporation governed, in the year, by an Act establishing a labour-sponsored fund ;

“qualified film dubbing expenditure” of a corporation for a taxation year in respect of the production of a property that is a qualified production means the lesser of

(a) the amount by which

i. the aggregate of

(1) the film dubbing expenditure of the corporation for the year in respect of the production of the property,

(2) any repayment made by the corporation in the year, pursuant to a legal obligation to do so, of any assistance referred to, in relation to the production of the property, in subparagraph ii or in subparagraph *d* of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation, and

(3) the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the production of the property, the film dubbing expenditure of the corporation or an amount determined under subparagraph 2, exceeds the amount by which the aggregate of all amounts each of which is the qualified film dubbing expenditure of the corporation in respect of the production of the property, for a taxation year preceding the year, exceeds 300% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.1 for a year preceding the year by reason of subparagraph i of subparagraph *b* of the first paragraph of section 1129.4.0.2, in relation to assistance referred to in subparagraph ii, exceeds

ii. the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to a film dubbing expenditure of the corporation for a taxation year preceding the year in respect of the production of the property, to the extent that the amount has not, by virtue of subparagraph *d* of the second paragraph, reduced the film dubbing expenditure of the corporation for that preceding year; and

(b) the amount by which

i. 40.5% of the consideration paid to the qualified corporation in the year or a preceding taxation year for the performance of the dubbing contract in relation to the production of the property, exceeds

ii. the amount by which the aggregate of all amounts each of which is the qualified film dubbing expenditure of the corporation in respect of the production of the property, for a taxation year preceding the year, exceeds 300% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.1 for a taxation year preceding the year in respect of the production of the property;



“qualified production” for a taxation year of a corporation means the dubbed version of a production, other than an excluded production, in respect of which the corporation holds for the year a certificate issued by the Société de développement des entreprises culturelles for the purposes of this division;

“salary or wages” means the income computed under Chapters I and II of Title II of Book III.

For the purposes of the definition of “film dubbing expenditure” in the first paragraph, the following rules apply:

(a) for the purposes of paragraph *b* of that definition, the portion of the consideration paid by the corporation to a person or partnership with whom or with which the corporation was not dealing at arm’s length at the time the person or partnership undertook to provide eligible dubbing services as part of the production of the property shall not exceed the fair market value of the eligible dubbing services rendered in Québec by the person or partnership as part of the production of the property;

(b) for the purposes of paragraph *b* of that definition, the portion of the consideration paid by the corporation for the provision of a service referred to in subparagraph vi of paragraph *a* of the definition of “eligible dubbing service” in the first paragraph is deemed to be equal to 30% of that portion of the consideration, and that portion of the consideration paid by the corporation for the provision of a service referred to in subparagraph vii of that paragraph *a* is deemed to be equal to 20% of that portion of the consideration;

(c) for the purposes of paragraph *b* of that definition, the consideration paid by the corporation for the provision of eligible dubbing services shall not include the portion of that consideration that is the Québec sales tax or the goods and services tax in respect of those services;

(d) the amount of the film dubbing expenditure of a corporation for a taxation year in respect of the production of a property shall be reduced, where applicable, by the amount of any government assistance and non-government assistance attributable to that expenditure, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year; and

(e) where, for a taxation year, a corporation is not a qualified corporation, its film dubbing expenditure for the year in respect of the production of a property is deemed to be nil.

For the purposes of subparagraph 2 of subparagraph i of paragraph *a* of the definition of “qualified film dubbing expenditure” in the first paragraph, an amount of assistance is deemed, in respect of the production of a property that is a qualified production, to be repaid by a corporation in a taxation year, pursuant to a legal obligation to do so, where that amount

(a) reduced, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.2, in respect of the production of the property,

i. because of subparagraph *d* of the second paragraph, a film dubbing expenditure of the corporation in respect of the production of the property, or

ii. because of subparagraph ii of paragraph *a* of the definition of “qualified film dubbing expenditure” in the first paragraph, a qualified film dubbing expenditure of the corporation in respect of the production of the property ;

(b) was not received by the corporation ; and

(c) ceased in the taxation year to be an amount that the corporation may reasonably expect to receive.

For the purposes of subparagraph i of paragraph *b* of the definition of “qualified film dubbing expenditure” in the first paragraph, the following rules apply :

(a) the consideration paid for the performance of a dubbing contract to the qualified corporation by a taxpayer with whom the corporation was not dealing at arm’s length at the time the contract was entered into shall not exceed the fair market value of the services rendered by the qualified corporation for the performance of the dubbing contract ; and

(b) the consideration paid for the performance of a dubbing contract to the qualified corporation shall not include the portion of that consideration that is the Québec sales tax or the goods and services tax in respect of that contract.

“1029.8.36.0.0.2. qualified corporation that, in a taxation year, produces a dubbed version of a production and encloses with its fiscal return it is required to file for the year under section 1000, a copy of the certificate issued to it by the Société de développement des entreprises culturelles indicating that the dubbed version is, in respect of that year, a qualified production and the prescribed form containing the prescribed information, is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 33 1/3% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which the first payment is required to be made,

the portion, in this paragraph referred to as the “particular portion”, of the amount determined under the first paragraph for the year that may reasonably be attributed to a film dubbing expenditure of the corporation for a preceding taxation year and, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment without reference to the particular portion.

“1029.8.36.0.0. Notwithstanding section 1029.8.36.0.0.2, no amount may, for a taxation year, be deemed to have been paid to the Minister by a qualified corporation in respect of the production of the dubbed version of a production if the certificate issued to the qualified corporation by the Société de développement des entreprises culturelles indicating that the dubbed version is a qualified production is revoked in that year.

#### “DIVISION II.6.0.0.2

##### “FILM PRODUCTION SERVICES CREDIT

“1029.8.36.0.0. In this division,

“computer-aided special effects and animation expenditure” of a corporation for a taxation year in respect of a property that is a qualified production or a qualified low-budget production means

(a) where the corporation is not a qualified corporation for the year, an amount equal to zero; and

(b) in other cases, an amount equal to the amount by which the amount of wages paid after 31 March 1998 and in the year to the eligible employees of a person or partnership having an establishment in Québec, for activities connected with computer-aided special effects and animation carried out in respect of the production of the property, and indicated on the valid certificate issued to the corporation for the year, in relation to the property, by the Société de développement des entreprises culturelles, exceeds the amount of any government assistance and non-government assistance, attributable to those wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year;

“eligible employee” of an individual, a corporation or a partnership for a taxation year means, in respect of a property that is a qualified production or a qualified low-budget production, an employee resident in Québec at the end of the calendar year preceding the calendar year during which the main filming and taping of the property began;

“eligible individual”, for a taxation year, in respect of a property that is a qualified production means an individual resident in Québec at the end of the calendar year preceding the calendar year during which the main filming and taping of the property began;

“excluded corporation” for a taxation year means a corporation that is

(a) at any time in the year or during the 24 months preceding the year, controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Québec;

(b) exempt from tax for the year under Book VIII;

(c) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof:

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”; or

(d) governed, in the year, by an Act establishing a labour-sponsored fund;

“excluded production” means a Québec film production, within the meaning of the first paragraph of section 1029.8.34, in respect of which an amount is deemed to have been paid to the Minister under Division II.6;

“government assistance” means, subject to the fourth paragraph, 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;

“labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means, subject to the second paragraph, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:

(a) the salaries or wages directly attributable to the production of the property that are incurred by the corporation after 12 February 1998 and in the year, to the extent that they relate to services rendered in Québec in relation to the stages of production of the property, from the final script stage to the post-production stage, and paid by it to its eligible employees in the year or within 60 days after the end of the year, or within a longer period that is reasonable to the Minister;

(b) that portion of the remuneration, other than salary or wages, that is directly attributable to the production of the property, that relates to services rendered in Québec after 12 February 1998 and during the year to the corporation in relation to the stages of production referred to in paragraph *a*, that is incurred in the year by the corporation and paid by it before the end of the year or within 60 days after the end of the year, or within a longer period that is reasonable to the Minister,

i. to an eligible individual, to the extent that that portion of the remuneration is reasonably attributable either to services personally rendered in Québec by the eligible individual as part of the production of the property or to the wages of the individual's eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property,

ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation's eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property,

iii. to a corporation having an establishment in Québec all the issued capital stock of which, except directors' qualifying shares, belongs to an eligible individual and the activities of which consist principally in the provision of the eligible individual's services, to the extent that that portion of the remuneration is reasonably attributable to services rendered in Québec by the eligible individual as part of the production of the property, or

iv. to a partnership carrying on a business in Québec and having an establishment in Québec, to the extent that that portion of the remuneration is reasonably attributable either to services rendered in Québec, as part of the production of the property, by an eligible individual who is a member of the partnership, or to the wages of the partnership's eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property; and

(c) where the corporation is a subsidiary wholly-owned corporation of a particular corporation, the reimbursement made by the corporation, in the year or within 60 days after the end of the year, or within a longer period that is reasonable to the Minister, of an expenditure that was incurred in a particular taxation year by the particular corporation in respect of the property and that would be included in the labour expenditure of the corporation in respect of the property for the particular year because of paragraph *a* or *b* if, where such is the case, the corporation had had such a particular taxation year and if the expenditure had been incurred by the corporation for the same purpose as it was by the particular corporation and had been paid at the same time and to the same person or partnership as it was paid by the particular corporation;

“non-government assistance” means, subject to the fourth paragraph, an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof;

“qualified computer-aided special effects and animation expenditure” of a corporation for a taxation year in respect of a property that is a qualified production or a qualified low-budget production means the amount by which

(a) the aggregate of

i. the computer-aided special effects and animation expenditure of the corporation for the year in respect of the property,

ii. any repayment made by the corporation in the year, pursuant to a legal obligation to do so, of assistance referred to, in relation to the property, in paragraph *b* or in paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in respect of a taxation year for which the corporation is a qualified corporation, and

iii. the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the computer-aided special effects and animation expenditure of the corporation or an amount determined under subparagraph ii, exceeds the amount by which the aggregate of all amounts each of which is the qualified computer-aided special effects and animation expenditure of the corporation in respect of the property, for a taxation year before the end of which the main filming or taping of the property began and which precedes the year, exceeds 500% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.2 for a year preceding the year by reason of subparagraph *a* of the first paragraph of section 1129.4.0.6, in relation to assistance referred to in paragraph *b*; exceeds

(*b*) the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to a computer-aided special effects and animation expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that that amount has not, pursuant to paragraph *b* of the definition of “computer-aided special effects and animation expenditure”, reduced the amount of that computer-aided special effects and animation expenditure of the corporation for that preceding year;

“qualified corporation” for a taxation year in respect of a property that is a qualified production or a qualified low-budget production means a corporation, other than an excluded corporation, that, in the year, has an establishment in Québec and the activities of which consist principally in the carrying on in Québec of a film or television production business, or a film or television production services business, that is a qualified business, and that

(*a*) owns the copyright on the property throughout the period during which the property is produced in Québec; or

(*b*) has contracted directly with the owner of the copyright on the property to render film production services in relation to the property, where the owner of the copyright is not a qualified corporation in respect of the property;

“qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a qualified production means the amount by which

(*a*) the aggregate of

i. the labour expenditure of the corporation for the year in respect of the property,

ii. any repayment made by the corporation in the year, pursuant to a legal obligation to do so, of any assistance referred to, in relation to the property, in subparagraph i of subparagraph *b* or subparagraph *d* of the second paragraph in respect of a taxation year for which the corporation is a qualified corporation, and

iii. the amount by which the aggregate of all amounts each of which is, for a taxation year preceding the year and in respect of the property, the labour expenditure of the corporation or an amount determined under subparagraph ii, exceeds the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the property, for a taxation year before the end of which the main filming and taping of the property began and which precedes the year, exceeds 100/11 of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.0.2 for a taxation year preceding the year by reason of subparagraph *a* of the first paragraph of section 1129.4.0.6, in relation to assistance referred to in subparagraph i of paragraph *b*; exceeds

(*b*) the aggregate of

i. the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, by virtue of subparagraph *d* of the second paragraph, reduced the labour expenditure of the corporation for that preceding year, and

ii. the amount of any reimbursement of an expenditure made to the corporation by a subsidiary wholly-owned corporation of the corporation where that subsidiary includes, by virtue of paragraph *c* of the definition of "labour expenditure", that amount in its labour expenditure for a taxation year in respect of a property that is a qualified production;

"qualified low-budget production" for a taxation year means a property that is a production, other than a qualified production or an excluded production, in respect of which the Société de développement des entreprises culturelles issues a certificate for the purposes of this division in which it specifies that the budget for the production does not exceed

(*a*) in the case of a production that is part of a series of television productions that has two or more episodes, or is a pilot program for such a series of episodes,

i. \$100,000 where the running time is less than 30 minutes, and

ii. \$200,000 in other cases ; and

(b) in the case of a production other than a production referred to in paragraph *a*, \$1,000,000;

“qualified production” for a taxation year means a property that is a production, other than a qualified low-budget production or an excluded production, in respect of which the Société de développement des entreprises culturelles issues a certificate for the purposes of this division ;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

For the purposes of the definition of “labour expenditure” in the first paragraph, the following rules apply :

(a) for the purposes of paragraph *a* of that definition, the salaries or wages directly attributable to a property that is a qualified production are, where an eligible employee directly undertakes, supervises or supports the production of the property, the portion of the salaries or wages paid to or on behalf of the employee that may reasonably be considered to relate to the production of the property ;

(b) remuneration, including a salary or wages, does not include remuneration determined by reference to profits or revenues derived from the operation of a property or an expenditure as remuneration that is, or may reasonably be considered to be, incurred by a corporation, as a mandatary, on behalf of another person ;

(c) the amount referred to in paragraph *b* of that definition shall be determined by considering, where the remuneration relates to the post-production stage of the property, only the services that are rendered at that stage by a person who performs the duties of assistant sound-effects technician, assistant colourist, assistant mixer, cutter, sound-effects technician, animation cameraperson, director of post-production, colourist, timer, computer graphics designer, mixer, special effects editor, senior editor, sound editor, picture editor, boom operator, developing technician, inspection technician — clean up, printing technician, projectionist, encoding technician, recording technician, dubbing technician, optical effects technician, videotape operator, subtitle technician or video film recorder operator ;

(d) the amount of the labour expenditure of a corporation for a taxation year in respect of a property shall be reduced, where applicable, by the amount of any government assistance and non-government assistance attributable to that expenditure, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year ;



(e) the labour expenditure of a corporation for a taxation year in respect of a property shall not include an amount that is not included in the production cost to the corporation of the property or that relates to advertizing, marketing, promotion or market research, or an amount related in any way to another property; and

(f) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure for the year in respect of a property is deemed nil.

For the purposes of subparagraph ii of paragraph *a* of the definitions of “qualified computer-aided special effects and animation expenditure” and “qualified labour expenditure” in the first paragraph, an amount of assistance is deemed, in respect of a property that is a qualified production or a qualified low-budget production, to be repaid by a qualified corporation in a taxation year, pursuant to a legal obligation to do so, where that amount

(a) reduced, for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.0.5, in respect of the property,

i. because of paragraph *b* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph, a qualified computer-aided special effects and animation expenditure of the qualified corporation,

ii. because of subparagraph *d* of the second paragraph, a qualified labour expenditure of the qualified corporation in respect of the production of the property,

iii. because of subparagraph i of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph, a qualified labour expenditure of the qualified corporation in respect of the property, or

iv. because of paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph, a computer-aided special effects and animation expenditure of the qualified corporation;

(b) was not received by the qualified corporation; and

(c) ceased in the taxation year to be an amount that the qualified corporation may reasonably expect to receive.

For the purposes of this division, government assistance or non-government assistance does not include an amount that a corporation is deemed to have paid to the Minister for a taxation year under this division or an amount that a corporation is deemed to have paid for a taxation year under subsection 3 of section 125.4 or 125.5 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

“1029.8.36.0.0.~~A~~. corporation that, for a taxation year, is a qualified corporation and encloses, with its fiscal return it is required to file for the year under section 1000, a copy of the valid certificate issued by the Société de développement des entreprises culturelles in respect of a property that is a qualified production or a qualified low-budget production, and the prescribed form containing the prescribed information is deemed, where the main filming or taping of the property began before the end of the year, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to

(a) where the property is a qualified production, the aggregate of

i. 20% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property, and

ii. 11% of its qualified labour expenditure for the year in respect of the property; and

(b) where the property is a qualified low-budget production, 20% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which the first payment is required to be made, the portion, in this paragraph referred to as the “particular portion”, of the amount determined under the first paragraph for the year that may reasonably be attributed to a labour expenditure or to a computer-aided special effects and animation expenditure of the corporation for a preceding taxation year and, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment without reference to the particular portion.

“1029.8.36.0.0.~~B~~ For the purposes of this division, where the Société de développement des entreprises culturelles replaces or revokes a certificate issued by it in respect of a property that is a qualified production or a qualified low-budget production, the following rules apply:

(a) the replaced certificate is null and void from the time it was issued or deemed issued and the new certificate is deemed to have been issued at that time; and

(b) the revoked certificate is null and void from the time it was issued or deemed issued.”

(2) Subsection 1, where it enacts Division II.6.0.0.1 of Chapter III.1 of Title III of Book IX of Part I of the said Act, applies in respect of a film dubbing expenditure incurred after 18 December 1997 as part of a dubbing contract entered into after that date. However, where the definition of “qualified corporation” in the first paragraph of section 1029.8.36.0.0.1 of the said Act, enacted by subsection 1, applies to a taxation year that ends before 1 April 1998, it shall be read with the following paragraph added thereto :

“(e) a corporation all or substantially all the gross revenue of which, for the year, is derived from operations of an international financial centre;”.

(3) Subsection 1, where it enacts Division II.6.0.0.2 of Chapter III.1 of Title III of Book IX of Part I of the said Act, applies to taxation years that end after 12 February 1998. However, where section 1029.8.36.0.0.4 of the said Act, enacted by subsection 1,

(1) applies in respect of a production the main filming and taping of which began before 24 June 1998, it shall be read with the following paragraph added thereto :

“For the purposes of this division, a qualified corporation does not include a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or that, at any time in the year or during the 24 months preceding the year, does not deal at arm’s length with a corporation holding such a licence.”;

(2) applies to taxation years that end before 1 April 1998, it shall be read with the following paragraph added thereto :

“For the purposes of this division, a qualified corporation does not include a corporation all or substantially all the gross revenue of which, for the year, is derived from operations of an international financial centre.”

195. (1) The heading of Division II.6.0.1 of Chapter III.1 of Title III of Book IX of Part I of the said Act is replaced by the following :

“CREDIT FOR MULTIMEDIA TITLES (PART 1)”.

(2) Subsection 1 has effect from 9 May 1996.

196. (1) Section 1029.8.36.0.1 of the said Act is amended

(1) by replacing the definition of “non-government assistance” in the first paragraph by the following :

““non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than any amount of financial assistance granted by the Conseil des arts

et des lettres du Québec, the information highway fund or the Société de développement des entreprises culturelles and an amount that is deemed to have been paid to the Minister for a taxation year under this division;”;

(2) by replacing subparagraph ii of paragraph *a* of the definition of “qualified manpower expenditure” in the first paragraph by the following:

“ii. the amount by which the amount of any government assistance and non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year, that is attributable to a labour expenditure of the corporation for a taxation year preceding the year in respect of the property, to the extent that the amount has not, by virtue of the second paragraph, reduced the labour expenditure of the corporation for that preceding year, exceeds the amount determined pursuant to the fourth paragraph; and”;

(3) by replacing, in subparagraph i of paragraph *b* of the definition of “qualified manpower expenditure” in the first paragraph, “50%” by “60%”;

(4) by replacing subparagraph ii of paragraph *b* of the definition of “qualified manpower expenditure” in the first paragraph by the following:

“ii. the amount by which the aggregate of all amounts each of which is the qualified labour expenditure of the corporation in respect of the property for a taxation year preceding the year exceeds the aggregate of

(1) 500% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.1 in respect of the property for a taxation year preceding the year and that is attributable to an amount that the corporation is deemed to have paid to the Minister under subparagraph i of paragraph *a* of section 1029.8.36.0.2, and

(2) 400% of the aggregate of all amounts each of which is tax that the corporation is required to pay under Part III.1.1 in respect of the property for a taxation year preceding the year and that is attributable to an amount that the corporation is deemed to have paid to the Minister under subparagraph ii of paragraph *a* of section 1029.8.36.0.2;”;

(5) by adding, after the third paragraph, the following paragraph:

“The amount to which subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph refers is equal to the aggregate of

(a) 500% of the aggregate of all amounts each of which is tax that the corporation is required to pay under subparagraph i of subparagraph *f* of the first paragraph of section 1129.4.2 in respect of the property for a taxation year ending before 18 April 1997 and that precedes the year; and

(b) 400% of the aggregate of all amounts each of which is tax that the corporation is required to pay under subparagraph i of subparagraph *f* of the first paragraph of section 1129.4.2 in respect of the property for a taxation year ending after 17 April 1997 and that precedes the year.”;

(6) by replacing the word “manpower”, wherever it appears in the English text of the following provisions, by the word “labour”:

- the definition of “manpower expenditure” in the first paragraph;
- the portion of the definition of “qualified manpower expenditure” in the first paragraph before paragraph *a*;
- subparagraphs 1 and 3 of subparagraph i of paragraph *a* of the definition of “qualified manpower expenditure” in the first paragraph;
- the second paragraph;
- the portion of the third paragraph before subparagraph *a*;
- subparagraphs i to iii of subparagraph *a* of the third paragraph.

(2) Paragraph 1 of subsection 1 has effect from 9 May 1996.

(3) Paragraphs 2 to 6 of subsection 1 apply to taxation years that end after 17 April 1997.

197. (1) Section 1029.8.36.0.2 of the said Act is amended by replacing paragraphs *a* and *b* by the following:

“(a) an amount equal to

i. where the taxation year ends before 18 April 1997, 20% of its qualified labour expenditure for the year in respect of the title, or

ii. where the taxation year ends after 17 April 1997, 25% of its qualified labour expenditure for the year in respect of the title;

“(b) where the Société de développement des entreprises culturelles certifies that the title is both available in French and intended for the consumer market, 20% of its qualified labour expenditure for the year in respect of the title; and”.

(2) Subsection 1 applies to taxation years that end after 17 April 1997.

198. (1) The said Act is amended by inserting, after section 1029.8.36.0.3, the following:

“1029.8.36.0.3.A. qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.0.2 only if it files with the Minister the prescribed information in prescribed form and a copy of the temporary or final certificate or the document validating the operating receipts, as the case may be, referred to in that section, on or before the day that is 12 months after the qualified corporation’s filing-due date for the particular year.

“1029.8.36.0.3. This division applies in respect of a property that is a multimedia title of a qualified corporation the main production work of which began before 23 May 1997 and in respect of which the Société de développement des entreprises culturelles issues a certificate, except where the qualified corporation made an election, in respect of the property, under section 1029.8.36.0.3.7 or 1029.8.36.0.3.17.

#### “DIVISION II.6.0.1.1

##### “CREDIT FOR MULTIMEDIA TITLES (PART 2)

“1029.8.36.0.3.B. In this division,

“eligible production costs” of a corporation for a taxation year in respect of a property that is a multimedia title, means the aggregate of

(a) the amount by which the production costs of the corporation for the year in respect of the property exceeds the aggregate of all amounts each of which is government assistance or non-government assistance attributable to the production costs that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the corporation’s filing-due date for that year; and

(b) any amount paid by the corporation in the year or a preceding taxation year, pursuant to a legal obligation to do so, as repayment of assistance referred to in paragraph *a* in respect of the property;

“eligible production work” relating to a property that is a multimedia title means the work carried out to complete the production stages of the property from the design stage to the final version stage, ready to be commercialized, including activities relating to the writing of the script for the property, the development of its interactive structure, the purchase and production of its component elements and its computer development, but does not include activities relating to mastering, multiplication of the property’s information storage media, promotion, broadcasting or distribution;

“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, other than any amount of financial assistance granted by the Conseil des arts et des lettres du Québec, the information highway fund or the Société de

développement des entreprises culturelles and an amount deemed to have been paid to the Minister for a taxation year under this division ;

“labour expenditure” of a corporation for a taxation year in respect of a property that is a multimedia title means, subject to the second paragraph, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances and included in the production cost, cost or capital cost, as the case may be, of the property :

(a) the salaries or wages attributable to the property that are incurred and paid by the corporation, in respect of its employees of an establishment situated in Québec, for eligible production work relating to the property carried out in the year or a preceding taxation year ;

(b) the aggregate of all amounts each of which is the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to the property that was carried out on its behalf in the year or a preceding taxation year to a person or partnership who or which carried out all or a part of the eligible production work and with whom or with which the corporation is not dealing at arm’s length at the time the contract is entered into, that may reasonably be attributed to the salaries or wages attributable to the property that the person or partnership incurred and paid in respect of the person’s or partnership’s employees of an establishment situated in Québec, or that could be so attributed if that person or partnership had such employees ; and

(c) the aggregate of all amounts each of which is one-half of the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to the property, to a person or partnership with whom or with which the corporation is dealing at arm’s length at the time the contract is entered into, that may reasonably be attributed to the eligible production work carried out on its behalf in the year or a preceding taxation year by the employees of an establishment of that person or partnership situated in Québec, or that could be so attributed if that person or partnership had such employees ;

“multimedia title” of a corporation means an organized set of numerical information in respect of which a certificate, a favourable advance ruling or a validation certificate, as the case may be, has been given or issued to the corporation by the Société de développement des entreprises culturelles for the purposes of this division ;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than any amount of financial assistance granted by the Conseil des arts et des lettres du Québec, the information highway fund or the Société de développement des entreprises culturelles and an amount deemed to have been paid to the Minister for a taxation year under this division ;

“production costs” of a corporation for a taxation year in respect of a property that is a multimedia title means the aggregate of

(a) the aggregate of all amounts each of which is an amount, other than an amount relating to management fees or administration costs and an amount included in the production cost, cost or capital cost, as the case may be, of the property to another corporation that is a qualified corporation, incurred by the corporation before the end of the year to carry out, in Québec, eligible production work relating to the property, to the extent that it is reasonable in the circumstances and included in the production cost, cost or capital cost, as the case may be, of the property to the corporation; and

(b) the aggregate of all amounts, each of which is an amount incurred by the corporation before the end of the year in relation to production fees and administrative costs in connection with the property, to the extent that that aggregate does not exceed 20% of the qualified labour expenditure of the corporation for the year in respect of the property;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on therein a business of producing multimedia titles that is a qualified business, but does not include

(a) a corporation that holds, for the year, a final certificate referred to in the first paragraph of section 1029.8.36.0.3.19;

(b) a corporation that is exempt from tax for the year under Book VIII;

(c) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof:

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”;

or

(d) a corporation governed, in the year, by an Act establishing a labour-sponsored fund;

“qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a multimedia title means the amount by which

(a) the aggregate of

i. the labour expenditure of the corporation for the year in respect of the property, and

ii. any amount paid by the corporation in the year or a preceding taxation year, pursuant to a legal obligation to do so, as repayment of assistance to the



extent that the assistance, in the year or a preceding taxation year, reduced because of subparagraph *d* of the second paragraph a labour expenditure of the corporation in respect of the property; exceeds

(*b*) the product obtained by multiplying the factor specified in the fourth paragraph in respect of the property by the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under section 1029.8.36.0.3.4 by the corporation, on account of its tax payable, in respect of the property for a preceding taxation year;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

For the purposes of the definition of “labour expenditure” in the first paragraph,

(*a*) the salaries or wages incurred by a person or a partnership in respect of an employee are attributable to a property only where the employee works directly in the carrying out of the eligible production work relating to the property and only to the extent that they may reasonably be considered to relate to the carrying out of the eligible production work in view of the time spent thereon by the employee and, in that respect, an employee who spends 90% or more of working time to carry out the eligible production work relating to the property is deemed to spend all working time thereon;

(*b*) the consideration referred to in paragraph *b* or *c* of the definition does not include an amount paid by a corporation to another corporation to the extent that the amount may reasonably be attributed to eligible production work relating to a property that was carried out in a taxation year of that other corporation for which that other corporation holds a certificate referred to in the first paragraph of section 1029.8.36.0.3.19 issued to it by the Société de développement des entreprises culturelles for that year;

(*c*) the amount of the salaries or wages incurred or of the portion of a consideration paid, as the case may be, does not include an expenditure that is included in the production cost of a property to a corporation and that is an amount otherwise included in the cost or capital cost of the property to another corporation that is a qualified corporation;

(*d*) the amount of the salaries or wages incurred or of the portion of the consideration paid, as the case may be, of a labour expenditure of a corporation for a taxation year in respect of a property shall be reduced, where applicable, by the amount of any government assistance and non-government assistance attributable to the salaries or wages or to the portion of the consideration, as the case may be, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year; and

(*e*) where, for a taxation year, a corporation is not a qualified corporation, its labour expenditure for the year in respect of a property is deemed to be nil.

For the purposes of subparagraph ii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph and of paragraph *b* of the definition of “eligible production costs” in that first paragraph, an amount of assistance is deemed, in respect of a property that is a multimedia title, to be repaid by a qualified corporation in a taxation year, pursuant to a legal obligation to do so, where that amount

(a) reduced, for the purpose of computing the amount that the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.3.4 in respect of the property,

i. because of paragraph *d* of the second paragraph, the amount of the salaries or wages incurred or the portion of the consideration paid, as the case may be, of a labour expenditure of the qualified corporation in respect of the property, or

ii. because of paragraph *a* of the definition of “eligible production costs” in the first paragraph, the eligible production costs of the qualified corporation in respect of the property;

(b) was not received by the qualified corporation; and

(c) ceased in the taxation year to be an amount that the qualified corporation may reasonably expect to receive.

The factor to which paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph refers, in respect of a property, is

(a) 20/13, in the case where the certificate, favourable advance ruling or validation certificate that was given or issued, as the case may be, in respect of the property by the Société de développement des entreprises culturelles certifies that the property is produced without having been ordered, is intended to be commercialized and is available in a French version; and

(b) 20/9, in any other case.

“1029.8.36.0.3.A. corporation that, for a taxation year, is a qualified corporation and encloses with its fiscal return it is required to file for the year under section 1000 a copy of the valid certificate, valid favourable advance ruling or valid validation certificate that was given or issued, as the case may be, to it by the Société de développement des entreprises culturelles in respect of a property that is a multimedia title of the corporation and the prescribed form containing the prescribed information, is deemed to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the lesser of

(a) an amount equal to the amount obtained by applying the appropriate percentage determined in the second paragraph in relation to the property for the year to the corporation’s qualified labour expenditure for the year in respect of the property; and

(b) the amount by which the amount obtained by applying the appropriate percentage determined in the third paragraph in relation to the property for the year to the corporation's eligible production costs at the end of the year in respect of the property exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under this section by the corporation in respect of the property for a preceding taxation year.

The percentage to which subparagraph *a* of the first paragraph refers in relation to a property that is a multimedia title for a taxation year is

(a) 65%, where the Société de développement des entreprises culturelles certifies that the property is produced without having been ordered, is intended to be commercialized and is available in a French version; and

(b) 45%, in any other case.

The percentage to which subparagraph *b* of the first paragraph refers in relation to a property that is a multimedia title for a taxation year is

(a) 35%, where the Société de développement des entreprises culturelles certifies that the property is produced without having been ordered, is intended to be commercialized and is available in a French version; and

(b) 25%, in any other case.

“1029.8.36.0.3. For the purposes of section 1029.8.36.0.3.4, where the Société de développement des entreprises culturelles replaces or revokes a certificate, a favourable advance ruling or a validation certificate that was given or issued, as the case may be, by it to a corporation in respect of a property that is a multimedia title, the following rules apply :

(a) the replaced certificate is null and void from the time it was issued or deemed issued and the new certificate is deemed to have been issued at that time;

(b) the replaced favourable advance ruling is null and void from the time it was given or deemed given and the new favourable advance ruling is deemed to have been given at that time;

(c) the replaced validation certificate is null and void from the time it was issued or deemed issued and the new validation certificate is deemed to have been issued at that time; and

(d) a revoked certificate or a revoked favourable advance ruling, as the case may be, is null and void from the time it was issued or given or deemed issued or given and a revoked validation certificate is null and void from the time it was issued or deemed issued.

“1029.8.36.0.3. A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular

taxation year under section 1029.8.36.0.3.4, in respect of a property that is a multimedia title of the qualified corporation, the main production work of which began after 22 May 1997 and before 1 April 1998, only if it files with the Minister the prescribed information in prescribed form and a copy of the certificate, favourable advance ruling or validation certificate, as the case may be, referred to in that section, on or before the day that is 12 months after the qualified corporation's filing-due date for the particular year.

A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.0.3.4, in respect of a property that is a multimedia title of the qualified corporation, the main production work of which began after 9 May 1996 and before 23 May 1997, and in respect of which the qualified corporation made the election provided for in section 1029.8.36.0.3.7, only if it files with the Minister the prescribed information in prescribed form and a copy of the certificate, favourable advance ruling or validation certificate, as the case may be, referred to in section 1029.8.36.0.3.4, on or before the qualified corporation's filing-due date for its taxation year that includes 20 December 1999.

~~“1029.8.36.0.3. This division applies in respect of a property that is a multimedia title of a qualified corporation the main production work of which began after 22 May 1997 and before 1 April 1998, or in respect of a property that is a multimedia title of a qualified corporation the main production work of which began after 9 May 1996 and before 23 May 1997 where, in the latter case, the corporation makes the election in prescribed form containing the prescribed information and sends it to the Minister on or before the corporation's filing-due date for its taxation year that includes 20 December 1999.~~

The first paragraph does not apply to a property that is a multimedia title of a qualified corporation in respect of which the corporation made an election under section 1029.8.36.0.3.17.

#### **“DIVISION II.6.0.1.2**

##### **“CREDIT FOR MULTIMEDIA TITLES (GENERAL)**

~~“1029.8.36.0.3.8. In this division,~~

“eligible production work” relating to a property that is a multimedia title means the work carried out to complete the production stages of the property from the design stage to the final version stage, ready to be commercialized, including activities relating to the writing of the script for the property, the development of its interactive structure, the purchase and production of its component elements and its computer development, but does not include activities relating to mastering, multiplication of the property's information storage media, promotion, broadcasting or distribution ;

“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, other than an amount deemed to have been paid to the Minister for a taxation year under this division;

“labour expenditure” of a corporation for a taxation year in respect of a property that is a multimedia title means, subject to the second paragraph, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:

(a) the salaries or wages attributable to the property that are incurred and paid by the corporation, in respect of its employees of an establishment situated in Québec, for eligible production work relating to the property carried out in the year;

(b) the aggregate of all amounts each of which is the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to the property that was carried out on its behalf in the year to a person or partnership who or which carried out all or a part of the eligible production work and with whom or with which the corporation is not dealing at arm’s length at the time the contract is entered into, that may reasonably be attributed to the salaries or wages attributable to the property that the person or partnership incurred and paid in respect of the person’s or partnership’s employees of an establishment situated in Québec, or that could be so attributed if that person or partnership had such employees; and

(c) the aggregate of all amounts each of which is one-half of the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to the property, to a person or partnership with whom or with which the corporation is dealing at arm’s length at the time the contract is entered into, that may reasonably be attributed to the eligible production work carried out on the person’s or partnership’s behalf in the year by the employees of an establishment of that person or partnership situated in Québec, or that could be so attributed if that person or partnership had such employees;

“multimedia title” of a corporation means an organized set of numerical information in respect of which a certificate, a favourable advance ruling or a validation certificate, as the case may be, has been given or issued to the corporation by the Société de développement des entreprises culturelles for the purposes of this division;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than an amount deemed to have been paid to the Minister for a taxation year under this division;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on therein a business of producing multimedia titles that is a qualified business, but does not include

(a) a corporation that holds, for the year, a final certificate referred to in the first paragraph of section 1029.8.36.0.3.19;

(b) a corporation that is exempt from tax for the year under Book VIII;

(c) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof:

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”; or

(d) a corporation governed, in the year, by an Act establishing a labour-sponsored fund;

“qualified labour expenditure” of a corporation for a taxation year in respect of a property that is a multimedia title means the amount by which

(a) the labour expenditure of the corporation for the year in respect of the property; exceeds

(b) the amount of any government assistance and non-government assistance attributable to the amount of salaries or wages incurred or the portion of the consideration paid, as the case may be, of a labour expenditure of the corporation for the year, in respect of the property, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the year;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

For the purposes of the definition of “labour expenditure” in the first paragraph,

(a) the salaries or wages incurred by a person or a partnership in respect of an employee are attributable to a property only where the employee works directly in the carrying out of eligible production work relating to the property and only to the extent that they may reasonably be considered to relate to the carrying out of the eligible production work in view of the time spent thereon by the employee and, in that respect, an employee who spends 90% or more of working time to carry out the eligible production work relating to a property is deemed to spend all working time thereon; and

(b) the consideration referred to in paragraph *b* or *c* of that definition does not include an amount paid by a corporation to another corporation, to the extent that the amount may reasonably be attributed to eligible production work in respect of a property that was carried out in a taxation year of that other corporation for which that other corporation holds a valid final certificate referred to in the first paragraph of section 1029.8.36.0.3.19 issued to it by the Société de développement des entreprises culturelles for that year.

“1029.8.36.0.3.9. corporation that, for a taxation year, is a qualified corporation and encloses with its fiscal return it is required to file for the year under section 1000 a copy of the valid certificate, valid favourable advance ruling or valid validation certificate given or issued, as the case may be, to it by the Société de développement des entreprises culturelles in respect of a property that is a multimedia title of the corporation, and the prescribed form containing the prescribed information is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount obtained by applying the appropriate percentage, determined in the third paragraph in relation to the property for the year, to the corporation’s qualified labour expenditure for the year in respect of the property.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment.

The percentage to which the first paragraph refers in relation to a property that is a multimedia title for a taxation year is

(a) 50%, in the case where the Société de développement des entreprises culturelles certifies that the property is to be commercialized for the general public and is available in a French version;

(b) 40%, in the case where the Société de développement des entreprises culturelles certifies that the property is to be commercialized for the general public and is not available in a French version; and

(c) 35%, in any other case.

“1029.8.36.0.3.10. For the purposes of section 1029.8.36.0.3.9, where the Société de développement des entreprises culturelles replaces or revokes a certificate, a favourable advance ruling or a validation certificate given or issued, as the case may be, by it to a corporation in respect of a property that is a multimedia title, the following rules apply:

(a) the replaced certificate is null and void from the time it was issued or deemed issued and the new certificate is deemed to have been issued at that time;

(b) the replaced favourable advance ruling is null and void from the time it was given or deemed given and the new favourable advance ruling is deemed to have been given at that time;

(c) the replaced validation certificate is null and void from the time it was issued or deemed issued and the new validation certificate is deemed to have been issued at the time; and

(d) a revoked certificate or a revoked favourable advance ruling, as the case may be, is null and void from the time it was issued or given or deemed issued or given and a revoked validation certificate is null and void from the time it was issued or deemed issued.

~~“1029.8.36.0.3.1~~Where, in a taxation year, a qualified corporation pays, pursuant to a legal obligation to do so, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance referred to in paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.8 that was taken into account for the purpose of computing a particular qualified labour expenditure incurred by the corporation in respect of a property that is a multimedia title in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.9 for the particular taxation year, the corporation is deemed to have paid to the Minister for that taxation year, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for that particular taxation year under that section 1029.8.36.0.3.9 if any amount of government assistance or non-government assistance the corporation so repaid in the year or in a preceding year had reduced the amount determined under paragraph *b* of the definition of “qualified labour expenditure” in the particular year, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.9 for that particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister for a preceding year under this section in respect of an amount of such government assistance or non-government assistance that was repaid.

~~“1029.8.36.0.3.11~~For the purposes of section 1029.8.36.0.3.11, an amount of assistance is deemed, in respect of a property that is a multimedia title, to be repaid by a qualified corporation in a taxation year, pursuant to a legal obligation to do so, if that amount

(a) reduced, because of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph of section 1029.8.36.0.3.8, a qualified



labour expenditure of the qualified corporation for the purpose of computing the amount it is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.3.9;

(b) was not received by the qualified corporation; and

(c) ceased in the taxation year to be an amount that the qualified corporation may reasonably expect to receive.

~~“1029.8.36.0.3.9. Where, in respect of a contract entered into in connection with the carrying out of eligible production work in relation to a property that is a multimedia title, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the carrying out of the eligible production work, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, or a person or a partnership is deemed to have obtained or to be entitled to obtain such a benefit or advantage upon a determination of the Minister to that effect, the amount of the qualified labour expenditure of a corporation for a taxation year in respect of the property shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, or is deemed to have obtained or to be entitled to obtain, on or before the corporation’s filing-due date for that taxation year.~~

~~“1029.8.36.0.3.10. Notwithstanding section 1029.8.36.0.3.9, where a corporation, under the terms of a contract, causes eligible production work to be carried out on its behalf in relation to a property that is a multimedia title, and the consideration payable or paid by the corporation for such work does not consist in whole of currency, the corporation shall not be deemed to have paid to the Minister an amount under that section in respect of all or any part of the consideration that may reasonably be considered to be payable or paid in currency.~~

~~“1029.8.36.0.3.11. For the purposes of this division, the qualified labour expenditure of a qualified corporation in respect of a property that is a multimedia title shall be reduced by the amount of the consideration payable or paid, under the terms of a contract entered into for the carrying out of eligible production work, in relation to the disposition of property or the providing of a service to the corporation or to a person with whom the corporation is not dealing at arm’s length, except to the extent that the consideration may reasonably be considered to relate to property resulting from the eligible production work or to services relating to the property, or to property or part of a property consumed in connection with the work or the services.~~

~~“1029.8.36.0.3.12. A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.0.3.9 or 1029.8.36.0.3.11, in respect of~~

a property that is a multimedia title of the qualified corporation, the main production work of which began after 31 March 1998, only if it files with the Minister the prescribed information in prescribed form and, where applicable, a copy of the favourable advance ruling or the validation certificate, as the case may be, referred to in section 1029.8.36.0.3.9, on or before the day that is 12 months after the corporation's filing-due date for the particular year.

A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.0.3.9 or 1029.8.36.0.3.11, in respect of a property that is a multimedia title of the qualified corporation, the main production work of which began after 9 May 1996 and before 1 April 1998, and in respect of which the corporation made an election under section 1029.8.36.0.3.17, only if it files with the Minister the prescribed information in prescribed form and, where applicable, a copy of the certificate, the favourable advance ruling or the validation certificate, as the case may be, referred to in section 1029.8.36.0.3.9, on or before the corporation's filing-due date for its taxation year that includes 20 December 1999.

“1029.8.36.0.3.17s division applies in respect of a property that is a multimedia title of a qualified corporation the main production work of which began after 31 March 1998, or in respect of a property that is a multimedia title of a qualified corporation, the main production work of which began after 9 May 1996 and before 1 April 1998 where, in the latter case, the corporation makes the election in prescribed form containing the prescribed information and sends it to the Minister on or before the corporation's filing-due date for its taxation year that includes 20 December 1999.

### “DIVISION II.6.0.1.3

#### “CREDIT FOR CORPORATIONS SPECIALIZED IN THE PRODUCTION OF MULTIMEDIA TITLES

“1029.8.36.0.3.18. this division,

“designated establishment”, for a taxation year, of a qualified corporation means an establishment of the corporation situated in Québec and that is mentioned in the final certificate referred to in the first paragraph of section 1029.8.36.0.3.19 that the Société de développement des entreprises culturelles issued to the corporation for the year;

“eligible multimedia title” of a qualified corporation means an organized set of numerical information in respect of which the Société de développement des entreprises culturelles would have given or issued, as the case may be, a certificate, a favourable advance ruling or a validation certificate, for the purposes of any of Divisions II.6.0.1 to II.6.0.1.2, if that division had applied to the corporation;

“eligible production work” relating to an eligible multimedia title means work carried out to complete the production stages of the title from the design

stage to the final version stage, ready to be commercialized, including activities relating to the writing of the script for the title, the development of its interactive structure, the purchase and production of its component elements and its computer development, but does not include activities relating to mastering, multiplication of the title's information storage media, promotion, broadcasting or distribution;

“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, other than an amount deemed to have been paid to the Minister for a taxation year under this division;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than an amount deemed to have been paid to the Minister for a taxation year under this division;

“qualified corporation” for a taxation year means a corporation that, in the year, has an establishment in Québec and carries on therein a business of producing multimedia titles that is a qualified business, but does not include

(a) a corporation that is exempt from tax for the year under Book VIII;

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof:

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”; or

(c) a corporation governed, in the year, by an Act establishing a labour-sponsored fund;

“qualified labour expenditure” of a qualified corporation for a taxation year means, subject to the second paragraph, the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:

(a) the salaries or wages incurred by the corporation in the year and paid, in respect of its employees all or substantially all of whose duties consist in directly undertaking, supervising or supporting eligible production work relating to eligible multimedia titles in a designated establishment of the corporation for the year;

(b) the aggregate of all amounts each of which is the portion of the consideration paid by the corporation, under the terms of a contract, for

eligible production work that was carried out on its behalf in the year in relation to eligible multimedia titles, to a person or partnership who or which carried out all or a part of the eligible production work and with whom or with which the corporation is not dealing at arm's length at the time the contract is entered into, that may reasonably be attributed to the salaries or wages attributable to the titles that the person or partnership incurred or paid in respect of its employees of an establishment situated in Québec, or that could be so attributed if that person or partnership had such employees; and

(c) the aggregate of all amounts each of which is one-half of the portion of the consideration paid by the corporation, under the terms of a contract, for eligible production work relating to eligible multimedia titles, to a person or partnership with whom or with which the corporation is dealing at arm's length at the time the contract is entered into, that may reasonably be attributed to the eligible production work carried out on its behalf in the year by the employees of an establishment of that person or partnership situated in Québec, or that could be so attributed if that person or partnership had such employees;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

For the purposes of the definition of “qualified labour expenditure” in the first paragraph,

(a) the salaries or wages incurred by a person or a partnership in respect of an employee are attributable to an eligible multimedia title only where the employee works directly in the carrying out of eligible production work relating to the title and only to the extent that they may reasonably be considered to relate to the carrying out of the eligible production work in view of the time spent thereon by the employee and, in that respect, an employee who spends 90% or more of working time to carry out eligible production work relating to an eligible multimedia title is deemed to spend all working time thereon;

(b) the consideration referred to in paragraph *b* or *c* of the definition does not include an amount paid by a corporation to another corporation where the amount may reasonably be attributed to eligible production work relating to eligible multimedia titles that was carried out in a taxation year of that other corporation for which that other corporation holds a valid final certificate referred to in the first paragraph of section 1029.8.36.0.3.19 issued to it by the Société de développement des entreprises culturelles for that year; and

(c) an amount incurred in a taxation year that relates to work to be carried out in a subsequent taxation year is deemed not to have been incurred in that year, but to have been incurred in the subsequent year during which the work to which the amount refers is carried out.

“1029.8.36.0.3.19. A qualified corporation that, for a taxation year, holds a valid final certificate issued to it for the year by the Société de développement des entreprises culturelles, certifying that all or substantially

all of its activities carried out in the year, in the aggregate of its establishments situated in Québec, consist in producing eligible multimedia titles for itself or on behalf of another person or partnership, and, where applicable, in carrying out scientific research and experimental development connected with such titles, and that encloses with its fiscal return it is required to file for the year under section 1000 the prescribed form containing the prescribed information and a copy of the final certificate is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount obtained by applying the appropriate percentage determined in the third paragraph in its respect for the year to its qualified labour expenditure for the year.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment.

The percentage to which the first paragraph refers for the taxation year referred to therein is

(a) 50%, where the valid final certificate issued to the corporation for the year certifies that at least 75% of the eligible multimedia titles produced by the corporation in the year are to be commercialized for the general public and are available in a French version, or that at least 75% of its gross revenue for the year is derived from such eligible multimedia titles ;

(b) 40%, where subparagraph *a* does not apply and the valid final certificate issued to the corporation for the year certifies that at least 75% of the eligible multimedia titles produced by the corporation in the year are to be commercialized for the general public or that at least 75% of its gross revenue for the year is derived from such eligible multimedia titles ;

(c) 35%, where the valid final certificate issued to the corporation for the year certifies that less than 75% of the eligible multimedia titles produced by the corporation in the year are to be commercialized for the general public and that less than 75% of its gross revenue for the year is derived from such eligible multimedia titles.

“1029.8.36.0.3.20 Where the Société de développement des entreprises culturelles replaces or revokes a final certificate issued to a corporation for a taxation year, section 1029.8.36.0.3.19 applies having regard to the following rules :

(a) the replaced final certificate is null and void from the time it was issued or deemed issued and the new final certificate is deemed to have been issued at that time; and

(b) the revoked final certificate is null and void from the time it was issued or deemed issued.

~~1029.8.36.0.3.21~~ For the purpose of computing the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.3.19, the amount of the salaries or wages incurred or of a portion of the consideration paid, included in the qualified labour expenditure of the corporation for the year, shall be reduced, where applicable, by the amount of any government assistance and non-government assistance attributable to the salaries or wages or to the portion of the consideration, as the case may be, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the year.

~~1029.8.36.0.3.22~~ Where, in a taxation year, a qualified corporation pays, pursuant to a legal obligation to do so, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced, because of section 1029.8.36.0.3.21, the qualified labour expenditure of the corporation for a particular taxation year for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for the particular taxation year under section 1029.8.36.0.3.19, the corporation is deemed to have paid to the Minister for that taxation year, if it encloses the prescribed form, with its fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for that particular taxation year under that section 1029.8.36.0.3.19 if any amount of government assistance or non-government assistance the corporation so repaid in the year or in a preceding year had reduced, in the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.0.3.21, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.19 for that particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister for a preceding year under this section in respect of an amount of such government assistance or non-government assistance that was repaid.

~~1029.8.36.0.3.23~~ For the purposes of section 1029.8.36.0.3.22, an amount of assistance is deemed to be paid by a corporation as repayment of assistance in a particular taxation year, pursuant to a legal obligation to do so, if that amount

(a) reduced, because of section 1029.8.36.0.3.21, the qualified labour expenditure of the corporation for a taxation year for the purpose of computing the amount it is deemed to have paid to the Minister under section 1029.8.36.0.3.19;

(b) was not received by the corporation; and

(c) ceased in the particular taxation year to be an amount that the corporation may reasonably expect to receive.

“1029.8.36.0.3.21. Where, in respect of a contract entered into in connection with the carrying out of eligible production work relating to eligible multimedia titles, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the carrying out of the eligible production work, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, or a person or a partnership is deemed to have obtained or to be entitled to obtain such a benefit or advantage upon a determination by the Minister to that effect, the amount of the qualified labour expenditure of a qualified corporation for a taxation year shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, or is deemed to have obtained or to be entitled to obtain, on or before the qualified corporation’s filing-due date for that taxation year.

“1029.8.36.0.3.22. Notwithstanding section 1029.8.36.0.3.19, where a qualified corporation, under the terms of a contract, causes eligible production work to be carried out on its behalf in relation to eligible multimedia titles, and the consideration payable or paid by the corporation for such work does not consist in whole of currency, the corporation shall not be deemed to have paid to the Minister an amount under that section in respect of all or any part of the consideration that cannot reasonably be considered to be payable or paid in currency.

“1029.8.36.0.3.23. For the purposes of this division, a qualified labour expenditure of a qualified corporation shall be reduced by the amount of the consideration payable or paid, under the terms of a contract entered into for the carrying out of eligible production work, in relation to the disposition of property or the providing of a service to the corporation or to a person with whom the corporation is not dealing at arm’s length, except to the extent that the consideration may reasonably be considered to relate to property resulting from the eligible production work or to services relating to the property, or to property or part of a property consumed in connection with the work or the services.

“1029.8.36.0.3.24. A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.0.3.19 or 1029.8.36.0.3.22 only if it files with the Minister the prescribed information in prescribed form and, where applicable, a copy of the final certificate referred to in section 1029.8.36.0.3.19, on or before the day that is 12 months after the qualified corporation’s filing-due date for the particular year.

**“DIVISION II.6.0.1.4****“CREDIT FOR CORPORATIONS ESTABLISHED IN THE MULTIMEDIA COMPLEX**

“§1. — *Interpretation and general*

“1029.8.36.0.3.2~~8~~. this division,

“eligible activity” of a corporation for a taxation year means an activity in connection with production or services and that relates to the multimedia sector, or an activity in connection with information technologies, that the corporation carries out in the year and in respect of which a final validation certificate is issued to the corporation for the year by the Minister of Finance for the purposes of this division;

“eligible employee” of a corporation for all or part of a taxation year means an individual in respect of whom a final validation certificate or a transitional validation certificate is issued to the corporation for the year by the Minister of Finance for the purposes of this division, certifying that the individual is an eligible employee for all or part of the year;

“eligible transition activity” of a corporation for a taxation year means an activity in connection with production or services and that relates to the multimedia sector, or an activity in connection with information technologies, that the corporation carries out in the year and in respect of which a transitional validation certificate is issued to the corporation for the year by the Minister of Finance for the purposes of this division;

“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, other than

(a) an amount deemed to have been paid to the Minister for a taxation year under this division; or

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than

(a) an amount deemed to have been paid to the Minister for a taxation year under this division; or

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act;



“qualified corporation” for a taxation year means a corporation all or substantially all of whose gross revenue for the year is derived from the carrying on of a qualified business, but does not include

(a) a corporation that is exempt from tax for the year under Book VIII; or

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof:

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”;

“qualified wages” incurred by a qualified corporation in a taxation year in respect of an eligible employee means the lesser of

(a) the amount determined for the year pursuant to section 1029.8.36.0.3.29 in relation to the eligible employee; and

(b) the amount by which the amount of the wages incurred by the corporation, after 15 June 1998 and before 1 January 2009, in the year in respect of the employee while the employee qualified as an eligible employee of the corporation, to the extent that that amount is paid and that it may reasonably be considered to relate to the carrying out in the year of an eligible activity or an eligible transition activity, exceeds

i. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to such wages, that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the corporation’s filing-due date for the taxation year, and

ii. the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of such wages, other than a benefit or advantage that may reasonably be attributed to work carried out by the eligible employee in connection with the carrying out of the eligible activity or the eligible transition activity of the corporation for the year, as the case may be, that a person or partnership has received, is entitled to receive or may reasonably expect to receive, on or before the corporation’s filing-due date for that taxation year, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner;

“wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

“1029.8.36.0.3.28. The amount to which paragraph *a* of the definition of “qualified wages” in section 1029.8.36.0.3.28 refers, for a taxation year of a corporation, in relation to an eligible employee means an amount equal,

(*a*) where the taxation year of the corporation begins before 16 June 1998 and ends before 16 June 1999, to the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year after 15 June 1998 during which the employee qualifies as an eligible employee is of 365;

(*b*) where the taxation year of the corporation begins after 15 June 1998 and ends before 16 June 1999, to the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee is of 365;

(*c*) where the taxation year of the corporation begins before 16 June 1998 and ends after 15 June 1999, to the aggregate of

i. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year after 15 June 1998 and before 16 June 1999 during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year after 15 June 1999 during which the employee qualifies as an eligible employee is of 365;

(*d*) where the taxation year of the corporation begins after 15 June 1998 and ends after 15 June 1999, to the aggregate of

i. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year before 16 June 1999 during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year after 15 June 1999 during which the employee qualifies as an eligible employee is of 365;

(*e*) where the taxation year of the corporation includes 31 December 2008, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year before 1 January 2009 during which the employee qualifies as an eligible employee is of 365; and

(*f*) in any other case, to the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee is of 365.

“§2. — *Credit*

“1029.8.36.0.3.30. corporation that holds a valid final validation certificate issued by the Minister of Finance for the purposes of this division,

certifying that the corporation carries on principally an eligible activity for a taxation year, and that encloses with its fiscal return it is required to file for the year under section 1000 a copy of the validation certificate as well as the documents referred to in the third paragraph is deemed, subject to the second paragraph and to section 1029.8.36.0.3.32, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for the year under this Part, an amount equal to the amount by which

(a) 40% of the qualified wages incurred by the corporation in the year in respect of an eligible employee; exceeds

(b) the amount determined for the year under section 1029.8.36.0.3.33 in relation to the qualified wages.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where the latter sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if that first paragraph applied only to the period covered by the payment.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing the prescribed information;

(b) a copy of the valid final validation certificate issued to the corporation for the year by the Minister of Finance in respect of the eligible activity for the purposes of this division; and

(c) a copy of the valid final validation certificate issued to the corporation for the year by the Minister of Finance in respect of the eligible employee for the purposes of this division.

For the purposes of this section, where a corporation becomes a bankrupt before the Minister of Finance issues a final validation certificate to it for the purposes of this division, the following rules apply:

(a) the corporation is deemed to hold a final validation certificate, for the purposes of this division, issued by the Minister of Finance, which certifies that the corporation carries on principally an eligible activity for its taxation year ending on the day immediately before the date of the bankruptcy;

(b) the valid transitional validation certificates issued to the corporation for the taxation year referred to in subparagraph *a* by the Minister of Finance in respect of the eligible activity and the eligible employee for the purposes of this division, are deemed to be valid final validation certificates issued in that

respect for that year by the Minister of Finance for the purposes of this division; and

(c) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under this section, on account of its tax payable for its taxation year ending on the day immediately before the date of the bankruptcy, the portion of the first paragraph before subparagraph *a* shall be read without reference to “a copy of the validation certificate as well as”.

“1029.8.36.0.3.3~~W~~here, for a taxation year, a corporation holds a valid final validation certificate issued by the Minister of Finance for the purposes of this division certifying that the corporation carries on principally an eligible activity for the year and that the year is the first for which such a validation certificate is issued, and the corporation encloses with its fiscal return it is required to file for the year under section 1000 a copy of the validation certificate as well as the documents referred to in the second paragraph, the corporation is deemed, subject to section 1029.8.36.0.3.32, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to the amount by which

(a) the aggregate of all amounts each of which is 40% of the qualified wages incurred by the corporation in a preceding taxation year in respect of an eligible employee; exceeds

(b) the aggregate of all amounts each of which is an amount determined under section 1029.8.36.0.3.33 in respect of qualified wages referred to in subparagraph *a*.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing the prescribed information;

(b) a copy of the valid transitional validation certificate issued by the Minister of Finance to the corporation, for the preceding taxation year referred to in subparagraph *a* of the first paragraph, in respect of an eligible transition activity, for the purposes of this division; and

(c) a copy of the valid transitional validation certificate issued by the Minister of Finance to the corporation, for the preceding taxation year referred to in subparagraph *a* of the first paragraph, in respect of the eligible employee, for the purposes of this division.

For the purposes of this section, where a corporation becomes a bankrupt before the Minister of Finance issues a final validation certificate to it for the purposes of this division, the following rules apply:

(a) the corporation is deemed to hold a final validation certificate, for the purposes of this division, issued by the Minister of Finance, which certifies

that the corporation carries on principally an eligible activity for its taxation year ending on the day immediately before the date of the bankruptcy; and

(b) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister under this section, on account of its tax payable for its taxation year ending on the day immediately before the date of the bankruptcy, the portion of the first paragraph before subparagraph *a* shall be read without reference to “a copy of the validation certificate as well as”.

“1029.8.36.0.3.30 Where a taxation year of a corporation is, in whole or in part, within a particular period that is between 15 June 1998 and 16 June 1999, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister pursuant to section 1029.8.36.0.3.30 or 1029.8.36.0.3.31, in relation to qualified wages incurred in that taxation year in respect of an eligible employee, the following rules apply :

(a) where the amount determined under paragraph *b* of the definition of “qualified wages” in section 1029.8.36.0.3.28 is the qualified wages for that taxation year, the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.30 or 1029.8.36.0.3.31 shall be replaced by a rate of 60% applicable in respect of the portion of qualified wages that may reasonably be considered to be attributable to the wages incurred by the corporation in respect of the eligible employee, while the employee qualifies as an eligible employee for the portion of the year within the particular period;

(b) where the amount determined under paragraph *a* or *b* of section 1029.8.36.0.3.29 is, by virtue of paragraph *a* of the definition of “qualified wages” in section 1029.8.36.0.3.28, the qualified wages for that taxation year, the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.3.30 or 1029.8.36.0.3.31 shall be replaced by a rate of 60% applicable in respect of the qualified wages; and

(c) where the amount determined under paragraph *c* or *d* of section 1029.8.36.0.3.29 is, by virtue of paragraph *a* of the definition of “qualified wages” in section 1029.8.36.0.3.28, the qualified wages for that taxation year, the following rules apply :

i. subparagraph *a* of the first paragraph of section 1029.8.36.0.3.30 shall be read as follows :

“(a) the aggregate of 60% of the amount determined under subparagraph i of paragraph *c* or *d* of section 1029.8.36.0.3.29 and 40% of the amount determined under subparagraph ii of paragraph *c* or *d* of that section, in respect of the qualified wages incurred by the corporation in the year in respect of an eligible employee; exceeds”, and

ii. subparagraph *a* of the first paragraph of section 1029.8.36.0.3.31 shall be read as follows :

“(a) the aggregate of 60% of the amount determined under subparagraph i of paragraph *c* or *d* of section 1029.8.36.0.3.29 and 40% of the amount determined under subparagraph ii of paragraph *c* or *d* of that section, in respect of the qualified wages incurred by the corporation in a preceding taxation year in respect of an eligible employee; exceeds”.

“1029.8.36.0.3.31 The amount to which subparagraph *b* of the first paragraph of section 1029.8.36.0.3.30 and of section 1029.8.36.0.3.31 refers in relation to qualified wages incurred in a taxation year by a corporation in respect of an eligible employee, is equal to the amount by which the aggregate of the following amounts exceeds the amount determined pursuant to the second paragraph in respect of the wages :

(a) the amount determined in relation to the eligible employee for the year under subparagraph *a* of the first paragraph of section 1029.8.36.0.3.30 or 1029.8.36.0.3.31, as the case may be; and

(b) the aggregate of all amounts each of which is an amount of government assistance in the form of a grant or deduction from tax relating to such qualified wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year.

The amount to which the first paragraph refers in relation to wages incurred in a taxation year by a corporation in respect of an eligible employee is equal to the lesser of

(a) 60% of the amount of the wages incurred by the corporation, after 15 June 1998 and before 1 January 2009, in the year in respect of the employee while the employee qualifies as an eligible employee of the corporation, to the extent that the amount is paid and that it may reasonably be considered to relate to the carrying out in the year of an eligible activity or an eligible transition activity; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee of the corporation is of 365.

“1029.8.36.0.3.34 For the purposes of this division, where the Minister of Finance replaces or revokes a final validation certificate or a transitional validation certificate issued by the Minister of Finance to a corporation for a taxation year, the following rules apply :

(a) a replaced validation certificate is null and void from the time it was issued or deemed issued and the new validation certificate is deemed to have been issued at that time for that taxation year; and

(b) a revoked validation certificate is null and void from the time it was issued or deemed issued.

~~“1029.8.36.0.3.35~~Where, in a taxation year that begins before 1 January 2009, a qualified corporation pays, pursuant to a legal obligation to do so, an amount that may reasonably be considered to be repayment of government assistance or non-government assistance that was taken into account for the purpose of computing, for a particular taxation year, qualified wages incurred by the corporation in respect of an eligible employee and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.30 or 1029.8.36.0.3.31, the corporation is deemed to have paid to the Minister for that taxation year, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for a taxation year, in respect of the qualified wages, under section 1029.8.36.0.3.30 or 1029.8.36.0.3.31, as the case may be, if any amount of such assistance the corporation so repaid in the year or in a preceding year had reduced, for the particular year, the amount determined under subparagraph i of paragraph b of the definition of “qualified wages” in section 1029.8.36.0.3.28, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.3.30 or 1029.8.36.0.3.31, as the case may be, in respect of the qualified wages; and

(b) any amount that the corporation is deemed to have paid to the Minister for a preceding year under this section in respect of an amount of repayment of that assistance.

~~“1029.8.36.0.3.36~~For the purposes of section 1029.8.36.0.3.35, an amount of assistance is deemed to be paid by a corporation as repayment of assistance in a taxation year, pursuant to a legal obligation to do so, if that amount

(a) reduced, because of subparagraph i of paragraph b of the definition of “qualified wages” in section 1029.8.36.0.3.28, the amount of the wages referred to in that paragraph b, for the purpose of computing qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.30 or 1029.8.36.0.3.31;

(b) was not received by the corporation; and

(c) ceased in the taxation year to be an amount that the corporation may reasonably expect to receive.

~~“1029.8.36.0.3.37~~ corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a taxation year under any of sections 1029.8.36.0.3.30, 1029.8.36.0.3.31 and 1029.8.36.0.3.35 only if it files with the Minister the prescribed information in prescribed form and, where applicable, the copy of the certificate referred to in section 1029.8.36.0.3.30 or 1029.8.36.0.3.31, on or before the day that is 12 months after the corporation’s filing-due date for the year.”

(2) Subsection 1, where it enacts section 1029.8.36.0.3.1 and Divisions II.6.0.1.1 to II.6.0.1.3 of Chapter III.1 of Title III of Book IX of Part I of the said Act, applies to taxation years that end after 9 May 1996. However,

(1) where the definition of “qualified corporation” in the first paragraph of each of sections 1029.8.36.0.3.3 and 1029.8.36.0.3.8 of the said Act, enacted by subsection 1, applies to taxation years that end before 1 April 1998, it shall be read with the following paragraph added thereto :

“(e) a corporation all or substantially all of whose gross income for the year is derived from the operations of an international financial centre ;”;

(2) where the definition of “qualified corporation” in the first paragraph of section 1029.8.36.0.3.18 of the said Act, enacted by subsection 1, applies to taxation years that end before 1 April 1998, it shall be read with the following paragraph added thereto :

“(d) a corporation all or substantially all of whose gross income for the year is derived from the operations of an international financial centre ;”;

(3) where sections 1029.8.36.0.3.1 and 1029.8.36.0.3.6 of the said Act, enacted by subsection 1, apply to taxation years that end before 20 December 1999, they shall be read as if “on or before the day that is 12 months after the corporation’s filing-due date for the particular year” were replaced by “on the corporation’s filing-due date for its taxation year that includes 20 December 1999”;

(4) where section 1029.8.36.0.3.27 of the said Act, enacted by subsection 1, applies to taxation years that end before 20 December 1999, it shall be read as follows :

“1029.8.36.0.3.27. qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.0.3.19 or 1029.8.36.0.3.22 only if it files with the Minister the prescribed information in prescribed form and, where applicable, a copy of the final certificate referred to in section 1029.8.36.0.3.19, on or before 21 June 2001.”

(3) Subsection 1, where it enacts Division II.6.0.1.4 of Chapter III.1 of Title III of Book IX of Part I of the said Act, applies in respect of wages incurred after 15 June 1998.

199. (1) Section 1029.8.36.0.4 of the said Act is amended

(1) by replacing the definition of “government assistance” and of “non-government assistance” in the first paragraph by the following :

““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, other than



(a) an amount deemed to have been paid to the Minister for a taxation year under this division; or

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than

(a) an amount deemed to have been paid to the Minister for a taxation year under this division; or

(b) any amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act;”;

(2) by replacing, in the definition of “qualified property” in the first paragraph, the portion before paragraph *c* by the following:

“qualified property” of a corporation means depreciable property that the corporation acquires or property that is leased by the corporation and

(a) that, before being acquired or leased by the corporation, has not been used for any purpose whatever nor acquired for use for a purpose other than lease to an exempt corporation;

(a.1) where the property is leased by the corporation, the lease began during one of the first three years of the eligibility period of the corporation determined for the purpose of establishing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.6 in relation to rental expenses paid in respect of the qualified property;

(b) that the corporation begins to use within a reasonable time after its acquisition or lease;”;

(3) by replacing paragraph *d* of the definition of “qualified property” in the first paragraph by the following:

“(d) in respect of which the Minister of Finance has issued a certificate, on or before the corporation’s filing-due date for the later of the taxation year during which the corporation acquired the property and the taxation year during which the corporation filed an application in order to obtain a certificate referred to in paragraph *a* of section 771.12;”;

(4) by replacing the definition of “eligible employee” in the first paragraph by the following:

““eligible employee” of a corporation for part or all of a particular taxation year means an employee in respect of whom the corporation has obtained, on or before the corporation’s filing-due date for the later of the particular taxation year and the taxation year during which the corporation filed an application in order to obtain a certificate referred to in paragraph *a* of section 771.12, a certificate issued by the Minister of Finance certifying that the employee is an eligible employee for part or all of the particular taxation year;”;

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

““rental expenses” paid by a corporation in respect of qualified property means the aggregate of the expenses paid by the corporation for the lease of the property to the extent that they are deductible in computing the income of the corporation under this Part;”;

(6) by replacing the definitions of “contract payment” and “eligibility period” in the first paragraph by the following :

““contract payment” means an amount payable by the Government of Canada or of a province, by a municipality or other Canadian public authority or by a person exempt from tax under this Part by reason of Book VIII, to the extent that it may reasonably be considered that the amount payable relates to the acquisition or lease of qualified property or to the payment of qualified wages by a corporation up to the amount incurred in respect of that property or those wages by that corporation ;

““eligibility period” of a corporation means the period that begins at the later of the time the corporation’s first taxation year begins and 26 March 1997 and ends, as the case may be,

(a) for the purpose of determining the amount of qualified wages paid by a corporation in a taxation year, where the corporation’s first taxation year begins before 1 January 2006, on 31 December 2008 ;

(b) for the purpose of determining the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.6 in relation to rental expenses paid in respect of qualified property, on the last day of the period of five years that begins at that time or on that date, as the case may be ; and

(c) in other cases, on the last day of a period of three years that begins at that time or on that date, as the case may be ;”;

(7) by replacing the definition of “exempt corporation” and of “qualified wages” in the first paragraph by the following :

““exempt corporation” has,

(a) for the purposes of section 1029.8.36.0.5, the meaning that would be assigned by sections 771.12 and 771.13 if section 771.12 were read without reference to paragraph *d* thereof; and

(b) in other cases, the meaning assigned by sections 771.12 and 771.13;

““qualified wages” paid by a corporation in a taxation year to an eligible employee means the lesser of

(a) the amount determined in accordance with the second paragraph in relation to the eligible employee for the year; and

(b) the aggregate of all amounts each of which is the amount by which the wages paid by the corporation to the employee, while the employee qualifies as an eligible employee of the corporation, for a pay period ending in the eligibility period of the corporation that is comprised in whole or in part within the taxation year and that may reasonably be considered as having been paid by the corporation in connection with the carrying on of a business in a building housing an information technologies development centre, exceeds the amount of any contract payment, government assistance and non-government assistance, attributable to such wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year;”;

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

“The amount to which paragraph *a* of the definition of “qualified wages” in the first paragraph refers for a taxation year of a corporation in relation to an eligible employee is equal,

(a) where the taxation year of the corporation begins before 16 June 1998 and ends before 16 June 1999, to the aggregate of

i. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year before 16 June 1998 during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year after 15 June 1998 during which the employee qualifies as an eligible employee is of 365;

(b) where the taxation year of the corporation begins after 15 June 1998 and ends before 16 June 1999, to the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee is of 365;

(c) where the taxation year of the corporation begins before 16 June 1998 and ends after 15 June 1999, to the aggregate of

i. the amount obtained by multiplying \$37,500 by the proportion that the aggregate of the number of days in the taxation year before 16 June 1998 and the number of days in the year after 15 June 1999, during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year after 15 June 1998 and before 16 June 1999 during which the employee qualifies as an eligible employee is of 365 ;

(d) where the taxation year of the corporation begins after 15 June 1998 and ends after 15 June 1999, to the aggregate of

i. the amount obtained by multiplying \$41,667 by the proportion that the number of days in the taxation year before 16 June 1999 during which the employee qualifies as an eligible employee is of 365, and

ii. the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year after 15 June 1999 during which the employee qualifies as an eligible employee is of 365 ; and

(e) in any other case, the amount obtained by multiplying \$37,500 by the proportion that the number of days in the taxation year during which the employee qualifies as an eligible employee is of 365.”;

(9) by adding, after the second paragraph, the following paragraphs :

“For the purposes of paragraph *a* of the definition of “qualified property” in the first paragraph, where a corporation acquires depreciable property from a person, the property acquired by the corporation is deemed not to have been used for any purpose whatever before its acquisition by the corporation nor to have been acquired, before that acquisition, for use for a purpose other than lease to an exempt corporation, if the corporation continues the carrying out of a project of the person and

(a) the person acquired the property after 25 March 1997 ;

(b) the property has not been used, or acquired for use or lease, for any purpose whatever before being acquired by the person ; and

(c) the person used the property only in connection with the project the carrying out of which is continued by the corporation.

“For the purposes of paragraph *c* of the definition of “qualified property” in the first paragraph, where, at any time after 25 March 1997, a corporation has acquired or leased property that is used by the corporation in connection with the carrying on of a business and that would be qualified property of the corporation if the definition of “qualified property” were read without reference to paragraph *c* thereof, the corporation is deemed to use the property exclusively in a building housing an information technologies development centre and, exclusively or almost exclusively, to gain income from a business it carries on

in such a building, throughout the period that begins at that time and that ends on the day the Minister of Finance issues a certificate referred to in paragraph *a* of section 771.12.”

(2) Subsection 1 applies in respect of wages or expenses incurred after 25 March 1997.

200. (1) Section 1029.8.36.0.5 of the said Act is replaced by the following:

“1029.8.36.0.5A corporation that is an exempt corporation for a taxation year and that encloses the documents referred to in the second paragraph with its fiscal return it is required to file for the year under section 1000 is deemed to have paid to the Minister on the corporation’s balance-due day for that year, as partial payment of its tax payable for that year under this Part, an amount equal to the amount by which

(a) 40% of the qualified wages paid by it in the year to an eligible employee; exceeds

(b) the amount determined for the year under section 1029.8.36.0.5.3 in relation to the qualified wages.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing the prescribed information; and

(b) a copy of the certificate issued by the Minister of Finance to the corporation for the year in respect of the eligible employee.”

(2) Subsection 1 applies in respect of wages incurred after 25 March 1997. However, where section 1029.8.36.0.5 of the said Act, enacted by subsection 1, applies to a taxation year that begins before 23 December 1998, it shall be read as follows:

“1029.8.36.0.5A corporation that, for a taxation year, is an exempt corporation is deemed to have paid to the Minister on the corporation’s balance-due day for that year, as partial payment of its tax payable for that year under this Part, an amount equal to 40% of the qualified wages paid by it in the year to an eligible employee, if the corporation encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and a copy of the certificate issued to it for the year by the Minister of Finance in respect of the eligible employee.”

201. (1) The said Act is amended by inserting, after section 1029.8.36.0.5, the following sections:

“1029.8.36.0.5. Where a corporation is an exempt corporation for a taxation year and where that taxation year is the first year during which the corporation so qualifies, that corporation, if it encloses the documents referred to in the second paragraph with its fiscal return it is required to file for the year

under section 1000, is deemed to have paid to the Minister on the corporation's balance-due day for that year, as partial payment of its tax payable for that year under this Part, an amount equal to the amount by which

(a) the aggregate of all amounts each of which is 40% of the qualified wages paid by it in a preceding taxation year to an eligible employee; exceeds

(b) the aggregate of all amounts each of which is an amount determined under section 1029.8.36.0.5.3 in respect of qualified wages referred to in subparagraph *a*.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing the prescribed information; and

(b) a copy of the certificate issued by the Minister of Finance to the corporation in respect of the eligible employee in relation to a preceding taxation year.

“1029.8.36.0.5. Where a taxation year of a corporation is, entirely or in part, within a particular period that is between 15 June 1998 and 16 June 1999, for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.5 or 1029.8.36.0.5.1, in respect of the qualified wages paid to an eligible employee in that taxation year, the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.5 or 1029.8.36.0.5.1, as the case may be, shall be replaced by a rate of 60% in respect of the portion of the qualified wages of the eligible employee that may reasonably be considered to be attributable to wages paid to the eligible employee in the portion of that taxation year within the particular period.

Notwithstanding the first paragraph, where any of subparagraphs *a* to *e* of the second paragraph of section 1029.8.36.0.4 applies for the purpose of determining the qualified wages paid by a corporation to an eligible employee, in a taxation year of the corporation all or part of which is within the particular period referred to in the first paragraph, the following rules apply for the purpose of determining the amount that the corporation is deemed to have paid to the Minister, in accordance with section 1029.8.36.0.5 or 1029.8.36.0.5.1, in respect of the qualified wages paid to the eligible employee in the taxation year:

(a) the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.5 or 1029.8.36.0.5.1, as the case may be, is replaced by a rate of 60% in respect of the lesser of the qualified wages of the eligible employee for the year and the portion of the qualified wages of the eligible employee for the year that may reasonably be attributed to wages paid to the eligible employee in the portion of that taxation year within the particular period, if the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.4 were read without reference to “the lesser of \$37,500 and”; and

(b) the rate of 40% referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.5 or 1029.8.36.0.5.1, as the case may be, applies only in respect of the amount by which the qualified wages paid by the corporation to the eligible employee in the year exceed the amount determined in accordance with subparagraph *a* in respect of the qualified wages paid by the corporation in the year.

“1029.8.36.0.5. The amount to which subparagraph *b* of the first paragraph of sections 1029.8.36.0.5 and 1029.8.36.0.5.1 refers in relation to qualified wages paid in a taxation year by a corporation in respect of an eligible employee, is equal to the amount by which the aggregate of the following amounts exceeds the amount determined pursuant to the second paragraph in respect of the wages :

(a) the amount determined in relation to the eligible employee for the year under subparagraph *a* of the first paragraph of that section 1029.8.36.0.5 or 1029.8.36.0.5.1, as the case may be; and

(b) the aggregate of all amounts each of which is an amount of government assistance in the form of a grant or deduction from tax relating to such qualified wages, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for that taxation year.

The amount to which the first paragraph refers in relation to qualified wages paid in a taxation year by a corporation in respect of an eligible employee is equal to the lesser of

(a) 60% of the amount paid as wages by the corporation in the year to the employee while the employee qualifies as an eligible employee of the corporation; and

(b) the amount obtained by multiplying \$25,000 by the proportion that the number of days in the taxation year on which the employee qualifies as an eligible employee of the corporation is of 365.”

(2) Subsection 1, where it enacts sections 1029.8.36.0.5.1 and 1029.8.36.0.5.2 of the said Act, has effect from 26 March 1997. However,

(1) where section 1029.8.36.0.5.1 of the said Act applies to a taxation year that begins before 23 December 1998, the first paragraph thereof shall be read as follows:

“1029.8.36.0.5. Where a corporation is an exempt corporation for a taxation year and where that taxation year is the first year during which the corporation so qualifies, that corporation, if it encloses the documents referred to in the second paragraph with its fiscal return it is required to file for the year under section 1000, is deemed to have paid to the Minister on the corporation's balance-due day for that year, as partial payment of its tax payable for that year under this Part, an amount equal to the aggregate of all amounts each of

which is 40% of the qualified wages paid by it in a preceding taxation year to an eligible employee.”;

(2) where section 1029.8.36.0.5.2 of the said Act applies to a taxation year that begins before 23 December 1998, it shall be read as if the reference, in the first paragraph and subparagraphs *a* and *b* of the second paragraph thereof, to “referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.5 or 1029.8.36.0.5.1” were a reference to “referred to in section 1029.8.36.0.5 or in the first paragraph of section 1029.8.36.0.5.1”.

(3) Subsection 1, where it enacts section 1029.8.36.0.5.3 of the said Act, applies to taxation years that begin after 22 December 1998.

202. (1) Sections 1029.8.36.0.6 to 1029.8.36.0.9 of the said Act are replaced by the following :

“1029.8.36.0.6 A corporation that is an exempt corporation for a taxation year is deemed to have paid to the Minister on the corporation’s balance-due day for that year, as partial payment of its tax payable for that year under this Part, an amount equal to the amount by which the aggregate of all amounts each of which is equal to 40% of the acquisition costs incurred by the corporation in the year or a preceding taxation year in respect of the acquisition of qualified property during the year or a preceding taxation year and during its eligibility period, or of the rental expenses paid by the corporation in the year or a preceding taxation year and during its eligibility period, in respect of qualified property of the corporation, exceeds the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under this section in respect of the qualified property for a preceding taxation year, if the corporation encloses the prescribed form containing the prescribed information and a copy of the certificate issued to it by the Minister of Finance in respect of the qualified property with its fiscal return it is required to file for the year under section 1000.

“1029.8.36.0.7 For the purposes of this division, where the Minister of Finance replaces or revokes a certificate that the Minister had issued to a corporation for a taxation year, the following rules apply :

(a) the replaced certificate is null and void from the time it was issued or deemed issued and the new certificate is deemed to have been issued at that time for that taxation year ; and

(b) the revoked certificate is null and void from the time it was issued or deemed issued.

“1029.8.36.0.8 Notwithstanding any other provision of this chapter, a corporation that is an exempt corporation for a taxation year shall not be deemed to have paid an amount to the Minister under a provision of this chapter, other than this division and Divisions I and II.1, for that year if the year is comprised in whole or in part within its eligibility period.



For the purposes of the first paragraph and notwithstanding the first paragraph of section 1029.8.36.0.4, “eligibility period” means the period that begins on the later of the time the corporation’s first taxation year begins and 26 March 1997 and ends at the end of the period of three years after that time or that date, as the case may be.

“1029.8.36.0.9 For the purpose of computing the amount that is deemed to have been paid to the Minister, for a taxation year, by a corporation under section 1029.8.36.0.6, the amount of the acquisition costs or rental expenses referred to in that section shall be reduced by the amount of any contract payment, government assistance or non-government assistance, attributable to those costs or expenses, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for that year.”

(2) Subsection 1 applies in respect of wages, costs or expenses incurred after 25 March 1997.

203. (1) Section 1029.8.36.0.10 of the said Act is amended

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

“1029.8.36.0.10 Where, in a taxation year, a corporation repays an amount of government assistance or non-government assistance, pursuant to a legal obligation to do so, that reduced the amount of an expenditure incurred as wages for the purpose of computing particular qualified wages in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.5 or 1029.8.36.0.5.1 for a particular taxation year, the following rules apply:”;

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

“(b) for the purposes of section 1029.8.36.0.5 or 1029.8.36.0.5.1 in respect of the deemed qualified wages under paragraph *a*,”;

(3) by replacing subparagraph *ii* of paragraph *b* by the following :

“ii. that section 1029.8.36.0.5 or 1029.8.36.0.5.1, as the case may be, shall be read without reference to subparagraph *b* of the second paragraph thereof.”

(2) Subsection 1 has effect from 26 March 1997. However, where paragraph 3 of subsection 1 applies to a taxation year that begins before 23 December 1998, subparagraph *ii* of paragraph *b* of section 1029.8.36.0.10 of the said Act, enacted by that paragraph 3, shall be read as follows :

“ii. section 1029.8.36.0.5 shall be read without reference to “and a copy of the certificate issued to it for the year by the Minister of Finance in respect of

the eligible employee”, and section 1029.8.36.0.5.1 shall be read without reference to subparagraph *b* of the second paragraph thereof.”

204. (1) Section 1029.8.36.0.11 of the said Act is amended

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

“1029.8.36.0.1 Where, in a taxation year, a corporation pays, pursuant to a legal obligation to do so, a particular amount that may reasonably be considered to be the repayment of government assistance or non-government assistance that reduced, pursuant to section 1029.8.36.0.9, particular acquisition costs to, or particular rental expenses of, the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a preceding taxation year under section 1029.8.36.0.6, the following rules apply :

(a) the particular amount is deemed, for the purposes of that section 1029.8.36.0.6, to be acquisition costs that were incurred by the corporation in the taxation year in respect of qualified property acquired during that year and during the corporation’s eligibility period, or rental expenses that were paid by the corporation in that year and during the corporation’s eligibility period, in respect of qualified property of the corporation ;” ;

(2) by inserting, after paragraph *a*, the following paragraph :

“(a.1) the amount that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.6 in respect of the particular amount is deemed

i. to be equal to the amount that, were it not for the assistance, would have been deemed to have been paid to the Minister by the corporation under section 1029.8.36.0.6 in respect of that portion, having been the object of the assistance so repaid, of the particular acquisition costs or particular rental expenses, and

ii. to be paid to the Minister under the same section as that under which, but for the assistance, the corporation would have been deemed to have paid an amount to the Minister in respect of that portion, having been the object of the assistance so repaid, of the corporation’s particular acquisition costs or particular rental expenses ; and”.

(2) Subsection 1 applies in respect of costs or expenses incurred after 25 March 1997.

205. (1) Section 1029.8.36.0.12 of the said Act is amended by replacing paragraph *a* by the following :

“(a) reduced the amount of an expenditure incurred as wages for the purpose of computing qualified wages in respect of which the corporation is

deemed to have paid an amount to the Minister under section 1029.8.36.0.5 or 1029.8.36.0.5.1;”.

(2) Subsection 1 has effect from 26 March 1997.

206. (1) Section 1029.8.36.0.13 of the said Act is amended by replacing paragraph *a* by the following paragraph:

“(a) reduced, because of section 1029.8.36.0.9, the acquisition costs to, or rental expenses of, the corporation for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.0.6;”.

(2) Subsection 1 applies in respect of costs or expenses incurred after 25 March 1997.

207. (1) Sections 1029.8.36.0.14 to 1029.8.36.0.16 of the said Act are replaced by the following:

“1029.8.36.0.14 For the purposes of this division, the acquisition costs to, or rental expenses of, a corporation in respect of a qualified property shall be reduced by the amount of the consideration for services supplied to the corporation or to a person with whom the corporation does not deal at arm’s length, or the amount of the consideration for the disposition or lease of other property either to the corporation or to such a person, except if the consideration may reasonably be considered to relate to the acquisition, the lease or the installation of the qualified property or the acquisition of property resulting from work related to the installation of the qualified property or of property consumed in connection with such work.

“1029.8.36.0.15 Where, in respect of the acquisition or lease of qualified property, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the supply or installation of the qualified property, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the amount of a corporation’s acquisition costs or rental expenses in respect of the qualified property for a taxation year shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the filing-due date of the corporation for that taxation year.

“1029.8.36.0.16 A taxpayer may be deemed to have paid an amount to the Minister as partial payment of the taxpayer’s tax payable for a particular taxation year under section 1029.8.36.0.5, 1029.8.36.0.5.1 or 1029.8.36.0.6, only if the taxpayer files with the Minister the prescribed information in prescribed form and the certificate referred to therein on or before the day that is 12 months after the taxpayer’s filing-due date for the particular year.”

(2) Subsection 1, where it enacts sections 1029.8.36.0.14 and 1029.8.36.0.15 of the said Act, applies in respect of costs or expenses incurred after 25 March 1997 and, where it enacts section 1029.8.36.0.16 of the said Act, has effect from 26 March 1997.

208. (1) Section 1029.8.36.4 of the said Act is amended, in the first paragraph,

(1) by striking out, in the portion of the definition of “outside consulting contract” before paragraph *a*, “after 31 December 1993”;

(2) by striking out paragraph *c* of the definition of “qualified corporation”.

(2) Paragraph 1 of subsection 1 applies to taxation years that begin after 31 July 1995.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 31 March 1998.

209. Section 1029.8.36.8 of the said Act is amended by replacing paragraphs *a* and *b* by the following:

“(a) 20%, where the contract is entered into before 1 January 2000, in respect of a design activity carried out before 1 January 2001; and

“(b) 10%, where the contract is entered into either before 1 January 2000, in respect of a design activity carried out after 31 December 2000, or after 31 December 1999.”

210. Section 1029.8.36.9 of the said Act is replaced by the following:

“1029.8.36.9 The percentage referred to in the first paragraph of section 1029.8.36.7 is 20% where the qualified wages are incurred before 1 January 2000 and 10% where such wages are incurred after 31 December 1999.”

211. (1) The heading of Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I of the said Act is replaced by the following:

“CREDIT FOR THE CONSTRUCTION OR CONVERSION OF VESSELS”.

(2) Subsection 1 has effect from 26 March 1997.

212. (1) Section 1029.8.36.54 of the said Act, amended by section 20 of chapter 8 of the statutes of 1999, is again amended

(1) by replacing the definition of “eligible contract” in the first paragraph by the following:

““eligible contract” means a contract in respect of which a validation certificate has been issued by the Minister of Industry and Trade, entered into

by a qualified corporation with a person or partnership and under which the qualified corporation entrusts the person or partnership with the carrying out of work in Québec which is related to the construction or conversion of an eligible vessel by the qualified corporation;”;

(2) by replacing, in the definition of “qualified construction expenditure” in the first paragraph, the portion after subparagraph i of paragraph *a* by the following:

“ii. any amount paid by the qualified corporation in the year or in a preceding taxation year, pursuant to a legal obligation to do so, as repayment of assistance to the extent that such assistance, in the year or in a preceding taxation year, reduced, because of subparagraph *a* of the third paragraph, a construction expenditure of the qualified corporation in respect of the eligible vessel; exceeds

(*b*) in the case of an eligible vessel in respect of which the Minister of Industry and Trade has issued a validation certificate certifying that it is a prototype vessel and in respect of which work was carried out before 26 March 1997, the aggregate of

i. 250% of the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under section 1029.8.36.55 by the qualified corporation, on account of its tax payable for a preceding taxation year, in respect of the portion of a qualified construction expenditure relating to the eligible vessel that may reasonably be attributed to work carried out before 26 March 1997, and

ii. 200% of the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under section 1029.8.36.55 by the qualified corporation, on account of its tax payable for a preceding taxation year, in respect of the portion of a qualified construction expenditure relating to the eligible vessel that may reasonably be attributed to work carried out after 25 March 1997; and

(*c*) in the case of an eligible vessel other than a vessel referred to in paragraph *b*, the product obtained by multiplying the factor specified in respect of the eligible vessel by the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under section 1029.8.36.55 by the qualified corporation, on account of its tax payable, in respect of the eligible vessel for a preceding taxation year;”;

(3) by inserting, in the first paragraph, the following definitions in alphabetical order:

““conversion expenditure” of a qualified corporation for a taxation year in respect of an eligible vessel means the aggregate of the following amounts, to the extent that they are reasonable in the circumstances:

(*a*) in respect of plans and specifications relating to the eligible vessel,

i. where the plans and specifications are, in whole or in part, prepared by the qualified corporation, the salaries or wages incurred in the year or in a preceding taxation year by the qualified corporation for the preparation, by its employees of an establishment of the corporation situated in Québec, of the plans and specifications,

ii. where the plans and specifications are, in whole or in part, prepared for the qualified corporation, under the terms of a contract, by a person or partnership with whom or with which the qualified corporation is not dealing at arm's length, the aggregate of all amounts each of which is the portion of the consideration paid in the year or in a preceding taxation year by the qualified corporation, under the terms of the contract, that may reasonably be attributed to the salaries or wages incurred by the person or partnership in the year or in a preceding taxation year for the preparation of the plans and specifications by its employees of an establishment situated in Québec, or that could be so attributed if the person or partnership had such employees, and

iii. in any other case, the portion of the cost of a contract, incurred by the qualified corporation in the year or in a preceding taxation year, that may reasonably be attributed to work carried out in Québec for the preparation of the plans and specifications ;

(b) where the conversion of the eligible vessel is carried out in whole or in part by the qualified corporation, the salaries or wages, incurred in the year or in a preceding taxation year, of its employees of an establishment situated in Québec and that are attributable to the conversion of the eligible vessel ;

(c) where, under the terms of an eligible contract, part of the conversion of the eligible vessel is carried out for the qualified corporation by a person or partnership with whom or with which the qualified corporation is not dealing at arm's length at the time the contract is entered into, the portion of the consideration paid in the year or in a preceding taxation year by the qualified corporation, under the terms of the contract, that may reasonably be attributed to the salaries or wages that are attributable to the conversion of the eligible vessel and incurred by the person or partnership in the year or in a preceding year in respect of its employees of an establishment situated in Québec, or that could be so attributed if the person or partnership had such employees ; and

(d) where, under the terms of an eligible contract, part of the conversion of the eligible vessel is carried out for the qualified corporation by a person or partnership with whom or with which the qualified corporation is dealing at arm's length at the time the contract is entered into, one-half of the portion of the consideration paid in the year or in a preceding taxation year by the qualified corporation to the person or partnership, under the terms of the contract, that may reasonably be attributed to conversion work provided for in the contract and carried out in the year or in a preceding year by the employees of an establishment of the person or partnership situated in Québec, or that could be so attributed if the person or partnership had such employees ;

““factor specified” in respect of an eligible vessel means,

(a) where the validation certificate issued by the Minister of Industry and Trade certifies that the eligible vessel is a prototype vessel, 2;

(b) where the validation certificate issued by the Minister of Industry and Trade certifies that the eligible vessel is the first vessel constructed or converted as part of a production run, 1000/375;

(c) where the validation certificate issued by the Minister of Industry and Trade certifies that the eligible vessel is the second vessel constructed or converted as part of a production run, 4; and

(d) where the validation certificate issued by the Minister of Industry and Trade certifies that the eligible vessel is the third vessel constructed or converted as part of a production run, 8;

““qualified conversion expenditure” of a qualified corporation for a taxation year in respect of an eligible vessel means the amount by which

(a) the aggregate of

i. the conversion expenditure of the qualified corporation for the year in respect of the eligible vessel, and

ii. any amount paid by the qualified corporation in the year or in a preceding taxation year, pursuant to a legal obligation to do so, as repayment of assistance to the extent that such assistance, in the year or in a preceding taxation year, reduced, because of subparagraph *a* of the third paragraph, a conversion expenditure of the qualified corporation in respect of the eligible vessel; exceeds

(b) the product obtained by multiplying the factor specified in respect of the eligible vessel by the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under section 1029.8.36.55.1 by the qualified corporation, on account of its tax payable, in respect of an eligible vessel for a preceding taxation year;

““vessel” includes a semi-submergible rig stabilized by submerging pontoons and by anchoring;”;

(4) by replacing, in the first paragraph, the definitions of “apparent payment” and “eligible vessel” by the following:

““apparent payment” means, except in sections 1029.8.36.55 and 1029.8.36.55.1, an amount paid or payable by a person or a partnership who or which, under the terms of a contract, carries out work or prepares plans and specifications for a qualified corporation, where the amount is paid or payable for the use of premises, facilities or equipment, or for the provision of

services, and that may reasonably be considered to be included in a qualified construction expenditure or a qualified conversion expenditure;

““eligible vessel” of a qualified corporation means a vessel constructed or converted in Québec by the corporation under a project in respect of which the Minister of Industry and Trade has issued a validation certificate attesting that the vessel will be a prototype vessel with a gross tonnage of at least 100 tons, or the first, second or third vessel with a gross tonnage of at least 100 tons, constructed or converted, as the case may be, as part of a production run according to essentially the same plans and specifications as those according to which a vessel in respect of which a validation certificate was issued by the Minister of Industry and Trade attesting that it was a prototype vessel with a gross tonnage of at least 100 tons was constructed or converted;”;

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

“For the purposes of paragraphs *b* and *c* of the definitions of “construction expenditure” and “conversion expenditure” in the first paragraph, the salaries or wages incurred by a person or a partnership in respect of an employee are attributable to the construction or conversion of an eligible vessel only where the employee works directly on the construction or conversion, as the case may be, of the vessel and only to the extent that the salaries or wages may reasonably be considered to relate to the construction or conversion, as the case may be, of the vessel in view of the time spent thereon by the employee and, in that respect, an employee who spends 90% or more of working time on the construction or conversion, as the case may be, of an eligible vessel is deemed to spend all working time thereon.”;

(6) by replacing subparagraph *a* of the third paragraph by the following :

“(a) the amount of salaries or wages incurred, of a portion of the consideration paid or of a portion of the cost of a contract incurred, as the case may be, which relates to a construction expenditure or a conversion expenditure incurred by a qualified corporation for a taxation year in respect of an eligible vessel shall be reduced, where applicable, by the amount of any government assistance and non-government assistance attributable to those salaries or wages, to that portion of the consideration or to that portion of the cost of a contract, as the case may be, that the qualified corporation has received, is entitled to receive or may reasonably expect to receive on or before its filing-due date for that year;”;

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

“(c) the amount of a qualified construction expenditure or a qualified conversion expenditure of a qualified corporation for a taxation year in respect of an eligible vessel shall be reduced by the amount of any apparent payment attributable to that expenditure, which the qualified corporation or a person with whom the qualified corporation is not dealing at arm’s length has received, is entitled to receive or may reasonably expect to receive on or before the qualified corporation’s filing-due date for that year.”;



(8) by replacing the portion of the fourth paragraph before subparagraph *b* by the following :

“For the purposes of subparagraph ii of paragraph *a* of the definitions of “qualified construction expenditure” and “qualified conversion expenditure” in the first paragraph, an amount of assistance is deemed to be repaid by a qualified corporation in a taxation year, pursuant to a legal obligation to do so, where that amount

(*a*) reduced, because of subparagraph *a* of the third paragraph, the amount of salaries or wages incurred, a portion of the consideration paid or a portion of the cost of a contract incurred, as the case may be, of a construction expenditure or a conversion expenditure of the qualified corporation for the purpose of computing the amount the qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.55 or 1029.8.36.55.1 ;”.

(2) Paragraphs 1, 2, where it enacts paragraph *c* of the definition of “qualified construction expenditure” in the first paragraph of section 1029.8.36.54 of the said Act, and 3 to 8 of subsection 1 apply in respect of expenditures incurred after 25 March 1997. However, where the definition of “eligible contract” in the first paragraph of section 1029.8.36.54 of the said Act, enacted by paragraph 1 of subsection 1, paragraphs *a* to *d* of the definition of “factor specified” in the first paragraph of that section, enacted by paragraph 3 of subsection 1, and the definition of “eligible vessel” in the first paragraph of that section, enacted by paragraph 4 of subsection 1, apply before 8 June 1999, they shall be read as if the references therein to “Industry and Trade” were references to “Industry, Trade, Science and Technology”.

(3) Paragraph 2 of subsection 1, where it enacts subparagraph ii of paragraph *a* of the definition of “qualified construction expenditure” in the first paragraph of section 1029.8.36.54 of the said Act, applies in respect of expenditures incurred after 9 May 1996.

(4) Paragraph 2 of subsection 1, where it enacts paragraph *b* of the definition of “qualified construction expenditure” in the first paragraph of section 1029.8.36.54 of the said Act, has effect from 26 March 1997. However, where the portion of paragraph *b* of the definition of “qualified construction expenditure” in the first paragraph of section 1029.8.36.54 of the said Act before subparagraph i, enacted by paragraph 2 of subsection 1, applies before 8 June 1999, it shall be read as if the reference therein to “Industry and Trade” were a reference to “Industry, Trade, Science and Technology”.

213. (1) Section 1029.8.36.55 of the said Act, amended by section 20 of chapter 8 of the statutes of 1999, is again amended by replacing the first paragraph by the following :

“1029.8.36.55A qualified corporation that, in a taxation year, constructs in Québec an eligible vessel and encloses with its fiscal return it is required to file for the year under section 1000 a copy of the validation certificate issued to it by the Minister of Industry and Trade, in respect of the eligible vessel, attesting that the eligible vessel is a prototype vessel or is the first, second or third vessel constructed as part of a production run, and the prescribed form containing the prescribed information, is deemed to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, the lesser of

(a) an amount equal, in respect of the eligible vessel

i. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is a prototype vessel, to the aggregate of

(1) 40% of the portion of the qualified construction expenditure for the year in respect of the eligible vessel that may reasonably be attributed to work carried out before 26 March 1997, and

(2) 50% of the portion of the qualified construction expenditure for the year in respect of the eligible vessel that may reasonably be attributed to work carried out after 25 March 1997, or

ii. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the first, second or third vessel constructed as part of a production run, to an amount that is the product obtained by multiplying the qualified construction expenditure for the year of the qualified corporation in respect of the eligible vessel by

(1) where the eligible vessel is the first vessel constructed as part of a production run, 37.5%,

(2) where the eligible vessel is the second vessel constructed as part of a production run, 25%, and

(3) where the eligible vessel is the third vessel constructed as part of a production run, 12.5% ; and

(b) the amount by which the product obtained by multiplying the cost of construction to the qualified corporation of the eligible vessel at the end of the year by the following percentages exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister, under this section, by the qualified corporation in respect of the eligible vessel for a preceding taxation year :

i. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is a prototype vessel, 20%,

ii. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the first vessel constructed as part of a production run, 15%,

iii. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the second vessel constructed as part of a production run, 10%, and

iv. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the third vessel constructed as part of a production run, 5%.”

(2) Subsection 1, where it enacts the portion of the first paragraph of section 1029.8.36.55 of the said Act before subparagraph *a*, applies in respect of expenditures incurred after 25 March 1997. However, where that portion of the first paragraph of section 1029.8.36.55, enacted by subsection 1, applies before 8 June 1999, it shall be read as if the reference therein to “Industry and Trade” were a reference to “Industry, Trade, Science and Technology”.

(3) Subsection 1, where it enacts subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.55 of the said Act, applies in respect of expenditures incurred after 9 May 1996. However, where those subparagraphs *a* and *b*, enacted by subsection 1,

(1) have effect before 26 March 1997, they shall be read as follows:

“(a) 40% of its qualified construction expenditure for the year in respect of the eligible vessel; and

“(b) the amount by which 20% of the cost of construction to the qualified corporation of the eligible vessel at the end of the year exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister, under this section, by the qualified corporation in respect of the eligible vessel for a preceding taxation year.”;

(2) apply after 25 March 1997 and before 8 June 1999, they shall be read as if the reference, in the portion of subparagraph *i* of that subparagraph *a* before subparagraph 1, in the portion of subparagraph *ii* of that subparagraph *a* before subparagraph 1 and in subparagraphs *i* to *iv* of that subparagraph *b*, to “Industry and Trade” were a reference to “Industry, Trade, Science and Technology”.

214. (1) The said Act is amended by inserting, after section 1029.8.36.55, the following:

“1029.8.36.55. A qualified corporation that, in a taxation year, converts in Québec an eligible vessel and encloses with its fiscal return it is

required to file for the year under section 1000 a copy of the validation certificate issued to it by the Minister of Industry and Trade, in respect of the eligible vessel, attesting that the eligible vessel is a prototype vessel or is the first, second or third vessel converted as part of a production run, and the prescribed form containing the prescribed information, is deemed to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, the lesser of

(a) the amount that is the product obtained by multiplying the qualified conversion expenditure for the year of the qualified corporation in respect of the eligible vessel by

i. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is a prototype vessel, 50%,

ii. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the first vessel converted as part of a production run, 37.5%,

iii. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the second vessel converted as part of a production run, 25%, and

iv. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the third vessel converted as part of a production run, 12.5%; and

(b) the amount by which the product obtained by multiplying the cost of conversion to the qualified corporation of the eligible vessel at the end of the year by the following percentages exceeds the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister, under this section, by the qualified corporation in respect of the eligible vessel for a preceding taxation year :

i. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is a prototype vessel, 20%,

ii. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the first vessel converted as part of a production run, 15%,

iii. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the second vessel converted as part of a production run, 10%, and

iv. where the validation certificate issued by the Minister of Industry and Trade certifies that the vessel is the third vessel converted as part of a production run, 5%.

For the purposes of subparagraph *b* of the first paragraph, the cost of conversion, at the end of a taxation year, of an eligible vessel of a qualified corporation is equal to the aggregate of

(*a*) the amount by which the portion of the cost of conversion to the qualified corporation of the eligible vessel incurred at the end of the year exceeds the aggregate of all amounts each of which is government assistance, non-government assistance or an apparent payment, attributable to the cost of conversion, that the qualified corporation or, in the case of an apparent payment, a person with whom the qualified corporation is not dealing at arm's length has received, is entitled to receive or may reasonably expect to receive on or before the qualified corporation's filing-due date for that year; and

(*b*) any repayment made by the corporation in the year or in a preceding taxation year, pursuant to a legal obligation to do so, of assistance referred to in subparagraph *a* in respect of the eligible vessel.

For the purposes of subparagraph *a* of the second paragraph, "apparent payment" means an amount paid or payable by a person who, for the conversion of an eligible vessel of a qualified corporation, carries out work or prepares plans and specifications for the qualified corporation, where the amount is paid or payable for the use of premises, facilities or equipment, or for the provision of services, and that may reasonably be considered to be included in the cost of conversion of the eligible vessel."

(2) Subsection 1 applies in respect of expenditures incurred after 25 March 1997. However, where the first paragraph of section 1029.8.36.55.1 of the said Act, enacted by subsection 1, applies before 8 June 1999, it shall be read as if the reference, in the portion before subparagraph *a*, in subparagraphs *i* to *iv* of subparagraph *a* and in subparagraphs *i* to *iv* of subparagraph *b*, to "Industry and Trade" were a reference to "Industry, Trade, Science and Technology".

215. (1) Section 1029.8.36.56 of the said Act, amended by section 20 of chapter 8 of the statutes of 1999, is again amended

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

"(*a*) a validation certificate revoked by the Minister of Industry and Trade is null from the time the revocation becomes effective;";

(2) by adding, after paragraph *b*, the following:

"(*c*) no amount may be deemed to have been paid to the Minister by a qualified corporation under section 1029.8.36.55.1 in respect of an expenditure that would, but for this paragraph, be a conversion expenditure included in a qualified conversion expenditure of the qualified corporation in respect of an eligible vessel of the corporation in respect of which a validation certificate was issued by the Minister of Industry and Trade if,

i. where the expenditure is referred to in any of paragraphs *b* to *d* of the definition of “conversion expenditure” in the first paragraph of section 1029.8.36.54, the expenditure was incurred before the date indicated to that effect on the validation certificate,

ii. where the expenditure was incurred after the date of issue of the validation certificate and is referred to in subparagraph i or ii of paragraph *a* of the definition of “conversion expenditure” in the first paragraph of section 1029.8.36.54 or in paragraph *b* or *c* of that definition, the certificate was not valid at the time the salaries or wages were incurred, or

iii. where the expenditure was incurred after the date of issue of the validation certificate and is referred to in subparagraph iii of paragraph *a* of the definition of “conversion expenditure” in the first paragraph of section 1029.8.36.54 or in paragraph *d* of that definition, the certificate was not valid at the time the work was carried out.”

(2) Paragraph 1 of subsection 1 applies in respect of expenditures incurred after 9 May 1996. However, where paragraph *a* of section 1029.8.36.56 of the said Act, enacted by paragraph 1 of subsection 1, applies before 8 June 1999, it shall be read as if the reference therein to “Industry and Trade” were a reference to “Industry, Trade, Science and Technology”.

(3) Paragraph 2 of subsection 1 applies in respect of expenditures incurred after 25 March 1997. However, where the portion of paragraph *c* of section 1029.8.36.56 of the said Act before subparagraph i, enacted by paragraph 2 of subsection 1, applies before 8 June 1999, it shall be read as if the reference therein to “Industry and Trade” were a reference to “Industry, Trade, Science and Technology”.

216. (1) Sections 1029.8.36.57 to 1029.8.36.59 of the said Act are replaced by the following :

“1029.8.36.57 For the purposes of this division, the qualified construction expenditure or qualified conversion expenditure of a qualified corporation in respect of an eligible vessel and the cost of construction or cost of conversion, as the case may be, to the corporation of that vessel shall be reduced by the amount of the consideration for the disposition of property, or for the provision of a service, to the qualified corporation or a person with whom the qualified corporation does not deal at arm’s length, except to the extent that the consideration may reasonably be considered to relate to property resulting from work, or to services, related to the construction or conversion, as the case may be, of the eligible vessel or to property or part of a property consumed in connection with such work or services.

“1029.8.36.58 Where, in respect of a contract entered into for the construction or conversion of an eligible vessel, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or

advantage, other than a benefit or advantage that may reasonably be attributed to the preparation of the plans and specifications relating to the vessel or to construction work or conversion work in respect of the vessel, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, the amount of qualified construction expenditure or qualified conversion expenditure, as the case may be, of a qualified corporation for a taxation year, in respect of the eligible vessel, and the cost of construction or cost of conversion, as the case may be, to the corporation of that eligible vessel for that year, shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the filing-due date of the qualified corporation for that taxation year.

“1029.8.36.59 For the purposes of this Part and the regulations, the amount that a qualified corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.55 or 1029.8.36.55.1 is deemed not to be assistance or an inducement received by the corporation from a government.”

(2) Subsection 1 applies in respect of expenditures incurred after 25 March 1997.

217. (1) Division II.6.6 of Chapter III.1 of Title III of Book IX of Part I of the said Act is repealed.

(2) Subsection 1, where it repeals sections 1029.8.36.70 and 1029.8.36.71 of the said Act, has effect from 1 January 1997 and, where it repeals Division II.6.6 of Chapter III.1 of Title III of Book IX of Part I of the said Act, except those sections 1029.8.36.70 and 1029.8.36.71, applies to calendar years after the calendar year 1999. However, where that Division II.6.6 applies in respect of the calendar year 1999, the following rules apply :

(1) it shall be read without reference to sections 1029.8.36.63 to 1029.8.36.69 thereof and with the following sections inserted after section 1029.8.36.66 :

“1029.8.36.66. An eligible taxpayer for the calendar year 1999 who encloses a prescribed form containing the prescribed information with the fiscal return the eligible taxpayer is required to file under section 1000 for the eligible taxpayer’s taxation year in which the calendar year 1999 ends is deemed, subject to the third paragraph, to have paid to the Minister on the eligible taxpayer’s balance-due day for that taxation year, on account of the eligible taxpayer’s tax payable for that taxation year under this Part, the amount determined by the formula

A – B.

In the formula provided for in the first paragraph,

(a) A is the amount that the eligible taxpayer would be deemed to have so paid to the Minister under this division in respect of the calendar year 1998 if each employee of the eligible taxpayer or of any member of a group of associated employers of which the eligible taxpayer is a member, as the case may be, in respect of whom a period of 40 weeks, referred to in paragraphs *a* to *c* of the definition of “eligible employee” in the first paragraph of section 1029.8.36.60, during which the employee was holding employment with the eligible taxpayer or the member, began in the calendar year 1998 and ended in the calendar year 1999 and who, by reason thereof, became an eligible employee of the eligible taxpayer or of the member in that calendar year 1999, were included in calculating the maximum number of eligible employees of the eligible taxpayer or of the member, as the case may be, at any time in the calendar year 1998; and

(b) B is the amount that the eligible taxpayer is deemed to have paid to the Minister under this division in respect of the calendar year 1998.

For the purpose of computing the payments that a qualified corporation to which the first paragraph applies is required to make under subparagraph *a* of the first paragraph of section 1027, or under any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year referred to in the first paragraph, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the first date following the end of the calendar year 1999 and on or before which it is required to make such a payment, the amount determined for the taxation year in its respect under the first paragraph.

Subject to the fifth paragraph, where a qualified corporation to which the first paragraph applies, whose taxation year in which the calendar year 1999 ends ends on or after 1 March following the end of that calendar year, estimates, on the prescribed form containing the prescribed information that it files with the Minister, the amount that it is deemed to have paid to the Minister under the first paragraph on account of its tax payable for the taxation year, the following rules apply:

(a) the Minister may, from that date, pay the estimated amount to the qualified corporation, to the extent that the amount does not exceed \$36,000;

(b) the amount paid under subparagraph *a* is deemed to be tax payable by the qualified corporation under this Part and is added to the qualified corporation’s tax otherwise payable for the taxation year under this Part;

(c) where the amount paid for the taxation year under subparagraph *a* exceeds the amount that the qualified corporation is deemed to have paid to the Minister under the first paragraph on account of its tax payable for the taxation year, the qualified corporation shall pay interest at the rate fixed by section 28 of the Act respecting the Ministère du Revenu (R.S.Q., chapter



M-31) on the difference between the two amounts, for the period running from the day on which the amount is so paid to the earlier of the day on which the excess amount is paid and the day on which the qualified corporation becomes liable for interest under section 1037; and

(d) for the purposes of the first paragraph, the qualified corporation is deemed to have enclosed, with the fiscal return it is required to file for the taxation year referred to in that paragraph, the prescribed form containing the prescribed information as required under the first paragraph.

The fourth paragraph does not apply to a corporation

(a) that is liable to the Government for an amount under a fiscal law, within the meaning of section 1 of the Act respecting the Ministère du Revenu ;

(b) that has failed to file a fiscal return under section 1000 for a preceding taxation year ;

(c) that is a bankrupt at any time during the taxation year ; or

(d) that reduces, in accordance with the third paragraph, the payments it is required to make for a period in the taxation year.

“1029.8.36.66. ~~A~~ An eligible taxpayer for the calendar year 1999 who is a member of a qualified partnership for that year and who encloses a prescribed form containing the prescribed information with the fiscal return the eligible taxpayer is required to file under section 1000, for the eligible taxpayer’s taxation year in which the calendar year 1999 ends if the partnership’s fiscal period that includes the end of the calendar year 1998 ended in the taxation year 1999 of the eligible taxpayer or, in any other case, for the eligible taxpayer’s taxation year following the taxation year in which the calendar year 1999 ends, is deemed, subject to the third paragraph, to have paid to the Minister on the eligible taxpayer’s balance-due day for that taxation year, on account of the eligible taxpayer’s tax payable for that taxation year under this Part, an amount equal to the lesser of the amount by which \$36,000 exceeds the aggregate of the amount that the eligible taxpayer is deemed to have paid to the Minister under this division in respect of the calendar year 1998 and the amount that the eligible taxpayer is deemed to have paid to the Minister under section 1029.8.36.66.1, and the amount determined by the formula

A – B.

In the formula provided for in the first paragraph,

(a) A is the amount that the eligible taxpayer would be deemed to have so paid to the Minister under this division in respect of the calendar year 1998 if each employee of the qualified partnership or of any member of a group of associated employers of which the qualified partnership is a member, as the

case may be, in respect of whom a period of 40 weeks, referred to in paragraphs *a* to *c* of the definition of “eligible employee” in the first paragraph of section 1029.8.36.60, during which the employee was holding employment with the qualified partnership or the member, began in the calendar year 1998 and ended in the calendar year 1999 and who, by reason thereof, became an eligible employee of the qualified partnership or of the member in that calendar year 1999, were included in calculating the maximum number of eligible employees of the qualified partnership or of the member, as the case may be, at any time in the calendar year 1998; and

(*b*) B is the amount that the eligible taxpayer is deemed to have paid to the Minister under this division in respect of the calendar year 1998.

For the purpose of computing the payments that a qualified corporation to which the first paragraph applies is required to make under subparagraph *a* of the first paragraph of section 1027, or under any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, for its taxation year referred to in the first paragraph, the qualified corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for that taxation year under this Part and its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the first date following the end of the calendar year 1999 and on or before which it is required to make such a payment, the amount determined for the taxation year in its respect under the first paragraph.”;

(2) section 1029.8.36.72 of the said Act, repealed by subsection 1, shall be read with “any of sections 1029.8.36.63 to 1029.8.36.66” replaced by “section 1029.8.36.66.1 or 1029.8.36.66.2”.

(3) In addition, where section 1029.8.36.60 of the said Act, repealed by subsection 1, applies to the calendar years 1997 and 1998 and

(1) the definition of “tax-exempt individual” in the first paragraph of that section 1029.8.36.60 applies

(*a*) in respect of a taxation year of a taxpayer that ends before 1 April 1998, that definition shall be read with “any of paragraphs *a* to *d*” replaced by “any of paragraphs *a* to *c*”;

(*b*) in respect of a taxation year of a taxpayer that ends after 31 March 1998, that definition shall be read with “any of paragraphs *a* to *d*” replaced by “paragraph *a* or *b*”;

(2) the definition of “qualified corporation” in the first paragraph of that section 1029.8.36.60 applies to a taxation year of a taxpayer that ends after 31 March 1998, that definition shall be read without reference to paragraph *c* thereof.

218. (1) The said Act is amended by inserting, after section 1029.8.36.72, the following :

**“DIVISION II.6.7**

**“CREDIT FOR JOB CREATION IN THE CLOTHING AND FOOTWEAR INDUSTRY**

“§1. — *Definitions and general*

“1029.8.36.73 In this division,

“clothing” does not include jewellery or any other similar items used for adornment ;

“eligible employee” during a period within a calendar year means an employee, other than an excluded employee at any time in that period, who, during that period, reports for work at an establishment of the employer situated in Québec and who spends at least 90% of time at work throughout that period in directly undertaking, supervising or supporting the making or manufacture of clothing or footwear and, in that respect, an employee who holds a position as a marker, assorter, sewer, cutter, assembler, presser, garment maker, stacker, inspector, tacker, trimmer, operator, turner or general labourer or who uses a spreader or a separator in the course of the employee’s duties is deemed to directly undertake or support the making or manufacture of clothing or footwear ;

“eligible employer”, in relation to an eligible employee, means an eligible taxpayer or qualified partnership from whom or from which the eligible employee receives remuneration ;

“eligible taxpayer” for a calendar year means a taxpayer who, in the year, carries on a business in Québec and has an establishment in Québec and who, for the year, is an individual, other than a tax-exempt individual, or a qualified corporation ;

“excluded employee” at a particular time means an employee of a qualified partnership who, at that time, does not deal at arm’s length with a member of the partnership or an employee of a qualified corporation who, at that time, is a specified shareholder of that corporation or, where the qualified corporation is a cooperative, a specified member of that corporation ;

“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 ;

“group of associated employers”, at the end of a calendar year, has the meaning assigned by section 1029.8.36.74 ;

“initial calendar year” of a taxpayer or partnership in relation to a business that makes or manufactures clothing or footwear means the first calendar year after the calendar year 1996 for which the taxpayer or partnership is an eligible taxpayer or qualified partnership, whose gross revenue for the taxation year or fiscal period, as the case may be, in which that calendar year ends is derived mainly from the carrying on of that business;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87, if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof;

“qualified corporation” for a calendar year means a corporation all or substantially all the gross revenue of which is derived from the carrying on of a qualified business, for the taxation year of the corporation in which the calendar year ends, but does not include

(*a*) a corporation that is exempt from tax for the taxation year under Book VIII; or

(*b*) a corporation that would be exempt from tax for the taxation year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof:

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”;

“qualified partnership” for a calendar year means a partnership that carries on a business in Québec and has an establishment in Québec in that year and that, if it were a corporation, would be a qualified corporation for that calendar year;

“repayment of eligible assistance”, for a particular taxation year or a particular fiscal period, by an eligible taxpayer or a qualified partnership, as the case may be, means

(*a*) in the case of an eligible taxpayer, the aggregate of

i. where, during the particular taxation year, pursuant to a legal obligation to do so, the eligible taxpayer pays an amount that may reasonably be considered to be repayment of assistance referred to in subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.83 that reduced the amount of the salaries or wages paid by the eligible taxpayer to an eligible employee, in the course of carrying on a business of making or manufacturing clothing or footwear, for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.76 determined in respect of the eligible taxpayer in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than the salaries or wages paid by the eligible taxpayer during the eligible taxpayer’s initial calendar year in relation

to that business, the amount by which the excess amount that would be determined under paragraph *a* of section 1029.8.36.76 in respect of the eligible taxpayer in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein were reduced by any amount paid by the eligible taxpayer, in respect of such an amount of assistance, as repayment during the particular taxation year or a preceding taxation year, exceeds the aggregate of

(1) the excess amount determined under paragraph *a* of section 1029.8.36.76 in respect of the eligible taxpayer in relation to the preceding calendar year, and

(2) the aggregate of all the amounts determined for a taxation year preceding the particular taxation year under this paragraph i, and

ii. where, during a particular calendar year ending in the particular taxation year, pursuant to a legal obligation to do so, a person or a partnership pays an amount that may reasonably be considered to be repayment of assistance referred to in subparagraph i of subparagraph *c* of the first paragraph of section 1029.8.36.83 that reduced the amount of the salaries or wages paid by the person or partnership, as the case may be, to an eligible employee, in the course of carrying on a business of making or manufacturing clothing or footwear, for the purpose of computing the excess amount referred to in section 1029.8.36.80 determined in respect of a calendar year preceding the particular calendar year in relation to a group of associated employers of which the person or partnership was a member at the end of that preceding calendar year, other than the salaries or wages paid by the person or partnership during the initial calendar year of the person or partnership in relation to that business, such proportion, as the amount attributed to the eligible taxpayer pursuant to the agreement filed by the eligible taxpayer pursuant to section 1029.8.36.78 as a member of the group of associated employers in respect of the preceding calendar year is of the aggregate of all the amounts attributed pursuant to the agreement or, in the absence of such an agreement, as the amount of the salaries or wages paid by the eligible taxpayer for the purpose of computing the excess amount in respect of the preceding calendar year is of the amount of the salaries or wages paid by all the members of the group of associated employers for the purpose of computing the excess amount in respect of that preceding calendar year, of the amount by which the excess amount that would be determined under section 1029.8.36.80 in respect of the group of associated employers in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein were reduced by any amount paid, in respect of such an amount of assistance, by a member of the group as repayment during the particular calendar year or a preceding calendar year, exceeds the aggregate of

(1) the excess amount determined under section 1029.8.36.80 in respect of the group of associated employers in relation to the preceding calendar year, and

(2) the aggregate of all the amounts determined for a calendar year preceding the particular calendar year under this paragraph ii; and

(b) in the case of a qualified partnership, the aggregate of

i. where, during the particular fiscal period, pursuant to a legal obligation to do so, the qualified partnership pays an amount that may reasonably be considered to be repayment of assistance referred to in subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.36.83 that reduced the amount of the salaries or wages paid by the qualified partnership to an eligible employee, in the course of carrying on a business of making or manufacturing clothing or footwear, for the purpose of computing the excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.77 determined in respect of the qualified partnership in relation to a calendar year preceding the calendar year ending in the particular fiscal period, other than the salaries or wages paid by the qualified partnership during its initial calendar year in relation to that business, the amount by which the excess amount that would be computed under subparagraph *a* of the first paragraph of section 1029.8.36.77 in respect of the qualified partnership in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein were reduced by any amount paid by the qualified partnership, in respect of such an amount of assistance, as repayment during the particular fiscal period or a preceding fiscal period, exceeds the aggregate of

(1) the excess amount determined under subparagraph *a* of the first paragraph of section 1029.8.36.77 in respect of the qualified partnership in relation to the preceding calendar year, and

(2) the aggregate of all the amounts determined for a fiscal period preceding the particular fiscal period under this paragraph i, and

ii. where, during a particular calendar year ending in the particular fiscal period, pursuant to a legal obligation to do so, a person or a partnership pays an amount that may reasonably be considered to be repayment of assistance referred to in subparagraph i of subparagraph *c* of the first paragraph of section 1029.8.36.83 that reduced the amount of the salaries or wages paid by the person or partnership, as the case may be, to an eligible employee, in the course of carrying on a business of making or manufacturing clothing or footwear, for the purpose of computing the excess amount referred to in section 1029.8.36.80 determined in respect of a calendar year preceding the particular calendar year in relation to a group of associated employers of which the person or partnership was a member at the end of that preceding calendar year, other than the salaries or wages paid by the person or partnership during the initial calendar year of the person or partnership in relation to that business, such proportion, as the amount attributed to the qualified partnership pursuant to the agreement filed by the qualified partnership pursuant to section 1029.8.36.79 as a member of the group of associated employers in respect of the preceding calendar year is of the aggregate of all the amounts attributed pursuant to the agreement or, in the absence of such an agreement,

as the amount of the salaries or wages paid by the qualified partnership for the purpose of computing the excess amount in respect of the preceding calendar year is of the amount of the salaries or wages paid by all the members of the group of associated employers for the purpose of computing the excess amount in respect of that preceding calendar year, of the amount by which the excess amount that would be determined under section 1029.8.36.80 in respect of the group of associated employers in relation to the preceding calendar year if each of the amounts of assistance paid in respect of the salaries or wages referred to therein were reduced by any amount paid, in respect of such an amount of assistance, by a member of the group as repayment during the particular calendar year or a preceding calendar year, exceeds the aggregate of

(1) the excess amount determined under section 1029.8.36.80 in respect of the group of associated employers in relation to the preceding calendar year, and

(2) the aggregate of all the amounts determined for a calendar year preceding the particular calendar year under this paragraph ii ;

“salary or wages” means the income computed pursuant to Chapters I and II of Title II of Book III but does not include directors’ fees, premiums, incentive bonuses, overtime compensation for hours done in addition to normal working hours, commissions or benefits referred to in Division II of Chapter II of Title II of Book III ;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative ;

“tax-exempt individual”, for a calendar year, means a trust one of the capital or income beneficiaries of which is a corporation described in paragraph *a* or *b* of the definition of “qualified corporation” for the year, or a person exempt from tax under Book VIII for the taxation year of the person in which the calendar year ends.

For the purposes of the definition of “eligible employee” in the first paragraph,

(*a*) where, during a period within a calendar year, the employee reports for work at an establishment of the employer situated in Québec and at an establishment of the employer situated outside Québec, the employee is, for that period, deemed

i. except if subparagraph ii applies, to report for work only at the establishment situated in Québec, and

ii. to report for work only at the establishment situated outside Québec if, during that period, the employee reports for work mainly at an establishment of the employer situated outside Québec ; and

(b) where, during a period within a calendar year, the employee is not required to report for work at an establishment of the employer and the employee's salary or wages in relation to that period are paid from such an establishment situated in Québec, the employee is deemed to report for work at that establishment if the duties performed by the employee during that period are performed mainly in Québec.

For the purposes of the definition of "repayment of eligible assistance" in the first paragraph, the repayment at any particular time, by a taxpayer who is a member of a partnership, of government assistance or non-government assistance that is attributable to salaries or wages paid by the partnership is deemed to be made by the partnership, at that time, as repayment of government assistance or non-government assistance attributable to such salaries or wages.

For the purposes of this division, a reference to a calendar year ending in a taxation year or fiscal period includes a reference to a calendar year ending coincidentally with that taxation year or fiscal period, as the case may be.

"1029.8.36.74A group of associated employers, at the end of a calendar year, means the group formed by all the eligible employers whose gross revenue for the taxation year in which the calendar year ends is derived mainly from the carrying on of a business of making or manufacturing clothing or footwear and who, at that time, are corporations associated with each other, and, for the purposes of this section, the following rules apply:

(a) the employer that is an individual, other than a trust, is deemed to be a corporation, all of the voting shares in the capital stock of which are owned at that time by the individual;

(b) the employer that is a partnership is deemed to be a corporation, the taxation year of which covers the same period as its fiscal period and all of the voting shares in the capital stock of which are owned at that time by each member of the partnership in a proportion equal to the proportion that

i. the member's share of the income or loss of the partnership for its fiscal period that includes that time, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000, is of

ii. the income or loss of the partnership for its fiscal period that includes that time, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000; and

(c) the employer that is a trust is deemed to be a corporation all of the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries, in this paragraph



referred to as the “distribution date”, and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) where any such beneficiary’s share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, any discretionary power, and where that time occurs before the distribution date, are owned at that time by the beneficiary,

(2) where subparagraph 1 does not apply and where that time occurs before the distribution date, are owned at that time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. where a beneficiary’s share of the accumulating income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, any discretionary power, are owned at that time by the beneficiary, except where subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at that time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, except where subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at that time by the person referred to therein from whom property of the trust or property for which it was substituted was directly or indirectly received.

“1029.8.36.75 Where it may reasonably be considered that one of the main reasons for the separate existence of two or more eligible employers in a calendar year is to cause an eligible taxpayer to be deemed to have paid an amount to the Minister under this division in respect of that year or to increase an amount that an eligible taxpayer is deemed to have paid to the Minister under this division in respect of that year, those eligible employers are deemed, for the purposes of this division, to be members of a group of associated employers at the end of the year.

“§2. — *Credit*

“1029.8.36.76 An eligible taxpayer for a particular calendar year after the calendar year 1997 and before the calendar year 2002 who is not a member of a group of associated employers at the end of the particular calendar year and who encloses the prescribed form containing the prescribed information with the fiscal return the eligible taxpayer is required to file under section 1000 for the taxation year in which the particular calendar year ends, is deemed to have paid to the Minister on the eligible taxpayer’s balance-due

day for that taxation year, on account of the eligible taxpayer's tax payable for that taxation year under this Part, an amount equal to 20% of the aggregate of

(a) if the gross revenue of the eligible taxpayer for the taxation year is derived mainly from the carrying on of a business of making or manufacturing clothing or footwear, the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the eligible taxpayer to an employee during a period within the particular calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the eligible taxpayer to an employee during a period within the eligible taxpayer's initial calendar year, in relation to the business, for which the employee is an eligible employee; and

(b) the repayment of eligible assistance by the eligible taxpayer for the taxation year.

~~1029.8.36.77~~ Where a qualified partnership for a particular calendar year after the calendar year 1997 and before the calendar year 2002 is not a member of a group of associated employers at the end of the particular calendar year, each eligible taxpayer for the particular calendar year who is a member of the qualified partnership at the end of the particular fiscal period of the qualified partnership in which the particular calendar year ends and who encloses the prescribed form containing the prescribed information with the fiscal return the eligible taxpayer is required to file under section 1000 for the taxation year in which the particular fiscal period of the qualified partnership ends, is deemed to have paid to the Minister on the eligible taxpayer's balance-due day for that taxation year, on account of the eligible taxpayer's tax payable for that taxation year under this Part, an amount equal to 20% of the eligible taxpayer's share of the aggregate of

(a) if the gross revenue of the qualified partnership for the particular fiscal period is derived mainly from the carrying on of a business of making or manufacturing clothing or footwear, the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified partnership to an employee during a period within the particular calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified partnership to an employee during a period within the qualified partnership's initial calendar year, in relation to the business, for which the employee is an eligible employee; and

(b) the repayment of eligible assistance by the qualified partnership for the particular fiscal period.

For the purposes of the first paragraph, the share of an eligible taxpayer of an amount is equal to the proportion of that amount that the share of the eligible taxpayer of the income or loss of the qualified partnership for the fiscal period of the qualified partnership ending in the eligible taxpayer's taxation year is of the income or loss of the qualified partnership for that fiscal period, on the assumption that, if the income and loss of the qualified partnership

for that fiscal period are nil, the qualified partnership's income for that fiscal period is equal to \$1,000,000.

“1029.8.36.78 An eligible taxpayer for a particular calendar year after the calendar year 1997 and before the calendar year 2002 who is a member of a group of associated employers at the end of the particular calendar year and who encloses the prescribed form containing the prescribed information with the fiscal return the eligible taxpayer is required to file under section 1000 for the taxation year in which the particular calendar year ends, is deemed, if the eligible taxpayer files the agreement referred to in section 1029.8.36.80 in prescribed form with the Minister in respect of the particular calendar year, to have paid to the Minister on the eligible taxpayer's balance-due day for that taxation year, on account of the eligible taxpayer's tax payable for that taxation year under this Part, an amount equal to 20% of the aggregate of

(a) if the gross revenue of the eligible taxpayer for the taxation year is derived mainly from the carrying on of a business of making or manufacturing clothing or footwear, the lesser of

i. the amount attributed to the eligible taxpayer in respect of the particular calendar year pursuant to the agreement, and

ii. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the eligible taxpayer to an employee during a period within the particular calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the eligible taxpayer to an employee during a period within the eligible taxpayer's initial calendar year, in relation to the business, for which the employee is an eligible employee; and

(b) the repayment of eligible assistance by the eligible taxpayer for the taxation year.

“1029.8.36.79 Where a qualified partnership for a particular calendar year after the calendar year 1997 and before the calendar year 2002 is a member of a group of associated employers at the end of the particular calendar year, each eligible taxpayer for the particular calendar year who is a member of the qualified partnership at the end of the particular fiscal period of the qualified partnership in which the particular calendar year ends and who encloses the prescribed form containing the prescribed information with the fiscal return the eligible taxpayer is required to file under section 1000 for the taxation year in which the particular fiscal period of the qualified partnership ends, is deemed, if the eligible taxpayer files the agreement referred to in section 1029.8.36.80 in prescribed form with the Minister in respect of the particular calendar year, to have paid to the Minister on the eligible taxpayer's balance-due day for that taxation year, on account of the eligible taxpayer's tax payable for that taxation year under this Part, an amount equal to 20% of the eligible taxpayer's share of the aggregate of

(a) if the gross revenue of the qualified partnership for the particular fiscal period is derived mainly from the carrying on of a business of making or manufacturing clothing or footwear, the lesser of

i. the amount attributed to the qualified partnership in respect of the particular calendar year pursuant to the agreement, and

ii. the amount by which the aggregate of all amounts each of which is the salaries or wages paid by the qualified partnership to an employee during a period within the particular calendar year for which the employee is an eligible employee exceeds the aggregate of all amounts each of which is the salaries or wages paid by the qualified partnership to an employee during a period within the qualified partnership's initial calendar year, in relation to the business, for which the employee is an eligible employee; and

(b) the repayment of eligible assistance by the qualified partnership for the particular fiscal period.

For the purposes of the first paragraph, the share of an eligible taxpayer of an amount is equal to the proportion of that amount that the share of the eligible taxpayer of the income or loss of the qualified partnership for the fiscal period of the qualified partnership ending in the eligible taxpayer's taxation year is of the income or loss of the qualified partnership for that fiscal period, on the assumption that, if the income and loss of the qualified partnership for that fiscal period are nil, the qualified partnership's income for that fiscal period is equal to \$1,000,000.

**1029.8.36.80** The agreement to which sections 1029.8.36.78 and 1029.8.36.79 refer in respect of a particular calendar year means an agreement under which all the members of the group of associated employers referred to in those sections attribute to one or more of their number, for the purposes of this division, one or more amounts the aggregate of which for the particular calendar year does not exceed the amount by which the aggregate of all the amounts each of which is the salaries or wages paid by a member of the group in the course of carrying on a business of making or manufacturing clothing or footwear to an employee during a period within the particular calendar year for which the employee is an eligible employee of the member exceeds the aggregate of all amounts each of which is the salaries or wages paid by a member of the group in the course of carrying on such a business to an employee during a period within the member's initial calendar year, in relation to that business, for which the employee is an eligible employee.

**1029.8.36.81** For the purposes of this division, where the number of days in the initial calendar year of a taxpayer or partnership, in relation to a business of making or manufacturing clothing or footwear, during which the taxpayer or partnership carried on the business, in this section referred to as the "number of qualifying days" of the taxpayer or partnership, as the case may be, is less than 365, the aggregate of all amounts each of which is the salaries or wages paid by the taxpayer or partnership in the course of carrying on the business to an employee during a period within the initial calendar year

of the taxpayer or partnership in relation to the business for which the employee is an eligible employee of the taxpayer or the partnership, as the case may be, less the amount determined in respect of such salaries or wages in accordance with subparagraphs *a* to *c* of the first paragraph of section 1029.8.36.83, is deemed to be equal to the proportion of that aggregate, otherwise determined without taking account of section 1029.8.36.86, that 365 is of the number of qualifying days of the taxpayer or partnership, as the case may be, in relation to the business.

~~“1029.8.36.82~~Where the aggregate of the amounts attributed pursuant to an agreement referred to in section 1029.8.36.78 or 1029.8.36.79 for a calendar year by the members of a group of associated employers at the end of that year exceeds the excess amount determined for the year in respect of the group of associated employers under section 1029.8.36.80, the amount so attributed to each of the members for the year is deemed, for the purposes of section 1029.8.36.78 or 1029.8.36.79, as the case may be, to be equal to the proportion of the amount of the excess that the amount attributed for the year to that member pursuant to the agreement is of the aggregate of all such amounts attributed for the year pursuant to the agreement.

“§3. — *Government assistance, non-government assistance and other*

~~“1029.8.36.83~~For the purpose of computing the amount that is deemed to have been paid to the Minister by a taxpayer, for a taxation year, under any of sections 1029.8.36.76 to 1029.8.36.79, the following rules apply :

(a) the amount of the salaries or wages referred to in paragraph *a* of section 1029.8.36.76 or in subparagraph ii of paragraph *a* of section 1029.8.36.78 paid by the taxpayer shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the taxpayer has received, is entitled to receive or may reasonably expect to receive, on or before the taxpayer's filing-due date for the taxpayer's taxation year, except any amount of government assistance which reduced the amount of salaries or wages under subparagraph ii,

ii. by the part of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which the taxpayer is deemed to have paid an amount to the Minister under this chapter for any taxation year,

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the taxpayer's filing-due date for the taxpayer's taxation year, to the extent that

the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the taxpayer;

(b) the amount of the salaries or wages referred to in subparagraph *a* of the first paragraph of section 1029.8.36.77 or in subparagraph ii of subparagraph *a* of the first paragraph of section 1029.8.36.79 paid during a calendar year by a partnership of which the taxpayer is a member shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the partnership has received, is entitled to receive or may reasonably expect to receive, on or before a date that is six months after the end of the fiscal period of the partnership in which the calendar year ended,

ii. by the part of such salaries or wages that may reasonably be considered to be included in computing an expenditure made by the partnership in respect of which the taxpayer is deemed to have paid an amount to the Minister under this chapter for any taxation year,

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or another partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before a date that is six months after the end of the fiscal period of the partnership in which the calendar year ended, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the partnership; and

(c) the amount of the salaries or wages paid by a member of a group of associated employers, determined for the purpose of computing the amount that may be attributed, for a calendar year, by the members of the group of associated employers in accordance with section 1029.8.36.80 to one or more of their number, shall be reduced, where applicable,

i. by the amount of any government assistance or non-government assistance attributable to the salaries or wages that the member has received, is entitled to receive or may reasonably expect to receive, on or before the member's filing-due date for the member's taxation year or, in the case of a member that is a partnership, on or before a date that is six months after the end of the fiscal period of the partnership in which the calendar year ended, except any amount of government assistance that reduced the amount of salaries or wages under subparagraph ii,

ii. by the part of such salaries or wages that may reasonably be considered to be included in computing an expenditure in respect of which

(1) where the member of the group of associated employers is a taxpayer, the taxpayer is deemed to have paid an amount to the Minister under this chapter for any taxation year;

(2) where the member of the group of associated employers is a partnership, a taxpayer who is a member of the partnership is deemed to have paid an amount to the Minister under this chapter for any taxation year,

iii. by the amount of any benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, other than a benefit or advantage derived from the performance of the duties of an eligible employee, that a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain, where the member is a taxpayer, on or before the taxpayer's filing-due date for the taxpayer's taxation year or, where the member is a partnership, on or before a date that is six months after the end of the fiscal period of the partnership in which the calendar year ended, to the extent that the benefit or advantage may reasonably be considered to be attributable, directly or indirectly, to part or all of the amount of the salaries or wages paid by the member.

For the purposes of this section, where, at a particular time, a taxpayer who is a member of a partnership has received, is entitled to receive or may reasonably expect to receive government assistance or non-government assistance, the amount of the assistance that is attributable to salaries or wages paid by the partnership is deemed to be received by the partnership at that time as government assistance or non-government assistance, as the case may be, attributable to such salaries or wages.

“1029.8.36.84 For the purposes of this division, an amount is deemed to be a repayment of assistance made during a calendar year by a taxpayer or by a partnership, as the case may be, where the amount

(a) reduced an amount of salaries or wages,

i. in the case of assistance referred to in subparagraph *a* or *b* of the first paragraph of section 1029.8.36.83, for the purpose of computing the amount that the taxpayer is deemed to have paid to the Minister for a taxation year under paragraph *a* of section 1029.8.36.76 or that an eligible taxpayer who is a member of the qualified partnership is deemed to have paid to the Minister for a taxation year under subparagraph *a* of the first paragraph of section 1029.8.36.77;

ii. in the case of assistance referred to in subparagraph *c* of the first paragraph of section 1029.8.36.83, for the purpose of computing the excess amount referred to in section 1029.8.36.80, determined for a calendar year in relation to a group of associated employers of which the taxpayer or partnership is a member;

(b) was not received by the taxpayer or partnership; and

(c) ceased during the calendar year to be an amount that the taxpayer or partnership may reasonably expect to receive.

“1029.8.36.85 For the purposes of this division, where a taxpayer or a partnership has received, is entitled to receive or may reasonably expect to receive non-government assistance, or where a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner, in respect of a taxation year or fiscal period in which the initial calendar year of the taxpayer or partnership, as the case may be, ends, in relation to a business of making or manufacturing clothing or footwear, and where it may reasonably be considered that the main reason for the assistance or the benefit or advantage is to reduce, in accordance with subparagraph i or iii of any of subparagraphs *a* to *c* of the first paragraph of section 1029.8.36.83, as the case may be, the amount of the salaries or wages paid by the taxpayer or partnership during the initial calendar year of the person or partnership, in relation to the business, so as to cause the taxpayer to be deemed to have paid an amount to the Minister under this division for a taxation year or to increase an amount that a taxpayer is deemed to have paid to the Minister under this division for a taxation year, the amount of the assistance or of the benefit or advantage is deemed to be zero.

“1029.8.36.86 Where, at a particular time during a particular calendar year, the activities pursued by a person or partnership, in this section referred to as the “vendor”, during the vendor’s initial calendar year in relation to a business of making or manufacturing clothing or footwear, diminish or cease in whole or in part, and where it may reasonably be considered that, because of that fact, another person or partnership, in this section referred to as the “purchaser”, begins, after the particular time, to pursue similar activities in the course of carrying on such a business, or increases, after the particular time, the scope of similar activities pursued in the course of carrying on such a business, the following rules apply, except where the first paragraph of section 549 or section 564 apply, for the purpose of determining the amount that a taxpayer is deemed to have paid to the Minister under this division in respect of the particular calendar year or a subsequent calendar year and for the purpose of applying this section from the particular time:

(a) the particular amount of the vendor is deemed to be equal, from the particular time, to the amount by which the vendor’s particular amount, determined under this section, immediately before the particular time, exceeds the amount determined by the formula

$$A \times B \times C; \text{ and}$$

(b) the purchaser is deemed, for the purpose of applying this section from the particular time, to have pursued, during the purchaser’s initial calendar year, the portion of the vendor’s activities that diminished or ceased at the particular time, and the particular amount of the purchaser is deemed, from the particular time, to be equal to the total of the particular amount of the



purchaser, determined under this section, immediately before the particular time and the amount determined by the formula

$$A \times B \times D.$$

In the formulas provided for in subparagraphs *a* and *b* of the first paragraph,

(*a*) *A* is the portion of the particular amount of the vendor, determined under this section, immediately before the particular time, that may reasonably be attributed to the activities pursued by the vendor during the initial calendar year of the vendor that diminished or ceased at the particular time ;

(*b*) *B* is the proportion that the number of the vendor's eligible employees assigned to the portion of the activities that diminished or ceased at the particular time is of the number of the vendor's eligible employees assigned to those activities immediately before the particular time ;

(*c*) *C*, where this section applies for the purpose of determining the amount that a taxpayer is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year following the particular time is of 365 ; and

(*d*) *D*, where the first paragraph applies for the purpose of determining the amount that a taxpayer is deemed to have paid to the Minister under this division in respect of the particular calendar year, is the proportion that the number of days in the particular calendar year during which the purchaser pursues the activities the pursuit of which by the vendor diminished or ceased at the particular time is of 365.

For the purposes of this section, the particular amount of the vendor or of the purchaser is equal to the aggregate of all amounts each of which is the amount of salaries or wages paid by the vendor or the purchaser, as the case may be, to an employee during a period within the initial calendar year of the vendor or purchaser in relation to the business referred to in the first paragraph, for which the employee is an eligible employee, reduced by the amount determined, in respect of such salaries or wages, pursuant to any of subparagraphs *a* to *c* of the first paragraph of section 1029.8.36.83.

~~“1029.8.36.87~~An eligible taxpayer may be deemed to have paid an amount to the Minister on account of the eligible taxpayer's tax payable for a taxation year under any of sections 1029.8.36.76 to 1029.8.36.79 only if the eligible taxpayer files with the Minister the prescribed information in prescribed form on or before the day that is 12 months after the eligible taxpayer's filing-due date for the year.

~~“1029.8.36.88~~For the purposes of this division, government assistance or non-government assistance does not include an amount that a taxpayer is deemed to have paid to the Minister for a taxation year under this division.

**“DIVISION II.6.8****“CREDIT FOR INVESTMENT FUND CREATION****“§1. — Interpretation and general**

**“1029.8.36.89** In this division,

“deemed start-up expenditure” of a qualified corporation for a taxation year in respect of a qualified investment fund of the qualified corporation means the aggregate of all amounts each of which is an amount paid by the qualified corporation in the year, in this definition referred to as the “particular year”, pursuant to a legal obligation to do so, as repayment of assistance that reduced, for the purpose of computing a qualified start-up expenditure of the qualified corporation in respect of that fund for a preceding taxation year and in respect of which the qualified corporation is deemed to have paid an amount to the Minister under section 1029.8.36.90 for that preceding taxation year or, as the case may be, for a taxation year after that preceding taxation year but before the particular year, the aggregate referred to in paragraph *a* of the definition of “qualified start-up expenditure” and determined in relation to the qualified corporation in respect of that fund for that preceding taxation year;

“excluded investment fund” means

(*a*) a fund exempt from the preparation of a prospectus under the provisions of Division II of Chapter II of Title II of the Securities Act (chapter V-1.1), or a fund that would be so exempt if its securities were not distributed only outside Québec; or

(*b*) a separate fund, within the meaning of the regulations made under the Act respecting insurance (chapter A-32), established as part of a variable contract, within the meaning of those regulations, the issuance of which need not be accompanied by an information folder referred to in section 216 of those regulations by reason of the exception provided for in that section;

“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, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph *w* of section 87 if that paragraph were read without reference to subparagraphs *ii* and *iii* thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;

“qualification certificate” issued to a qualified corporation in respect of a qualified investment fund of the qualified corporation means a certificate

issued to the qualified corporation by the Minister of Finance certifying, on the basis of the information provided by the qualified corporation, that the work relating to the promotion and marketing of the qualified investment fund, and the activities relating to the administration and management of the fund, are wholly or in substantial part carried out in Québec;

“qualified corporation” for a taxation year means a corporation that, in the year, carries on a business in Québec and has an establishment in Québec, all or substantially all the gross revenue of which, for the year, is derived from the carrying on of a qualified business, but does not include

(a) a corporation that is exempt from tax for the year under Book VIII, other than an insurer referred to in paragraph *k* of section 998 not so exempt from tax on the totality of its taxable income for the year by reason of section 999.0.1;

(b) a corporation that would be exempt from tax for the year under section 985, but for section 192 or for the exception provided in the second paragraph of the said section 985 and if the latter section were read with the following paragraph inserted after the second paragraph thereof:

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”; or

(c) a corporation governed, in the year, by an Act establishing a labour-sponsored fund;

“qualified investment fund” of a qualified corporation means any of the following funds if it is recognized by the Minister of Finance for the purposes of this division and Title VII.2.1 of Book IV and it is not an excluded investment fund:

(a) an unincorporated mutual fund, within the meaning of the Securities Act, that is established under a collective investment contract entered into by the qualified corporation and in respect of which the net asset value per share is first computed after 31 December 1997 and before 1 April 2000;

(b) a mutual fund, within the meaning of the Securities Act, that is established by the qualified corporation and in respect of which the net asset value per share is first computed after 31 December 1997 and before 1 April 2000; or

(c) where the qualified corporation is a life insurance corporation, a separate fund, within the meaning of the regulations under the Act respecting insurance, that is established by the qualified corporation and in respect of which the net asset value per security is first computed after 31 December 1997 and before 1 April 2000;

“qualified start-up expenditure” of a qualified corporation for a taxation year in respect of a qualified investment fund of the qualified corporation means the amount by which

(a) the aggregate of all amounts each of which is an amount that is both entered on the certificate issued for the year by the Minister of Finance to the qualified corporation in respect of expenditure relating to the qualified investment fund and the amount of expenditure in respect of which the certificate certifies that

i. it is attributable to the start-up and implementation period of the investment fund, and

ii. it was incurred, after 31 December 1997 and before the 731<sup>st</sup> day following the reference date applicable to the investment fund, by the qualified corporation during the year; exceeds

(b) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to an expenditure referred to in paragraph *a*, that the qualified corporation has received, is entitled to receive or may reasonably expect to receive on or before the filing-due date of the qualified corporation for the particular year referred to in section 1029.8.36.90;

“reference date” applicable to a qualified investment fund of a qualified corporation means the date entered on the qualification certificate or temporary certificate, as the case may be, that is issued to the qualified corporation in respect of the qualified investment fund and that is

(a) where the fund is an unincorporated mutual fund referred to in paragraph *a* of the definition of “qualified investment fund”, the date on which the net asset value per share is first computed;

(b) where the fund is a mutual fund referred to in paragraph *b* of the definition of “qualified investment fund”, the date on which the net asset value per share is first computed;

(c) where the fund is a separate fund referred to in paragraph *c* of the definition of “qualified investment fund”, the date on which the net asset value per security is first computed;

“temporary certificate” issued to a qualified corporation in respect of a qualified investment fund of the qualified corporation means a certificate issued to the qualified corporation by the Minister of Finance certifying, on the basis of the information provided by the qualified corporation, that the work relating to the promotion and marketing of the qualified investment fund, and the activities relating to the administration of the fund, are wholly or in substantial part carried out in Québec, that at least 75% of the activities relating to the management of the fund are carried out in Québec, and that the qualified corporation has undertaken to ensure that the activities relating to

the management of the fund will, on or before the last day of the three-year period that begins on the reference date applicable to the fund, be carried out wholly or in substantial part in Québec.

For the purposes of the definition of “deemed start-up expenditure” in the first paragraph, an amount of assistance is deemed to be repaid by a qualified corporation in a taxation year pursuant to a legal obligation to do so where that amount

(a) reduced, because of paragraph *b* of the definition of “qualified start-up expenditure” in the first paragraph, the aggregate referred to in paragraph *a* of that definition, for the purpose of computing a qualified start-up expenditure in respect of which the qualified corporation is deemed to have paid an amount to the Minister under section 1029.8.36.90;

(b) was not received by the corporation; and

(c) ceased in the taxation year to be an amount that the corporation may reasonably expect to receive.

“§2. — *Credit*

“1029.8.36.90A qualified corporation that, for a particular taxation year, encloses a copy of the valid qualification certificate issued to it in respect of a qualified investment fund of the qualified corporation and dated not later than the qualified corporation’s filing-due date for the particular year, and the prescribed form containing the prescribed information with the fiscal return the qualified corporation is required to file under section 1000 for the particular year, is deemed, subject to the second paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the particular year, on account of its tax payable for the particular year under this Part, an amount equal to the lesser of

(a) 50% of the aggregate of

i. the qualified start-up expenditure of the qualified corporation in respect of that fund for the particular year,

ii. the deemed start-up expenditure of the qualified corporation in respect of that fund for the particular year, and

iii. where a temporary certificate has, before the issue of the qualification certificate to the qualified corporation in respect of the qualified investment fund, been issued to the qualified corporation in respect of that fund, and the date of the qualification certificate is later than the qualified corporation’s filing-due date for the taxation year preceding the particular year, the aggregate of all amounts each of which is the qualified start-up expenditure of the qualified corporation, in respect of that fund, for a taxation year preceding the particular year; and

(b) the amount by which \$250,000 exceeds the aggregate of all amounts each of which is an amount that the qualified corporation is deemed to have paid to the Minister, under this section, in respect of that fund for a preceding taxation year.

A qualified corporation may be deemed to have paid an amount to the Minister under the first paragraph for a particular taxation year in relation to a qualified investment fund of the qualified corporation in respect of its qualified start-up expenditure in respect of that fund for the particular year or, as the case may be, for a taxation year preceding the particular year, only if it encloses with the fiscal return it is required to file for the particular year under section 1000

(a) a copy of the valid certificate issued to the qualified corporation by the Minister of Finance in respect of that fund; and

(b) a copy of the valid certificate issued to the qualified corporation for the particular year or, as the case may be, for that preceding taxation year, in respect of that expenditure, that is referred to in the definition of “qualified start-up expenditure” in the first paragraph of section 1029.8.36.89.

“1029.8.36.9 Where the Minister of Finance revokes a qualification certificate issued by the Minister of Finance to a qualified corporation in respect of a qualified investment fund of the qualified corporation, or a certificate issued by the Minister of Finance for a taxation year to a qualified corporation in respect of such a fund, that is referred to in subparagraph *a* of the second paragraph of section 1029.8.36.90, and where that revocation occurs at a particular time within eight years or, where the corporation is not a Canadian-controlled private corporation, nine years after the reference date in respect of the fund, the following rules apply :

(a) every certificate issued by the Minister of Finance to the corporation in respect of that fund for a taxation year, and the qualification certificate issued by the Minister of Finance to the corporation in respect of that fund are, for the purposes of this division, null and void from the time they were issued;

(b) the corporation shall, for any taxation year that ends before the particular time, where the corporation has filed a fiscal return under section 1000 for that preceding year for which it is deemed to have paid to the Minister, under section 1029.8.36.90, an amount on account of its tax payable under this Part in respect of the qualified investment fund, file with the Minister, on or before its filing-due date for the taxation year that includes the particular time, an amended fiscal return in which the corporation shall take into account the tax consequences of the revocation in respect of that amount.

Notwithstanding section 1007 and the expiration of the time limits provided for in section 1010,

(a) the Minister may, within one year after the filing-due date referred to in subparagraph *b* of the first paragraph, but for the amended fiscal return that

the corporation is required to file under that subparagraph *b*, redetermine, for any taxation year for which the revocation referred to in the first paragraph entails tax consequences under this Part, the amount that the corporation is deemed to have paid under section 1029.8.36.90 in respect of the qualified investment fund and assess or reassess the interest and penalties payable under this Part by the corporation; and

(*b*) the Minister may also redetermine the amount that the corporation is deemed to have paid under section 1029.8.36.90 in respect of the qualified investment fund, and the interest and penalties under this Part and make any redetermination, reassessment or additional assessment, as the case may be,

i. within three years after the later of the day of mailing, pursuant to subparagraph *a*, of a notice of determination for a taxation year and the day on which an amended fiscal return for the taxation year is filed pursuant to subparagraph *b* of the first paragraph, or

ii. within four years after the day referred to in subparagraph *i* if, at the end of the taxation year concerned, the corporation is not a Canadian-controlled private corporation.

However, the Minister may, in respect of a taxation year for which the revocation referred to in the first paragraph entails tax consequences under this Part, make a determination, redetermination, assessment, reassessment or additional assessment beyond the periods referred to in paragraph *a* or *a.0.1* of subsection 2 of section 1010 only to the extent that the determination, redetermination, assessment, reassessment or additional assessment may reasonably be considered to relate to a tax consequence referred to in subparagraph *b* of the first paragraph.

~~“1029.8.36.92~~ For the purposes of this division, where the Minister of Finance replaces or revokes a certificate issued by the Minister for a taxation year to a qualified corporation in respect of its qualified start-up expenditure for that taxation year in relation to a qualified investment fund of the qualified corporation, the following rules apply:

(*a*) the replaced certificate is null and void from the time it was issued or deemed issued and the new certificate is deemed to have been issued at that time for that taxation year;

(*b*) the revoked certificate is null and void from the time it was issued or deemed issued.

~~“1029.8.36.93~~ Where, in respect of a qualified start-up expenditure of a qualified corporation for a taxation year in respect of a qualified investment fund of the qualified corporation, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the start-up and establishment of that fund, whether in the form of a reimbursement, compensation, guarantee, in the form of proceeds of disposition of property

which exceed the fair market value of the property, or in any other form or manner, the amount of that qualified start-up expenditure shall be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the filing-due date of the qualified corporation for a taxation year for which section 1029.8.36.90 may apply to the qualified corporation in respect of that expenditure.

“1029.8.36.94A qualified corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.90 only if it files with the Minister the prescribed information in prescribed form, the copy of the qualification certificate referred to therein and, where applicable, the copy of the certificates referred to in that section, on or before the day that is 12 months after the qualified corporation’s filing-due date for the particular year.

## “DIVISION II.6.9

### “CREDIT RELATING TO FUND MANAGERS

“§1. — *Interpretation and general*

“1029.8.36.95In this division,

“eligibility period” applicable to an individual for a taxation year in relation to a corporation means the part of the year within the period for which the qualification certificate issued to the corporation in respect of the individual is valid;

“eligible fund manager” of a corporation for a taxation year means an individual in respect of whom a certificate is issued to the corporation for the year by the Minister of Finance certifying that, for the entire eligibility period applicable to the individual for the year in relation to the corporation, the individual devotes all or substantially all time at work in relation to the individual’s employment with the corporation to fund management activities in an establishment of the corporation situated in Québec;

“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, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;

“non-government assistance” means an amount that would be included in computing the income of a taxpayer by reason of paragraph w of section 87 if that paragraph were read without reference to subparagraphs ii and iii thereof, other than an amount that is deemed to have been paid to the Minister for a taxation year under this division;



“qualification certificate” in respect of an individual means a certificate issued to a corporation, after 31 March 1998 and before 1 January 2002, by the Minister of Finance certifying that the individual qualifies as a fund manager for the purposes of this division;

“qualified corporation” means any of the following corporations :

(a) a corporation registered with the Commission des valeurs mobilières du Québec in accordance with the Securities Act (chapter V-1.1) as an adviser with an unrestricted practice ;

(b) a portfolio management corporation whose customers are solely sophisticated purchasers, within the meaning of the Securities Act, and are exempt from registration as advisers under section 157 of that Act;

“qualified wages” paid by a corporation for a taxation year to an individual means the lesser of

(a) the amount obtained by multiplying \$62,500 by the proportion that the number of weeks ending in the eligibility period applicable to the individual for the year in relation to the corporation and for which the corporation paid the individual an amount as wages is of 52 ; and

(b) the amount by which

i. the aggregate of all amounts each of which is an amount of wages paid by the corporation to the individual for a week ending in the eligibility period applicable to the individual for the year in relation to the corporation, exceeds

ii. the aggregate of all amounts each of which is an amount of government assistance or non-government assistance, attributable to such wages, that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the corporation’s filing-due date for the year ;

“wages” means the income computed pursuant to Chapters I and II of Title II of Book III.

For the purposes of the definition of “qualified wages” in the first paragraph, a week ending in the eligibility period applicable to the individual for the year in relation to the corporation is deemed not to be such a week where

(a) the corporation is not a qualified corporation at any time during that week ;

(b) the individual is a specified shareholder of the corporation at any time during that week ; or

(c) the amount paid to the individual by the corporation as wages for that week represents less than 26 hours of work.

“§2. — *Credit*

“1029.8.36.96A corporation that, in a taxation year, employs an individual as an eligible fund manager is deemed, subject to the second paragraph, to have paid to the Minister on the corporation’s balance-due day for that year, on account of the corporation’s tax payable for that taxation year under this Part, an amount equal to 40% of the qualified wages that the corporation pays for the year to the individual, if the corporation encloses with the fiscal return the corporation is required to file under section 1000 for the year

- (a) the prescribed form containing the prescribed information ;
- (b) a copy of the qualification certificate issued to the corporation in respect of the individual ; and
- (c) a copy of the certificate referred to in the definition of “eligible fund manager” in the first paragraph of section 1029.8.36.95 that was issued to the corporation for the year in respect of the individual.

For the purpose of computing the payments that a corporation referred to in the first paragraph is required to make under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 where they refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Parts IV, IV.1, VI and VI.1, on the date on or before which each payment is required to be made, the amount that would be determined under the first paragraph if it applied only to the period covered by the payment.

“1029.8.36.97For the purposes of this division, where the Minister of Finance revokes a qualification certificate or a certificate issued by the Minister to a corporation in respect of an individual, that certificate is null and void from the time it was issued.

“1029.8.36.98Where, in a taxation year, pursuant to a legal obligation to do so, a corporation pays an amount that may reasonably be considered to be repayment of government assistance or non-government assistance referred to in subparagraph ii of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.95 that was taken into account for the purpose of computing particular qualified wages incurred by the corporation in respect of an individual in a particular taxation year and in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.96 for the particular taxation year, the corporation is deemed to have paid to the Minister for that taxation year, if it encloses the prescribed form with its fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the amount that it would be deemed to have paid to the Minister for that particular year under that section 1029.8.36.96, if any amount so paid as repayment of government assistance or non-government assistance in the year or in a preceding taxation year had

reduced the amount determined under subparagraph ii of that paragraph *b* for the particular year, exceeds the aggregate of

(a) the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.96 for that particular year; and

(b) any amount that the corporation is deemed to have paid to the Minister for a preceding year under this section in respect of an amount paid as repayment of that government assistance or that non-government assistance.

~~“1029.8.36.99~~For the purposes of section 1029.8.36.98, an amount is deemed to be paid as repayment of assistance by a corporation in a taxation year pursuant to a legal obligation to do so where that amount

(a) reduced, because of subparagraph ii of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.95, an amount of qualified wages for the purpose of computing an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.96;

(b) was not received by the corporation; and

(c) ceased in the taxation year to be an amount that the corporation may reasonably expect to receive.

~~“1029.8.36.100~~Where, in respect of employment held by an individual in a corporation as an eligible fund manager, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the exercise of the employment, the amount of qualified wages paid by the corporation to that individual in respect of that employment for a taxation year shall be reduced by the amount of the benefit or advantage the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the corporation’s filing-due date for that taxation year, to the extent that the amount of the benefit or advantage has not reduced the amount of qualified wages paid by the corporation to that individual in respect of that employment for a preceding taxation year.

~~“1029.8.36.101~~A corporation may be deemed to have paid an amount to the Minister on account of its tax payable for a particular taxation year under section 1029.8.36.96 or 1029.8.36.98 only if it files with the Minister the prescribed information in prescribed form and, where applicable, the copy of the qualification certificate and the copy of the certificate referred to in section 1029.8.36.96 on or before the day that is 12 months after the corporation’s filing-due date for the particular year.”

(2) Subsection 1, where it enacts Divisions II.6.7 and II.6.8 of Chapter III.1 of Title III of Book IX of Part I of the said Act, has effect from 1 January 1998. However, where the first paragraph of section 1029.8.36.73 of the said Act, enacted by subsection 1, applies to a taxation year that ends before 1 April 1998, it shall be read

(1) as if the reference, in the definition of “tax-exempt individual”, to “paragraph *a* or *b*” were a reference to “any of paragraphs *a* to *c*”;

(2) with the following paragraph added to the definition of “qualified corporation”:

“(c) a corporation all or substantially all of the gross revenue of which, for the taxation year, is derived from operations of an international financial centre;”.

(3) Subsection 1, where it enacts Division II.6.9 of Chapter III.1 of Title III of Book IX of Part I of the said Act, applies in respect of wages paid after 31 March 1998.

219. (1) The said Act is amended by inserting, after section 1029.8.50, the following:

#### **“DIVISION II.8.1**

##### **“CREDIT FOR EMPLOYMENT INCOME REIMBURSEMENT**

“1029.8.50.1 Where an individual is required to reimburse all or part of an amount included by the individual in computing the individual’s income from an office or employment for one or more preceding taxation years, pursuant to an agreement under which the individual is required to reimburse any amount paid to the individual for a period throughout which the individual did not perform the duties of the office or employment, the individual is deemed to have paid to the Minister on the individual’s balance-due day for a particular taxation year in which such an amount is reimbursed by the individual or on behalf of the individual, if the individual is resident in Québec on the last day of that particular taxation year, on account of the individual’s tax payable for the particular year under this Part, an amount equal to the product obtained by multiplying by such proportion as the amount reimbursed by the individual or on the individual’s behalf in the particular year is of the total amount to be reimbursed by the individual, the aggregate of all amounts each of which is the amount by which

(a) the tax payable by the individual, for a preceding taxation year to which the amount to be reimbursed by the individual relates, under this Part and, where that taxation year is before the taxation year 1998, under Part I.1; exceeds

(b) the tax that would have been payable by the individual, for the preceding year referred to in subparagraph *a*, under this Part and, where that year is before the taxation year 1998, under Part I.1, if the part of the total amount to be reimbursed by the individual that may reasonably be considered to relate to that preceding year had been deducted in computing the individual’s taxable income for that preceding year.

However, in the case of an individual to whom the second paragraph of section 22 applies, the individual is deemed to have so paid to the Minister for the year only such proportion as is determined in the individual's respect under the second paragraph of section 22 of the amount determined in the individual's respect under the first paragraph.

For the purposes of the first paragraph, where an individual dies or ceases to be resident in Canada in a taxation year, the last day of the individual's taxation year is deemed to be the day of the individual's death or the last day on which the individual was resident in Canada, as the case may be.

Furthermore, for the purpose of determining the excess amount under the first paragraph in respect of any particular preceding taxation year, the following rules apply:

(a) the proportion determined under the second paragraph of section 22 for the particular preceding year is deemed to be equal to 1; and

(b) where an individual was resident in Canada outside Québec on the last day of the particular preceding year, the individual is deemed to have been resident in Québec on the last day of that preceding year."

(2) Subsection 1 applies in respect of reimbursement payments made from the taxation year 1998.

220. (1) The said Act is amended by inserting, after section 1029.8.109, the following:

#### **“DIVISION II.17**

#### **“CREDIT FOR INDIVIDUALS LIVING IN THE TERRITORY OF A NORTHERN VILLAGE**

#### **“§1. — Interpretation**

“1029.8.110 In this division,

“eligible spouse” of an individual for a taxation year means the person who is the individual's spouse at the end of 31 December of the year and who, at that time, is not living separate and apart from the individual;

“family income” of an individual for a taxation year means the amount by which \$26,000 is exceeded by the aggregate of

(a) the income of the individual for the year, computed with reference to the rules in Title II of Book V.2.1; and

(b) the income, for the year, of the individual's eligible spouse for the year, computed with reference to the rules in Title II of Book V.2.1;

“month” means a calendar month, being the period extending from the first to the last day of a month;

“month specified” for a taxation year means the month of August and the month of December of the following taxation year;

“northern village” means a municipality constituted in accordance with the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1).

“1029.8.111 For the purposes of the definition of “eligible spouse” in section 1029.8.110, a person shall not be considered to be living separate and apart from an individual at the end of 31 December of a taxation year unless the person was living separate and apart from the individual at that time, because of a breakdown of their marriage, for a period of at least 90 days that includes that time.

“1029.8.112 For the purposes of the definition of “family income” in section 1029.8.110, where an individual was resident in Canada for only part of a taxation year, the individual’s income for the year is deemed to be equal to the income that would be determined in respect of the individual for the year under this Part if that income were computed with reference to the rules in Title II of Book V.2.1 and if the individual had been resident in Canada throughout the year.

“1029.8.113 For the purposes of section 1029.8.114, a person is a dependant of an individual during a taxation year if, during the year, the person is, in respect of the individual, a person who would be described in paragraph *b* of section 752.0.1 but for subparagraph *v* of that paragraph.

“§2. — *Credit*

“1029.8.114 An individual, other than a trust, who is resident in Québec at the end of 31 December of a taxation year and, throughout the year, is not a dependant of another individual, is deemed, provided that the individual makes an application therefor in the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if tax were payable under this Part by the individual for the year, to have paid to the Minister, in each of the months specified for that year, on account of the individual’s tax payable under this Part for the year, an amount equal to half of the amount by which the amount obtained by multiplying the total of the following amounts by the number of months in the year during which the individual lives in the territory of a northern village exceeds 15% of the individual’s family income for the year :

(a) \$35 in respect of the individual;

(b) \$35 in respect of the individual’s eligible spouse for the year, where applicable; and

(c) \$15 in respect of each dependant of the individual for the year.

“1029.8.115 For the purposes of section 1029.8.114, the following rules apply:

(a) where, for a taxation year, an individual is the eligible spouse of another individual, only one of them may make the application referred to in that section for the year;

(b) where, for a taxation year, the aggregate of the amounts deemed under that section to be paid by an individual during the months specified for the year is equal to or less than \$50, the individual is deemed to have paid that aggregate during the first month specified for the year and no other amount is deemed to be paid under that section by the individual for the year; and

(c) no amount is deemed to be paid under that section by an individual for a taxation year during a month specified for that year if the individual was not resident in Québec at the beginning of that month.

“1029.8.116 Where, before the beginning of a month specified for a taxation year, an individual dies, the individual shall not be deemed to have paid to the Minister, during that month, an amount under section 1029.8.114 for the year.

However, the amount that, but for the first paragraph, would be deemed to have been paid to the Minister by a deceased individual during a month specified for a taxation year is deemed, subject to paragraph c of section 1029.8.115, to have been paid to the Minister by the individual's eligible spouse for the year, during the month specified, on account of the individual's tax payable under this Part for the year, if the individual's eligible spouse for the year did not die before the beginning of that month and provided the eligible spouse makes an application therefor in writing to the Minister, on or before the day on which the legal representative of the individual is required to file with the Minister under section 1000 the individual's fiscal return for the year of the individual's death, or would be required to file if tax were payable under this Part by the individual for that year.”

(2) Subsection 1 applies from the taxation year 1998.

221. (1) Section 1034.5 of the said Act is replaced by the following:

“1034.5. For the purposes of section 1034.4 and of section 1035 where that section applies in respect of an eligible spouse of an individual in relation to an amount payable under section 1034.4, “eligible spouse” of an individual for a taxation year has the meaning assigned by section 1029.8.101.”

(2) Subsection 1 applies from the taxation year 1998.

222. (1) The said Act is amended by inserting, after section 1034.5, the following sections :

“1034.6. Where, for a taxation year, the Minister has refunded an amount to an individual or has applied an amount to another of the individual’s liabilities, and that amount is greater than the amount that should have been refunded or applied, the individual and the person who, for the year, is the individual’s eligible spouse are solidarily liable for payment of that excess amount, to the extent that the excess amount may reasonably be considered to relate to the application of section 1029.8.114.

However, nothing in this section limits the liability of the individual or the individual’s eligible spouse for the year, where applicable, under any other provision of this Act.

“1034.7. For the purposes of section 1034.6 and of section 1035 where that section applies in respect of an eligible spouse of an individual in relation to an amount payable under section 1034.6, “eligible spouse” of an individual for a taxation year has the meaning assigned by section 1029.8.110.”

(2) Subsection 1 applies from the taxation year 1998.

223. (1) Section 1035 of the said Act is amended by replacing “section 1034.4” by “section 1034.4 or 1034.6”.

(2) Subsection 1 applies from the taxation year 1998.

224. (1) Section 1036 of the said Act is amended by replacing, in the portion before paragraph *a* and in paragraph *b*, “1034 and 1034.1 to 1034.4” by “1034, 1034.1 to 1034.4 and 1034.6”.

(2) Subsection 1 applies from the taxation year 1998.

225. (1) Section 1038 of the said Act is amended by replacing, in subparagraph *a* of the second and third paragraphs, “except Divisions II to II.4.1, II.5.1, II.5.2 and II.6.6” by “except Divisions II to II.4.1, II.5.1, II.5.2 and II.6.0.1.4”.

(2) Subsection 1 has effect from 1 January 1998. However, where subparagraph *a* of the second and third paragraphs of section 1038, enacted by subsection 1, has effect before 1 January 1999, it shall be read with “except Divisions II to II.4.1, II.5.1, II.5.2 and II.6.6” replaced by “except Divisions II to II.4.1, II.5.1, II.5.2, II.6.0.1.4 and II.6.6”.

226. (1) Section 1049.0.2 of the said Act is amended by replacing “3%” by “25%”.

(2) Subsection 1 has effect from 2 December 1994.



227. (1) The said Act is amended by inserting, after section 1049.1.4, the following section :

“1049.1.4.1 Notwithstanding section 1049.1.1, where a corporation referred to in section 965.11.7.1 makes a public issue of qualifying shares referred to in paragraph *a* of section 965.9.1.0.4.2, in section 965.9.1.0.4.3, in paragraph *a* of section 965.9.1.0.5 or in section 965.9.1.0.6 in respect of which the corporation gave the undertaking under section 965.24.1.2.1.1 and where those shares are not listed on a stock exchange in Canada within 60 days after the date on which the corporation demonstrates that the shares are sufficiently distributed among holders, or where the corporation fails to make that demonstration with dispatch, that corporation is liable to a penalty equal to 25% of the adjusted cost, determined under section 965.6, of each share distributed in Québec to an individual other than a trust, to an investment group or to an investment fund.”

(2) Subsection 1 applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 3 July 1997. However, where section 1049.1.4.1 of the said Act, enacted by subsection 1, applies before 26 November 1999, it shall be read with the words “a stock exchange in Canada” replaced by “the Montréal Stock Exchange”.

228. (1) Section 1049.2.2.5.1 of the said Act is amended by replacing subparagraphs i and ii of subparagraph *a* of the third paragraph by the following :

“i. 12%, where the reference security is referred to in section 965.6.0.5, other than a security to which subparagraph ii applies, or in paragraph *a* of that section as that paragraph read before being struck out, or where the accepted security would be referred to therein had it been issued by the particular corporation referred to in the first paragraph at the same time as the reference security, and in its place, as the case may be, or

“ii. 6%, where the reference security is referred to in paragraph *b* of section 965.6.0.5, as that paragraph read before being struck out, or where the accepted security would be referred to therein had it been issued by the particular corporation referred to in the first paragraph at the same time as the reference security, and in its place, as the case may be;”.

(2) Subsection 1 applies in respect of non-guaranteed convertible securities acquired as part of a non-guaranteed convertible security issue in respect of which the receipt for the final prospectus or, where applicable, the exemption from filing a prospectus is granted after 31 March 1998.

229. (1) Section 1049.11.1.1 of the said Act is repealed.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

230. (1) Section 1049.11.2 of the said Act is repealed.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

231. Section 1051 of the said Act is amended, in the English text, by replacing the portion before subparagraph *b* of the second paragraph by the following :

“1051. Where a taxpayer has filed a fiscal return for a taxation year and has paid as tax, interest or a penalty for that year an amount greater than the amount that was exigible, the Minister may refund the overpayment to the taxpayer on mailing the notice of assessment for that year.

However, the Minister shall make the refund referred to in the first paragraph, if application is made for it by the taxpayer

(a) within three years following the end of the taxation year concerned;”.

232. (1) Section 1052 of the said Act is amended

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

“1052. Where the amount of an overpayment by a taxpayer, otherwise than as a consequence of the application of Division II.16 or II.17 of Chapter III.1 of Title III, is refunded to, or applied to another liability of, the taxpayer, interest thereon shall be paid to the taxpayer for the period ending on the day the overpayment is refunded or applied, and beginning on the day that is the latest of”;

(2) by replacing, in the English text, paragraphs *a* and *b* by the following :

“(a) the day on which the overpayment was made following a notice of assessment ;

“(b) the forty-sixth day following the day on which the overpayment was made otherwise than following a notice of assessment ;”;

(3) by replacing, in the English text, paragraph *e* by the following :

“(e) where an overpayment is determined for a taxation year pursuant to an application to amend the fiscal return filed under sections 1000 to 1003 for that year, the forty-sixth day following the day on which the Minister receives the application in writing.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 1998.

233. Section 1053 of the said Act is amended, in the English text, by replacing the portion before paragraph *a* by the following :

“1053. For the purposes of section 1052, the portion of any overpayment of the tax payable by a taxpayer for a taxation year that arose as a consequence of the exclusion of an amount from the taxpayer’s income by virtue of sections 294 to 298 in respect of the exercise of an option in a subsequent taxation year, as a consequence of the exclusion of an amount from the taxpayer’s income, or of the deduction of an amount, by reason of the disposition, in a subsequent taxation year, of a work of art referred to in section 714.1 or 752.0.10.11.1 by a donee referred to in either of those sections, as a consequence of the deduction of an amount relating to a subsequent taxation year and referred to in any of paragraphs *b*, *b.1* and *c* to *f* of section 1012.1, or as a consequence of the deduction of an amount relating to a preceding taxation year and referred to in any of sections 727 to 737 where that deduction is claimed after the expiry of the period provided for in section 1000 applicable to the taxation year, is deemed to have been paid to the Minister on the latest of”.

234. (1) Section 1053.0.2 of the said Act is replaced by the following:

“1053.0.2. Where the amount of an overpayment by an individual for a taxation year as a consequence of the application, for the year, of Division II.16 or II.17 of Chapter III.1 of Title III, otherwise than as a consequence of the application of the second paragraph of section 1029.8.109 or 1029.8.116, is refunded to, or applied to another liability of, the individual, interest thereon shall be paid to the individual for the period ending on the day the overpayment is refunded or applied, and beginning on the day that is the latest of

(a) the last day of the month specified for the year, within the meaning of section 1029.8.101 or 1029.8.110, as the case may be, to which the overpayment relates;

(b) the forty-sixth day following the day on which the individual’s fiscal return, referred to in section 1029.8.105 or 1029.8.114, as the case may be, was filed for the year; and

(c) where an overpayment is determined for the year pursuant to an application to amend the fiscal return referred to in section 1029.8.105 or 1029.8.114, as the case may be, for that year, the forty-sixth day following the day on which the Minister receives the application in writing.”

(2) Subsection 1 applies from the taxation year 1998.

235. (1) Section 1053.0.3 of the said Act is amended by replacing the portion before paragraph *b* by the following :

“1053.0.3. Where the amount of an overpayment for a taxation year by an individual as a consequence of the application, for the year, of the second paragraph of section 1029.8.109 or 1029.8.116, is refunded to, or applied to another liability of, the individual, interest thereon shall be paid to

the individual for the period ending on the day the overpayment is refunded or applied, and beginning on the day that is the later of

(a) the last day of the month specified for the year, within the meaning of section 1029.8.101 or 1029.8.110, as the case may be, to which the overpayment relates; and”.

(2) Subsection 1 applies from the taxation year 1998.

236. Section 1053.2 of the said Act is replaced, in the English text, by the following:

“1053.2. Where, as a consequence of the application of section 771.5.1, the amount of an overpayment for a taxation year by a qualified corporation within the meaning of sections 771.5 to 771.7 is refunded to, or applied to another liability of, the qualified corporation, the qualified corporation’s tax payable under this Part for the taxation year is, for the purpose of computing interest to be paid pursuant to section 1052 in respect of that part of the period referred to therein preceding the time the corporation filed the return referred to therein in accordance with section 771.5.1, deemed to be equal to the tax that the corporation would have been required to pay had it not been a qualified corporation within the meaning of sections 771.5 to 771.7.”

237. (1) Section 1089 of the said Act is amended, in the first paragraph,

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

“(a) the amount by which the income from the duties of offices or employments performed by the individual in Québec exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1 or a foreign instructor within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3 and 737.22.0.3 if the individual’s taxable income were determined under Part I;”;

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

“(g) the amount by which the income determined under paragraphs *b* and *c* of section 1092 in respect of the individual exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1 or a foreign instructor within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3 and 737.22.0.3 if the individual’s taxable income were determined under Part I;”.

(2) Subsection 1 applies from the taxation year 1998.

238. (1) Section 1090 of the said Act is amended, in the first paragraph,

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

“(a) the amount by which the income from the duties of offices or employments performed by the individual in Canada exceeds the amount that, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1 or a foreign instructor within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3 and 737.22.0.3 if the individual’s taxable income were determined under Part I;”;

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

“(g) the amount by which the income that would be determined under paragraphs *b* and *c* of section 1092 in respect of the individual if the word “Québec”, in sections 1092 and 1093, were replaced wherever it appears by the word “Canada”, exceeds the amount which, if the individual is an individual referred to in section 737.16.1, a foreign researcher within the meaning of paragraph *a* of section 737.19, a foreign researcher on a post-doctoral internship within the meaning of section 737.22.0.0.1 or a foreign instructor within the meaning of section 737.22.0.1, would be deductible in computing the individual’s taxable income for the year under any of sections 737.16.1, 737.21, 737.22.0.0.3 and 737.22.0.3 if the individual’s taxable income were determined under Part I;”.

(2) Subsection 1 applies from the taxation year 1998.

239. (1) Section 1091 of the said Act is amended by replacing, in paragraph *c*, “737.21 and 737.22.0.3” by “737.21, 737.22.0.0.3 and 737.22.0.3”.

(2) Subsection 1 applies from the taxation year 1998.

240. (1) The said Act is amended by inserting, after section 1129, the following:

#### **“PART III.0.1**

#### **“SPECIAL TAX RELATING TO VARIOUS SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT TAX CREDITS**

“1129.0.1 In this Part,

“consideration” has the meaning assigned by Division II of Chapter III.1 of Title III of Book IX of Part I;

“eligible fee” has the meaning assigned by section 1029.8.9.0.2;

“fiscal period” has the meaning assigned by Part I;

“Minister” means the Minister of Revenue;

“qualified expenditure” has the meaning assigned by paragraph *d.1* of section 1029.8.1 or section 1029.8.9.1, as the case may be;

“scientific research and experimental development” has the meaning assigned by section 1;

“taxpayer” has the meaning assigned by section 1;

“taxation year” has the meaning assigned by Part I;

“wages” has the meaning assigned by Division II of Chapter III.1 of Title III of Book IX of Part I.

“1129.0.2. Every taxpayer who is deemed to have paid an amount to the Minister, under Division II of Chapter III.1 of Title III of Book IX of Part I, on account of the taxpayer’s tax payable under that Part for a particular taxation year shall, where, during a subsequent taxation year, an amount relating to wages or to a part of a consideration paid, or to the taxpayer’s share of such wages or part of a consideration paid, in respect of which the taxpayer is so deemed to have paid an amount, is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer, pay, for that subsequent year, a tax equal to the amount by which the amount that the taxpayer is deemed to have paid to the Minister for that particular year under that Division II exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under that division, for that particular year, if every amount that was so refunded, paid or allocated at or before the end of the subsequent taxation year had been refunded, paid or allocated in the particular taxation year; and

(b) any amount of tax that the taxpayer has paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year.

“1129.0.3. Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8, on account of the taxpayer’s tax payable under Part I for a particular taxation year in respect of the taxpayer’s share of an amount of wages or of a part of a consideration paid by the partnership in a particular fiscal period of the partnership ending in the particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to such wages or to such a part of a consideration paid is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the taxpayer is deemed to have

paid to the Minister for that particular year under section 1029.8 exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under that section, for that particular year, if the taxpayer's share of every amount that was so refunded, paid or allocated at or before the end of the subsequent fiscal period had been refunded, paid or allocated in the particular fiscal period; and

(b) any amount of tax that the taxpayer has paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year.

“1129.0.4. Every taxpayer who is deemed to have paid an amount to the Minister, under Division II.1 of Chapter III.1 of Title III of Book IX of Part I, on account of the taxpayer's tax payable under that Part for a particular taxation year shall, where, during a subsequent taxation year, an amount relating to a qualified expenditure or to the taxpayer's share of such expenditure, in respect of which the taxpayer is so deemed to have paid an amount, is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer, pay, for that subsequent year, a tax equal to the amount by which the amount that the taxpayer is deemed to have paid to the Minister for that particular year under that Division II.1 exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under that division, for that particular year, if every amount that was so refunded, paid or allocated at or before the end of the subsequent taxation year had been refunded, paid or allocated in the particular taxation year; and

(b) any amount of tax that the taxpayer has paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year.

“1129.0.5. Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.7, on account of the taxpayer's tax payable under Part I for a particular taxation year in respect of the taxpayer's share of a qualified expenditure paid by the partnership in a particular fiscal period of the partnership ending in the particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to such expenditure is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the taxpayer is deemed to have paid to the Minister for that particular year under section 1029.8.7 exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under that section, for that particular year, if the taxpayer's share of every amount that was so refunded, paid or allocated at or before the end of

the subsequent fiscal period had been refunded, paid or allocated in the particular fiscal period; and

(b) any amount of tax that the taxpayer has paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year.

“1129.0.6. Every taxpayer who is deemed to have paid an amount to the Minister, under Division II.2.1 of Chapter III.1 of Title III of Book IX of Part I, on account of the taxpayer’s tax payable under that Part for a particular taxation year shall, where, during a subsequent taxation year, an amount relating to an eligible fee or to the taxpayer’s share of such fee, in respect of which the taxpayer is so deemed to have paid an amount is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer, pay, for that subsequent year, a tax equal to the amount by which the amount that the taxpayer is deemed to have paid to the Minister for that particular year under that Division II.2.1 exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under that division, for that particular year, if every amount that was so refunded, paid or allocated at or before the end of the subsequent taxation year had been refunded, paid or allocated in the particular taxation year; and

(b) any amount of tax that the taxpayer has paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year.

“1129.0.7. Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.9.0.4, on account of the taxpayer’s tax payable under Part I for a particular taxation year in respect of the taxpayer’s share of an eligible fee paid by the partnership in a particular fiscal period of the partnership ending in the particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to such fee is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the taxpayer is deemed to have paid to the Minister for that particular year under section 1029.8.9.0.4 exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under that section, for that particular year, if every amount that was so refunded, paid or allocated at or before the end of the subsequent fiscal period had been refunded, paid or allocated in the particular fiscal period; and

(b) any amount of tax that the taxpayer has paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year.



“1129.0.8. Every taxpayer who is deemed to have paid an amount to the Minister, under Division II.3 of Chapter III.1 of Title III of Book IX of Part I, on account of the taxpayer’s tax payable under that Part for a particular taxation year shall, where, during a subsequent taxation year, an amount relating to a qualified expenditure or the taxpayer’s share of a qualified expenditure, that may reasonably be attributed to scientific research and experimental development carried out during the particular year in respect of which the taxpayer is so deemed to have paid an amount, is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer, pay, for that subsequent year, a tax equal to the amount by which the amount that the taxpayer is deemed to have paid to the Minister for that particular year under that Division II.3 exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under that division, for that particular year, if every amount that was so refunded, paid or allocated at or before the end of the subsequent taxation year had been refunded, paid or allocated in the particular taxation year; and

(b) any amount of tax that the taxpayer has paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year.

“1129.0.9. Every taxpayer who is a member of a partnership and who is deemed to have paid an amount to the Minister, under section 1029.8.11, on account of the taxpayer’s tax payable under Part I for a particular taxation year in respect of the taxpayer’s share of the amount of a qualified expenditure made by the partnership in a particular fiscal period of the partnership ending in the particular year shall, where, during a subsequent fiscal period of the partnership, an amount relating to that expenditure is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, pay, for the taxation year in which that subsequent fiscal period ends, a tax equal to the amount by which the amount that the taxpayer is deemed to have paid to the Minister for that particular year under that section 1029.8.11 exceeds the aggregate of

(a) any amount that the taxpayer would be deemed to have paid to the Minister under that section, for that particular year, if every amount that was so refunded, paid or allocated at or before the end of the subsequent fiscal period had been refunded, paid or allocated in the particular fiscal period; and

(b) any amount of tax that the taxpayer has paid to the Minister under this section for a preceding taxation year in respect of the amount that the taxpayer is deemed to have paid to the Minister for the particular year.

“1129.0.10 Except where inconsistent with this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 applies in respect of amounts refunded, otherwise paid or allocated to a payment after 31 March 1998.

241. (1) Section 1129.1 of the said Act is amended

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

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.34;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.34;”;

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

“qualified computer-aided special effects and animation expenditure” has the meaning assigned by the first paragraph of section 1029.8.34;

“qualified labour expenditure” has the meaning assigned by the first paragraph of section 1029.8.34;”.

(2) Subsection 1 has effect from 1 April 1998.

242. (1) Section 1129.2 of the said Act is amended

(1) by replacing subparagraph ii of subparagraph *a* of the first paragraph by the following:

“ii. the particular year is the first year for which subparagraph *b* of the third paragraph of section 1029.8.35 applies in respect of the property or, where applicable, would have been such first year had the qualified computer-aided special effects and animation expenditure or qualified labour expenditure of the corporation for the particular year in respect of the property not been nil;”;

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

“(c) where the situations described in subparagraphs i and ii of subparagraph *a* are not encountered in the particular year in respect of the property nor have been in any preceding taxation year, the amount determined in respect of the corporation under the second paragraph in cases where

i. any government assistance or non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive on or before its filing-due date, within the meaning of section 1, for the particular year must be taken into account, for or from the particular year and in respect of the property, in computing the amount determined under subparagraph ii of paragraph *a* or subparagraph i of paragraph *b* of the definition of “qualified computer-aided special effects and animation

expenditure” and of “qualified labour expenditure” in the first paragraph of section 1029.8.34, and the expenditure to which the assistance is attributable has been incurred by the corporation in a taxation year preceding the particular year, or

ii. an amount relating to an expenditure included in a qualified computer-aided special effects and animation expenditure or qualified labour expenditure in respect of the property, other than the amount of an assistance to which subparagraph i applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation;”;

(3) by replacing, in the English text of subparagraph i of subparagraph *d* of the first paragraph, the word “manpower” by the word “labour”;

(4) by inserting, after the first paragraph, the following paragraph:

“The amount to which subparagraph *c* of the first paragraph refers, in respect of a property, is equal, for the corporation, to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.35, in respect of the property, for the particular year or for a preceding taxation year, exceeds the aggregate of

(a) the aggregate of all amounts each of which is an amount that the corporation would have been deemed to have paid to the Minister under section 1029.8.35, in respect of the property for the particular year or for a preceding taxation year, if

i. where subparagraph i of subparagraph *c* of the first paragraph applies, the assistance referred to in that subparagraph i had been received by the corporation in the year during which the expenditure to which the assistance is attributable was incurred, and

ii. where subparagraph ii of subparagraph *c* of the first paragraph applies, any amount referred to in that subparagraph ii had been refunded, paid or allocated in the year during which the expenditure to which that amount is attributable was incurred; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part, in respect of the property, for a taxation year preceding the particular year.”

(2) Subsection 1 has effect from 1 April 1998.

243. (1) The said Act is amended by inserting, after section 1129.4, the following:

**“PART III.1.0.1****“SPECIAL TAX RELATING TO THE CREDIT FOR FILM DUBBING**

“1129.4.0.1 In this Part,

“filing-due date” has the meaning assigned by section 1;

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.1;

“Minister” has the meaning assigned by section 1;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.1;

“qualified film dubbing expenditure” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.0.0.1;

“qualified production” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.1;

“taxation year” has the meaning assigned by Part I.

“1129.4.0.2 Every corporation that, in relation to the production of a property that is a qualified production, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.0.2, on account of its tax payable under Part I for any taxation year shall pay, for a particular taxation year, a tax equal to

(a) the amount by which the aggregate of all amounts each of which is tax that the corporation is deemed to have so paid to the Minister, under that section 1029.8.36.0.0.2, in respect of the production of the property for a taxation year preceding the particular year, exceeds the aggregate of all amounts each of which is tax that the corporation is required to pay under this Part in respect of the production of the property for a year preceding the particular year, where the Société de développement des entreprises culturelles revokes in the particular year a certificate issued by it to the corporation in respect of the property; or

(b) where subparagraph *a* does not apply in the particular year or in any preceding taxation year, in relation to the production of the property, the amount determined in respect of the corporation under the second paragraph where

i. in computing the amount determined under subparagraph ii of paragraph *a* of the definition of “qualified film dubbing expenditure” in the first paragraph of section 1029.8.36.0.0.1, government assistance or non-government assistance that the corporation has received, is entitled to receive or may reasonably

expect to receive, on or before the corporation's filing-due date for the particular year, must be taken into account for the particular year or from that year in respect of the production of the property, and the expenditure to which the assistance is attributable was incurred by the corporation in a taxation year preceding the particular year, or

ii. an amount relating to an expenditure included in a qualified film dubbing expenditure in respect of the property, other than the amount of an assistance to which subparagraph i applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The amount to which subparagraph *b* of the first paragraph refers, in relation to a property, is equal, for the corporation, to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.0.2, in respect of the production of the property for the particular year or for a preceding taxation year, exceeds the aggregate of

(a) the aggregate of all amounts each of which is an amount that the corporation would have been deemed to have paid to the Minister under section 1029.8.36.0.0.2, in respect of the property for the particular year or for a preceding taxation year, if

i. where subparagraph i of subparagraph *b* of the first paragraph applies, the assistance referred to in that subparagraph i had been received by the corporation in the year during which the expenditure to which the assistance is attributable was incurred, and

ii. where subparagraph ii of subparagraph *b* of the first paragraph applies, every amount referred to in that subparagraph ii had been refunded, paid or allocated in the year during which the expenditure to which that amount is attributable was incurred; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part, in respect of the property, for a taxation year preceding the particular year.

Furthermore, where applicable, a corporation that controls, directly or indirectly in any manner whatever, the corporation referred to in the first paragraph is liable, solidarily with that corporation, for payment of the tax under the first paragraph.

“1129.4.0.3 The tax paid to the Minister by a corporation at any time in a taxation year under this Part in relation to the production of a property that is a qualified production is deemed, for the purposes of Part I, except section 1029.8.36.0.0.1, to be an amount of assistance repaid by the corporation at that time in respect of the production of the property pursuant to a legal obligation to repay all or any part of that amount of assistance.

“1129.4.0.4 Except where inconsistent with this Part, section 21.25, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

**“PART III.1.0.2**

**“SPECIAL TAX RELATING TO THE FILM PRODUCTION SERVICES CREDIT**

“1129.4.0.5 In this Part,

“filing-due date” has the meaning assigned by section 1;

“government assistance” has the meaning assigned by section 1029.8.36.0.0.4;

“Minister” has the meaning assigned by section 1;

“non-government assistance” has the meaning assigned by section 1029.8.36.0.0.4;

“qualified computer-aided special effects and animation expenditure” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.4;

“qualified labour expenditure” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.4;

“qualified low-budget production” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.4;

“qualified production” has the meaning assigned by the first paragraph of section 1029.8.36.0.0.4;

“taxation year” has the meaning assigned by Part I.

“1129.4.0.6 Every corporation that, in relation to a property that is a qualified production or a qualified low-budget production, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.0.5, on account of its tax payable under Part I for any taxation year shall pay, for a particular taxation year, a tax equal to the amount determined under the second paragraph where

(a) in computing the amount determined under paragraph *b* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph of section 1029.8.36.0.0.4 or subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in that first paragraph, government assistance or non-government assistance that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for the particular year, must be taken into account for the particular year or from that year in respect of the property, and the

expenditure to which the assistance is attributable was incurred by the corporation in a taxation year preceding the particular year; or

(b) an amount relating to an expenditure included in a qualified computer-aided special effects and animation expenditure or a qualified labour expenditure in respect of the property, other than the amount of an assistance to which paragraph *a* applies, is, during the particular taxation year, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax payable by a corporation referred to in the first paragraph for a particular taxation year is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.0.0.5 in respect of the property referred to in the first paragraph for the particular year or a preceding taxation year, exceeds the aggregate of

(a) the aggregate of all amounts each of which is an amount that the corporation would have been deemed to have paid to the Minister under section 1029.8.36.0.0.5 in respect of the property for the particular year or for a preceding taxation year if

i. where subparagraph *a* of the first paragraph applies, the assistance referred to in that subparagraph *a* had been received in the year during which the expenditure to which the assistance is attributable was incurred, and

ii. where subparagraph *b* of the first paragraph applies, any amount referred to in that subparagraph *b* had been refunded, paid or allocated in the year during which the expenditure to which the amount is attributable was incurred; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay under this Part in respect of the property for a taxation year preceding the particular year.

Furthermore, where applicable, the corporation that controls, directly or indirectly in any manner whatever, the corporation referred to in the first paragraph is liable, solidarily with that corporation, for payment of the tax under the first paragraph.

“1129.4.0.7The tax paid to the Minister by a corporation at any time in a taxation year under this Part in relation to a property that is a qualified production or a qualified low-budget production is deemed, for the purposes of Part I, except section 1029.8.36.0.0.4, to be an amount of assistance repaid by the corporation at that time in respect of the property pursuant to a legal obligation to repay all or any part of the amount of assistance.

“1129.4.0.8Except where inconsistent with this Part, section 21.25, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first

paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1, where it enacts Part III.1.0.1 of the said Act, has effect from 19 December 1997 and, where it enacts Part III.1.0.2 of the said Act, has effect from 1 April 1998.

244. (1) The heading of Part III.1.1 of the said Act is replaced by the following :

“SPECIAL TAX RELATING TO THE CREDIT FOR MULTIMEDIA TITLES (PART 1)”.

(2) Subsection 1 has effect from 9 May 1996.

245. (1) Section 1129.4.1 of the said Act is amended, in the English text of the first paragraph, by replacing the definition of “manpower expenditure” and of “qualified manpower expenditure” by the following :

““labour expenditure” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.0.1 ;

““qualified labour expenditure” of a corporation for a taxation year has the meaning assigned by section 1029.8.36.0.1 ;”.

(2) Subsection 1 applies to taxation years that end after 17 April 1997.

246. (1) Section 1129.4.2 of the said Act is amended, in the first paragraph,

(1) by replacing, in the English text of the portion of subparagraph *f* before subparagraph *i*, the word “manpower” by the word “labour” ;

(2) by replacing subparagraph 1 of subparagraph *i* of subparagraph *f* by the following :

“(1) 20% of that excess amount, where the assistance is attributable to a labour expenditure of the corporation for a taxation year ending before 18 April 1997 in relation to the property, or 25% of that excess amount, where the amount of assistance is attributable to a labour expenditure of the corporation for a taxation year ending after 17 April 1997 in relation to the property, and” ;

(3) by replacing subparagraph 1 of subparagraph *ii* of subparagraph *f* by the following :

“(1) 20% of the excess amount referred to in the portion of this subparagraph before subparagraph *i*, and” ;

(4) by replacing the word “manpower”, wherever it appears in the English text of subparagraph *g*, by the word “labour”.



(2) Subsection 1 applies to taxation years that end after 17 April 1997.

247. (1) The said Act is amended by inserting, after section 1129.4.2, the following section :

“1129.4.2.1 For the purposes of Part I, except Division II.6.0.1 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time, under section 1129.4.2, in relation to property, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the property, pursuant to a legal obligation to do so.”

(2) Subsection 1 has effect from 10 May 1996.

248. (1) The said Act is amended by inserting, after section 1129.4.3, the following :

#### **“PART III.1.1.1**

#### **“SPECIAL TAX RELATING TO THE CREDIT FOR MULTIMEDIA TITLES (PART 2)**

“1129.4.3.1 In this Part,

“Minister” means the Minister of Revenue ;

“multimedia title” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.3 ;

“qualified labour expenditure” has the meaning assigned by section 1029.8.36.0.3.3 ;

“taxation year” has the meaning assigned by Part I.

“1129.4.3.2 Every corporation that, in relation to a property that is a multimedia title, is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.4 on account of its tax payable under Part I for a taxation year shall, where, during a particular taxation year, an amount in relation to an expenditure that is included in a qualified labour expenditure of the corporation in respect of the property is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay for that particular year a tax equal to the amount by which the aggregate of the amounts it is deemed to have paid to the Minister under that section 1029.8.36.0.3.4 in respect of the property exceeds the aggregate of

(a) any amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.0.3.4 in respect of the property, if every amount that was so refunded, paid or allocated, at or before the end of the particular taxation year, had been so refunded, paid or allocated in the taxation year during which the corporation incurred the expenditure to which the amount refunded, paid or allocated relates ; and

(b) any amount of tax that the corporation is required to pay to the Minister, in respect of the property, under this section for a preceding taxation year.

“1129.4.3.3 For the purposes of Part I, other than Division II.6.0.1.1 of Chapter III.1 of Title III of Book IX, the tax that a corporation pays to the Minister at any time under section 1129.4.3.2 in relation to a property is deemed to be an amount of assistance repaid by the corporation at that time in respect of the property pursuant to a legal obligation to do so.

“1129.4.3.4 Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

### “PART III.1.1.2

#### “SPECIAL TAX RELATING TO THE CREDIT FOR MULTIMEDIA TITLES (GENERAL)

“1129.4.3.5 In this Part,

“Minister” means the Minister of Revenue;

“multimedia title” has the meaning assigned by the first paragraph of section 1029.8.36.0.3.8;

“qualified labour expenditure” has the meaning assigned by section 1029.8.36.0.3.8;

“taxation year” has the meaning assigned by Part I.

“1129.4.3.6 Every corporation that, in relation to a property that is a multimedia title, is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.9 on account of its tax payable under Part I for a particular taxation year shall, where, during a subsequent taxation year, an amount in relation to an expenditure that is included in a qualified labour expenditure of the corporation in respect of which the corporation is so deemed to have paid an amount in respect of the property, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay for that subsequent year a tax equal to the amount by which the aggregate of the amounts it is deemed to have paid to the Minister under that section 1029.8.36.0.3.9 for the particular taxation year in respect of the property exceeds the aggregate of

(a) any amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.0.3.9 in respect of the property for the particular year if every amount that was so refunded, paid or allocated, at or before the end of the subsequent taxation year, had been so refunded, paid or allocated in the particular taxation year; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section for a preceding taxation year in respect of an amount the corporation is deemed to have paid to the Minister for the particular year in respect of the property.

“1129.4.3.7 For the purposes of Part I, other than Division II.6.0.1.2 of Chapter III.1 of Title III of Book IX, the tax that a corporation pays to the Minister at any time under section 1129.4.3.6 in relation to a property is deemed to be an amount of assistance repaid by the corporation at that time in respect of the property pursuant to a legal obligation to do so.

“1129.4.3.8 Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

### “PART III.1.1.3

#### “SPECIAL TAX RELATING TO THE CREDIT FOR CORPORATIONS SPECIALIZED IN THE PRODUCTION OF MULTIMEDIA TITLES

“1129.4.3.9 In this Part,

“Minister” means the Minister of Revenue;

“qualified labour expenditure” has the meaning assigned by section 1029.8.36.0.3.18;

“taxation year” has the meaning assigned by Part I.

“1129.4.3.10 Every corporation that is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.19 on account of its tax payable under Part I for a particular taxation year shall, where, during a subsequent taxation year, an amount in relation to an expenditure that is included in a qualified labour expenditure of the corporation in respect of which the corporation is so deemed to have paid an amount, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay for that subsequent year a tax equal to the amount by which the amount it is deemed to have paid to the Minister for the particular taxation year under that section 1029.8.36.0.3.19 exceeds the aggregate of

(a) any amount that the corporation would be deemed to have paid to the Minister under that section for the particular year if every amount that was so refunded, paid or allocated, at or before the end of the subsequent taxation year, had been so refunded, paid or allocated in the particular year; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section for a preceding taxation year in respect of an amount the corporation is deemed to have paid to the Minister for the particular year.

“1129.4.3.11 For the purposes of Part I, other than Division II.6.0.1.3 of Chapter III.1 of Title III of Book IX, the tax that a corporation pays to the Minister at any time under section 1129.4.3.10 in relation to an expenditure included in a qualified labour expenditure of the corporation is deemed to be an amount of assistance repaid by the corporation at that time in respect of the expenditure pursuant to a legal obligation to do so.

“1129.4.3.12 Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

#### **“PART III.1.1.4**

##### **“SPECIAL TAX RELATING TO THE CREDIT FOR CORPORATIONS ESTABLISHED IN THE MULTIMEDIA COMPLEX**

“1129.4.3.13 In this Part,

“eligible employee” has the meaning assigned by section 1029.8.36.0.3.28;

“government assistance” has the meaning assigned by section 1029.8.36.0.3.28;

“Minister” means the Minister of Revenue;

“non-government assistance” has the meaning assigned by section 1029.8.36.0.3.28;

“qualified wages” has the meaning assigned by section 1029.8.36.0.3.28;

“taxation year” has the meaning assigned by Part I;

“wages” has the meaning assigned by section 1029.8.36.0.3.28.

“1129.4.3.14 Every corporation that, in relation to qualified wages incurred in respect of an eligible employee, is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.30 on account of its tax payable under Part I for a taxation year shall, where, during a particular subsequent taxation year, an amount in relation to wages incurred by the corporation in respect of the eligible employee for the taxation year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay for the particular taxation year a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.3.30 in relation to the qualified wages incurred in respect of the eligible employee for the taxation year exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.0.3.30 in relation to the qualified wages incurred in respect of the eligible employee for the taxation year if every amount that was so refunded, paid or allocated in relation to the wages, at or before the end of the particular taxation year, were government assistance or non-government assistance received by the corporation in the taxation year and attributable to such wages ; and

(b) the aggregate of all amounts each of which is tax that the corporation is required to pay under this section, for a taxation year preceding the particular taxation year, in respect of an amount so refunded, paid or allocated in relation to the wages.

“1129.4.3.15 Every corporation that is deemed to have paid an amount to the Minister under section 1029.8.36.0.3.31 on account of its tax payable under Part I for a taxation year, in relation to qualified wages incurred in respect of an eligible employee in a preceding taxation year shall, where, during a particular taxation year subsequent to the taxation year, an amount in relation to wages incurred by the corporation in respect of the eligible employee for the preceding year is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay for the particular taxation year a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.3.31 in relation to the qualified wages incurred in respect of the eligible employee in the preceding year exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.0.3.31 in relation to the qualified wages incurred in respect of the eligible employee in the preceding year if every amount that was so refunded, paid or allocated in relation to the wages, at or before the end of the particular taxation year, were government assistance or non-government assistance received by the corporation in the preceding year and attributable to such wages ; and

(b) the aggregate of all amounts each of which is tax that the corporation is required to pay under this section, for a taxation year preceding the particular taxation year, in respect of an amount so refunded, paid or allocated in relation to the wages.

“1129.4.3.16 For the purposes of Part I, other than Division II.6.0.1.4 of Chapter III.1 of Title III of Book IX, the tax that a corporation pays to the Minister, at any time, under section 1129.4.3.14 or 1129.4.3.15 in relation to qualified wages is deemed to be an amount of assistance repaid by the corporation at that time in respect of the wages pursuant to a legal obligation to do so.

“1129.4.3.17 Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of

section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1, where it enacts Parts III.1.1.1 to III.1.1.3 of the said Act, has effect from 10 May 1996.

(3) Subsection 1, where it enacts Part III.1.1.4 of the said Act, has effect from 16 June 1998.

249. (1) Section 1129.4.4 of the said Act is replaced by the following:

“1129.4.4. Every corporation that, in relation to qualified wages paid to an eligible employee, is deemed to have paid an amount to the Minister, under section 1029.8.36.0.5 or 1029.8.36.0.5.1, on account of its tax payable under Part I for any taxation year shall, where, during a particular subsequent taxation year, an amount relating to wages paid to the eligible employee by the corporation is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for the particular taxation year, a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under that section 1029.8.36.0.5 or 1029.8.36.0.5.1, as the case may be, for the taxation year in relation to the qualified wages paid to the eligible employee, exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.5 or 1029.8.36.0.5.1, for the taxation year in relation to the qualified wages paid to the eligible employee if every amount that has been, on or before the end of the particular taxation year, so refunded, paid or allocated in relation to those wages, had been refunded, paid or allocated in the taxation year during which the corporation incurred the wages to which the amount refunded, paid or allocated relates; and

(b) the aggregate of all amounts each of which is tax under this paragraph that the corporation is required to pay for a taxation year preceding the particular taxation year, in respect of an amount so refunded, paid or allocated in relation to those wages.

Every corporation that is deemed to have paid an amount to the Minister, under section 1029.8.36.0.6, in relation to acquisition costs incurred in respect of a qualified property, on account of its tax payable under Part I for a taxation year shall pay, for a particular subsequent taxation year, a tax equal to

(a) the amount by which the aggregate of all amounts that the corporation is deemed to have paid to the Minister, under section 1029.8.36.0.6, in respect of the acquisition costs of the property, where, at any time between the corporation’s filing-due date for the taxation year during which it has acquired the property and the day after the earlier of the day that is the end of the period of 1,095 days following the beginning of the use of the property by the corporation and the corporation’s filing-due date for the particular year, the property ceases, otherwise than by reason of the loss or involuntary destruction

of the property by fire, theft or water or of a major breakdown of the property, to be used by the corporation exclusively in a building housing an information technologies development centre, exceeds the aggregate of all amounts each of which is an amount that the corporation is required to pay under subparagraph *b* in respect of that property, for a taxation year preceding the particular year;

(*b*) where subparagraph *a* does not apply to the particular year nor has been applied to a preceding taxation year in relation to the property and where, during the particular year, an amount relating to the acquisition costs of the property is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, the amount by which the aggregate of all amounts that the corporation is deemed to have paid to the Minister, under that section 1029.8.36.0.6, in respect of those acquisition costs, exceeds the aggregate of

i. the aggregate of all amounts that the corporation would be deemed to have paid to the Minister, under that section 1029.8.36.0.6 in respect of the acquisition costs, if every amount that was, on or before the end of the particular year, so refunded, paid or allocated in relation to the acquisition costs had been refunded, paid or allocated in the taxation year during which the corporation incurred the acquisition costs to which the amount refunded, paid or allocated relates, and

ii. the aggregate of all amounts each of which is tax under this subparagraph that the corporation is required to pay for a taxation year preceding the particular year, in respect of an amount so refunded, paid or allocated in relation to the acquisition costs.

Every corporation that, in relation to rental expenses paid in respect of qualified property, is deemed to have paid to the Minister, under section 1029.8.36.0.6, an amount on account of its tax payable for a taxation year under Part I shall, where, during a particular taxation year, an amount relating to those rental expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for the particular year, a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister, under that section 1029.8.36.0.6, in relation to the rental expenses, exceed the aggregate of

(*a*) the amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.0.6, in respect of those rental expenses if every amount that was, on or before the end of the particular taxation year, so refunded, paid or allocated in relation to those rental expenses, had been refunded, paid or allocated in the taxation year during which the corporation incurred the rental expenses to which the amount refunded, paid or allocated relates; and

(*b*) the aggregate of all amounts each of which is tax under this paragraph that the corporation is required to pay for a taxation year preceding the particular taxation year, in respect of an amount so refunded, paid or allocated in relation to the rental expenses.”

(2) Subsection 1 has effect from 26 March 1997.

250. (1) The said Act is amended by inserting, after section 1129.4.4, the following section:

“1129.4.4.1 In this Part,

“acquisition costs” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“eligible employee” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“filing-due date” has the meaning assigned by section 1;

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“information technologies development centre” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“Minister” means the Minister of Revenue;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“qualified property” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“qualified wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“rental expenses” has the meaning assigned by the first paragraph of section 1029.8.36.0.4;

“taxation year” has the meaning assigned by Part I;

“wages” has the meaning assigned by the first paragraph of section 1029.8.36.0.4.

(2) Subsection 1 has effect from 26 March 1997.

251. (1) The heading of Part III.10.1 of the said Act is replaced by the following:

“SPECIAL TAX RELATING TO THE CONSTRUCTION OR CONVERSION OF VESSELS”.

(2) Subsection 1 has effect from 26 March 1997.



252. (1) Section 1129.45.1 of the said Act is amended

(1) by striking out the definition of “construction expenditure”;

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

““qualified conversion expenditure” has the meaning assigned by Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I;”.

(2) Subsection 1 applies in respect of expenditures incurred after 25 March 1997.

253. (1) Section 1129.45.2 of the said Act is replaced by the following:

“1129.45.2 Every corporation that, in respect of an eligible vessel, is deemed to have paid an amount to the Minister, under Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I, on account of its tax payable under that Part for a taxation year shall, where, during a particular taxation year, an amount in relation to an expenditure included in a qualified construction expenditure or a qualified conversion expenditure in respect of the eligible vessel or in the cost of construction or the cost of conversion, as the case may be, of the eligible vessel is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for that particular year, a tax equal to the amount by which the aggregate of all amounts it is deemed to have paid to the Minister under that Division II.6.5 in respect of the eligible vessel exceeds the aggregate of

(a) any amount that the corporation would be deemed to have paid to the Minister under that division, in respect of the eligible vessel, if every amount that was so refunded, paid or allocated at or before the end of the particular taxation year had been refunded, paid or allocated in the taxation year in which the corporation incurred the expenditure to which the amount refunded, paid or allocated relates; and

(b) any amount of tax that the corporation has paid to the Minister, in respect of the eligible vessel, under this section for a preceding taxation year.”

(2) Subsection 1 applies in respect of expenditures incurred after 9 May 1996. However, where section 1129.45.2 of the said Act, enacted by subsection 1, applies in respect of expenditures incurred before 26 March 1997, the portion of that section before paragraph *a* shall be read as follows:

“1129.45.2 Every corporation that, in respect of an eligible vessel, is deemed to have paid an amount to the Minister, under Division II.6.5 of Chapter III.1 of Title III of Book IX of Part I, on account of its tax payable under that Part for a taxation year shall, where, during a particular taxation year, an amount relating to an expenditure included in a qualified construction expenditure in respect of the eligible vessel or in the cost of the construction of the eligible vessel is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay,

for that particular year, a tax equal to the amount by which the aggregate of all amounts it is deemed to have paid to the Minister under that Division II.6.5 in respect of the eligible vessel exceeds the aggregate of”.

254. (1) The said Act is amended by inserting, after section 1129.45.3, the following :

**“PART III.10.2**

**“SPECIAL TAX RELATING TO THE CREDIT FOR JOB CREATION  
IN THE CLOTHING AND FOOTWEAR INDUSTRY**

“1129.45.4 In this Part,

“clothing” has the meaning assigned by the first paragraph of section 1029.8.36.73;

“eligible employee” has the meaning assigned by the first paragraph of section 1029.8.36.73;

“fiscal period” has the meaning assigned by Part I;

“government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.73;

“group of associated employers” has the meaning assigned by the first paragraph of section 1029.8.36.73;

“initial calendar year” has the meaning assigned by the first paragraph of section 1029.8.36.73;

“Minister” means the Minister of Revenue;

“non-government assistance” has the meaning assigned by the first paragraph of section 1029.8.36.73;

“salary or wages” has the meaning assigned by the first paragraph of section 1029.8.36.73;

“taxation year” has the meaning assigned by Part I;

“taxpayer” has the meaning assigned by section 1.

For the purposes of this Part, a reference to a calendar year ending in a taxation year or fiscal period includes a reference to a calendar year ending coincidentally with that taxation year or fiscal period, as the case may be.

“1129.45.5 Every taxpayer who, in relation to salaries or wages paid in the course of carrying on a business of making or manufacturing

clothing or footwear, is deemed to have paid an amount to the Minister, under section 1029.8.36.76 or 1029.8.36.78, on account of the taxpayer's tax payable under Part I, for any taxation year, shall pay, for a particular taxation year, a tax equal to 20% of the aggregate of

(a) where the taxpayer, during the particular taxation year, pays an amount, pursuant to a legal obligation to do so, that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid by the taxpayer to an eligible employee during the taxpayer's initial calendar year in relation to the business for the purpose of computing the excess amount referred to in paragraph *a* of section 1029.8.36.76 determined in respect of a calendar year preceding the particular calendar year ending in the particular taxation year, the aggregate of all amounts each of which is equal to the amount by which the excess amount referred to in paragraph *a* of section 1029.8.36.76 determined in respect of the taxpayer for a calendar year preceding the particular calendar year exceeds the aggregate of

i. the amount that would have been the excess amount referred to in paragraph *a* of that section 1029.8.36.76 determined in respect of the taxpayer for that preceding calendar year if the aggregate of all amounts each of which is an amount paid by the taxpayer as repayment of such assistance on or before the end of the particular taxation year had reduced the amount of government assistance or non-government assistance received by the taxpayer during the taxpayer's initial calendar year in relation to that business and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount paid by the taxpayer during a taxation year preceding the particular taxation year and that is a repayment to which this subparagraph has applied in relation to that business;

(b) where a person or partnership, during the particular calendar year ending in the particular taxation year, pays an amount, pursuant to a legal obligation to do so, that may reasonably be considered to be repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an eligible employee in the course of carrying on a business of making or manufacturing clothing or footwear, for the initial calendar year of the person or partnership in relation to the business, for the purpose of computing the excess amount referred to in section 1029.8.36.80 determined in respect of a group of associated employers of which the person or partnership was a member at the end of a calendar year preceding the particular calendar year, the aggregate of all amounts, to which the proportion determined in respect of the taxpayer, as a member of the group of associated employers, in accordance with the second paragraph for the preceding calendar year is applied, each of which is equal to the amount by which the excess amount referred to in section 1029.8.36.80 determined in respect of the group of associated employers for a calendar year preceding the particular calendar year exceeds the aggregate of

i. the amount that would have been the excess amount referred to in section 1029.8.36.80 determined in respect of the group of associated employers for that preceding calendar year if the aggregate of all amounts each of which is an amount paid by a person or partnership as repayment of such assistance on or before the end of the particular taxation year had reduced the amount of government assistance or non-government assistance received by the person or partnership and attributable to such salaries or wages paid to an eligible employee during the initial calendar year of the person or partnership in relation to the business of making or manufacturing clothing or footwear, and

ii. the aggregate of all amounts each of which is an amount paid during a calendar year preceding the particular calendar year by a person or partnership as a member of the group of associated employers and that is a repayment of assistance relating to such salaries or wages to which the first paragraph has applied;

(c) where, during the particular taxation year, an amount in relation to salaries or wages paid to an eligible employee by the taxpayer in the course of carrying on the business, that are included in computing the particular excess amount referred to in paragraph *a* of section 1029.8.36.76 determined in respect of the taxpayer in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than the taxpayer's initial calendar year, is, directly or indirectly, refunded or otherwise paid to the taxpayer or allocated to a payment to be made by the taxpayer, the amount by which the particular excess amount exceeds the aggregate of

i. the excess amount that would be determined under paragraph *a* of section 1029.8.36.76 in respect of the taxpayer in relation to that preceding calendar year if any amount that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages were government assistance or non-government assistance received by the taxpayer in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated during a preceding taxation year, in relation to the salaries or wages, to which this subparagraph has applied; and

(d) where, during the particular calendar year ending in the particular taxation year, an amount in relation to salaries or wages paid to an eligible employee by a person or partnership in the course of carrying on a business of making or manufacturing clothing or footwear, that are included in computing the particular excess amount referred to in section 1029.8.36.80 determined, in respect of a group of associated employers, in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than the initial calendar year of the person or partnership, is, directly or indirectly, refunded or otherwise paid to the person or partnership or allocated to a payment to be made by the person or partnership, the proportion determined, in respect of the taxpayer as a member of the group of associated employers,

in accordance with the second paragraph, for the preceding calendar year, of the amount by which the particular excess amount exceeds the aggregate of

i. the excess amount that would be determined under section 1029.8.36.80, in respect of the group of associated employers, in relation to the preceding calendar year if any amount that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages, were government assistance or non-government assistance received by the person or partnership in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated during a preceding taxation year in relation to the salaries or wages, to which this subparagraph has applied.

The proportion to which subparagraphs *b* and *d* of the first paragraph refer, determined in respect of a taxpayer for a calendar year, is the proportion that the amount attributed to the taxpayer pursuant to the agreement filed in accordance with section 1029.8.36.78 by the taxpayer, as a member of the group of associated employers referred to in that section, at the end of the calendar year, is of the aggregate of all the amounts attributed pursuant to the agreement.

“1129.45.6 Every taxpayer who is a member of a particular partnership and who, in relation to salaries or wages paid by the particular partnership in the course of carrying on a business of making or manufacturing clothing or footwear, is deemed to have paid an amount to the Minister, under section 1029.8.36.77 or 1029.8.36.79, on account of the taxpayer’s tax payable under Part I, for a taxation year, shall pay, for any particular taxation year, a tax equal to 20% of the aggregate of

(*a*) where the particular partnership, during the particular fiscal period of the partnership ending in the particular taxation year, pays an amount, pursuant to a legal obligation to do so, that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid by the partnership to an eligible employee during the partnership’s initial calendar year in relation to the business for the purpose of computing the excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.77 determined in respect of a calendar year preceding the particular calendar year ending in the particular fiscal period, the taxpayer’s share of the aggregate of all amounts each of which is equal to the amount by which the excess amount referred to in that subparagraph *a* determined in respect of the taxpayer for a calendar year preceding the particular calendar year exceeds the aggregate of

i. the amount that would have been the excess amount referred to in subparagraph *a* of the first paragraph of that section 1029.8.36.77 determined in respect of the particular partnership for that preceding calendar year if the aggregate of all amounts each of which is an amount paid by the partnership as repayment of such assistance on or before the end of the particular fiscal

period had reduced the amount of government assistance or non-government assistance received by the partnership during the partnership's initial calendar year in relation to that business and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount paid by the partnership during a fiscal period preceding the particular fiscal period and that is a repayment to which this subparagraph has applied in relation to that business; and

(b) where a person or partnership, during the particular calendar year ending in the particular taxation year, pays an amount, pursuant to a legal obligation to do so, that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced the amount of the salaries or wages paid to an eligible employee in the course of carrying on a business of making or manufacturing clothing or footwear, for the initial calendar year of the person or partnership in relation to the business, for the purpose of computing the excess amount referred to in section 1029.8.36.80 determined in respect of a group of associated employers of which the person or partnership was a member at the end of a calendar year preceding the particular calendar year, the taxpayer's share of the aggregate of all amounts, to which the proportion determined in respect of the taxpayer, as a member of the group of associated employers, in accordance with the second paragraph for the preceding calendar year is applied, each of which is equal to the amount by which the excess amount referred to in section 1029.8.36.80 determined in respect of the group of associated employers for a calendar year preceding the particular calendar year exceeds the aggregate of

i. the amount that would have been the excess amount referred to in section 1029.8.36.80 determined in respect of the group of associated employers for that preceding calendar year if the aggregate of all amounts each of which is an amount paid by a person or partnership as repayment of such assistance on or before the end of the particular taxation year had reduced the amount of government assistance or non-government assistance received by the person or partnership and attributable to such salaries or wages paid to an eligible employee during the initial calendar year of the person or partnership in relation to the business of making or manufacturing clothing or footwear, and

ii. the aggregate of all amounts each of which is an amount paid during a calendar year preceding the particular calendar year by a person or partnership as a member of the group of associated employers and that is a repayment of assistance relating to such salaries or wages to which this paragraph has applied;

(c) where, during the particular fiscal period of the particular partnership ending in the particular taxation year, an amount in relation to salaries or wages paid to an eligible employee by the particular partnership in the course of carrying on the business, that are included in computing the particular excess amount referred to in subparagraph *a* of the first paragraph of section 1029.8.36.77 determined in respect of the particular partnership in

relation to a calendar year preceding the calendar year ending in the particular fiscal period, other than the particular partnership's initial calendar year, is, directly or indirectly, refunded or otherwise paid to the particular partnership or allocated to a payment to be made by the particular partnership, the taxpayer's share of the amount by which the particular excess amount exceeds the aggregate of

i. the excess amount that would be determined under subparagraph *a* of the first paragraph of section 1029.8.36.77 in respect of the particular partnership in relation to that preceding calendar year if any amount that was so refunded, paid or allocated on or before the end of the particular fiscal period in relation to the salaries or wages were government assistance or non-government assistance received by the particular partnership in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated during a fiscal period preceding the particular fiscal period, in relation to the salaries or wages, to which this subparagraph has applied; and

(*d*) where, during the particular calendar year ending in the particular taxation year, an amount in relation to salaries or wages paid to an eligible employee by a person or partnership in the course of carrying on a business of making or manufacturing clothing or footwear, that are included in computing the particular excess amount referred to in section 1029.8.36.80 determined, in respect of a group of associated employers, in relation to a calendar year preceding the calendar year ending in the particular taxation year, other than the initial calendar year of the person or partnership, is, directly or indirectly, refunded or otherwise paid to the person or partnership or allocated to a payment to be made by the person or partnership, the taxpayer's share of the proportion determined, in respect of the particular partnership as a member of the group of associated employers, in accordance with the second paragraph, for the preceding calendar year, of the amount by which the particular excess amount exceeds the aggregate of

i. the excess amount that would be determined under section 1029.8.36.80, in respect of the group of associated employers, in relation to the preceding calendar year if any amount that was so refunded, paid or allocated on or before the end of the particular taxation year in relation to the salaries or wages, were government assistance or non-government assistance received by the person or partnership in the preceding calendar year and attributable to such salaries or wages, and

ii. the aggregate of all amounts each of which is an amount so refunded, paid or allocated during a preceding taxation year in relation to the salaries or wages, to which this subparagraph has applied.

The proportion to which subparagraphs *b* and *d* of the first paragraph refer, determined in respect of a partnership for a calendar year, is equal to the proportion that the amount attributed to the partnership pursuant to the

agreement filed in accordance with section 1029.8.36.79 by the partnership as a member of the group of associated employers referred to in that section, at the end of the calendar year, is of the aggregate of all the amounts attributed pursuant to the agreement.

For the purposes of the first paragraph, the taxpayer's share of an amount is equal to the proportion of the amount that the share of the taxpayer of the income or loss of the particular partnership for the fiscal period of the particular partnership ending in the particular taxation year is of the income or loss of the particular partnership for that fiscal period, on the assumption that, if the income and loss of the particular partnership for that fiscal period are nil, the particular partnership's income for that fiscal period is equal to \$1,000,000.

“1129.45.7 For the purposes of this Part, the following rules apply:

(a) where, at a particular time, a taxpayer who is a member of a partnership has received, is entitled to receive or may reasonably expect to receive assistance referred to in subparagraph i of any of subparagraphs *a* to *c* of the first paragraph of section 1029.8.36.83, the amount of the assistance that is attributable to salaries or wages paid by the partnership is deemed to be such assistance attributable to the salaries or wages received by the partnership at that time; and

(b) the repayment, at a particular time, of assistance referred to in paragraph *a* by a taxpayer who is a member of a partnership, that is attributable to salaries or wages paid by the partnership is deemed to be made by the partnership at that time as a repayment of such assistance attributable to the salaries or wages.

“1129.45.7.1 For the purposes of Part I, except for Division II.6.7 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a taxpayer at any time, under this Part, in relation to salaries or wages paid in the course of carrying on a business of making or manufacturing clothing or footwear is deemed to be an amount of assistance repaid by the taxpayer at that time in respect of such salaries or wages, pursuant to a legal obligation to do so.

“1129.45.8 Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024 and 1026.0.1, subparagraph *b* of the first paragraph of section 1027, section 1029.8.36.84 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

### “PART III.10.3

#### “SPECIAL TAX RELATING TO THE CREATION OF INVESTMENT FUNDS

“1129.45.9 In this Part,



“Minister” means the Minister of Revenue ;

“qualified investment fund” has the meaning assigned by the first paragraph of section 1029.8.36.89 ;

“qualified start-up expenditure” has the meaning assigned by the first paragraph of section 1029.8.36.89 ;

“taxation year” has the meaning assigned by Part I.

“1129.45.10 Every corporation that, in respect of a qualified investment fund, is deemed to have paid an amount to the Minister, under section 1029.8.36.90, on account of its tax payable under Part I for a particular taxation year shall, where, during a subsequent taxation year, an amount relating to an expenditure included in a qualified start-up expenditure in respect of the qualified investment fund in relation to which the corporation is so deemed to have paid an amount is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for that subsequent year, a tax equal to the amount by which the amount it is deemed to have paid to the Minister for that particular year under that section 1029.8.36.90 in respect of the qualified investment fund exceeds the aggregate of

(a) the amount that the corporation would be deemed to have paid to the Minister under that section, for that particular year in respect of that qualified investment fund, if every amount that was so refunded, paid or allocated at or before the end of the subsequent year had been refunded, paid or allocated in the particular year ; and

(b) any amount of tax that the corporation is required to pay to the Minister under this section for a preceding taxation year in respect of the amount that it is deemed to have paid to the Minister for the particular year in relation to the qualified investment fund.

“1129.45.11 For the purposes of Part I, except Division II.6.8 of Chapter III.1 of Title III of Book IX, the tax paid to the Minister by a corporation at any time, under this Part, in relation to an expenditure in respect of a qualified investment fund, is deemed to be an amount of assistance repaid by the corporation at that time in respect of that expenditure, pursuant to a legal obligation to do so.

“1129.45.12 Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.

**“PART III.10.4****“SPECIAL TAX RELATING TO FUND MANAGERS**

“1129.45.13 In this Part,

“individual” has the meaning assigned by section 1;

“Minister” means the Minister of Revenue;

“qualified wages” has the meaning assigned by section 1029.8.36.95;

“taxation year” has the meaning assigned by Part I;

“wages” has the meaning assigned by the first paragraph of section 1029.8.36.95.

“1129.45.14 Every corporation that, in relation to qualified wages paid to an individual, is deemed to have paid an amount to the Minister, under section 1029.8.36.96, on account of its tax payable for a particular taxation year under Part I, shall, where, during a subsequent taxation year, an amount in relation to wages included in the aggregate that is referred to in subparagraph *i* of paragraph *b* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.95 and that is determined in relation to the individual for the particular year, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, pay, for that subsequent year, a tax equal to the amount by which the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.96 in respect of that individual for the particular year, exceeds the aggregate of

(*a*) the amount that the corporation would be deemed to have paid to the Minister under that section 1029.8.36.96 in respect of the individual for the particular year, if any amount that was, on or before the end of the subsequent year, so refunded, paid or allocated in relation to wages included in that aggregate determined for the particular year, had been government assistance or non-government assistance received by the corporation in the particular year and attributable to such wages; and

(*b*) the aggregate of all amounts each of which is tax that the corporation is required to pay under this section for a preceding taxation year in respect of an amount so refunded, paid or allocated in relation to wages included in that aggregate determined for the particular year.

“1129.45.15 For the purposes of Part I, except Division II.6.9 of Chapter III.1 of Title III of Book IX, the tax paid, at any time, by a corporation to the Minister under this Part in relation to qualified wages is deemed to be an amount of assistance repaid by the corporation at that time in respect of those wages, pursuant to a legal obligation to do so.

“1129.45.16 Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1, where it enacts Parts III.10.2 and III.10.3 of the said Act, has effect from 1 January 1998.

(3) Subsection 1, where it enacts Part III.10.4 of the said Act, has effect from 1 April 1998.

255. (1) Section 1130 of the said Act, amended by section 20 of chapter 8 of the statutes of 1999, is again amended

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

““eligible contract” means a written contract in respect of which a validation certificate has been issued by the Minister of Industry and Trade, entered into by a corporation with a person or partnership and under which the corporation entrusts the person or partnership with the carrying out of work in Québec which is related to the conversion of an eligible vessel;”;

(2) by replacing the definition of “eligible acquisition costs” by the following:

““eligible acquisition costs” incurred by a corporation, for a taxation year, in respect of an eligible vessel of the corporation means an amount that is related to a business operated in the year in Québec by the corporation and that is,

(a) where the eligible vessel is constructed on behalf of the corporation pursuant to a written contract, the taxation year is a year, other than a year referred to in paragraph *b*, during which construction work provided for in the contract was carried out in respect of the eligible vessel, and the construction work may reasonably be considered to have been carried out without undue delay since it was undertaken, the portion of the consideration provided for in the written contract for the construction of the eligible vessel that was paid by the corporation to its contracting partner in the year or a preceding taxation year and that may reasonably be attributed to the construction work carried out in respect of the vessel before the end of that year;

(a.1) where the corporation constructs the eligible vessel for the corporation, the taxation year is a year, other than a year referred to in paragraph *b*, during which construction work was carried out by the corporation in respect of the eligible vessel, and the construction work may reasonably be considered to have been carried out without undue delay since it was undertaken, the aggregate of the costs incurred by the corporation at or before the end of the year for the construction of the vessel, to the extent that they are reasonable in

the circumstances and included, at the end of that year, in the capital cost of the vessel, that may reasonably be attributed to the construction work carried out in respect of the vessel before the end of that year ; or

(b) where the taxation year is the year during which the corporation completes the construction of the vessel or, where the eligible vessel is constructed on behalf of the corporation, the year during which the corporation takes delivery, under the terms of the contract, of the eligible vessel, or is any of the four taxation years subsequent to that year, the cost of the vessel to the corporation as shown in its financial statements;” ;

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

““eligible conversion costs” incurred by a corporation, for a taxation year, in respect of an eligible vessel of the corporation means an amount that is related to a business operated in the year in Québec by the corporation and that is,

(a) where the eligible vessel is converted on behalf of the corporation pursuant to an eligible contract, the taxation year is a year, other than a year referred to in paragraph c, during which conversion work provided for in the contract was carried out in respect of the eligible vessel, and the conversion work may reasonably be considered to have been carried out without undue delay since it was undertaken, the portion of the consideration provided for in the eligible contract that was paid by the corporation to its contracting partner in the year or a preceding taxation year and that may reasonably be attributed to the conversion work carried out in respect of the vessel before the end of that year ;

(b) where the corporation converts the eligible vessel for the corporation, the taxation year is a year, other than a year referred to in paragraph c, during which conversion work was carried out by the corporation in respect of the eligible vessel, and the conversion work may reasonably be considered to have been carried out without undue delay since it was undertaken, the aggregate of the costs incurred by the corporation at or before the end of the year for the conversion of the vessel, to the extent that they are reasonable in the circumstances and included, at the end of that year, in the capital cost of the vessel, that may reasonably be attributed to the conversion work carried out in respect of the vessel before the end of that year ; or

(c) where the taxation year is the year during which the corporation completes the conversion of the vessel or, where the eligible vessel is converted on behalf of the corporation, the year during which the corporation takes delivery, under the terms of the contract, of the eligible vessel, or is any of the four taxation years subsequent to that year,

i. where the corporation converted the eligible vessel for the corporation, the aggregate of the costs incurred by the corporation for the conversion of the vessel, to the extent that they are reasonable in the circumstances, that are included in the capital cost of the vessel, or

ii. where the corporation caused the eligible vessel to be converted on behalf of the corporation under the terms of an eligible contract, the portion of the total consideration paid by the corporation to its contracting partner pursuant to the contract that may reasonably be attributed to the conversion work carried out in respect of the eligible vessel ;”;

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

““eligible vessel” of a corporation means a vessel that is constructed or converted by the corporation for the corporation or that the corporation causes to be constructed or converted on behalf of the corporation, and in respect of which a validation certificate is issued by the Minister of Industry and Trade attesting that the vessel is constructed or converted, as the case may be, in Québec and, where the vessel is constructed on behalf of the corporation, that the corporation is the first acquirer thereof;”;

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

““deduction period” of a corporation in respect of an eligible vessel means

(a) where the corporation constructs or converts the eligible vessel for the corporation, the period that begins at the beginning of the taxation year of the corporation during which it undertakes the construction work or conversion work in respect of the eligible vessel and that ends at the end of the fourth taxation year following the taxation year during which it completes the construction or conversion, as the case may be, of the eligible vessel ; and

(b) where the eligible vessel is constructed or converted on behalf of the corporation, the period that begins at the beginning of the taxation year of the corporation during which the construction work or conversion work provided for in the contract for the construction or conversion, as the case may be, of the eligible vessel is undertaken in respect of the eligible vessel and that ends at the end of the fourth taxation year following the taxation year during which the corporation takes delivery, under the terms of the contract, of the eligible vessel ;”;

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

““mineral resource” means a mineral resource within the meaning of section 1, but does not include a bituminous sands deposit, an oil sands deposit or an oil shale deposit;”;

(7) by striking out, in the French text of the portion of the definition of “société de prêts” before paragraph *a*, the word “désigne”.

(2) Paragraphs 1 to 5 of subsection 1 apply in respect of expenditures incurred after 25 March 1997. However, where the definition of “eligible contract” in section 1130 of the said Act, enacted by paragraph 1 of subsection 1, and the definition of “eligible vessel” in that section 1130, enacted by paragraph 4 of subsection 1, apply before 8 June 1999, they shall be read as if

the reference therein to “Industry and Trade” were a reference to “Industry, Trade, Science and Technology”.

(3) Paragraph 6 of subsection 1 applies to taxation years that end after 31 March 1998.

256. Section 1132 of the said Act is amended by replacing subparagraph *c* of the first paragraph by the following :

“(c) in the case of any other corporation, except a corporation that is an insurer within the meaning assigned by the Act respecting insurance (chapter A-32) or a cooperative, to 0.64% of its paid-up capital.”

257. (1) Section 1137 of the said Act, amended by section 20 of chapter 8 of the statutes of 1999, is again amended

(1) by replacing the portion of paragraph *b.2* before subparagraph *i* by the following :

“(b.2) where it holds, at the end of the taxation year, in respect of an eligible vessel, a valid certificate issued by the Minister of Industry and Trade, where the taxation year is included in its deduction period and where it encloses with its fiscal return it is required to file for the year under section 1000, by reason of section 1145, a copy of that certificate, the aggregate of” ;

(2) by inserting, after paragraph *b.2*, the following paragraph :

“(b.2.1) where it holds, at the end of the taxation year, in respect of an eligible vessel, a valid certificate issued by the Minister of Industry and Trade, where the taxation year is included in its deduction period, where the certificate attests that the eligible vessel is a vessel with a gross tonnage of at least 100 tons and where it encloses with its fiscal return it is required to file for the year under section 1000, by reason of section 1145, a copy of that certificate, the aggregate of

i. the amount by which its eligible conversion costs for the year in respect of the eligible vessel exceeds the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to such costs, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before its filing-due date for that year, and

ii. the aggregate of all amounts each of which is an amount paid by the corporation in the year, or in a preceding taxation year, as a repayment of assistance referred to in subparagraph *i* ;” ;

(3) by inserting, after paragraph *b.4*, the following paragraph :

“(b.5) a corporation may deduct an amount equal to 33 1/3% of the portion of its paid-up capital that would, but for this paragraph and paragraph *c*, be determined under sections 1136 to 1138, that is the proportion that its gross

revenue for the taxation year from a mineral resource owned or operated by it is of its gross revenue for that year;”.

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of expenditures incurred after 25 March 1997. However, where the portion of paragraph *b.2* of section 1137 of the said Act before subparagraph *i*, enacted by paragraph 1 of subsection 1, and the portion of paragraph *b.2.1* of that section 1137, enacted by paragraph 2 of subsection 1, apply before 8 June 1999, they shall be read as if the reference therein to “Industry and Trade” were a reference to “Industry, Trade, Science and Technology”.

(3) Paragraph 3 of subsection 1 applies to taxation years that end after 31 March 1998.

258. (1) The said Act is amended by inserting, after section 1137, the following section :

“1137.0.1. For the purposes of paragraph *b.5* of section 1137, the following rules apply :

(*a*) the gross revenue of a corporation for a taxation year from a mineral resource owned or operated by it includes its gross revenue for the year attributable to the processing, to any stage that is not beyond the prime metal stage or its equivalent, of ore, metals or minerals from that source, but does not include its gross revenue for the year attributable to processing beyond that stage ; and

(*b*) where a corporation is a member of a partnership, the gross revenue of the partnership from a mineral resource owned or operated by it and its gross revenue are deemed to constitute, respectively, a gross revenue of the corporation from a mineral resource owned or operated by it and a gross revenue of the corporation, in such proportion as the corporation’s share of the income or loss of the partnership for the fiscal year of the partnership ending in the taxation year of the corporation is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership’s income for that fiscal period is equal to \$1,000,000, and are deemed not to constitute income for the partnership.”

(2) Subsection 1 applies to taxation years that end after 31 March 1998.

259. (1) Section 1137.1 of the said Act, amended by section 20 of chapter 8 of the statutes of 1999, is replaced by the following :

“1137.1. For the purposes of paragraphs *b.2* and *b.2.1* of section 1137,

(*a*) a certificate that is revoked by the Minister of Industry and Trade is null from the time the revocation becomes effective ;

(b) an amount is deemed to be paid by a corporation at a particular time as a repayment of assistance where that amount

i. reduced, because of subparagraph i of paragraph *b.2* of section 1137 or subparagraph i of paragraph *b.2.1* of that section, the amount deductible by a corporation in computing its paid-up capital for a taxation year,

ii. was not received by the corporation, and

iii. ceased at that particular time to be an amount that the corporation may reasonably expect to receive.”

(2) Subsection 1 applies in respect of expenditures incurred after 9 May 1996. However, where section 1137.1 of the said Act, enacted by subsection 1,

(1) applies in respect of expenditures incurred before 26 March 1997,

(a) the portion before paragraph *a* shall be read as follows :

“1137.1. For the purposes of paragraph *b.2* of section 1137,”;

(b) subparagraph i of paragraph *b* shall be read as follows :

“i. reduced, because of subparagraph i of paragraph *b.2* of section 1137, the amount deductible by a corporation in computing its paid-up capital for a taxation year,”;

(2) applies before 8 June 1999, paragraph *a* shall be read as follows :

“(a) a certificate that is revoked by the Minister of Industry, Trade, Science and Technology is null from the time the revocation becomes effective ;”.

260. (1) The said Act is amended by inserting, after section 1137.1, the following section :

“1137.1.1. Where a particular corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for a particular taxation year, government assistance or non-government assistance, attributable to an eligible vessel referred to in paragraph *b.2* or *b.2.1* of section 1137 that is owned by a partnership in which the particular corporation has an interest at the end of the fiscal period of the partnership ending in the particular year, the partnership is deemed, for the purposes of those paragraphs *b.2* and *b.2.1* and for the purpose of determining the amount the particular corporation is required to include in computing its paid-up capital, because of subsection 3 of section 1136, in respect of its interest in the partnership, to have received, to be entitled to receive or to reasonably expect to receive, at the end of that fiscal period, the assistance attributable to the eligible vessel in an amount equal to the product obtained by multiplying the amount of that assistance by the quotient obtained by dividing 1 by the



proportion determined, pursuant to subsection 3 of that section 1136, in respect of the particular corporation, in relation to its interest in the partnership, for that particular year.”

(2) Subsection 1 applies in respect of expenses incurred after 9 May 1996. However, where section 1137.1.1 of the said Act, enacted by subsection 1, applies in respect of expenses incurred before 26 March 1997, it shall be read as follows :

“1137.1.1. Where a particular corporation has received, is entitled to receive or may reasonably expect to receive, on or before its filing-due date for a particular taxation year, government assistance or non-government assistance, attributable to an eligible vessel referred to in paragraph *b.2* of section 1137 that is owned by a partnership in which the particular corporation has an interest at the end of the fiscal period of the partnership ending in the particular year, the partnership is deemed, for the purposes of that paragraph *b.2* and for the purpose of determining the amount the particular corporation is required to include in computing its paid-up capital, because of subsection 3 of section 1136, in respect of its interest in the partnership, to have received, to be entitled to receive or to reasonably expect to receive, at the end of that fiscal period, the assistance attributable to the eligible vessel in an amount equal to the product obtained by multiplying the amount of that assistance by the quotient obtained by dividing 1 by the proportion determined, pursuant to subsection 3 of that section 1136, in respect of the particular corporation, in relation to its interest in the partnership, for that particular year.”

261. (1) Section 1137.3 of the said Act is amended by replacing, in subparagraphs *i* and *ii* of subparagraph *b* of the first paragraph, the words “for the taxation year” by the words “the taxation year”.

(2) Subsection 1 has effect from 26 March 1997.

262. (1) Section 1137.5 of the said Act is amended, in the first paragraph,

(1) by replacing, in the English text, subparagraph *iii* of subparagraph *b* by the following :

“*iii.* is leased in the normal course of carrying on the business of the purchaser to a lessee who may reasonably be considered to be using, or who may reasonably be expected to use, the building or part thereof, directly or indirectly, mainly to manufacture or process items for sale or lease;” ;

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

“(b.1) a building situated in Québec or part of such a building, in respect of which an amount would be included, but for section 93.6, in computing the undepreciated capital cost of the depreciable property of a prescribed class and that

i. before its acquisition, was not used for any purpose or acquired to be used or leased for any purpose whatever, and

ii. is used, or is intended to be used, directly or indirectly, mainly in the processing of mineral ores recovered from a mineral resource that is located in a country other than Canada, and

iii. is leased in the normal course of carrying on the business of the purchaser to a lessee who may reasonably be considered to be using, or who may reasonably be expected to use, the building or part thereof, directly or indirectly, mainly in the processing of mineral ores recovered from a mineral resource that is located in a country other than Canada ;” ;

(3) by replacing, in the English text, subparagraph iii of subparagraph *c* by the following :

“iii. is leased in the normal course of carrying on the business of the purchaser to a lessee who may reasonably be considered to be using, or who may reasonably be expected to use, the equipment or building or the part of the building, directly or indirectly, mainly as part of an activity described in the second paragraph.”

(2) Subsection 1 has effect from 26 March 1997.

263. (1) Section 1138 of the said Act is amended

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

“(a) the value of its investments in shares and bonds of other corporations ;” ;

(2) by inserting, after paragraph *a* of subsection 1, the following paragraph :

“(a.1) the value of its investments in permanent shares of a savings and credit union and any participating interest in the nature of a permanent share of a savings and credit union ;” ;

(3) by replacing paragraph *b* of subsection 1 by the following :

“(b) the amount of loans and advances to other corporations ;” ;

(4) by striking out subsections 2.0.1 and 2.1 ;

(5) by replacing subsection 2.1.1 by the following :

“(2.1.1) Bankers’ acceptances and other similar securities the drawer of which is a corporation authorized to receive deposits of money are deemed not to be bankers’ acceptances or other similar securities referred to in subsection 1.” ;

(6) by inserting, after subsection 2.1.1, the following subsection :

“(2.1.2) Investments in permanent shares of a savings and credit union and any participating interest in the nature of a permanent share of a savings and credit union, loans and advances to other corporations, loans and advances to a partnership or a joint venture, or bankers’ acceptances and other similar securities accepted by a bank or other person, the property so described other than that held without interruption by the corporation throughout a 120-day period that includes the date of the end of its taxation year, are deemed not to be investments in shares and bonds of other corporations.”

(2) Paragraphs 1 and 3 of subsection 1 apply to taxation years that begin after 25 March 1997.

(3) Paragraph 2 of subsection 1 applies to taxation years that end after 9 May 1996.

(4) Paragraphs 4 to 6 of subsection 1 apply to taxation years that begin after 31 March 1998.

264. (1) Section 1138.0.0.1 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 25 March 1997.

265. (1) Section 1138.0.0.2 of the said Act is repealed.

(2) Subsection 1 applies to taxation years that begin after 31 March 1998. However, where paragraph *a* of section 1138.0.0.2 of the said Act, repealed by subsection 1, applies to a taxation year that ends after that date, it shall be read as follows:

“(a) a prescribed corporation for the purposes of subparagraph *a* of the first paragraph of section 1143;”.

266. (1) Section 1138.2.1 of the said Act is replaced by the following section:

“1138.2.1. The paid-up capital, for a taxation year, of a corporation that is an exempt corporation for the year, within the meaning of sections 771.12 and 771.13, shall be reduced by an amount equal to the corporation’s paid-up capital for that year, computed before the application of this section.

Notwithstanding the first paragraph, the amount deductible by such a corporation in computing its paid-up capital, for a taxation year that includes 26 March 1997 or the last day of its eligibility period, within the meaning assigned by section 771.1, is equal to such proportion of its paid-up capital for that year computed before the application of this section as the number of days in the year included in that eligibility period is of the number of days in the year.”

(2) Subsection 1 applies to taxation years that end after 25 March 1997.

267. (1) The said Act is amended by inserting, after section 1141.3, the following sections :

“1141.4. A corporation referred to in section 1140 may deduct in computing its paid-up capital for a taxation year an amount of \$500,000,000, if the assets of the corporation shown in its financial statements for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, are less than \$100,000,000,000.

“1141.5. For the purposes of section 1141.4, in computing the assets of a corporation at the time referred to therein, the amount representing the surplus reassessment of its property and the amount of its intangible assets shall be subtracted, to the extent that the amount indicated in their respect exceeds the expenditure made in their respect.

For the purposes of the first paragraph, where all or part of an expenditure made in respect of intangible assets consists of shares of the capital stock of the corporation, all or the part of the expenditure, as the case may be, is deemed to be nil.

“1141.6. For the purposes of section 1141.4, the assets of a corporation that is associated, within the meaning of Chapter IX of Title II of Book I of Part I, with one or more other corporations in a taxation year is equal to the amount by which the aggregate of the assets of the corporation and of each corporation with which it is associated, determined in accordance with sections 1141.4 and 1141.5, exceeds the aggregate of the amount of investments the corporations own in each other and the balance of accounts between the corporations.

“1141.7. For the purposes of sections 1141.4 to 1141.6, where in a taxation year a corporation referred to therein or a corporation with which it is associated, within the meaning of Chapter IX of Title II of Book I of Part I, reduces its assets by any transaction and, but for that reduction, the corporation would not be contemplated in section 1141.4, the assets are deemed not to have been so reduced unless the Minister decides otherwise.”

(2) Subsection 1 applies to taxation years that end after 31 March 1998. However, where subsection 1 applies to a taxation year that begins before 1 April 1998, section 1141.4 of the said Act, enacted by it, shall be read with “of \$500,000,000” replaced by “equal to the product obtained by multiplying \$500,000,000 by the proportion that the number of days in the taxation year after 31 March 1998 is of the number of days in the taxation year”.

268. (1) Section 1143 of the said Act is amended by replacing the first paragraph by the following :

“1143. A corporation is exempt from capital tax where a corporation is

(a) a corporation, other than a prescribed corporation, that is exempt from tax under sections 980 to 996 or 998 and 998.1 or a corporation that would be so exempt under section 985 if the latter section were read with the following paragraph inserted after the second paragraph thereof:

“A subsidiary wholly-owned corporation of a corporation which is itself such a subsidiary of another corporation is deemed, for the purposes of this section, to be a subsidiary wholly-owned corporation of that other corporation.”; or

(b) a corporation whose property is deemed to be the property of an *inter vivos* trust referred to in section 851.25.”

(2) Subsection 1 applies to taxation years that end after 31 March 1998.

269. (1) Section 1159.3 of the said Act is amended

(1) by replacing subparagraph i of subparagraph *a* of the first paragraph by the following:

“i. 0.25% of its paid-up capital as established for the year under Title II of Book III of Part IV, computed without reference to sections 1141.3 and 1141.4, and”;

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

“i. 0.25% of the product obtained by multiplying its paid-up capital as established for the year under Title II of Book III of Part IV, computed without reference to sections 1141.3 and 1141.4, by the proportion that the number of days in its taxation year during which it was a financial institution is of the number of days in its taxation year, and”.

(2) Subsection 1 applies to taxation years that end after 31 March 1998.

270. (1) Section 1175.20 of the said Act is amended

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

““eligible acquisition costs” has the meaning assigned by Part IV;

““eligible conversion costs” has the meaning assigned by Part IV;”;

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

““eligible vessel” has the meaning assigned by Part IV;”.

(2) Subsection 1 has effect from 26 March 1997.

271. (1) The said Act is amended by inserting, after section 1175.21, the following section:

“1175.21.1 Any corporation that, in relation to an eligible vessel, has deducted for any taxation year, under paragraph *b.2* or *b.2.1* of section 1137 and, where the corporation is a member of a partnership, because of subsection 3 of section 1136, an amount in computing its paid-up capital determined under Part IV for the purpose of computing the tax payable by the corporation for the year under that Part, shall pay, for a particular taxation year, a tax equal to the amount obtained by applying the appropriate rate determined in section 1132 for the purpose of computing the tax payable by the corporation for that taxation year under Part IV to the amount equal

(*a*) where, in the particular year, an amount relating to the eligible acquisition costs or the eligible conversion costs, as the case may be, of the eligible vessel or to its share of such costs, in respect of which the corporation has deducted an amount for a taxation year preceding the particular year, is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation, to the amount so refunded, paid or allocated; or

(*b*) where the corporation is a member of a partnership, where it has deducted an amount in computing its paid-up capital for a taxation year, because of subsection 3 of section 1136 and paragraph *b.2* or *b.2.1* of section 1137, in respect of its share of the eligible acquisition costs or the eligible conversion costs, as the case may be, of the eligible vessel of the partnership in a fiscal period of the partnership and where, in a subsequent fiscal period of the partnership ending in the particular year, an amount relating to the costs is, directly or indirectly, refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership, to the amount so refunded, paid or allocated.

For the purposes of subparagraph *b* of the first paragraph, the corporation's share of an amount refunded, paid or allocated is equal to such proportion of that amount as the share of the corporation of the income or loss of the partnership for the fiscal period of the partnership ending in the particular taxation year is of the income or loss of the partnership for that fiscal period, on the assumption that, if the income and loss of the partnership for that fiscal period are nil, the partnership's income for that fiscal period is equal to \$1,000,000.”

(2) Subsection 1 has effect from 26 March 1997.

272. (1) Section 1175.22 of the said Act is replaced by the following:

“1175.22. Except where inconsistent with this Part, sections 17 to 21, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first

paragraph of section 1027 and sections 1037 to 1079.16 apply, with the necessary modifications, to this Part.”

(2) Subsection 1 has effect from 26 March 1997.

273. (1) The said Act, amended by chapters 8 and 14 of the statutes of 1999, is again amended

(1) by replacing “752.0.18.9” by “752.0.18.14” in the following provisions :

- subparagraph *c* of the second paragraph of section 429 ;
- paragraph *d* of section 681 ;
- paragraph *d* of section 1003 ;

(2) by replacing “paragraph *b.1*” by “subparagraph ii of paragraph *d*” in the following provisions :

- section 710.2 ;
- section 712.0.1 ;

(3) by replacing the words “registered or certified mail” by the words “registered mail” in the following provisions :

- the first paragraph of section 899 ;
- section 945 ;
- section 1010.1 ;

(4) by replacing “section 965.9.1.0.5” by “section 965.9.1.0.4.2 or 965.9.1.0.5” wherever that reference appears in the following provisions :

- section 965.5.1 ;
- section 965.6.0.2.0.1 ;
- subparagraphs i and ii of paragraph *b* of section 965.6.0.3 ;
- the first paragraph of section 965.6.0.4 ;
- paragraph *b* of section 965.6.23 ;
- paragraphs *b* and *c* of section 965.6.23.1 ;
- section 965.9.1.0.7 ;

- section 965.9.1.0.8;
- section 965.24.1.2.1;
- the first paragraph of section 965.24.1.4;
- section 965.26;
- section 1049.1.0.1;
- section 1049.1.0.2;
- section 1049.1.4;
- the first paragraph of section 1049.2.2.5.3;
- subparagraph *b* of the second paragraph of section 1049.2.2.5.3;
- the first paragraph of section 1049.2.2.5.4;
- section 1049.2.6;
- section 1049.2.7.1;
- section 1049.2.7.1.1;
- paragraph *b* of section 1049.2.7.2;
- section 1049.2.7.3;
- section 1129.12.2;
- subparagraph *b* of the second paragraph of section 1129.12.3;
- the first paragraph of section 1129.12.4;
- the first paragraph of section 1129.12.6;

(5) by replacing the words “the Montréal Stock Exchange”, wherever they appear in the following provisions, by the words “a stock exchange in Canada”:

- paragraph *f* of section 965.9.1.0.2;
- paragraph *f* of section 965.9.1.0.4;
- paragraph *b* of section 965.9.7.1;
- paragraph *b* of section 965.9.7.2;
- subparagraph 2 of subparagraph ii of paragraph *d* of section 965.11.5;



- section 965.24.1 ;
- section 965.24.1.1 ;
- section 965.24.1.2.1 ;
- section 1049.1.1 ;
- section 1049.1.2 ;
- section 1049.1.3 ;
- section 1049.1.4 ;

(6) by striking out the words “or certified” in the following provisions :

- section 1001 ;
- section 1064 ;
- the portion of section 1099 before subparagraph *a* of the first paragraph ;

(7) by replacing “716.0.1” by “716.0.3” and “752.0.10.15” by “752.0.10.18” in the following provisions :

- paragraph *f* of section 1029.8.5.1 ;
- paragraph *f* of section 1029.8.15.1.

(2) Paragraph 1 of subsection 1 applies from the taxation year 1997.

(3) Paragraphs 3 and 7 of subsection 1 apply to taxation years that begin after 31 December 1997.

(4) Paragraphs 4 and 6 of subsection 1 have effect from 1 January 1999.

(5) Paragraph 5 of subsection 1 has effect from 26 November 1999.

(6) Paragraph 4 of subsection 1 applies in respect of shares acquired as part of a public share issue in respect of which the receipt for the final prospectus or the exemption from filing a prospectus is granted after 3 July 1997.

#### ACT RESPECTING THE APPLICATION OF THE TAXATION ACT

274. (1) The Act respecting the application of the Taxation Act (R.S.Q., chapter I-4) is amended by inserting, after section 5.2, the following section :

“5.2.1. A reference, in the English text of Division II.6.0.1 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act (chapter I-3), of Part III.1.1 of that Act or of any provision of an Act amending that division or Part,

to “labour expenditure” or “qualified labour expenditure” is, where that reference applies in respect of a taxation year ending before 18 April 1997, deemed to be a reference to “manpower expenditure” or “qualified manpower expenditure”, respectively.

A reference, in the English text of Division II.6 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, of Part III.1 of that Act or of a provision of an Act amending that division or Part, to “labour expenditure” or “qualified labour expenditure” is, where that reference applies before 1 April 1998, deemed to be a reference to “manpower expenditure” or “qualified manpower expenditure”, respectively.”

(2) Subsection 1, where it enacts the first paragraph of section 5.2.1 of the said Act, applies to taxation years that end after 17 April 1997 and, where it enacts the second paragraph of that section 5.2.1, has effect from 1 April 1998.

#### LICENSES ACT

275. (1) Section 79.10 of the Licenses Act (R.S.Q., chapter L-3), amended by section 6 of chapter 53 of the statutes of 1999, is again amended by inserting, after the first paragraph, the following paragraph :

“In this division, the reporting period of a retailer or supplier is the reporting period of that retailer or supplier for the purposes of Title I of the Act respecting the Québec sales tax (chapter T-0.1).”

(2) Subsection 1 applies from the first reporting period of a retailer or supplier for the purposes of Division IV of Chapter VIII of Title I of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) that begins after 31 March 1998.

276. (1) Section 79.14 of the said Act, amended by section 21 of chapter 65 of the statutes of 1999, is again amended by replacing the fourth paragraph by the following :

“The duties provided for in paragraphs *c* and *e* of the said section must be paid to the Minister by the retailer who shall, for each reporting period, where the retailer is required to file a return under Division IV of Chapter VIII of Title I of the Act respecting the Québec sales tax (chapter T-0.1), render an account to the Minister in prescribed form containing the prescribed information and file the account with and as prescribed by the Minister, even if no duty is payable for that reporting period.”

(2) Subsection 1 applies from the first reporting period of a retailer for the purposes of Division IV of Chapter VIII of Title I of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) that begins after 31 March 1998.

277. (1) Section 79.15 of the said Act is amended

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

“The supplier then acts as a mandatary of the Minister of Revenue. For each reporting period, where the supplier is required to file a return under Division IV of Chapter VIII of Title I of the Act respecting the Québec sales tax (chapter T-0.1), the supplier shall remit to the Minister the duties that the supplier collected or should have collected during the particular reporting period and, at the same time, render an account to the Minister in prescribed form containing the prescribed information and file the account with and as prescribed by the Minister, even if no sale giving rise to those duties was made during that reporting period.”;

(2) by striking out the third paragraph.

(2) Paragraph 1 of subsection 1 applies from the first reporting period of a supplier for the purposes of Division IV of Chapter VIII of Title I of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) that begins after 31 March 1998.

278. (1) The said Act is amended by inserting, after section 79.15, the following sections :

“79.15.0.1 Subject to the third paragraph, where the reporting period of a retailer or supplier is a fiscal year within the meaning of section 458.1 of the Act respecting the Québec sales tax (chapter T-0.1) or a period determined under section 461.1 of that Act, the retailer or supplier shall, within one month after the end of each of the retailer’s or supplier’s fiscal quarter, within the meaning of section 458.1 of that Act, ending in the reporting period, pay to the Minister an amount equal to 1/4 of the instalment base of the retailer or supplier for that reporting period.

Sections 458.0.4 and 458.0.5 of the Act respecting the Québec sales tax apply to that instalment, with the necessary modifications.

Where the retailer or the supplier has complied with the obligation imposed under section 499.1 of the Act respecting the Québec sales tax for a particular fiscal quarter, the first paragraph does not apply to that retailer or supplier for that quarter.

“79.15.0.2 The instalment base of a person referred to in section 79.15.0.1 for a particular reporting period of the person is the lesser of

(1) an amount equal to

(a) in the case of a reporting period determined under section 461.1 of the Act respecting the Québec sales tax (chapter T-0.1), the amount determined by the formula

$A \times (365 / B)$ , and

(b) in any other case, the total of the duties provided for in section 79.11 that the person has collected or should have collected under subparagraphs *b* and *d* of the first paragraph of that section and that the person is required to pay under subparagraphs *c* and *e* of the first paragraph of that section, the specific tax and the amount equal to the specific tax, if any, that the person has collected or should have collected under Title II of the Act respecting the Québec sales tax for the particular reporting period; and

(2) the amount determined by the formula

$$C \times (365 / D).$$

For the purposes of these formulas,

(1) A is the total of the duties provided for in section 79.11 that the person has collected or should have collected under subparagraphs *b* and *d* of the first paragraph of that section and that the person is required to pay under subparagraphs *c* and *e* of the first paragraph of that section, the specific tax and the amount equal to the specific tax, if any, that the person has collected or should have collected under Title II of the Act respecting the Québec sales tax for the particular reporting period;

(2) B is the number of days in the particular reporting period;

(3) C is the total of all amounts each of which is the total of the duties provided for in section 79.11 that the person has collected or should have collected under subparagraphs *b* and *d* of the first paragraph of that section and that the person is required to pay under subparagraphs *c* and *e* of the first paragraph of that section, the specific tax and the amount equal to the specific tax, if any, that the person has collected or should have collected under Title II of the Act respecting the Québec sales tax for a reporting period ending in the twelve-month period immediately preceding the particular reporting period; and

(4) D is the number of days in the period commencing on the first day of the first of those preceding reporting periods and ending on the last day of the last of those preceding reporting periods.

“79.15.0.3 For the purposes of section 79.15.0.1, where the instalment base of a retailer or supplier for a reporting period is less than \$1,500, it is deemed to be nil.”

(2) Subsection 1 applies from the first reporting period of a retailer or supplier for the purposes of Division IV of Chapter VIII of Title I of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) that begins after 31 March 1998.

## ACT RESPECTING THE MINISTÈRE DU REVENU

279. Section 23 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by replacing, in the first paragraph, the words “Her Majesty in right of Québec” by the words “the State”.

280. (1) Section 93.1.1 of the said Act is amended by replacing, in the second paragraph, “section 34.1.1” by “section 34.1.1 or 37.6”.

(2) Subsection 1 has effect from 1 January 1998.

281. (1) Section 93.1.8 of the said Act is amended by replacing the first paragraph by the following :

“93.1.8. Notwithstanding section 93.1.1, no person may notify to the Minister a notice of objection to a reassessment or determination under any of sections 421.8, 710.3, 716.0.1, 737.18.4, 752.0.10.4.1 and 752.0.10.15, subparagraph i of paragraph *a.1* of subsection 2 of section 1010 or any of sections 1010.0.0.1, 1010.0.1, 1010.0.2, 1010.0.3, 1012, 1029.8.36.91, 1056.8 and 1079.16 of the Taxation Act (chapter I-3), except in respect of amounts to which those provisions apply.”

(2) Subsection 1, where it adds “1010.0.3,” in the first paragraph of section 93.1.8 of the said Act, has effect from 19 December 1997 and, where it adds “737.18.4,” and “1029.8.36.91,” in that first paragraph, has effect from 1 January 1998.

282. (1) Section 93.1.12 of the said Act is amended by replacing the first paragraph by the following :

“93.1.12. Notwithstanding section 93.1.10, no person may appeal from a reassessment or determination under any of sections 421.8, 710.3, 716.0.1, 737.18.4, 752.0.10.4.1 and 752.0.10.15, subparagraph i of paragraph *a.1* of subsection 2 of section 1010 or any of sections 1010.0.0.1, 1010.0.1, 1010.0.2, 1010.0.3, 1012, 1029.8.36.91, 1056.8 and 1079.16 of the Taxation Act (chapter I-3), except in respect of amounts to which those provisions apply.”

(2) Subsection 1, where it adds “1010.0.3,” in the first paragraph of section 93.1.12 of the said Act, has effect from 19 December 1997 and, where it adds “737.18.4,” and “1029.8.36.91,” in that first paragraph, has effect from 1 January 1998.

283. Section 96 of the said Act is amended by replacing, in the English text of subparagraphs *b* and *c* of the first paragraph, the word “bodies” by the word “organizations”.

ACT RESPECTING THE RÉGIE DE L'ASSURANCE-MALADIE  
DU QUÉBEC

284. (1) Section 33 of the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., chapter R-5) is amended, in the first paragraph, by replacing the definition of "eligibility period" by the following:

"“eligibility period” of an exempt employer means the period that begins on the later of the beginning of the exempt employer’s first taxation year and 26 March 1997 and ends on the last day of the five-year period that begins at that time or on that date, as the case may be;”.

(2) Subsection 1 has effect from 26 March 1997.

285. (1) Section 34 of the said Act is amended by replacing, in the first paragraph, the words "every employer" by the words "every employer, except a prescribed employer,".

(2) Subsection 1 applies in respect of wages paid or deemed paid after 31 December 1991.

286. (1) Section 37.1 of the said Act is amended by replacing the definition of "family income" by the following:

"“family income” of an individual for a year means the amount by which the aggregate of the following amounts exceeds the amount determined in section 37.4 in respect of the individual for the year:

(a) the income of the individual for the year, computed with reference to the rules in Title II of Book V.2.1 of Part I of the Taxation Act; and

(b) the income, for the year, of the individual’s eligible spouse for the year, computed with reference to the rules in Title II of Book V.2.1 of Part I of that Act.”

(2) Subsection 1 applies from the year 1997. However, where section 37.1 of the said Act, enacted by subsection 1, applies to the year 1997, it shall be read

(1) with paragraphs *a* and *b* of the definition of "family income" replaced by the following:

"(a) the amount by which the income determined, for the year, in respect of the individual under Part I of the Taxation Act exceeds the amount determined in respect of the individual for the year under the second paragraph; and

"(b) the amount by which the income determined, for the year, in respect of the individual’s eligible spouse for the year under Part I of that Act exceeds the amount determined in respect of that eligible spouse for the year under the second paragraph.”;

(2) with the following paragraph added thereto:

“The amount to which paragraphs *a* and *b* of the definition of “family income” in the first paragraph refer in respect of an individual for a year is equal to the aggregate of

(*a*) the amount reimbursed by the individual in the year on account of an overpayment of an amount described in section 311.1 of the Taxation Act and included by the individual in computing the individual’s income for the year or a preceding taxation year under Part I of that Act; and

(*b*) the amount reimbursed by the individual in the year in accordance with section 35 of the Act respecting income security (chapter S-3.1.1) or a similar provision of an Act of a province, to the extent that the amount has been included in computing the individual’s income for the year or a preceding taxation year under Part I of the Taxation Act.”

287. (1) Section 37.2.2 of the said Act is amended by replacing the first paragraph by the following:

“37.2.2. For the purposes of the definition of “family income” in section 37.1, where an individual was, for the purposes of the Taxation Act (chapter I-3), resident in Québec for only part of a year, the income of the individual for the year is the income that would be computed in respect of the individual for the year under the rules in Title II of Book V.2.1 of Part I of that Act if the individual had, for the purposes of that Act, been resident in Québec throughout the year or, where the individual died in the year, throughout the period of the year preceding the time of death.”

(2) Subsection 1 applies from the year 1998.

288. (1) Section 37.4 of the said Act is amended

(1) by replacing, in paragraph *a*, “\$10,610” by “\$10,730”;

(2) by replacing, in paragraphs *b* and *c* and in the portion of paragraph *d* before subparagraph *i*, “\$17,200” by “\$17,400”.

(2) Subsection 1 applies from the year 1998.

#### ACT RESPECTING THE QUÉBEC PENSION PLAN

289. (1) The Act respecting the Québec Pension Plan (R.S.Q., chapter R-9) is amended by inserting, after section 50, the following section:

“50.0.1. Where, during a year, an employer immediately succeeds another employer following the formation or winding-up of a company or following the acquisition of a major portion of the property of an undertaking or of a separate part of an undertaking, without there being an interruption of the services furnished by an employee, the following rules apply:

(a) for the purposes of section 50, the employer is deemed to be the preceding employer; and

(b) the contribution payable by the employer under section 52 is deemed to be equal to the amount by which the contribution that each of the employees is required to pay under section 50 exceeds the aggregate of the amounts deducted by the preceding employer from the remuneration paid to each of the employees for the year as an employee contribution.”

(2) Subsection 1 applies in respect of wages paid or deemed paid after 30 March 1998.

290. Section 66 of the said Ac is amended by replacing the third paragraph by the following :

“However, no assessment may be made by the Minister in respect of an employer, after the day that is four years after the day on which that amount should have been paid, unless

- (a) the employer has filed no returns ;
- (b) the employer has engaged in misrepresentation or has committed fraud in supplying the required information ; or
- (c) the employer has filed a waiver with the Minister on the prescribed form.”

#### ACT RESPECTING INCOME SECURITY

291. (1) Section 48.2 of the Act respecting income security (R.S.Q., chapter S-3.1.1), as that Act read before the coming into force of section 206 of chapter 36 of the statutes of 1998, which provides for its replacement, is amended

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

- “(b) the lesser of
- i. the amount by which the aggregate of the last resort assistance benefits received in the year by the adult and the adult’s spouse that are to be included, for the year, in computing their income under section 311.1 of the Taxation Act (chapter I-3), exceeds the aggregate of such benefits reimbursed by the adult and the spouse in the year that are deductible, for that year, under paragraph *d* or *d.2* of section 336 of that Act, and
  - ii. the amount determined by regulation for the purposes of subparagraph 4 of the third paragraph of section 49 ;” ;



(2) by replacing subparagraphs 1 to 3 of the second paragraph by the following :

“(1) the amount by which the aggregate of the last resort assistance benefits received in the year by the adult and the adult’s spouse that are to be included, for the year, in computing their income under section 311.1 of the Taxation Act, exceeds the aggregate of such benefits reimbursed by the adult and the spouse in the year that are deductible, for that year, in computing their income under paragraph *d* or *d.2* of section 336 of that Act ;

“(2) an amount received as a pension under the Automobile Insurance Act (chapter A-25) that is to be included in computing income under paragraph *k.2* of section 311 of the Taxation Act ;

“(3) indemnities received under the Workmen’s Compensation Act (chapter A-3) or the Act respecting industrial accidents and occupational diseases (chapter A-3.001) that are to be included in computing income under paragraph *k.1* of section 311 of the Taxation Act ;”.

(2) Paragraph 1 of subsection 1 and paragraph 2 of that subsection 1, where it enacts subparagraph 1 of the second paragraph of section 48.2 of the said Act, apply in respect of determinations of benefits for the year 1998 and subsequent years. However, for the year 1998, subparagraph *i* of subparagraph *b* of subparagraph 2 of the first paragraph of section 48.2 of the said Act and subparagraph 1 of the second paragraph of that section, enacted by paragraphs 1 and 2 of subsection 1, shall, for the period before 12 June 1998, be read as if the reference therein to “paragraph *d* or *d.2* of section 336” were a reference to “paragraph *d* or *d.2* of subsection 1 of section 336”.

(3) Paragraph 2 of subsection 1, where it enacts subparagraphs 2 and 3 of the second paragraph of section 48.2 of the said Act, applies in respect of determinations of benefits for the year 1997 and subsequent years.

292. (1) Section 49 of the said Act is amended

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

“49. A person’s work income for a year is equal to the aggregate of the following amounts :

(1) the person’s income for the year from an office or employment computed under Part I of the Taxation Act (chapter I-3) before any deduction provided for in the second paragraph of section 64 of that Act, where it refers to such part of the capital cost of an aircraft as is allowed by regulation, or paragraph *c* of section 70 of that Act, other than any such income that may be deducted in computing the person’s taxable income under paragraph *e* of section 725 of that Act ; and

(2) the person's income for the year from a business computed under Part I of the Taxation Act before any deduction provided for in section 130 or 130.1 of that Act, minus the person's losses so computed, for the year, in respect of that business, exclusive of any such income that may be deducted in computing the person's taxable income under paragraph *e* of section 725 of that Act.”;

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

“The total income of an adult's family for a year is equal to the amount by which the aggregate of the incomes of the adult, the adult's spouse and the adult's dependent children, computed under Part I of the Taxation Act with reference to the rules in Title II of Book V.2.1 of Part I of that Act, exceeds the aggregate of the following amounts:”;

(3) by replacing subparagraph 4 of the third paragraph by the following :

“(4) the amount of the last resort assistance benefits that is the lesser of

(a) the amount by which the aggregate of such benefits received in the year by the adult and the adult's spouse that are to be included, for the year, in computing their income under section 311.1 of the Taxation Act, exceeds the aggregate of such benefits reimbursed by the adult and the spouse in the year that are deductible, for that year, under paragraph *d* or *d.2* of section 336 of that Act, and

(b) the amount determined by regulation;”;

(4) by adding, after subparagraph 5 of the third paragraph, the following subparagraph :

“(6) an amount that would be deductible, in computing the adult's income under Part I of the Taxation Act, if section 336.0.3 of that Act were read as follows :

“336.0.3. A taxpayer may, in computing the income of the taxpayer for a taxation year, deduct the aggregate of all amounts each of which is a support amount paid by the taxpayer in the year to a particular person, where the taxpayer and the particular person were living separate and apart at the time the amount was paid.”;

(5) by inserting, after the third paragraph, the following paragraphs :

“For the purposes of subparagraph 2 of the first paragraph, where a person is a member of a partnership at the end of a fiscal period of the partnership, any amount deducted by the partnership in computing its income from a business, for that fiscal period, under section 130 or 130.1 of the Taxation Act, is deemed to have been deducted by the person under that section in computing the person's income from that business, up to the person's share of the amount, for the taxation year in which the fiscal period ends.

“For the purposes of the third paragraph, the income computed under Part I of the Taxation Act with reference to the rules in Title II of Book V.2.1 of Part I of that Act is the income that would be so computed if section 312.4 of that Act were read as follows :

“312.4. A taxpayer shall also include the aggregate of all amounts each of which is a support amount received in the year from a particular person where the taxpayer and the particular person were living separate and apart at the time the amount was received.””

(2) Subsection 1 applies in respect of determinations of benefits for the year 1998 and subsequent years. However, for the year 1998, subparagraph *a* of subparagraph 4 of the third paragraph of section 49 of the said Act, enacted by paragraph 3 of subsection 1, shall, for the period before 12 June 1998, be read as if the reference therein to “paragraph *d* or *d.2* of section 336” were a reference to “paragraph *d* or *d.2* of subsection 1 of section 336”.

(3) In addition, where section 49 of the said Act, amended by subsection 1, applies in respect of determinations of benefits for the year 1997, it shall be read with the following paragraph inserted after the third paragraph :

“For the purposes of the third paragraph, the support amount considered for the purposes of the total income computed in subparagraph *c* of the first paragraph of section 776.29 of the Taxation Act is the amount that would be included or deductible in computing the person’s income if sections 312.4 and 336.0.3 of the Taxation Act were read as follows :

“312.4. A taxpayer shall also include the aggregate of all amounts each of which is a support amount received in the year from a particular person where the taxpayer and the particular person were living separate and apart at the time the amount was received.”;

“336.0.3. A taxpayer may, in computing the income of the taxpayer for a taxation year, deduct the aggregate of all amounts each of which is a support amount paid by the taxpayer in the year to a particular person, where the taxpayer and the particular person were living separate and apart at the time the amount was paid.””

293. (1) Section 56 of the said Act is amended by replacing, in subparagraph 15 of the first paragraph, “amount of last resort assistance benefits” by “maximum amount of last resort assistance benefits determined by regulation”.

(2) Subsection 1 applies in respect of determinations of benefits for the year 1998 and subsequent years.

294. (1) Section 91 of the said Act is amended by replacing subparagraph 31.1.1 of the first paragraph by the following :

“(31.1.1) fix the amount of last resort assistance benefits for the purposes of the third paragraph of section 48.2 and the sixth paragraph of section 49;”.

(2) Subsection 1 applies in respect of determinations of benefits for the year 1998 and subsequent years. In addition, where subparagraph 31.1.1 of the first paragraph of section 91 of the said Act, replaced by subsection 1, applies in respect of determinations of benefits for the year 1997, that subparagraph shall be read with the word “fourth” replaced by the word “fifth”.

#### ACT RESPECTING QUÉBEC BUSINESS INVESTMENT COMPANIES

295. (1) Section 3 of the Act respecting Québec business investment companies (R.S.Q., chapter S-29.1) is replaced by the following :

“3. Every shareholder of a company shall be a natural person and the actual owner of the shares. A shareholder may also be a venture capital legal person, provided that the shareholder is the actual owner of the shares which must have been acquired by the shareholder before 1 April 1998.”

(2) Subsection 1 has effect from 1 April 1998.

296. (1) The said Act is amended by inserting, after section 4, the following section :

“4.0.1. A company that was registered as an employee owned company before 1 April 1998 by the Société de développement industriel du Québec and whose registration was not revoked on that date is deemed, in respect of investments made by the company after 31 March 1998, to have been registered on 1 April 1998 under section 4.”

(2) Subsection 1 has effect from 1 April 1998.

297. (1) Section 4.1 of the said Act is repealed.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

298. (1) Section 11 of the said Act is amended by replacing, in the first paragraph, “12.2 or 12.3” by “12”.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

299. (1) Section 12 of the said Act is amended

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

“12. An investment validated by the Société de développement industriel du Québec which is made by a company whose paid-up capital in respect of its issued and outstanding common shares with full voting rights is not less than \$50,000 and which is a common share with full voting rights of the share

capital of a qualified legal person that is acquired by a company as first purchaser, is a qualified investment.”;

(2) by replacing subparagraph 4 of the third paragraph by the following :

“(4) have paid, in the last 12 months preceding the date of acquisition, or in the months preceding that date in the case of a legal person that has been in operation for less than 12 months, and in the 24 months following the acquisition, more than 75% of the salaries paid to its employees and, as the case may be, to employees of the legal persons with which it is associated, to employees who, for the purposes of the regulations made under section 771 of the Taxation Act, are employees of an establishment situated in Québec;”;

(3) by striking out the fourth paragraph.

(2) Paragraphs 1 and 3 of subsection 1, and paragraph 2 of that subsection where it replaces subparagraph 4 of the third paragraph of section 12 of the said Act to add thereto “and in the 24 months following the acquisition,”, apply in respect of investments made by a Québec business investment company after 31 March 1998.

300. (1) Section 12.1 of the said Act is amended by replacing the portion before paragraph 2 by the following :

“12.1. For the purposes of section 12, where, in the opinion of the Société de développement industriel du Québec, the investment is made in a fledgling legal person, the condition provided

(1) in subparagraph 4 of the third paragraph of the said section must be met by the legal person only during the 24 months following the acquisition of a qualified investment;”.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

301. (1) Sections 12.2 and 12.3 of the said Act are repealed.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

302. (1) Section 13.2 of the said Act is amended, in paragraph 3,

(1) by inserting, after the words “third paragraph”, “of section 12”;

(2) by striking out “or in paragraph 2 of section 12.3”;

(3) by replacing, in the French text, the word “débuté” by the word “commencé”.

(2) Paragraph 2 of subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

303. (1) Division III.1 of the said Act is repealed.

(2) Subsection 1 applies in respect of investments made by a Québec business investment company after 31 March 1998.

304. (1) Section 16 of the said Act is amended

(1) by striking out paragraph 8;

(2) by adding the following paragraph:

“Any regulation made under this Act comes into force on the date of its publication in the *Gazette officielle du Québec* or on any later date fixed therein; it may also, once published and if it so provides, take effect from any date prior to its publication but not prior to the date from which the legislation under which it is made takes effect.”

(2) Paragraph 1 of subsection 1 has effect from 1 April 1998.

#### ACT RESPECTING THE QUÉBEC SALES TAX

305. Section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), amended by section 30 of chapter 14 of the statutes of 1999, is again amended, in the French text of the definition of “fournitures liées à un congrès”, by replacing paragraph 4 by the following:

“4° les biens ou les services fournis par la personne dans le cadre du congrès pour une contrepartie distincte de la contrepartie du droit d’entrée au congrès, à moins que l’acquéreur de la fourniture acquière le bien ou le service exclusivement pour consommation ou utilisation dans le cadre de la promotion, au congrès, de son entreprise ou de biens ou de services fournis par lui;”.

306. (1) Section 11.1 of the said Act is amended by striking out the second paragraph.

(2) Subsection 1 has effect from 1 April 1997.

307. (1) The said Act is amended by inserting, after section 11.1, the following section:

“11.1.1. A person resident in Québec who has a permanent establishment outside Québec but within Canada is deemed not to be resident in Québec, but only in respect of activities carried on by the person through that establishment.”

(2) Subsection 1 has effect from 1 April 1997.

308. (1) Section 11.2 of the said Act is amended by replacing the portion before paragraph 1 by the following :

“11.2. For the purposes of sections 11.1, 11.1.1 and 22.2 to 22.30, “permanent establishment” of a person means”.

(2) Subsection 1 has effect from 1 April 1997.

309. (1) Section 17.1 of the said Act is amended

(1) by striking out paragraph 4;

(2) by replacing paragraph 5 by the following :

“(5) the person is not required to collect the tax payable under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) in respect of a road vehicle so given in exchange.”

(2) Subsection 1 applies in respect of the bringing into Québec of a road vehicle after 23 April 1996 other than the bringing into Québec of a vehicle acquired by way of a supply for which the supplier accepts, in full or partial consideration under a written agreement entered into before 1 July 1996, another road vehicle if the supplier charged or collected the tax in respect of the supply of the road vehicle brought into Québec computed without reference to the amount credited to the person in relation to the exchanged property.

310. (1) Section 128 of the said Act is amended by replacing paragraph 1 by the following :

“(1) a supply of an educational service that consists in instructing the individual in a course that either follows a program of studies at the elementary or secondary level established or approved by the Minister of Education or is approved for credit at the elementary or secondary level by the Minister;”.

(2) Subsection 1 has effect from 1 July 1992. However, for the period from 2 December 1993 to 16 June 1994, paragraph 1 of section 128 of the said Act, replaced by subsection 1, shall be read as if the reference to “the Minister of Education” were a reference to “the Minister of Education and Science”.

311. (1) The said Act is amended by inserting, after section 162, the following section :

“162.1. A supply made to a municipality, or to a commission or other body established by a municipality, of a service of receiving and processing telephone calls through a 9-1-1 emergency centre is exempt.”

(2) Subsection 1 has effect from 1 July 1992. However, for the period from 1 July 1992 to 23 June 1998, section 162.1 of the said Act, enacted by subsection 1, shall be read as follows :

“162.1. A supply made to a municipality, or to a commission or other body established by a municipality, by one of its paramunicipal bodies, another municipality, or by a commission or other body established by a municipality, of a service of receiving and processing telephone calls through a 9-1-1 emergency centre is exempt.”

312. (1) Section 182 of the said Act is replaced by the following:

“182. A supply of a service, other than a transportation service, in respect of corporeal movable property ordinarily situated outside Québec and of any corporeal movable property supplied in conjunction with the service, is a zero-rated supply if

(1) where the property is ordinarily situated outside Canada, the property is temporarily brought into Québec for the sole purpose of having the service performed and is taken or shipped outside Canada as soon as is practicable after the service is performed; or

(2) where the property is ordinarily situated outside Québec but within Canada,

(a) the property is temporarily brought into Québec for the sole purpose of having the service performed and is taken or shipped outside Québec but within Canada as soon as is practicable after the service is performed, and

(b) the recipient is registered under Subdivision d of Division V of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).”

(2) Subsection 1 applies in respect of supplies made after 31 March 1998.

313. (1) The said Act is amended by inserting, after section 198.1, the following section:

“198.2. A supply of tobacco within the meaning of the Tobacco Tax Act (chapter I-2) is a zero-rated supply.”

(2) Subsection 1 has effect from 23 June 1998.

314. Section 297.1.5 of the said Act is replaced, in the French text, by the following:

“297.1.5. Dans le cas où une approbation donnée en vertu de l'article 297.1.3 à l'égard d'un démarcheur ne serait pas, en faisant abstraction du présent article, en vigueur à un moment où une approbation donnée en vertu de l'article 297.1.4 à l'égard d'un distributeur du démarcheur entre en vigueur et qu'aucune autre approbation donnée en vertu de l'article 297.1.4 à l'égard d'un distributeur du démarcheur n'est en vigueur à ce moment, le démarcheur est réputé, pour l'application de la présente section, avoir reçu une approbation en vertu de l'article 297.1.3 qui entre en vigueur immédiatement avant ce moment.”



315. Section 331 of the said Act is replaced by the following:

“331. For the purposes of sections 334 to 336, “specified member” of a closely related group means a corporation that is a member of the group all or substantially all of the property of which was last manufactured, constructed, produced, acquired or brought into Québec for consumption, use or supply exclusively in the course of commercial activities of the corporation or, where the corporation has no property, all or substantially all of the supplies made by which are taxable supplies.”

316. (1) Section 353.0.3 of the said Act is amended, in the first paragraph, by replacing the portion before the formula by the following:

“353.0.3. Subject to sections 353.0.1 and 353.0.4, where a person who is resident in Canada is the recipient of a supply of incorporeal movable property or a service that is acquired by the person for consumption, use or supply primarily outside Québec and tax under section 16 is paid by the person in respect of the supply, the person is entitled to a rebate of tax equal to the amount determined by the formula”.

(2) Subsection 1 has effect from 1 April 1997.

317. (1) Section 383 of the said Act is amended, in the definition of “non-refundable input tax charged”, by replacing paragraph 2 by the following:

“(2) the total of all amounts each of which is included in the total determined under paragraph 1 and

(a) is included in determining an input tax refund of the person in respect of the property or service for the period,

(b) would be included in determining an input tax refund of the person in respect of the property or service for the period, but for the fact that the person is a large business within the meaning of sections 551 to 551.4 of chapter 63 of the statutes of 1995, or

(c) for which it can be reasonably be regarded that the person has obtained or is entitled to obtain a rebate, refund or remission under any other section of this Act or under any other Act;”.

(2) Subsection 1 has effect in respect of tax that becomes payable after 31 July 1995 and that is not paid before 1 August 1995.

318. (1) Section 486 of the said Act is amended by inserting the following definition in alphabetical order:

““reporting period” of a person is the reporting period of the person for the purposes of Title I;”.

(2) Subsection 1 applies from the first reporting period of a person for the purposes of Division IV of Chapter VIII of Title I of the said Act that begins after 31 March 1998.

319. (1) Section 494 of the said Act is amended by replacing the first and second paragraphs by the following :

“494. Every vendor shall keep an account of the specific tax the vendor has collected and shall, for each reporting period, where the vendor is required to file a return under Division IV of Chapter VIII of Title I, render an account to the Minister, in prescribed form containing the prescribed information, of the specific tax the vendor has collected or should have collected during the particular reporting period, file the account with and as prescribed by the Minister and, at the same time, remit to the Minister the amount of that tax.

“The vendor shall render an account even if no sale giving rise to such a tax was made during the particular reporting period.”

(2) Subsection 1 applies from the first reporting period of a person for the purposes of Division IV of Chapter VIII of Title I of the said Act that begins after 31 March 1998.

320. (1) Section 498 of the said Act is amended by replacing the first and second paragraphs by the following :

“498. Every collection officer holding a registration certificate shall keep an account of the amounts the collection officer has collected and shall, for each reporting period, where the collection officer is required to file a return under Division IV of Chapter VIII of Title I, render an account to the Minister, in prescribed form containing the prescribed information, of the amounts the collection officer has collected or should have collected under section 497 during the particular reporting period, file the account with and as prescribed by the Minister and, at the same time, remit the amounts to the Minister.

“The collection officer shall render an account even if no sale of alcoholic beverages was made during the particular reporting period.”

(2) Subsection 1 applies from the first reporting period of a person for the purposes of Division IV of Chapter VIII of Title I of the said Act that begins after 31 March 1998.

321. (1) The said Act is amended by inserting, after section 499, the following :

**“CHAPTER V.1****“INSTALMENT**

“499.1. Subject to the third paragraph, where the reporting period of a vendor or collection officer holding a registration certificate is a fiscal year within the meaning of section 458.1 or a period determined under section 461.1, the vendor or collection officer shall, within one month after the end of each of the vendor’s or collection officer’s fiscal quarter, within the meaning of section 458.1, ending in the reporting period, pay to the Minister an amount equal to 1/4 of the instalment base of the vendor or collection officer for that reporting period.

Sections 458.0.4 and 458.0.5 apply to that instalment, with the necessary modifications.

Where the vendor or the collection officer has complied with the obligation imposed under section 79.15.0.1 of the Licenses Act (chapter L-3) for a particular fiscal quarter, the first paragraph does not apply to that vendor or collection officer for that quarter.

“499.2. The instalment base of a person referred to in section 499.1 for a particular reporting period of the person is the lesser of

(1) an amount equal to

(a) in the case of a reporting period determined under section 461.1, the amount determined by the formula

$A \times (365 / B)$ , and

(b) in any other case, the total of the specific tax and the amount equal to the specific tax, if any, that the person has collected or should have collected, the duties provided for in section 79.11 of the Licenses Act (chapter L-3) that the person has collected or should have collected under subparagraphs *b* and *d* of the first paragraph of that section and that the person is required to pay under subparagraphs *c* and *e* of the first paragraph of that section for the particular reporting period; and

(2) the amount determined by the formula

$C \times (365 / D)$ .

For the purposes of these formulas,

(1) *A* is the total of the specific tax and the amount equal to the specific tax, if any, that the person has collected or should have collected, the duties provided for in section 79.11 of the Licenses Act that the person has collected or should have collected under subparagraphs *b* and *d* of the first paragraph of that section and that the person is required to pay under subparagraphs *c* and *e* of the first paragraph of that section for the particular reporting period;

(2) B is the number of days in the particular reporting period;

(3) C is the total of all amounts each of which is the total of the specific tax and the amount equal to the specific tax, if any, that the person has collected or should have collected, the duties provided for in section 79.11 of the Licenses Act that the person has collected or should have collected under subparagraphs *b* and *d* of the first paragraph of that section and that the person is required to pay under subparagraphs *c* and *e* of the first paragraph of that section for a reporting period ending in the twelve-month period immediately preceding the particular reporting period; and

(4) D is the number of days in the period commencing on the first day of the first of those preceding reporting periods and ending on the last day of the last of those preceding reporting periods.

“499.3. For the purposes of section 499.1, where the instalment base of a vendor or collection officer holding a registration certificate for a reporting period is less than \$1,500, it is deemed to be nil.”

(2) Subsection 1 applies from the first reporting period of a person for the purposes of Division IV of Chapter VIII of Title I of the said Act that begins after 31 March 1998.

322. (1) Section 541.35 of the said Act is replaced by the following :

“541.35. Every person, at the time of making a purchase at a retail sale in Québec of perchloroethylene for consumption or use in the course of a dry cleaning business operated in Québec, shall pay a specific duty equal to \$1.25 per litre of perchloroethylene purchased by the person.”

(2) Subsection 1 has effect in respect of a retail sale of perchloroethylene made since 1 January 1998 or a bringing into Québec of perchloroethylene since 1 January 1998.

#### FUEL TAX ACT

323. (1) The Fuel Tax Act (R.S.Q., chapter T-1) is amended by inserting, after section 10.5, the following section :

“10.6. A person entitled to a reimbursement under section 10.5 in respect of fuel acquired by the person from a holder of a collection officer’s permit who has made an agreement with the Minister under section 51 may, within the time, on the conditions and according to the modalities prescribed by regulation, transfer the amount of the reimbursement to the holder of a collection officer’s permit.

The amount to which the transfer relates must be applied, within a reasonable time, by the transferee against the amount that the transferee is required to collect from the transferor under section 51.1 in respect of fuel that the

transferee sells, delivers or causes to be delivered to the transferor in Québec subsequent to the transfer.”

(2) Subsection 1 has effect from 1 April 1998.

324. Section 12 of the said Act is amended, in the English text, by replacing the first paragraph by the following :

“12. Every retail dealer shall collect, as a mandatary of the Minister, the tax imposed by section 2 on any sale of fuel made by the retail dealer.”

325. (1) Section 51.1 of the said Act is amended by replacing the first paragraph by the following :

“51.1. The holder of a collection officer’s permit shall collect, as a mandatary of the Minister, an amount equal to the tax established in the first, fourth or fifth paragraph of section 2 from every person to whom the permit holder sells, delivers or causes to be delivered fuel in Québec. This requirement does not apply in respect of fuel delivered outside Québec or in respect of fuel sold in Québec to a wholesale dealer who has no residence or place of business in Québec and who does not hold a collection officer’s permit, where the fuel is delivered in circumstances described in the second paragraph of section 28.”

(2) Subsection 1 has effect from 1 April 1998.

326. (1) Section 51.2 of the said Act is amended by replacing the third paragraph by the following :

“Every collection officer who has made an agreement with the Minister under section 51 shall fulfill the requirement provided in the first paragraph according to the modalities and within the time provided in the agreement. However, the collection officer is not required to remit to the Minister the amount the collection officer is required to collect from a person under section 51.1 in respect of fuel that the collection officer has sold, delivered or caused to be delivered to that person in Québec, where, under the second paragraph of section 10.6, the collection officer has applied against that amount the amount of a reimbursement transferred by that person to the collection officer in accordance with the first paragraph of that section.”

(2) Subsection 1 has effect from 1 April 1998.

327. Section 56 of the said Act is amended by adding the following paragraph :

“Notwithstanding the first paragraph, regulations made in the year 2000 under this Act in respect of the time, conditions and modalities respecting the transfer of a reimbursement under section 10.6 or respecting an exemption under section 27 from the requirement that a person hold a collection officer’s

permit may, once published and if they so provide, apply to any date prior to their publication but not prior to 1 April 1998.”

#### ACT TO AGAIN AMEND THE TAXATION ACT AND OTHER LEGISLATION

328. (1) Section 42 of the Act to again amend the Taxation Act and other legislation (1993, chapter 19) is amended by replacing subsection 2 by the following :

“(2) This section applies from the taxation year 1993. Furthermore, where section 726.5 of the Taxation Act, repealed by this section, applies

(a) to the taxation years 1985 to 1989, it shall read with the following paragraph added thereto :

“However, if, following a request in writing by the corporation which is filed not later than 18 months after 20 December 1999, the Minister is of the opinion that the amount added for the taxation year to the taxable income of the corporation causes undue hardship to the corporation, the Minister may, notwithstanding sections 1010 to 1011, determine an amount the corporation is required to add for the year to its taxable income.”;

(b) to the taxation years 1990 to 1992, it shall read as follows :

“726.5. Where it so elects, a corporation shall add to its taxable income otherwise determined for a taxation year an amount equal to the amount it adds for the year to its taxable income computed for the purposes of the Income Tax Act (Statutes of Canada) pursuant to section 110.5 of the said Act.”.

(2) Subsection 1 has effect from 15 June 1993.

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

329. (1) Section 157 of the Act to amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1995, chapter 1) is amended by replacing, in subsection 1, subparagraph *b* of the third paragraph of section 1029.8.36.7 of the Taxation Act, enacted by that subsection 1, by the following :

“(b) where the wages incurred by the corporation in the year in respect of the employees described in the certificate mentioned in that paragraph, in connection with a business it carries on in Québec in respect of which the eligible design activity that is a fashion design relates, represent less than 2% of its gross revenue from the carrying on of that business for the year.”

(2) Subsection 1 has effect from 30 January 1995.

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

330. (1) Section 186 of the Act to again amend the Taxation Act, the Act respecting the Québec sales tax and other legislative provisions (1997, chapter 85) is replaced by the following :

“186. (1) Section 776.65 of the said Act, amended by section 92 of chapter 63 of the statutes of 1995 and by section 141 of chapter 14 of the statutes of 1997, is again amended, in the first and second paragraphs,

(1) by striking out “752.0.7, 752.0.10.1 to 752.0.10.15, 752.0.11 to”;

(2) by replacing “752.0.18.9” by “752.0.18.14”.

(2) Subsection 1 applies from the taxation year 1997. However, where the first and second paragraphs of section 776.65 of the said Act, amended by subsection 1, apply to the taxation year 1997, they shall be read as follows :

“776.65. An individual’s basic minimum tax deduction for a taxation year is the aggregate of the amounts that the individual may deduct under sections 752.0.1 to 752.0.7, 752.0.10.1 to 752.0.10.15, 752.0.11 to 752.0.15 and 752.0.18.1 to 752.0.18.14 in computing the individual’s tax payable for the year under this Part.

Where the first paragraph applies to an individual referred to in the second paragraph of section 22, 25 or 26, for the purpose of determining the basic minimum tax deduction of that individual for a taxation year, the amount that the individual may deduct under sections 752.0.1 to 752.0.7, 752.0.10.1 to 752.0.10.15, 752.0.11 to 752.0.15 and 752.0.18.1 to 752.0.18.14 in computing the individual’s tax payable for the year under this Part shall be determined without reference to the proportion referred to in section 752.0.23 or 752.0.25, as the case may be.”

(2) Subsection 1 has effect from 19 December 1997.

331. (1) Section 253 of the said Act is amended

(1) by replacing, in paragraph 3 of subsection 3, the third paragraph of section 1029.8.33.13 of the Taxation Act (R.S.Q., chapter I-3), enacted by that paragraph 3, by the following :

“The qualified expenditure, for a taxation year, to which the first paragraph refers in respect of an eligible taxpayer consists of

(a) for each pay period ending in the taxation year and on or before the date of the last day of the taxation year, the aggregate of all amounts paid, under the provisions mentioned in subparagraphs ii and iii of paragraph a

of the definition of “qualified expenditure” in the first paragraph of section 1029.8.33.12, in relation to the salary, wages or other remuneration paid, allocated, granted or awarded by the eligible taxpayer, in respect of the pay period, to eligible employees, in the proportion that the aggregate of the amount of the salary or wages paid, allocated, granted or awarded to eligible employees, in respect of the pay period, in relation to the tips received from eligible employees by the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to the customer’s bill and to the amounts reported by eligible employees pursuant to section 42.8 in respect of the pay period is of the total of the salary, wages or other remuneration paid, allocated, granted or awarded by the eligible taxpayer, in respect of the pay period, to eligible employees ;

(b) for each pay period ending in the taxation year and on or before the date of the last day of the taxation year, the amount paid, under the provision mentioned in subparagraph iv of paragraph *a* of the definition of “qualified expenditure” in the first paragraph of section 1029.8.33.12, in relation to the salary, wages or other remuneration paid, allocated, granted or awarded by the eligible taxpayer, in respect of the pay period, to eligible employees, in the proportion that the aggregate of the amount of the salary or wages paid, allocated, granted or awarded to eligible employees, in respect of the pay period, in relation to the tips received from eligible employees by the eligible taxpayer, to the tips that eligible employees received or benefited from and that constitute service charges added to the customer’s bill and to the amounts reported by eligible employees pursuant to section 42.8 in respect of the pay period is of the total of the salary, wages or other remuneration paid, allocated, granted or awarded by the eligible taxpayer, in respect of the pay period, to eligible employees ;

(c) the amount paid under the provision mentioned in subparagraph i of paragraph *a* of the definition of “qualified expenditure” in the first paragraph of section 1029.8.33.12, in respect of a calendar year that ends in the taxation year or the end of which coincides with the end of the taxation year, in relation to remuneration subject to contribution, within the meaning of the first paragraph of section 39.0.1 of the Act respecting labour standards (chapter N-1.1), paid, allocated, granted, awarded or attributed by the eligible taxpayer in that calendar year to eligible employees in relation to the tips received from eligible employees by the eligible taxpayer for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer’s bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8; and

(d) the aggregate of the indemnities pertaining to the annual leave as prescribed by the Act respecting labour standards or of the compensation in lieu thereof and provided for in a contract of employment, as the case may be, paid by the eligible taxpayer in the taxation year in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the eligible taxpayer to eligible employees in relation to the tips received from eligible employees by the eligible taxpayer for a period that is after



24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8, and of any amount paid in the taxation year, under the provisions mentioned in subparagraphs ii to iv of paragraph *a* of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.12, in relation to such indemnities.";

(2) by replacing, in paragraph 4 of subsection 3, the fourth paragraph of section 1029.8.33.14 of the Taxation Act, enacted by that paragraph 4, by the following :

"The qualified expenditure, for a fiscal period, to which the first paragraph refers in respect of a qualified partnership consists of

(a) for each pay period ending in the fiscal period and on or before the date of the last day of the fiscal period, the aggregate of all amounts paid, under the provisions mentioned in subparagraphs ii and iii of paragraph *a* of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.12, in relation to the salary, wages or other remuneration paid, allocated, granted or awarded by the qualified partnership, in respect of the pay period, to eligible employees, in the proportion that the aggregate of the amount of the salary or wages paid, allocated, granted or awarded to eligible employees, in respect of the pay period, in relation to the tips received from eligible employees by the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees pursuant to section 42.8 in respect of the pay period is of the total of the salary, wages or other remuneration paid, allocated, granted or awarded by the qualified partnership, in respect of the pay period, to eligible employees ;

(b) for each pay period ending in the fiscal period and on or before the date of the last day of the fiscal period, the amount paid, under the provision mentioned in subparagraph iv of paragraph *a* of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.12, in relation to the salary, wages or other remuneration paid, allocated, granted or awarded by the qualified partnership, in respect of the pay period, to eligible employees, in the proportion that the aggregate of the amount of the salary or wages paid, allocated, granted or awarded to eligible employees, in respect of the pay period, in relation to the tips received from eligible employees by the qualified partnership, to the tips that eligible employees received or benefited from and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees pursuant to section 42.8 in respect of the pay period is of the total of the salary, wages or other remuneration paid, allocated, granted or awarded by the qualified partnership, in respect of the pay period, to eligible employees ;

(c) the amount paid under the provision mentioned in subparagraph i of paragraph *a* of the definition of "qualified expenditure" in the first paragraph

of section 1029.8.33.12, in respect of a calendar year that ends in the fiscal period or the end of which coincides with the end of the fiscal period, in relation to remuneration subject to contribution, within the meaning of the first paragraph of section 39.0.1 of the Act respecting labour standards (chapter N-1.1), paid, allocated, granted, awarded or attributed by the qualified partnership in that calendar year to eligible employees in relation to the tips received from eligible employees by the qualified partnership for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8; and

(d) the aggregate of the indemnities pertaining to the annual leave as prescribed by the Act respecting labour standards or of the compensation in lieu thereof and provided for in a contract of employment, as the case may be, paid by the qualified partnership in the fiscal period in respect of the salary, wages or other remuneration paid, allocated, granted, awarded or attributed by the qualified partnership to eligible employees in relation to the tips received from eligible employees by the qualified partnership for a period that is after 24 March 1997, to the tips that eligible employees received or benefited from during such a period and that constitute service charges added to the customer's bill and to the amounts reported by eligible employees in respect of such a period pursuant to section 42.8, and of any amount paid in the fiscal period, under the provisions mentioned in subparagraphs ii to iv of paragraph *a* of the definition of "qualified expenditure" in the first paragraph of section 1029.8.33.12, in relation to such indemnities."

(2) Subsection 1 has effect from 19 December 1997.

332. (1) Section 272 of the said Act is amended by replacing, in paragraph 3 of subsection 2, section 1029.8.105 of the Taxation Act (R.S.Q., chapter I-3), enacted by that paragraph 3, by the following:

“1029.8.105 An individual, other than a trust, who is resident in Québec at the end of 31 December of a taxation year and, throughout the year, is not a dependant of another individual, is deemed, provided that the individual makes an application therefor in the fiscal return the individual is required to file under section 1000 for the year, or would be required to file if tax were payable under this Part by the individual for the year, to have paid to the Minister, in the first of the months specified for that year, on account of tax payable by the individual under this Part for the year, an amount equal to the amount by which

(a) the amount by which the total of the following amounts exceeds 3% of the individual's family income for the year:

- i. \$154 in respect of the individual,
- ii. \$154 in respect of the individual's eligible spouse for the year, where applicable, and

iii. \$103 if the individual, throughout the year, does not have a spouse and ordinarily lives in a self-contained domestic establishment in which no person lives other than the individual or a dependant of the individual, exceeds

(b) the amount by which the total of the following amounts exceeds 3% of the individual's family income for the year :

i. \$104 in respect of the individual,

ii. \$104 in respect of the individual's eligible spouse for the year, where applicable, and

iii. \$53 if the individual, throughout the year, does not have a spouse and ordinarily lives in a self-contained domestic establishment in which no person lives other than the individual or a dependant of the individual.””

(2) Subsection 1 has effect from 19 December 1997.

333. (1) Section 418 of the said Act is amended, in paragraph 29 of subsection 1, by replacing the portion before the portion of paragraph 2 of the definition of “residential trailer park” in section 1 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), replaced by that paragraph 29, by the following :

“(29) in paragraph 2 of the definition of “residential trailer park”, by replacing the portion before subparagraph *a* by the following :”.

(2) Subsection 1 has effect from 19 December 1997.

#### ACT TO AMEND THE TAXATION ACT AND OTHER LEGISLATIVE PROVISIONS OF A FISCAL NATURE

334. (1) Section 283 of the Act to amend the Taxation Act and other legislative provisions of a fiscal nature (1998, chapter 16) is repealed.

(2) Subsection 1 has effect from 12 June 1998.

#### ACT RESPECTING INCOME SUPPORT, EMPLOYMENT ASSISTANCE AND SOCIAL SOLIDARITY

335. (1) Section 75 of the Act respecting income support, employment assistance and social solidarity (1998, chapter 36) is amended

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

“(b) the lesser of

i. the amount by which the aggregate of the benefits under a last resort assistance program received in the year by the adult and the adult's spouse

that are to be included, for the year, in computing their income under section 311.1 of the Taxation Act, exceeds the aggregate of such benefits reimbursed by the adult and the spouse in the year that are deductible, for that year, under paragraph *d* or *d.2* of section 336 of that Act, and

ii. the amount determined by regulation for the purposes of subparagraph 3 of the third paragraph of section 79;”;

(2) by replacing subparagraphs 1 to 3 of the second paragraph by the following :

“(1) the amount by which the aggregate of the benefits under a last resort assistance program received in the year by the adult and the adult’s spouse that are to be included, for the year, in computing their income under section 311.1 of the Taxation Act, exceeds the aggregate of such benefits reimbursed by the adult and the spouse in the year that are deductible, for that year, in computing their income under paragraph *d* or *d.2* of section 336 of that Act ;

“(2) an amount received as a pension under the Automobile Insurance Act (R.S.Q., chapter A-25) that is to be included in computing income under paragraph *k.2* of section 311 of the Taxation Act ;

“(3) indemnities received under the Workmen’s Compensation Act (R.S.Q., chapter A-3) or the Act respecting industrial accidents and occupational diseases (R.S.Q., chapter A-3.001) that are to be included in computing income under paragraph *k.1* of section 311 of the Taxation Act ;”.

(2) Subsection 1 has effect from 1 October 1999.

336. (1) Section 79 of the said Act is amended

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

“79. A person’s work income for a year is equal to the aggregate of the following amounts :

(1) the person’s income for the year from an office or employment computed under Part I of the Taxation Act (chapter I-3) before any deduction provided for in the second paragraph of section 64 of that Act, where it refers to such part of the capital cost of an aircraft as is allowed by regulation, and paragraph *c* of section 70 of that Act, other than any such income that may be deducted in computing the person’s taxable income under paragraph *e* of section 725 of that Act ;

(2) the person’s income for the year from a business computed under Part I of the Taxation Act before any deduction provided for in section 130 or 130.1 of that Act, minus the person’s losses so computed, for the year, in respect of that business, exclusive of any such income that may be deducted in computing the person’s taxable income under paragraph *e* of section 725 of that Act ; and

(3) any other amount referred to in subparagraph 4 of the second paragraph of section 68.”;

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

“The total income of an adult’s family for a year is equal to the amount by which the aggregate of the incomes of the adult, the adult’s spouse and the adult’s dependent children, computed under Part I of the Taxation Act with reference to the rules in Title II of Book V.2.1 of Part I of that Act, exceeds the aggregate of the following amounts :”;

(3) by replacing subparagraph 3 of the third paragraph by the following :

“(3) the amount of the benefits granted under a last resort financial assistance program that is the lesser of

(a) the amount by which the aggregate of such benefits received in the year by the adult and the adult’s spouse that are to be included, for the year, in computing their income under section 311.1 of the Taxation Act, exceeds the aggregate of such benefits reimbursed by the adult and the spouse in the year that are deductible, for that year, under paragraph *d* or *d.2* of section 336 of that Act, and

(b) the amount determined by regulation;”;

(4) by adding, after subparagraph 4 of the third paragraph, the following subparagraph :

“(5) an amount that would be deductible, in computing the adult’s income under Part I of the Taxation Act, if section 336.0.3 of that Act were read as follows :

“336.0.3. A taxpayer may, in computing the income of the taxpayer for a taxation year, deduct the aggregate of all amounts each of which is a support amount paid by the taxpayer in the year to a particular person, where the taxpayer and the particular person were living separate and apart at the time the amount was paid.””;

(5) by inserting, after the third paragraph, the following paragraphs :

“For the purposes of subparagraph 2 of the first paragraph, where a person is a member of a partnership at the end of a fiscal period of the partnership, any amount deducted by the partnership in computing its income from a business, for that fiscal period, under section 130 or 130.1 of the Taxation Act, is deemed to have been deducted by the person under that section in computing the person’s income from that business, up to the person’s share of the amount, for the taxation year in which the fiscal period ends.

“For the purposes of the third paragraph, the income computed under Part I of the Taxation Act with reference to the rules in Title II of Book V.2.1 of Part I of that Act is the income that would be so computed if section 312.4 of that Act were read as follows :

“312.4. A taxpayer shall also include the aggregate of all amounts each of which is a support amount received in the year from a particular person where the taxpayer and the particular person were living separate and apart at the time the amount was received.””

(2) Subsection 1 has effect from 1 October 1999. However, where the first paragraph of section 79 of the said Act, enacted by paragraph 1 of subsection 1, applies before 1 January 2000, it shall be read without reference to subparagraph 3 thereof.

337. (1) Section 91 of the said Act is amended by replacing, in subparagraph 10 of the first paragraph, “amount of the benefits granted under a last resort financial assistance program” by “maximum amount of the benefits granted under a last resort financial assistance program, determined by regulation,”.

(2) Subsection 1 has effect from 1 October 1999.

338. (1) Section 158 of the said Act is amended by replacing subparagraph 7 of the first paragraph by the following :

“(7) prescribing the amount of benefits under a last resort financial assistance program for the purposes of the third paragraph of section 75 and the sixth paragraph of section 79;”.

(2) Subsection 1 has effect from 1 October 1999.

339. Section 215 of the said Act is repealed.

340. Notwithstanding the coming into force of section 206 of the said Act, the Government may make regulations for the purposes of the amendments to the Act respecting income security (R.S.Q., chapter S-3.1.1), enacted by sections 291 to 294 of this Act, for the period between 31 December 1996 and 1 October 1999.

Such regulations are not subject to the publication requirements set out in sections 8 and 11 of the Regulations Act (R.S.Q., chapter R-18.1). The provisions thereof may however, once published and if they so provide, take effect from any date prior to their publication but not prior to the effective date of the legislative provisions under which they are made.

341. This Act comes into force on 20 December 1999.

## Coming into force of Acts

Gouvernement du Québec

### **O.C. 55-2000, 19 January 2000**

#### **An Act to amend the Act respecting the Ministère du Revenu and other legislative provisions of a fiscal nature (1999, c. 65)**

##### **— Coming into force of certain provisions**

COMING INTO FORCE of certain provisions of the Act to amend the Act respecting the Ministère du Revenu and other legislative provisions of a fiscal nature

WHEREAS the Act to amend the Act respecting the Ministère du Revenu and other legislative provisions of a fiscal nature (1999, c. 65) was assented to on 13 December 1999;

WHEREAS under section 83 of the Act, its provisions came into force on the date it was assented to, except the provisions of sections 1 to 4, 6, 7, 11, 13 to 16, 18, 19, 27, 30 to 32, 46, 49 to 53, 55 to 63, 65 to 71 and 74 to 76, paragraphs 1, 2 and 3 of section 9, paragraph 2 of section 17, paragraph 1 of section 28, paragraphs 1, 2 and 5 of section 29 and paragraph 2 of section 54, which come into force on the date or dates to be fixed by the Government, and the provisions of paragraphs 2, 3 and 4 of section 28 and paragraphs 3 and 4 of section 29, which come into force on the second anniversary of the coming into force of paragraph 1 of section 28 and of paragraphs 1, 2 and 5 of section 29;

WHEREAS it is expedient to fix 2 February 2000 as the date of coming into force of the provisions of sections 1 to 4, 6, 7, 11, 13 to 16, 18, 19, 27, 30 to 32, 46, 49 to 53, 55 to 63, 65 to 71 and 74 to 76, paragraphs 1, 2 and 3 of section 9, paragraph 2 of section 17, paragraph 1 of section 28, paragraphs 1, 2 and 5 of section 29 and paragraph 2 of section 54 and 2 February 2002 as the date of coming into force of the provisions of paragraphs 2, 3 and 4 of section 28 and paragraphs 3 and 4 of section 29 of the Act;

IT IS ORDERED, therefore, upon the recommendation of the Minister of Revenue:

THAT the provisions of sections 1 to 4, 6, 7, 11, 13 to 16, 18, 19, 27, 30 to 32, 46, 49 to 53, 55 to 63, 65 to 71 and 74 to 76, paragraphs 1, 2 and 3 of section 9, paragraph 2 of section 17, paragraph 1 of section 28, paragraphs 1, 2 and 5 of section 29 and paragraph 2 of

section 54 of the Act to amend the Act respecting the Ministère du Revenu and other legislative provisions of a fiscal nature (1999, c. 65) come into force on 2 February 2000;

THAT the provisions of paragraphs 2, 3 and 4 of section 28 and paragraphs 3 and 4 of section 29 of the Act come into force on 2 February 2002.

MICHEL NOËL DE TILLY,  
*Clerk of the Conseil exécutif*

3383





## Regulations and other acts

Gouvernement du Québec

### O.C. 34-2000, 19 January 2000

An Act respecting farm income stabilization insurance (R.S.Q., c. A-31)

#### Farm income stabilization insurance scheme — Amendments

Regulation to amend the Farm Income Stabilization Insurance Scheme

WHEREAS under sections 2, 5, 6 and 6.1 of the Act respecting farm income stabilization insurance (R.S.Q., c. A-31), the Government ordered the establishment of the Farm Income Stabilization Insurance Scheme by Order in Council 1670-97 dated 17 December 1997;

WHEREAS the items to be considered in computing annual receipts, net annual income and stabilized net annual income shall be specified in the Scheme, among other things, including the indexation of some of them;

WHEREAS, under section 45.1 of the Act, enacted by section 1 of Chapter 78 of the Statutes of 1999, the Government may amend, for the 1999-2000 insurance year and effective from 1 April 1999, the items to be considered in computing annual receipts, net annual income and stabilized net annual income and the conditions of participation for piglets and hogs provided for in the Scheme;

WHEREAS the coverage offered by the Scheme is based on the average production cost observed in farm businesses;

WHEREAS the parameters of the production cost are updated periodically in order to update the coverage offered by considering productivity gains resulting from the evolution of production norms and the introduction of more efficient techniques;

WHEREAS the production cost models of a hog farm provided for in the Scheme was amended in 1996 and as a result, the stabilized income of piglet and hog producers was reduced from the 1996-1997 insurance year;

WHEREAS the scope of the crisis and the importance of corrections made to parameters governing the amount of compensations paid under the Scheme could not have been forecasted by producers;

WHEREAS, on 25 September 1998, the representatives of farm producers and the Government ratified an agreement in order to resolve in a durable manner the inconveniences related to the fall of prices and to the crisis situation that prevailed in the hog sector;

WHEREAS, among the solutions retained, the parties have agreed to apply to the production cost models of the hog farm the results of a study on the production costs carried out by a third party for the 1999-2000 insurance year;

WHEREAS it is expedient to amend the production cost models of hog farms for the 1999-2000 insurance year in accordance with the results of the study carried out by the Groupe de recherches en économie et politique agricoles of Université Laval (GREPA) as of 1 April 1999;

WHEREAS it is expedient to introduce a standard related to the insurable volume for hogs applicable as of 1 April 1999;

WHEREAS it is expedient to make the Regulation to amend the Farm Income Stabilization Insurance Scheme;

IT IS ORDERED, therefore, upon the recommendation of the Minister of Agriculture, Fisheries and Food:

THAT the Regulation to amend the Farm Income Stabilization Insurance Scheme, attached to this Order in Council, be made.

MICHEL NOËL DE TILLY,  
*Clerk of the Conseil exécutif*

### Regulation to amend the Farm Income Stabilization Insurance Scheme\*

An Act respecting farm income stabilization insurance (R.S.Q., c. A-31, ss. 2, 6, 6.1 and 45.1; 1999, c. 78, s. 1)

1. The Farm Income Stabilization Insurance Scheme is amended in section 53 by substituting the figure “1.169” for “1.145” and the figure “18.0” for “17.7”.

\* The Farm Income Stabilization Insurance Scheme, made by Order in Council 1670-97 dated 17 December 1997 (1997, G.O. 2, 6293), was last amended by the Regulations made by Orders in Council 1304-99 dated 1 December 1999 (1999, G.O. 2, 5123) and 1423-99 dated 15 December 1999 (1999, G.O. 2, 5155). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 1999, updated to 1 September 1999.

2. Paragraph 1 of section 54 is amended by adding the following at the end:

“; notwithstanding the foregoing, the insurable volume is determined according to the number of slaughtered hogs whose hot carcass weight is greater than or equal to 65 kg (143 lb);”.

3. Section 71 of the Scheme is amended by substituting the parts attached hereto for the parts of Table 5 regarding piglets and hogs.

4. Table 7 of section 73 is amended by substituting the following parts for the part regarding piglets in the “By-product” and “Indexation standards” columns:

“

#### Piglets

Culled sows	Variation in the price of culled sows according to the Canada livestock and meat trade report, Agriculture and Agri-Food Canada.
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Culled boars	Variation in the price of culled boars according to the Canada livestock and meat trade report, Agriculture and Agri-Food Canada.
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Various income	Variation in cash costs.
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#### Hogs

Replacement gilts transferred and breeder gilts sold	The supplemental income considered for the transfer or sale of breeding subjects is equivalent per unit to the excess value of those subjects in relation to the sale value of hogs.
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Various income	Variations in cash costs.
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”.

5. Section 74 is amended

(1) by inserting “piglets” after “milk-fed calves” in the first paragraph; and

(2) by inserting “hogs” after the word “insurable” in the second paragraph.

6. Section 75 is revoked.

7. Section 76 is amended by substituting the table attached hereto for Table 9.

8. Table 11 of section 76 is amended

(1) by substituting the following for paragraph 6 of the annual adjustment standards:

“6. The depreciation amounts for piglets and hogs are fixed and non-adjustable according to the data of the 1997-1998 reference year of the model farm entered in Table 9. For other products, the depreciation amounts were adjusted until the 1994-1995 insurance year for cereal, grain corn and soy beans, potatoes and apples and until the 1995-1996 insurance year for feeder calves, feeder cattle and slaughter cattle, milk-fed calves, grain-fed calves and lambs. For the subsequent years, the depreciation amounts shall remain in force without any other adjustment.”;

(2) by substituting the following for paragraphs 76 to 78 of the description of items and the annual adjustment standards:

“

76. Purchase and transfer of piglets	76. Statistical surveys of the Régie on the average price of piglets that prevailed in Québec on farrow-type specialized farms and used also to establish the selling price of piglets for the “breeder” division. That average price of piglets is adjusted according to the weight of piglets provided for in Table 5 by only taking into account the feeding costs of piglets, in kilograms, provided for in Table 14 of section 85.1.
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77. Breeders

(a) Purchase, transfer of replacement animals and inventory variation of the breeding herd	(a) Variation in costs of controlled hybrid sows and pure-bred boars according to the Société des éleveurs de porcs du Québec;
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(b) Sales income from animals	(b) Variation in the prices according to the Livestock Market Review, Agriculture and Agri-Food Canada.
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78. Various insurance	Variation in the producer’s remuneration, MAPAQ.
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”;

(3) by substituting the following for paragraphs 81 and 82 of the description of items and the annual adjustment standards:

“

81. Marketing costs	Index representing the variation of marketing costs, MAPAQ.
82. Other indexing items	
(a) Rental of buildings	(a) FIPI index for replacement of buildings in Québec, Statistics Canada.
(b) Additive to liquid manure	(b) FIPI pesticide index for Québec, Statistics Canada.
(c) Capital taxes	(c) Variation of the capital tax rate according to the Ministère du Revenu, MAPAQ.

”.

9. The following is inserted after section 85:

“**85.1.** For the purposes of computing the net annual income of hogs, the total of cash disbursements and depreciation presented in Table 9 shall be increased, in order to compensate for the differential between the entry weight of piglets to the feeder plant and the sale weight of piglets to the breeder plant, according to the adjustments of the following table:

**TABLE 5**  
DESCRIPTION OF MODEL FARMS

Piglets	The model farm has 204 sows and is based on a farrow and farrow-to-finish production method.	1997-1998	Multiplying coefficient to take into account the first gestation sows	1.169	The marketed production volume is 3 666 piglets.	Sale of culled animals 75 sows	176 754 (Depreciated acquisition cost)
			Number of insurable sows	204			
	The producer possesses the building and equipment necessary to produce the annual production volume.		Number of breeding sows	174.5			
			Productivity of insurable sows (piglets/insurable sow)	18.0			
			Weight of produced piglets (kg)	19.92			
			Total number of working hours	2 994			
			Producer's number of working hours	2 377			

**TABLE 14**

Description of costs	1997-1998 Adjustment to take into account an entry weight of piglets at 19.92 kg (\$)	Adjustment for the differential of 1.94 kg (\$/kg)
Food for piglets:	5 809.04	0.747
Other variable costs:	176.39	0.023
Fixed costs:	777.75	0.100
Depreciation:	521.17	0.067
Total of adjustments:	7284.35	0.937

The annual adjustment of the aforementioned items is carried out by the Régie in accordance with the indexing norms provided for in Table 11 or in accordance with other data it deems relevant.”.

10. This Regulation applies to the stabilization insurance contracts in force on 1 April 1999 and to those entered into thereafter.

11. This Regulation comes into force on the date of its publication in the *Gazette officielle du Québec*.

Hogs	The model farm of 4 009 hogs sold is based on a farrow-to-finish and finish production method.  The producer possesses the building and equipment necessary to produce the annual production volume.	1997-1998	Reference weight of piglets brought in (kg)	21.86	The marketed production volume is 339 282 kg (slaughtered weight).	Among the 4 009 hogs sold, 14 replacement gilt have been transferred and 4 breeder gilt have been sold.	191 362 (Depreciated acquisition cost)
			Weight of piglets brought in after the adjustment provided in section 85.1	19.92			
			Mortality and seizure rate	3.7 %			
			Number of piglets brought in	4 163			
			Slaughter weight of hogs sold (kg carcass/hog)	84.63			
			Turnover rate (sales/inventory)	3.0			
			Total numbers of working hours	2 339			
			Producer's number of working hours	2 230			

**TABLE 9**  
ANIMAL PRODUCTIONS — CASH DISBURSEMENTS AND DEPRECIATION

Description of insurance coverage according to the products	"Lambs"	"Feeder cattle"	"Feeder calves"	"Grain-fed calves"	"Milk-fed calves"	"Piglets"	"Hogs"
Reference volume of the model farm	16 159.4 kg	209 436 kg	18 303 kg	100 177 kg	115 925 kg	3 666 piglets	339 282 kg
Reference year of the farm model	1988	1985	1986	1990	1993	1997-1998	1997-1998
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Cash disbursements							
Variable costs							
Purchase of animals	1 036.23	216 408.00	1 227.31	81 313.09	135 372.22	12 647.70	219 304.33
Feed purchased and produced on the farm	13 918.36	61 733.06	9 837.49	66 469.42	264 032.72	99 898.50	268 803.45
Medication, veterinary services and insemination	2 096.14	4 376.64	1 525.74	9 613.50	19 189.80	13 087.62	3 407.65
Additional labour	5 880.97	9 819.52	4 763.10	6 385.70	8 063.18	7 169.54	1 242.60
Contract work	2 337.16	3 694.77	1 006.50	0.00	862.99	0.00	0.00
Disposal of manure	0.00	0.00	0.00	994.50	1 178.10	3 299.40	4 409.90
Livestock insurance	367.91	1 439.50	427.77	373.14	490.57	0.00	0.00
Use of machinery	3 658.18	22 674.59	5 642.06	600.55	443.92	73.32	200.45
Electricity and propane	1 622.46	1 614.08	725.64	5 019.91	8 007.71	8 908.38	6 494.58
Bedding	0.00	2 799.87	0.00	3 476.50	0.00	0.00	0.00
Purchase and market costs	5 297.61	10 425.93	1 882.83	12 013.57	7 534.97	879.84	14 151.77
Interest on short-term loan	1 260.50	29 674.41	2 049.36	7 747.27	5 048.03	2 236.26	5 091.43
Sub-total	37 475.52	364 660.37	29 087.80	194 007.15	450 224.21	148 200.56	523 106.16

Description of insurance coverage according to the products	“Lambs”	“Feeder cattle”	“Feeder calves”	“Grain-fed calves”	“Milk-fed calves”	“Piglets”	“Hogs”
Reference volume of the model farm	16 159.4 kg	209 436 kg	18 303 kg	100 177 kg	115 925 kg	3 666 piglets	339 282 kg
Reference year of the farm model	1988	1985	1986	1990	1993	1997-1998	1997-1998
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Fixed costs							
Maintenance of buildings and land	1 838.86	3 513.18	1 624.00	3 510.50	4 983.30	7 295.34	10 904.48
Miscellaneous insurance	1 003.16	1 562.44	575.98	963.42	866.79	3 152.76	4 289.63
Real estate taxes	265.21	284.57	436.95	212.56	242.15	1 319.76	1 643.69
Interest on medium and long term loans	5 807.82	21 125.67	6 310.57	5 535.16	3 742.93	5 755.62	10 423.40
Miscellaneous costs	2 437.08	4 900.86	3 425.54	2 271.08	3 401.81	2 639.52	5 251.79
Sub-total	11 352.13	31 386.72	12 374.04	12 492.72	13 236.98	20 163.00	32 512.99
Minus miscellaneous incomes						659.88	3 729.01
Total cash disbursements	48 827.65	396 047.09	41 460.84	206 499.87	463 461.19	167 703.68	551 890.14
Depreciation	7 077.30	14 752.35	5 430.21	6 081.70	6 969.27	15 250.56	22 570.67
Total cash disbursements and depreciation	55 904.95	410 799.44	46 891.05	212 581.57	470 430.46	182 954.24	574 460.81

3379

Gouvernement du Québec

**O.C. 44-2000, 19 January 2000**

An Act respecting the distribution of financial products and services  
(1998, c. 37)

Designation of persons permitted to offer an insurance product that cannot be offered by a distributor

WHEREAS under section 428 of the Act respecting the distribution of financial products and services (1998, c. 37), the Government may order, after consulting the Bureau des services financiers, that an insurance product that cannot be offered by a distributor may be offered by any person it specifies and that the person shall be deemed to be a distributor for that product;

WHEREAS the Bureau des services financiers was consulted;

WHEREAS it is expedient to allow the following persons to distribute certain insurance products:

1. employees of an insurance company, with respect to the insurance product Accirance;

2. funeral cooperatives, with respect to the insurance product Sécurocoop;

IT IS ORDERED, therefore, upon the recommendation of the Minister of State for the Economy and Finance and Minister of Finance:

THAT the following persons be authorized to distribute certain insurance products:

1. employees of an insurance company, with respect to the insurance product Accirance;

2. funeral cooperatives, with respect to the insurance product Sécurocoop.

MICHEL NOËL DE TILLY,  
*Clerk of the Conseil exécutif*

3382

Gouvernement du Québec

**O.C. 46-2000, 19 January 2000**

Court Bailiffs Act  
(R.S.Q., c. H-4.1)

**Bailiffs**

— **Tariff of fees and transportation of expenses**  
— **Amendment**

Regulation to amend the Tariff of fees and transportation of expenses of bailiffs

WHEREAS since the coming into force, on 16 September 1999, of the Regulation to amend the Tariff of fees and transportation expenses of bailiffs, made by Order in Council 915-99 dated 18 August 1999, section 7.1 has provided for a fee of \$58 for the service of a judicial document from another State, in application of the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters, which was entered into at The Hague on 15 November 1965 and which came into force on 1 May 1989;

WHEREAS it is necessary to reduce the fee from \$58 to \$50 because the amendment to section 7.1 runs counter to the statement made by Canada upon joining the Convention, according to which the fee is \$50;

WHEREAS under section 12 of the Regulations Act (R.S.Q., c. R-18.1), a proposed regulation may be made without having been published under section 8 of that Act where the authority making it is of the opinion that the urgency of the situation requires it;

WHEREAS under section 13 of that Act, the reason justifying the absence of prior publication shall be published with the regulation;

WHEREAS the Government is of the opinion that the urgency due to the following circumstances justifies the absence of prior publication:

— it is expedient to amend, as soon as possible, the amount provided for in the Tariff of fees and transportation expenses of bailiffs for the service of a judicial document from another State, in application of the previously mentioned Convention, in a manner which corresponds to the statement made by Canada upon joining the Convention;

— an end must be put to the current situation as quickly as possible, that is, by the payment by the Ministère de la Justice of the difference between \$50 and the amount of \$58 provided for in section 7.1 of the aforementioned Tariff;

WHEREAS it is expedient to make the Regulation;

IT IS ORDERED, therefore, upon the recommendation of the Minister of Justice:

THAT the Regulation to amend the Tariff of fees and transportation expenses of bailiffs, attached to this Order in Council, be made.

MICHEL NOËL DE TILLY,  
*Clerk of the Conseil exécutif*

**Regulation to amend the Tariff of fees and transportation expenses of bailiffs\***

Court Bailiffs Act  
(R.S.Q., c. H-4.1, s. 13)

1. Section 7.1 of the Tariff of fees and transportation expenses of bailiffs is amended by substituting the amount "\$50" for the amount "\$58".

2. This Regulation comes into force on the fifteenth day following its date of publication in the *Gazette officielle du Québec*.

3378

Gouvernement du Québec

**O.C. 48-2000, 19 January 2000**

Professional Code  
(R.S.Q., c. C-26)

**Diplomas issued by designated teaching establishments which give access to permits or specialist's certificates**  
— **Amendments**

Regulation to amend the Regulation respecting the diplomas issued by designated teaching establishments which give access to permits or specialist's certificates of professional orders (social workers)

WHEREAS under section 2 of the Professional Code (R.S.Q., c. C-26) replaced by section 1 of Chapter 14 of the Statutes of 1998, the Code applies to all professional

\* The Tariff of fees and transportation expenses of bailiffs (R.R.Q., 1981, c. H-4, r.3) was last amended by the Regulation made by Order in Council 915-99 dated 18 August 1999 (1999, *G.O.* 2, 2818). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 1999, updated to 1 September 1999.

orders and to their members, subject to the inconsistent provisions of a special Act, of the letters patent issued under section 27 or of an integration or amalgamation order made under section 27.2;

WHEREAS under the first paragraph of section 42 of the Code, subject to any special act, no person may obtain a permit or a specialist's certificate unless he holds a diploma recognized as valid for such purpose by regulation of the Government made under the first paragraph of section 184 of the Code;

WHEREAS under section 184 of the Code, as it read in 1983, the Government made, by Order in Council, 1139-83 dated 1 June 1983, the Regulation respecting the diplomas issued by designated teaching establishments which give access to permits or specialist's certificates of professional orders;

WHEREAS it is expedient to further amend that Regulation;

WHEREAS pursuant to the first paragraph of section 184 of the Professional Code, the Government may, by regulation, after obtaining the advice of the Office des professions du Québec in accordance with subparagraph 7 of the third paragraph of section 12 of the Code, and of the order concerned, that is, the Ordre professionnel des travailleurs sociaux, determine the diplomas issued by the educational institutions it indicates which give access to a permit issued by a professional order;

WHEREAS under subparagraph 7 of the third paragraph of section 12 of the Code, the Office des professions du Québec must, in particular, advise the Government on any diploma giving access to a permit or specialist's certificate issued by an order, after consultation, in particular, with the educational institutions, the order concerned and the Minister of Education;

WHEREAS the consultations required under the above-mentioned provisions of the Code have been made;

WHEREAS in accordance with the above-mentioned provisions of the Code, the Government, through the Minister responsible for the administration of legislation respecting the professions, has been advised by the Office des professions du Québec and the professional order concerned;

WHEREAS in accordance with the Regulations Act (R.S.Q., c. R-18.1), a draft of the Regulation attached to this Order in Council was published in Part 2 of the *Gazette officielle du Québec* of 28 April 1999, with a notice that the Government could make the Regulation upon the expiry of 45 days following that publication

and that any person having comments to make could send them to the Chairman of the Office des professions du Québec before the expiry of the 45-day period;

WHEREAS following that publication, the Chairman of the Office has not received any comments on the amendments;

WHEREAS drafting amendments have been made to the text since its publication;

WHEREAS it is expedient to make the Regulation attached to this Order in Council;

IT IS ORDERED, therefore, on the recommendation of the Minister responsible for the administration of legislation respecting the professions:

THAT the Regulation to amend the Regulation respecting the diplomas issued by designated teaching establishments which give access to permits or specialist's certificates of professional orders, attached to this Order in Council, be made.

MICHEL NOËL DE TILLY,  
*Clerk of the Conseil exécutif*

### **Regulation to amend the Regulation respecting the diplomas issued by designated teaching establishments which give access to permits or specialist's certificates of professional orders\***

Professional Code  
(R.S.Q., c. C-26, s. 184, 1st par.)

1. Section 1.15 of the Regulation respecting the diplomas issued by designated teaching establishments which give access to permits or specialist's certificates of professional orders is amended by substituting the following for subparagraphs *a* to *i* of the first paragraph:

“(a) Baccalauréat en service social (B.Serv.Soc.) from Université Laval;

\* The Regulation respecting the diplomas issued by designated teaching establishments which give access to permits or specialist's certificates of professional orders, made by Order in Council 1139-83 dated 1 June 1983 (1983, *G.O.* 2, 2369) to replace the revised regulation (R.R.Q., 1981, c. C-26, r. 1), was last amended by Order in Council 221-98 dated 25 February 1998 (1998, *G.O.* 2, 1260). For previous amendments, refer to the *Tableau des modifications et Index sommaires*, Éditeur officiel du Québec, 1999, updated to 1 September 1999.

(b) Maîtrise en service social (M.Serv.soc.) from Université Laval;

(c) Bachelor of Social Work (B.S.W.) from McGill University;

(d) Master of Social Work (M.S.W.) from McGill University;

(e) Baccalauréat ès sciences en service social (B.Sc.) (service social) from the Université de Montréal;

(f) Maîtrise ès sciences en service social (M.Sc.) (service social) from the Université de Montréal;

(g) Baccalauréat en travail social (B.T.S.) from the Université du Québec given at the Université du Québec en Abitibi-Témiscamingue;

(h) Baccalauréat en travail social (B.T.S.) from the Université du Québec given at the Université du Québec à Chicoutimi;

(i) Baccalauréat en travail social (B.T.S.) from the Université du Québec given at the Université du Québec à Hull;

(j) Maîtrise en travail social (M.T.S.) from the Université du Québec given at the Université du Québec à Hull;

(k) Baccalauréat en travail social (B.T.S.) from the Université du Québec à Montréal;

(l) Baccalauréat en service social (B.Serv.Soc.) from the Université de Sherbrooke;

(m) Maîtrise en service social (M.Serv.Soc.) from the Université de Sherbrooke.”.

2. This Regulation does not affect the rights of a person who, on the day preceding the coming into force of this Regulation, is the holder of a diploma giving access to the permit of the Ordre professionnel des travailleurs sociaux du Québec or is registered in a program giving access to such diploma.

3. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

Gouvernement du Québec

## O.C. 49-2000, 19 January 2000

Professional Code  
(R.S.Q., c. C-26)

### Barreau

#### — Professional acts that may be performed by persons other than members of the Barreau

Regulation respecting professional acts that may be performed by persons other than members of the Barreau du Québec

WHEREAS, under paragraph *h* of section 94 of the Professional Code (R.S.Q., c. C-26), the Bureau of a professional order may, by regulation, determine, among the professional acts that may be engaged in by members of the order, those that may be engaged in by the persons or categories of persons indicated in the regulation;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), a draft of the Regulation was published in Part 2 of the *Gazette officielle du Québec* of 30 December 1998 with a notice that it could be submitted to the Government for approval upon the expiry of 45 days following that publication;

WHEREAS, in accordance with section 95 of the Professional Code, the Office des professions made its recommendations;

WHEREAS it is expedient to approve the Regulation, with amendments;

IT IS ORDERED, therefore, upon the recommendation of the Minister responsible for the administration of legislation respecting the professions:

THAT the Regulation respecting professional acts that may be performed by persons other than members of the Barreau du Québec, the text of which is attached to this Order in Council, be approved.

MICHEL NOËL DE TILLY,  
*Clerk of the Conseil exécutif*



## Regulation respecting professional acts that may be performed by persons other than members of the Barreau du Québec

Professional Code  
(R.S.Q., c. C-26, s. 94, par. h)

1. A person other than a member of the Barreau du Québec may give advice and consultations on legal matters providing the following conditions are respected:

1) this person is legally authorized to exercise outside of Quebec the same profession as members of the Barreau du Québec;

2) this person acts as counsel or advocate before an international arbitration tribunal;

3) this person gives advice and consultations on legal matters regarding the case for which said person is acting as counsel or advocate before an international arbitration tribunal.

2. This regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

3385

Gouvernement du Québec

**O.C. 50-2000**, 19 January 2000

Professional Code  
(R.S.Q., c. C-26)

### Chartered appraisers — Standards for a diploma or training equivalence for the issue of a permit

Regulation respecting the standards for a diploma or training equivalence for the issue of a permit by the Ordre des évaluateurs agréés du Québec

WHEREAS under paragraph *c* of section 93 of the Professional Code (R.S.Q., c. C-26), the Bureau of a professional order must, by regulation, prescribe standards for equivalence of diplomas issued by educational establishments situated outside Québec, for the purposes of issuing a permit or specialist's certificate, and standards of equivalence of the training of a person who does not hold a diploma required for such purposes;

WHEREAS the Bureau of the Ordre des évaluateurs agréés du Québec duly adopted the Regulation respect-

ing the standards for a diploma or training equivalence for the issue of a permit by the Ordre des évaluateurs agréés du Québec;

WHEREAS in accordance with the Regulations Act (R.S.Q., c. R-18.1), the Regulation was published, as a draft Regulation, in Part 2 of the *Gazette officielle du Québec* of 17 March 1999, with a notice that it could be submitted to the Government for approval, upon the expiry of 45 days following its publication;

WHEREAS in accordance with section 95 of the Professional Code, the Office des professions du Québec made its recommendations;

WHEREAS it is expedient to approve the Regulation, with amendments;

IT IS ORDERED, therefore, upon the recommendation of the Minister responsible for the administration of legislation respecting the professions:

THAT the Regulation respecting the standards for a diploma or training equivalence for the issue of a permit by the Ordre des évaluateurs agréés du Québec, attached to this Order in Council, be approved.

*Le greffier du Conseil exécutif,*  
MICHEL NOËL DE TILLY

## Regulation respecting the standards for a diploma or training equivalence for the issue of a permit by the Ordre des évaluateurs agréés du Québec

Professional Code  
(R.S.Q., c. C-26, s. 93, par. c)

### DIVISION I GENERAL

1. The secretary of the Ordre des évaluateurs agréés du Québec shall forward a copy of this Regulation to those who signify their wish to have a diploma issued by a teaching establishment outside Québec or training recognized as equivalent.

In this Regulation,

“diploma equivalence” means the recognition by the administrative committee that a diploma issued by an educational establishment outside Québec certifies that the candidate has attained a level of knowledge equivalent to the level attained by the holder of a diploma recognized by regulation of the Government, made un-

der the first paragraph of section 184 of the Professional Code (R.S.Q., c. C-26), as meeting the requirements for the permit;

“training equivalence” means the recognition by the administrative committee that a candidate’s training demonstrates that he has attained a level of knowledge equivalent to the level attained by the holder of a diploma recognized by regulation of the Government, made under the first paragraph of section 184 of the Professional Code, as meeting the requirements for the permit.

## DIVISION II EQUIVALENCE STANDARDS

### §1. *Diploma equivalence*

2. A person holding a diploma issued by an educational establishment outside Québec shall be granted a diploma equivalence if the following conditions are met:

(1) the diploma was conferred upon completion of university studies comprising at least 1 350 hours, including 585 hours distributed as follows:

(a) business administration: a minimum of 225 hours pertaining in particular to business law, marketing, financial management, economic analysis or macro-economics and management accounting;

(b) the basics of appraisal: a minimum of 90 hours pertaining in particular to concepts, theories, laws, principles of value, processes, methods and analysis;

(c) the elements surrounding the appraisal activity: a minimum of 135 hours pertaining in particular to architecture, construction costs, depreciation, immovable development, urban planning, case study, the preparation of reports and testimony in court;

(d) real estate law: a minimum of 90 hours; and

(e) real estate finance: a minimum of 45 hours.

3. An application for equivalence in respect of a diploma acquired five years earlier or more shall be denied if the knowledge gained no longer corresponds, considering the developments in the profession, to the knowledge currently being taught in a program of study leading to diploma recognized by regulation of the Government as meeting the requirements for the permit.

In such a case, a training equivalence may be granted under section 4.

### §2. *Training equivalence*

4. A person shall be granted a training equivalence if he demonstrates that his level of knowledge is equivalent to the level attained by a person holding a diploma recognized under the first paragraph of section 184 of the Professional Code, particularly by reason of relevant work experience in the carrying out of a chartered appraiser’s professional activities.

5. Notwithstanding section 4, an application for equivalence in respect of training acquired five years earlier or more shall be denied if the knowledge gained no longer corresponds, considering the developments in the profession, to the knowledge currently being taught in a program of study leading to a diploma recognized by regulation of the Government as meeting the requirements for the permit.

6. To determine whether a candidate’s training is equivalent under section 4, the following factors shall be taken into account:

(1) the nature and duration of his experience;

(2) the diplomas awarded in Québec or elsewhere;

(3) the nature, content, duration and relevancy of the courses taken to obtain those diplomas, in relation to the practice of the profession;

(4) the training periods completed and other continuing education or skill upgrading activities;

(5) the total number of years of schooling; and

(6) relevant work experience.

7. Where assessing a person’s training present difficulties such that a judgment cannot be made on his level of knowledge, the person may be called for an interview or required to pass an examination, or both.

8. A candidate shall be granted a training equivalence under section 4 if that person

(1) holds an assessor’s permit issued by the Commission municipale du Québec;

(2) holds the title of accredited appraisal conferred by the Appraisal Institute of Canada and holds a university diploma issued less than ten years before the date of receipt of the application for a training equivalence that would have been recognized equivalent without the requirement in section 3;

(3) holds the title of accredited appraisal conferred by the Appraisal Institute of Canada and holds an undergraduate university diploma in a field related to appraisal, such as architecture, urban planning or civil engineering, issued by a Québec educational establishment less than ten years before the date of receipt of the application for a training equivalence;

(4) holds an undergraduate university diploma in a field related to appraisal, such as architecture, urban planning or civil engineering, and a university certificate in appraisal issued by a Québec educational establishment less than ten years before the date of receipt of the application for a training equivalence and has at least one year's relevant experience; or

(5) holds a collegial diploma in building assessment and appraisal techniques and an undergraduate university diploma in a field related to appraisal, such as architecture, urban planning, civil engineering or business administration, issued by a Québec educational establishment less than ten years before the date of receipt of the application for a training equivalence and has at least one year's relevant experience.

### **DIVISION III PROCEDURE FOR GRANTING EQUIVALENCES**

9. A candidate who wishes to be granted an equivalence shall provide the secretary of the Order with the following documents in support of his application, in addition to the documents he deems relevant, together with the processing fees prescribed under paragraph 8 of section 86.0.1 of the Professional Code;

(1) his academic record, including an official transcript of his marks sent directly to the Order by the registrar of the educational establishments, a description of the courses taken with the number of related hours and credits;

(2) copies of his diplomas certified as true by the educational establishment;

(3) an attestation that he has participated in a professional training period or any other continuing education or skill upgrading activity in the field of appraisal, where applicable, and a description thereof; and

(4) a detailed description of his relevant work experience and attestations of that experience from his employers.

Any document sent in support of an application for equivalence and not written in French or English shall be accompanied by a French translation certified by the translator's oath.

10. The secretary of the Order shall forward the documents mentioned in section 9 to the admission committee formed by the Bureau under paragraph 2 of section 86.0.1 of the Professional Code and in charge of the application of this Regulation.

The committee shall make its recommendation to the administrative committee as soon as possible.

11. At the first meeting following the receipt of the committee's recommendation, the administrative committee shall decide whether it will grant a diploma or training equivalence and shall notify the candidate in writing within 30 days of its decision.

12. If it does not recognize a diploma or training as equivalent, the administrative committee shall indicate in its decision the programs of study, training periods or examinations whose successful completion would make that person, given his current level of knowledge, eligible for equivalence.

13. A candidate whose application for equivalence is turned down by the administrative committee may apply to the Bureau for a hearing and review of that decision, provided that the person sends a written application stating reasons to the secretary of the Order within 30 days following the date on which the administrative committee's decision is mailed.

Within 60 days following receipt of such application, the Bureau shall hear the candidate and, where expedient, shall review the decision. At least ten days before the date of the hearing, the secretary of the Order shall convene the candidate by means of a written notice sent by registered mail.

14. The decision of the Bureau on the application for review is final and without appeal and it shall be sent to the candidate in writing within 30 days of the date of the hearing.

15. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

Gouvernement du Québec

**O.C. 51-2000**, 19 January 2000

Professional Code  
(R.S.Q., c. C-26)

**Chartered appraisers**  
— **Terms and conditions for permits to be issued**

Regulation respecting terms and conditions for permits to be issued by the Ordre des évaluateurs agréés du Québec

WHEREAS under paragraph *i* of section 94 of the Professional Code (R.S.Q., c. C-26), the Bureau of the Ordre des évaluateurs agréés du Québec may, by regulation, determine the other terms and conditions for issuing permits, specialist's certificates or special authorizations, in particular the obligation to serve the periods of professional training and to pass the professional examinations it determines;

WHEREAS under the same paragraph, the Bureau may also, by regulation, fix standards of equivalence applicable to the terms and conditions determined therein;

WHEREAS under that section, the Bureau made the Regulation respecting terms and conditions for permits to be issued by the Ordre des évaluateurs agréés du Québec;

WHEREAS in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), the draft Regulation was published in the *Gazette officielle du Québec* of 17 March 1999 with a notice that it could be submitted to the Government for approval upon the expiry of 45 days following that publication;

WHEREAS in accordance with section 95 of the Code, the Office des professions du Québec made its recommendations;

WHEREAS it is expedient to approve the Regulation with amendments;

IT IS ORDERED, therefore, upon the recommendation of the Minister responsible for the administration of legislation respecting the professions:

THAT the Regulation respecting terms and conditions for permits to be issued by the Ordre des évaluateurs agréés du Québec, attached to this Order in Council, be approved.

MICHEL NOËL DE TILLY,  
*Clerk of the Conseil exécutif*

**Regulation respecting terms and conditions for permits to be issued by the Ordre des évaluateurs agréés du Québec**

Professional Code  
(R.S.Q., c. C-26, s. 94, par. *i*)

**DIVISION I**  
**GENERAL**

1. The administrative committee of the Ordre des évaluateurs agréés du Québec shall issue a permit to any person who:

(1) submits a permit application in writing to the administrative committee;

(2) provides an authentic copy of his birth certificate or proof that he was legally admitted to Canada to reside permanently;

(3) provides an attestation that he holds a diploma recognized by the Government under the first paragraph of section 184 of the Professional Code (R.S.Q., c. C-26) as giving access to a permit issued by the Order or an attestation that the Bureau recognized an equivalence of diploma or training in accordance with subparagraph *g* of the first paragraph of section 86 of the Code;

(4) where applicable, provides the attestation prescribed in section 35 of the Charter of the French language (R.S.Q., c. C-11);

(5) has obtained a trainee's certificate and has successfully completed a training period in accordance with Division II or has an equivalence in accordance with Division VI;

(6) has taken, during the training period, the training course offered by the Order on the standards of professional practice and ethics or has an equivalence in accordance with Division VI;

(7) has passed the examination prescribed in Division V or has an equivalence in accordance with Division VI;

(8) has paid the fees for the issue of a permit.

2. The terms and conditions in paragraphs 5, 6 and 7 of section 1 shall be met within 5 years from the date on which the trainee's certificate was issued in accordance with section 5.

3. The fees required under this Regulation shall be fixed by the Bureau under paragraph 8 of section 86.0.1 of the Professional Code.

4. The admissions committee shall be formed by resolution of the Bureau under paragraph 2 of section 86.0.1 of the Professional Code. Unless otherwise provided, the committee is responsible for the application of this Regulation.

## **DIVISION II** **TRAINING PERIOD**

5. A person wishing to obtain a trainee's certificate for the purpose of beginning a training period shall:

(1) apply in writing to the admissions committee and attach the documents required under paragraph 2 of section 1 together with an attestation that he is enrolled in an educational establishment in a program of study leading to a diploma recognized by government regulation as giving access to a permit issued by the Order and that he has successfully completed at least 75 credits in that program, or the attestation required under paragraph 3 of section 1;

(2) indicate the name and address of his tutor and the period during which he will act as such;

(3) provide a recent passport size photograph;

(4) pay the prescribed fees.

6. The secretary of the admissions committee shall register a candidate who meets the requirements of section 5 and issue a trainee's certificate to him.

7. The objective of the training period is to allow the trainee to assimilate all the aspects of appraisal by putting into practice his theoretical knowledge and developing the skills inherent to the practice of the profession.

During his training period, the trainee shall be initiated, in particular, to data collection, building inspection, the study of the value of land, the use of the three methods of appraisal and reconciliation.

8. A training period shall last for a total of 48 weeks and may be carried out over one or several intervals, each lasting at least 4 weeks. Each week shall include at least 35 hours of work.

9. Each interval of the training period shall be carried out under the supervision of a chartered tutor in accordance with Division III.

10. A trainee who changes tutors shall give written notification to the secretary of the admissions committee as soon as possible.

## **DIVISION III** **TUTORS**

11. A member wishing to act as a tutor of a trainee shall apply in writing to the admissions committee.

The committee shall recognize as tutor of the trainee, a member who:

(1) practices the profession of chartered appraiser in an environment that is likely to offer the trainee the experience described in section 7;

(2) has been entered on the roll for the last 3 years;

(3) has not been required to complete a refresher training period in accordance with the Regulation respecting refresher training periods for chartered appraisers (R.R.Q., 1981, c. C-26, r. 97) within the 5 years preceding the starting date of the training period;

(4) has not received a disciplinary sanction from the committee on discipline or the Professions Tribunal within the 5 years preceding the date of the application;

(5) has paid all costs, fees or dues owed to the Order;

(6) acts as a tutor for less than 4 trainees at a time.

12. A member who is informed by the admissions committee that he does not satisfy the conditions to act as a tutor may apply to be heard by the committee if he submits a written application stating reasons within 30 days of the date the decision was mailed. The committee has 60 days from the receipt of the application to hear the member. Its decision is final and shall be forwarded in writing to the member within 30 days of the date of the hearing.

13. A tutor shall supervise, counsel and teach the trainee to comply with the professional standards generally recognized. He shall ensure that during the training period the trainee assumes responsibilities of increasing importance that will allow him to develop the skills inherent to the practice of the profession.

14. The administrative committee may revoke the recognition of a member as a tutor if the member is required to complete a refresher training period in accordance with the Regulation respecting refresher training periods for chartered appraisers (R.R.Q., 1981, c. C-26, r. 97) or receives a sanction from the committee on discipline or the Professions Tribunal.

15. A tutor shall allow his trainee to attend training courses offered by the Order as referred to in paragraph 6 of section 1.

#### **DIVISION IV EVALUATION OF THE TRAINING PERIOD**

**16.** A tutor shall prepare a written evaluation of each interval of the training period using the criteria mentioned in regard to the following five areas of learning:

(1) practical activities: aptitude for research, presentation of records and ability to solve appraisal problems;

(2) work organization: work planning and the application of methods, techniques, laws, regulations and standards of practice relating to appraisal;

(3) professional characteristics: aptitude for analysis, judgement, sense of responsibility, punctuality, attendance at work and the maintenance of a professional demeanor;

(4) communications: communication with the client and the drawing up of records and reports;

(5) personal characteristics: adaptability, self-control, capacity for self-evaluation and discretion.

**17.** For each area of learning, the tutor shall mark the trainee in accordance with the following scale:

excellent: A (85 % to 100 %);  
very good: B (75 % to 84 %);  
good: C (65 % to 74 %);  
poor: D (55 % to 64 %);  
insufficient: E (54 % or less).

**18.** A tutor shall forward the evaluation to the secretary of the admissions committee within 15 days following the end of each interval of the training period.

He shall also, within the same deadline, give a copy to his trainee.

**19.** If a tutor refuses to or is incapable of producing the evaluation, the trainee may contact the admissions committee who shall take appropriate action.

**20.** A training period is successfully completed if the trainee obtains a mark of at least D in each area of learning in each interval and an average mark in all the areas of learning equal to or higher than C for the training period as a whole.

**21.** As soon as possible after the receipt of the evaluation of the final interval of the training period, the secretary of the admissions committee shall send the

trainee either an attestation of the successful completion of the training period or a notice of failure.

**22.** A trainee who fails his training period may apply to the admissions committee for a hearing. He shall submit a written application stating reasons to the secretary of the admissions committee within 30 days of the mailing of the notice of failure. The admissions committee shall hear the trainee within 60 days of the receipt of the application. The committee may then maintain or correct the marks given by the tutor or, if necessary, recommend training activities intended to allow the trainee to reach the objectives of the training period. The committee may also recommend that the trainee successfully completes another 6 month training period. The decision of the admissions committee is final and is sent in writing within 30 days of the date of the hearing.

#### **DIVISION V EXAMINATION**

**23.** The Order shall hold an annual entrance examination, before the second Sunday in October, which shall include an oral part and a written part.

**24.** The admissions committee is responsible for the conception, administration and correction of the examinations. To that effect, it may take on experts with the approval of the administrative committee. The admissions committee shall take appropriate measures to preserve the anonymity of the trainees during the correction of the examination.

**25.** A trainee may sit for the examination if he has:

(1) applied in accordance with section 26;

(2) satisfied the conditions provided for in paragraphs 3, 5 and 6 of section 1 at least 30 days before the date of the examination.

**26.** A trainee shall submit a written registration application together with the required attestations and examination fees to the admissions committee.

**27.** The examination shall evaluate the ability of the candidate to apply his knowledge and skills to solve appraisal problems in conformity with the laws, regulations and standards governing the practice of the profession. The examination shall deal with the following subjects: knowledge of the Professional Code and the regulations of the Order, standards of professional practice and the application of the methods and techniques of appraisal.

28. The trainee is marked according to the following scale:

- excellent: A (85 % to 100 %);
- very good: B (75 % to 84 %);
- good: C (65 % to 74 %);
- poor: D (55 % to 64 %);
- insufficient: E (54 % or less).

29. A trainee shall obtain at least a “C” in order to pass the examination.

30. In addition to not obtaining the required mark, the following also leads to failure of the examination:

- (1) using or attempting to use books, documents, notes or objects other than those authorized for the examination;
- (2) plagiarizing, attempting to plagiarize or assisting another in plagiarizing;
- (3) preventing the orderly administration of the examination.

31. Within 60 days following the date of the examination, the admissions committee shall send to each trainee the results of their examination in writing.

32. A trainee who fails the examination for a reason other than those listed in paragraphs 1 to 3 of section 30 may submit a written application to the admissions committee for a review of his result. This application together with the required fee shall be submitted within 30 days from the date of the mailing of the examination result.

The admissions committee shall review the result within 90 days from the date of the mailing of that result.

The result obtained after review is final.

33. A trainee may, within 60 days from the date of the examination, consult his examination after having submitted a written application to the secretary of the admissions committee accompanied by the required fees.

The admissions committee shall destroy the examinations six months after the date of the examination.

34. Subject to section 2, a trainee who fails the examination may sit for the following examination.

## DIVISION VI

### STANDARDS OF EQUIVALENCE AND OTHER TERMS AND CONDITIONS FOR THE ISSUE OF PERMITS

35. A person shall be granted an equivalence of the terms and conditions prescribed in paragraphs 5, 6 and 7 of section 1 if he demonstrates that he possesses the practical knowledge and skills equivalent to those of a person having completed a training period, taken courses offered by the Order and passed the examination prescribed in this Regulation.

In order to evaluate the equivalence applied for, the following factors need to be taken into account:

- (1) the nature and length of experience;
- (2) the diplomas awarded in Québec or elsewhere;
- (3) the nature, content, length and relevance of the courses taken in respect to the application for equivalence;
- (4) the training periods and other continuing education or skill upgrading activities completed;
- (5) the total number of years of schooling;
- (6) relevant work experience;
- (7) If the period of time elapsed between the date of the application, made under this Division, and the acquisition of the practical knowledge and skills relied upon to support it is more than 4 years, these skills and knowledge must correspond, taking into account the developments in the profession, to those of a trainee who successfully completes his training period and examination.

Should the assessment of the aforementioned factors present such difficulties that a judgement cannot be made on the level of knowledge of a person, this person may be called to an interview or required to write an examination or both.

36. For the purposes of this Division, a reference to the Regulation respecting standards of equivalence is a reference to the Regulation respecting the standards for a diploma or training equivalence for the issue of a permit by the Ordre des évaluateurs agréés du Québec approved by Order in Council 50-2000 dated 19 January 2000, as it reads at the time of its application.

A person satisfies the conditions of section 35 if he:

(1) has an equivalence of training under paragraph 1 of section 8 of the Regulation respecting standards of equivalence and, in accordance with the Act respecting municipal taxation (R.S.Q., c. F-2.1), has signed at least one real estate assessment roll of a municipality of Québec filed between 15 August and 1 November 1999 or already in force during this period;

(2) has an equivalence of training under paragraphs 2 and 3 of section 8 of the Regulation respecting standards of equivalence.

**37.** A person who shall be granted an equivalence of the conditions required under to paragraphs 5 and 6 of section 1 if he:

(1) has an equivalence of training under section 8 of the Regulation respecting standards of equivalence and has acquired at least 5 years of experience in the practice of municipal appraisal in Québec since 1990;

(2) has an equivalence of training under paragraph 1 of section 8 of the Regulation respecting standards of equivalence, has at least 2 years of relevant work experience and holds either of the following diplomas awarded less than 10 years before the date of receipt of the application for equivalence:

i. a collegial diploma in building assessment and appraisal techniques issued by an educational establishment in Québec;

ii. an undergraduate diploma issued by an educational establishment in a field closely related to appraisal such as architecture, urban planning, civil engineering or business administration.

(3) has an equivalence of training under paragraphs 4 and 5 of section 8 of the Regulation respecting standards of equivalence.

**38.** A person who wishes to be granted an equivalence of terms and conditions for the issue of a permit shall apply in writing according to the terms and conditions prescribed in Division III of the Regulation respecting standards of equivalence.

The provisions of this Division of the Regulation apply to the application, adapted as required.

## **DIVISION VII** **TRANSITIONAL**

**39.** Sections 1 to 34 do not apply to a person who holds a trainee's certificate on the day of the coming into force of this Regulation.

## **DIVISION VIII** **FINAL**

**40.** This Regulation replaces the Regulation respecting terms and conditions for permits to be issued by the Ordre des évaluateurs agréés du Québec approved by Order in Council 797-92 dated 17 June 1992.

**41.** This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

3386



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## Draft Regulations

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### Draft Minister's Order

Forest Act  
(R.S.Q., c. F-4.1)

#### Value of silvicultural treatments

Notice is thereby given that the Order of the Minister of Natural Resources respecting the value of silvicultural treatments admitted as payment of dues for the 2000-2001 fiscal year, the text which appears below, may be made by the Minister, with or without amendment, at the expiry of 45 days following this publication.

Any person having comments to make on this matter is asked to send them in writing, before the expiry of the 45-day period, to Mr. Marc Ledoux, Associate Deputy Minister for Forests, Ministère des Ressources naturelles, 880, chemin Sainte-Foy, 10<sup>e</sup> étage, Québec (Québec) G1S 4X4.

JACQUES BRASSARD,  
*Minister of Natural Resources*

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### Order 425 of the Minister of Natural Resources respecting the value of silvicultural treatments admitted as payment of dues for the 2000-2001 fiscal year

Forest Act  
(R.S.Q., c. F-4.1, ss. 73.1 and 73.3)

1. The silvicultural treatments described in Schedule I shall be admitted as payment of the dues prescribed by the Minister responsible for the administration of the Forest Act as determined by the production priority groups described in Schedule I.

The silvicultural treatments are realized on the forest area where the priority production has to be performed.

2. The silvicultural treatments mentioned in Schedule II and their admissibility criterias are defined in the relative instructions to the application of the present Order.

3. The values of such silvicultural treatments for the 2000-2001 fiscal year are those established in Schedule II.

4. This Minister's Order replaces Minister's Order 405 of the Minister of Natural Resources, published in Part 2 of the *Gazette officielle du Québec* of 31 March 1999.

5. This Minister's Order of the Minister of Natural Resources comes into force on 1 April 2000.

**SCHEDULE I**

(s.1)

**SILVICULTURAL TREATMENTS ADMISSIBLE  
BY PRODUCTION PRIORITY GROUPE**

Silvicultural treatments admissible	Production priority groups													
	Fir, spruce, jack pine, tamarack	Thuja	Poplar	White birch	Birch1 or Oak or intermediary tol.hard.	Pine	Maple or tsuga or tol. hard.	Pine-Birch (Pine)1	Pine-Birch (Birch)1	Mixed S-int.hard (S) or S-int.hard. (hard.)	Mixed S-Birch (S)1	Mixed S-Birch (hard.)1	Mixed S-Maple (S) or S-tol.hard. (S)	Mixed S-Maple (hard.) or S-int.hard. (hard.)
Precommercial thinning	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fertilization	X													
Commercial thinning	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Spreading commercial thinning					X							X		
Pine seeding	X					X		X	X					
Improvement cutting		X												
Selection cutting		X					X							X
Selection cutting by patches					X				X			X		
Selection and regeneration cutting by patches					X				X			X		
Selection cutting for maple and wood production							X							X
Preselection cutting							X							X
Strip cutting with regeneration and soil protection	X	X			X	X		X	X		X	X		
Mosaics cutting with regeneration and soil protection	X	X	X	X	X	X		X	X		X	X		
Progressive seed cutting	X	X		X	X	X	X	X	X	X	X	X	X	X
Planting	X	X	X	X	X	X	X				X			
Site preparation, natural regeneration reinforcement planting and release treatment	X	X			X	X		X	X	X	X	X	X	X
Drainage	X	X												
Enrichment planting					X	X		X	X					

1 For these priority productions, the yellow birch prevails on the white birch as the principal objective species.

**SCHEDULE II**

(s. 2 and 3)

VALUES OF SILVICULTURAL TREATMENTS ADMITTED AS  
PAYMENT OF DUES FISCAL YEAR 2000-2001

## 1. SITE PREPARATION

## Scarification

Anchor chains	105 \$/ha
Shark-fin barrels and chains	300 \$/ha
Hydraulic cone trenchers (Wadell type)	240 \$/ha
Hydraulic disk trenchers (TTS hydraulic and Donaren types)	190 \$/ha
Rake scarifier (shark)	190 \$/ha
Batch scarifier (Bracke), disk trencher (TTS type)	135 \$/ha
Batch scarifier moulder (Bracke moulder)	190 \$/ha
“V” blade batch scarifier (Bracke) or disk trencher	375 \$/ha
Cutter-type portable scarifier forest mattock	330 \$/1 000 microsites

## Forest harrows (Rome et Crabe types)

Single pass	215 \$/ha
Double pass	385 \$/ha
36 inches harrow	425 \$/ha
Létourneau tree crusher	335 \$/ha

Winter shear-blading with a  
shear-blade-equipped crawler tractor

435 \$/ha

## Clearing

Rake-equipped crawler tractor	425 \$/ha
Rake equipped skidder or hydraulic rake	360 \$/ha
Modified “V” blade models C and H	180 \$/ha

## Ploughing and harrowing

Forest plough (Lazure type) + forest harrow (Rome and Crabes types)	1 170 \$/ha
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## Prescribed burning

395 \$/ha

## 2. RELEASE TREATMENT

## Mechanical

Coniferous or boreal forest zone	650 \$/ha
Mixed and hardwood forest zones	730 \$/ha

## Herbicides

Ground spraying	340 \$/ha
Aerial spraying	205 \$/ha

## 3. PRECOMMERCIAL THINNING

Priority production of softwoods and mixed  
predominantly softwood stands and priority  
production of poplars and mixed predominantly  
poplar standsValue per hectare =  $424,33 \times \ln(ti/ha) - 3\,280,09$ ln: base *e* logarithmti: number of trees of more than 1,2 meter for softwoods  
and 1,8 meter for hardwoods

ha: hectare

Priority production of intolerant hardwoods  
and mixed predominantly intolerant hardwoods  
(except priority production of poplars and mixed  
predominantly poplar stands)

845 \$/ha

Priority production of tolerant  
hardwoods and mixed predominantly  
tolerant hardwood stands

805 \$/ha

## 4. COMMERCIAL THINNING\*

## Softwoods

Average DBH of felled trees (cm)	Value with tree marking (\$/ha)	Value without tree marking (\$/ha)
10 à 10,9	1 255	1 110
11 à 11,9	1 050	905
12 à 12,9	885	740
13 à 14,9	705	560
15 et plus	540	395

Mixed with tolerant and intolerant hardwoods

565 \$/ha

Tolerant and intolerant hardwoods

240 \$/ha

## 5. DRAINAGE

Cleared areas (without prior felling)	1,50 \$/m or m <sup>3</sup>
Wooded areas (without prior felling)	1,65 \$/m or m <sup>3</sup>
Wooded areas (with prior felling)	1,85 \$/m or m <sup>3</sup>

## 6. FERTILIZATION

## Softwoods

370 \$/ha

7. NATURAL REGENERATION REINFORCEMENT  
PLANTING RED PINE AND WHITE PINE PLANTING

With site preparation

Bare-root seedlings

Conventional size

235 \$/1 000 seedlings

Large size

370 \$/1 000 seedlings

Container seedlings	
67-50	190 \$/1 000 seedlings
45-110	200 \$/1 000 seedlings
25-200	260 \$/1 000 seedlings
45-340 and 25-350-A	325 \$/1 000 seedlings

Without site preparation	
Bare-root seedlings	
Conventional size	250 \$/1 000 seedlings
Large size	385 \$/1 000 seedlings
Container seedlings	
67-50	205 \$/1 000 seedlings
45-110	215 \$/1 000 seedlings
25-200	275 \$/1 000 seedlings
45-340 or 25-350-A	340 \$/1 000 seedlings

## 8. PROGRESSIVE SEED CUTTING\*

Softwoods	530 \$/ha
Mixed with tolerant and intolerant hardwoods	240 \$/ha
Tolerant and intolerant hardwoods	240 \$/ha

## 9. STRIP CUTTING WITH REGENERATION AND SOIL PROTECTION\* 215 \$/ha

## 10. PLANTING

With site preparation	
Bare-root seedlings	
Conventional size	215 \$/1 000 seedlings
Large size	350 \$/1 000 seedlings
Container seedlings	
67-50	175 \$/1 000 seedlings
45-110 or cuttings	180 \$/1 000 seedlings
25-200	240 \$/1 000 seedlings
45-340 or 25-350-A	305 \$/1 000 seedlings

Without site preparation	
Bare-root seedlings	
Conventional size	230 \$/1 000 seedlings
Large size	365 \$/1 000 seedlings
Container seedlings	
67-50	190 \$/1 000 seedlings
45-110	195 \$/1 000 seedlings
25-200	255 \$/1 000 seedlings
45-340 or 25-350-A	320 \$/1 000 seedlings

## 11. ENRICHMENT AND REINFORCEMENT PLANTING OF HARDWOODS AND PINE 520 \$/1 000 seedlings

## 12. SPREADING COMMERCIAL THINNING\* 240 \$/ha

## 13. IMPROVEMENT CUTTING\*

Tolerant hardwood	240 \$/ha
Mixed with tolerant hardwood	240 \$/ha
Cedar	230 \$/ha

## 14. SELECTION CUTTING\*

Tolerant hardwood	240 \$/ha
Mixed with tolerant hardwood	240 \$/ha
Cedar	230 \$/ha

## 15. SELECTION CUTTING BY PATCHES\* 240 \$/ha

## 16. SELECTION AND REGENERATION CUTTING BY PATCHES\* 240 \$/ha

## 17. PRESELECTION CUTTING\*

Tolerant hardwood	240 \$/ha
Mixed with tolerant hardwood	240 \$/ha

## 18. PINE SEEDING

Aerial seeding	35 \$/ha
Ground seeding	135 \$/ha
Funnels	310 \$/1 000 microsites seeded

## 19. SELECTION CUTTING FOR MAPLE SAP AND WOOD PRODUCTION\* 375 \$/ha

## 20. MOSAICS CUTTING WITH REGENERATION AND SOIL PROTECTION\*\* 55 \$/ha

\* The value admitted as payment of dues includes some harvesting, road construction or tree marking costs.

\*\* Treatment admissible at the latest until march 31st 2003.

Note: The expression "tolerant hardwoods" includes white pine and red pine.

3387

## Draft Regulation

Mining Act  
(R.S.Q., c. M-13.1)

### Mineral substances other than petroleum, natural gas and brine

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation respecting mineral substances other than petroleum, natural gas and brine, the text of which appears below, may be made by the Government upon the expiry of 45 days following this publication.

The draft Regulation, that would replace the Regulation respecting mineral substances other than petroleum, natural gas and brine, made by Order in Council 1443-88 dated 21 September 1988, is different from the latter under two aspects.

First, several new provisions ensue directly from the new legal authorizations enacted by Chapter 24 of the Statutes of 1998. Particularly, the new provisions proposed in the draft Regulation deal mainly with the following elements:

— a mechanism created to curb purchases of vast territories by a single intervening party in order to favour a larger access to the various parties interested in that same expanse of the land. The mechanism would be represented by a gradation of rights upon registering map designated claims according to the number of claims acquired during a given period for the same person;

— an adjustment of the rights for the renewal of claims according to the date on which the application was filed in order to prompt their holders to be more careful and prevent accidental losses of claims whose term has ended;

— the content of the applications for conversion of certain mining titles into map designated claims and applications for the determination of a common claim expiry date and reduction of term and the technical and calculation rules specific to the conversion or applicable during an application for determination or reduction;

— the conditions for obtaining or renewing a lease to mine surface mineral substances and a measure whose purpose is to prevent the renewal of such a lease where the operator fails to provide the extraction report required or the payment of the royalties exigible. That measure would be represented by a penalty that varies according to the importance of the delay, in addition to the interests run, if any;

— the introduction of definitions of various types of work for which the Mining Act provides particular conditions of acceptability for the renewal of certain mining titles.

Secondly, in order to update the regulation currently applicable, other amendments are made by the draft Regulation, regarding mainly:

— the content of the various applications for mining titles and the requirements relating to the work report, which would be simplified as a whole;

— the safety measures put forward upon cessation of mining activities, which would be reinforced in the case of surface pillars, and additional measures, which would be added, regarding signs warning of the danger of the access to mines and underground worksites with a surface opening; however, relaxed measures would be made with respect to securing underground sites with a sur-

face opening in order to allow operators to use secure measures for sites other than the erection of a fence;

— the terms and conditions of payment of the guarantees exigible that must be provided during the restoration of mining sites, which would allow a business having several mining sites to combine the set of payments into a single annual payment;

— the requirements in statutory work applicable to claims, which would be adjusted to take into account the larger area of the new map designated claim; however, an increase of the requirements in statutory work applicable to mining exploration licences, that have not been reviewed since 1980, would be provided in order to improve the efficiency of exploration work of the industry and to enhance the mineral potential of the northern territory.

The draft Regulation finally provides new fees and an increase of certain existing fees, especially with respect to exploration titles, in order to maintain the self-financing of management fees of the new mining plan.

Any interested person having comments to make on the matter is asked to send them in writing, before the expiry of the 45-day period, to Raymond Boutin, Director of royalties and mining titles, Ministère des Ressources naturelles, 5700, 4<sup>e</sup> Avenue Ouest, Charlesbourg (Québec) G1H 6R1.

JACQUES BRASSARD,  
*Minister of Natural Resources*

## **Regulation respecting mineral substances, other than petroleum, natural gas and brine**

Mining Act  
(R.S.Q., c. M-13.1, s. 306, pars. 1, 2, 3, 5 to 14.2, 21.1 to 27, 29 to 31 and ss. 306.1 to 309, 311, 312, 313.2 and 313.3; 1997, c. 43, s. 359 and 1998, c. 24, ss. 128 to 130, 133 and 158 )

### **CHAPTER I PROSPECTING LICENCE**

1. Any application for a prospecting licence or renewal of a prospector's licence shall be sent in writing to the Minister of Natural Resources and include the name, address and date of birth of the applicant.

The application shall include the fee in the amount of \$30 for the term of the claim.

2. The fee for obtaining a duplicate of a prospecting licence is \$15.

## CHAPTER II CLAIM

### DIVISION I TAGS FOR STAKING

3. Tags for staking shall be issued upon application to the Minister and upon payment of \$5 for a set of four tags.

4. The term during which tags for staking must be used shall be five years from their date of issue.

### DIVISION II REGISTRATION

5. The notice of staking, filed using the form supplied by the Minister, shall include the following information:

(1) the applicant's name, address, telephone number and date of birth and the name, address and telephone number of the person to whom correspondence must be addressed;

(2) the registration number assigned to an applicant under the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons (R.S.Q., c. P-45), where applicable;

(3) a declaration of the applicant indicating that he has become aware of sections 32 and 33 of the Act and that he has obtained, in the cases provided for in those sections, the authorizations required and a declaration certifying that the information given is accurate;

(4) the name of the person who has staked the land that is subject to a claim and the number of his prospecting licence;

(5) for each of the staked lands:

(a) its location;

(b) the date and hour of staking;

(c) the distance in metres between each stake delimiting the staked land and the area of that land in hectares; and

(d) the number appearing on the tags used during staking.

6. The notice of map designation, filed using the form supplied by the Minister, shall include the following information:

(1) the information referred to in paragraph 1 of section 5;

(2) the registration number assigned to the applicant pursuant to the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons, where applicable;

(3) a declaration of the applicant certifying that the information given is accurate;

(4) the alphanumerical code appearing on the maps kept at the office of the registrar related to each of the lands covered by the notice of map designation.

7. Fees that shall be included with the notice of staking upon presentation for registration of claims shall be \$25.

8. Fees that shall be included with the notice of map designation upon presentation for registration of claims shall be fixed depending on whether the lands to which they apply are located in one of the following areas:

(1) south of the fifty-second degree of latitude, by adding, for each of the claims covered by the notice, the amounts determined in the following table and determined according to the number of map designated claims during the same day, for the same person, and according to the area of the land that is subject to each of the claims concerned:

Number of map designated claims during the same day, for the same person	Area of the land subject to a claim		
	Less than 25 ha	25 to 45 ha	More than 45 ha
From 1 to 20 claims	\$25/claim	\$50/claim	\$100/claim
From 21 to 25 claims	\$250/claim	\$500/claim	\$1 000/claim
More than 25 claims	\$2 500/claim	\$5 000/claim	\$10 000/claim

(2) north of the fifty-second degree of latitude, by adding, for each of the claims covered by the notice, the amounts determined in the following table and determined according to the number of map designated claims during the same day, for the same person, and according to the area of the land that is subject to each of the claims concerned:

Number of map designated claims during the same day, for the same person	Area of the land subject to a claim	
	Less than 25 ha	25 ha and more
From 1 to 100 claims	\$25/claim	\$100/claim
From 101 to 125 claims	\$250/claim	\$1 000/claim
More than 125 claims	\$2 500/claim	\$10 000/claim

For the purposes of the first paragraph of section 307 of the Act and of this section, a legal person, its subsidiaries and their employees are deemed to constitute a single and same person. For the purposes of the same provisions, a natural person and his employees are also deemed to constitute a single and same person.

### DIVISION III RENEWAL

9. An application for the renewal of claims, completed on the form provided by the Minister, shall include the following information:

(1) the name, address and telephone number of the holder of the claims applied for;

(2) the number or the alphanumerical code identifying the claims the renewal of which is applied for;

(3) for each of the claims, its method of renewal, its expiry date and, where applicable, the number or the alphanumerical code identifying the claim, the mining lease or the mining concession on which the applicant, in accordance with section 76 or 77 of the Act, wishes to perform any work in excess and, in the latter case, the amounts spent for work carried out, in respect of a claim, of a mining lease or of a mining concession that the applicant wishes to apply to a claim the renewal of which is applied for;

(4) the applicant's declaration certifying that the information provided is accurate and acknowledging being the holder of the claims that are subject to the application or its representative;

10. An application for the renewal of claims shall include the following fees, fixed depending on whether the lands that are subject to the claims are located in one of the following areas:

(1) south of the fifty-second degree of latitude, by adding, for each of the claims covered by the application, the amounts determined in the following table and determined according to the period in which the renewal

of the claim is applied for and according to the area of the land that is subject thereto;

Period in which the renewal of the claim is applied for	Area of the land subject to a claim		
	Less than 25 ha	25 to 45 ha	More than 45 ha
Before the 60th day preceding its expiry date	\$25/claim	\$50/claim	\$100/claim
From the 60th day preceding its expiry date and until the fifteenth day following that date	\$50/claim	\$100/claim	\$200/claim

(2) north of the fifty-second degree of latitude, by adding, for each of the claims covered by the application, the amounts determined in the following table and determined according to the period in which the renewal of the claim is applied for and according to the area of the land that is subject thereto;

Period in which the renewal of the claim is applied for	Area of the land subject to a claim	
	Less than 25 ha	25 ha and more
Before the 60th day preceding its expiry date	\$25/claim	\$100/claim
From the 60th day preceding its expiry date and until the fifteenth day following that date	\$50/claim	\$200/claim

11. The additional amount that must be paid, in addition to the fees provided for in section 10, for the renewal of claims for which the application for renewal is filed within 15 days following their expiry date, is fixed at one and a half times the amount of the fees that the applicant must pay for the renewal of claims under that section.

12. In the case of an application for advanced renewal made at the same time as an application for the regular renewal of a claim, such application shall also include the payment for the advanced period, of the same fees as fixed in section 10 that are expected where the renewal of claims is applied for before the sixtieth day preceding their expiry date.

13. The additional amount that must be paid when the work report is sent to the Minister by the holder of claims within 60 days preceding their expiry date is fixed, for each report sent during that period, at \$100.

**DIVISION IV**  
**PROTECTION OF IMPROVEMENTS ON LAND IN**  
**THE DOMAIN OF THE STATE**

14. Improvements referred to in section 70 of the Act are as follows:

- (1) a campground;
- (2) an alpine ski centre;
- (3) a forest educational centre within the meaning of section 110 of the Forest Act (R.S.Q., c. F-4.1);
- (4) a research farm;
- (5) an experimental forest within the meaning of section 107 of the Forest Act;
- (6) a tree nursery;
- (7) a fish hatchery;
- (8) a landing strip;
- (9) a public highway within the meaning of the Highway Safety Code (R.S.Q., c. C-24.2);
- (10) a forest station within the meaning of section 116 of the Forest Act;
- (11) a golf course;
- (12) a tree-seed orchard;
- (13) the “Forêt d’enseignement et de recherche de Montmorency” erected under section 112 of the Forest Act; and
- (14) immovables related to the utilization of water-power.

**DIVISION V**  
**MINIMUM COST OF WORK**

15. The minimum cost of work that the holder of a claim must carry out on the land that is subject thereto, pursuant to section 72 of the Act, shall be determined whether the land is located in one of the following areas:

- (1) south of the fifty-second degree of latitude, the cost is established in the following table and determined according to the number of terms of the claim and according to the area of the land that is subject thereto:

Number of terms of the claim	Area of the land subject to a claim		
	Less than 25 ha	25 to 40 ha	More than 40 ha
1	\$500	\$1 200	\$1 800
2	\$500	\$1 200	\$1 800
3	\$500	\$1 200	\$1 800
4	\$750	\$1 800	\$2 700
5	\$750	\$1 800	\$2 700
6	\$750	\$1 800	\$2 700
7 and more	\$1 000	\$2 500	\$3 600

(2) north of the fifty-second degree of latitude, the cost is established in the following table and determined according to the number of terms of the claim and according to the area of the land that is subject thereto:

Number of terms of the claim	Area of the land subject to a claim	
	Less than 25 ha	25 ha and more
1	\$250	\$250
2	\$500	\$750
3	\$500	\$1 500
4	\$750	\$2 200
5	\$750	\$2 200
6	\$750	\$2 200
7 and more	\$1 000	\$2 950

**DIVISION VI**  
**RULES FOR THE AMENDMENT OF**  
**THE APPLICATION FOR RENEWAL**

16. For the purposes of the second paragraph of section 79 of the Act, the Minister amends an application for renewal of claims by allocating to each claim the minimum cost of work required under section 15, up to the cost of the work carried out.

He must allocate such costs by starting with the claim on which work has been carried out. He then allocates the remaining portion of work carried out to the other claims, starting with the oldest claim.



For the purposes of the application of the second paragraph, the age of a claim shall be determined according to the date and hour of staking or according to the date of receipt of the notice of map designation. Notwithstanding the foregoing, the age of claims resulting from the conversion of mining rights into map designated claims, made in accordance with the provisions of section 83.2 or 83.6 of the Act, is determined according to the date of registration of the converted claims. Where it is impossible to determine which claim is the oldest, the order of application is determined by a drawing of lots.

## **DIVISION VII**

### **CONVERSION OF MINING RIGHTS INTO MAP DESIGNATED CLAIMS**

17. The application for conversion of mining rights referred to in subdivision 5 of Division III of Chapter III of the Act must be filed using the form supplied by the Minister and include the following information:

(1) the name, address and telephone number of the holder of rights to be converted;

(2) the number or the alphanumeric code identifying the rights to be converted;

(3) the coordinates of the perimeter of lands that are subject to rights to be converted, that is, the geographical coordinates (latitude, longitude) NAD83 according to the National Topographic System of Canada (NTS) in degrees, minutes, seconds with a one-hundredth of a second precision;

(4) the name of the township, the parish, the seigniory or the NTS leaflet where the lands that are subject to the rights to be converted are situated;

(5) the name of all the holders or immovable real rights affecting mining rights subject to the conversion and where the instruments evidencing immovable real rights are entered in the public register of real and immovable mining rights;

(6) a statement to the effect that the holders of immovable real rights, referred to in subparagraph 5, gave their consent to conversion and, where applicable, a statement specifying for each of them if the holder of immovable real rights required from the applicant, as a condition for accepting conversion, that the instruments evidencing immovable real rights concerning him be amended to take into account the conversion and entered at the time of conversion in the public register of real and immovable mining rights, with reference to claims converted into map designated claims.

Subparagraphs 5 and 6 of the first paragraph do not apply where the application for conversion is intended for claims obtained by staking and held on a parcel of land situated in a territory referred to in section 83.1 of the Act.

18. The application for the conversion of claims referred to in section 83.2 of the Act and the licence to explore for surface mineral substances referred to in section 83.6 of the Act in a territory referred to in section 83.2 of that same Act shall, where one of the territories covered by the application for conversion is contiguous to another on which a claim is held by a third party, be accompanied by a written agreement, signed by the holders of the rights held on those contiguous parcels of lands, including the following information:

(1) the name, address and telephone number of the holder of the claim held on a contiguous parcel of land to the lands that are subject to the rights to be converted;

(2) the number or the alphanumeric code identifying the claim referred to in subparagraph 1 of the first paragraph;

(3) the coordinates establishing the limit dividing the contiguous lands, that is, the geographical coordinates (latitude, longitude) NAD83 according to the National Topographic System of Canada (NTS) in degrees, minutes, seconds with a one-hundredth of a second precision.

Where such agreement cannot be entered into, the application for conversion must be accompanied by a survey plan locating the limit of the contiguous parcels of lands carried out in accordance with the provisions of section 92 of this Regulation.

19. Where it appears that the location of the perimeter of the lands that are subject to the rights to be converted will not cause a dispute between the holders of mining rights, the information referred to in subparagraph 3 of the first paragraph of section 17, and those referred to in subparagraph 3 of the first paragraph of section 18, where applicable, may be replaced by a summary document accompanying the application for conversion of mining rights and establishing the location of the perimeter of the lands subject to the rights to be converted.

20. The average unexpired portion of the terms of all the claims or licences to explore for surface mineral substances to be converted for the purposes of determining the expiry date of claims converted into map designated claims following the filing of an application for conversion referred to in sections 83.2 and 83.6 of the

Act shall be calculated by adding, for each of the claims or surface mineral substances licences where conversion is required, the number of days to elapse until its expiry date and by dividing the total amount obtained by the number of claims or licences.

**21.** Any amount disbursed to perform work in excess on all the lands that are subject to the claims or the licences to explore for surface mineral substances to be converted shall be, in the case of an application for conversion referred to in sections 83.2 and 83.6 of the Act, apportioned among all the claims converted into map designated claims in proportion to their area.

However, the holder may require that the apportionment be established in whole or in part on the basis of the real location where the work was performed up to the amount disbursed in excess for such work.

**22.** The number of terms for claims converted into map designated claims for the purposes of establishing the minimum cost of the work required to renew the claims for every renewal except the first renewal following conversion shall be, in the case of an application for conversion referred to in sections 83.2 and 83.6 of the Act, determined as follows:

(1) by first establishing, for each of the claims or licences to explore for surface mineral substances for which the conversion is applied, the number of days expired since its registration date or, in the case of a claim obtained by staking registered before 24 October 1988, since the date corresponding to the first renewal following that date;

(2) by subtracting, where applicable, in the case of a claim, the number of days expired from the number of days during which the term of the claim was suspended by the Minister under section 63 or 82 of the Act;

(3) by adding the numbers established for each of the claims or licences to explore for surface mineral substances for which the conversion is applied and by dividing the total amount obtained by the number of claims or licences; and

(4) by dividing the latter result by factor 730.5.

The number of terms determined in accordance with this section shall be increased to the whole number that follows if it comprises a fraction.

**23.** Only the claims obtained by staking and the licences to explore for surface mineral substances entered in the public register of real and immovable mining

rights that are not covered by any of the following cases may be subject to a conversion of mining rights into map designated claims under subdivision 5 of Division III of Chapter III of the Act:

(1) the claim is subject to a decision made by the Minister under paragraph 1 or 3 of section 63 of the Act which suspends its term;

(2) the claim is subject to an order of cessation of work made by the Minister under section 82 of the Act;

(3) the claim or licence is subject to a decision made by the Minister under section 61 or 134 of the Act refusing its renewal;

(4) the claim or licence is subject to a suspension or revocation following a decision made by the Minister under section 278, 280 or 281 of the Act; and

(5) the claim or licence is subject to a seizure entered in the public register of real and immovable mining rights, or its term is subject to a dispute.

No claim or licence may be converted as soon as the holder of those mining rights is informed of the Minister's intention to make a decision or an order referred to in subparagraph 1, 2 or 3 of the first paragraph, in accordance with section 5 of the Act respecting administrative justice (R.S.Q., c. J-3), or, in the case of a decision referred to in subparagraph 4 of the first paragraph, as soon as the Minister notifies in writing the holder of those rights with the prior notice prescribed by section 5 of the Act respecting administrative justice, in accordance with section 284 of the Mining Act.

Where the decision or order made by the Minister is appealed before the Court of Québec, the prohibition remains as long as the court making a final decision has not invalidated it, where applicable. The same applies where the claim or licence is subject to a seizure entered in the public register or real and immovable mining rights, as long as the seizure has not been cancelled by a court making a final decision, or where the term of the claim or licence is contested as long as the Minister or, if there is an appeal, the court making a final decision has not rendered its decision.

**24.** The holder of claims obtained by staking whose term is suspended by the Minister under paragraph 2 of section 63 of the Act may apply for their conversion into map designated claims under section 83.2 of the Act only if the application for conversion filed under that section is made up of claims whose term is suspended under paragraph 2 of section 63 of the Act.

25. The instruments entered in the public register of real and immovable mining rights, related to the claims obtained by staking and held on a parcel of land situated in a territory referred to in section 83.1 of the Act shall be, where those claims are converted into map designated claims in accordance with that section, re-entered in that register, with reference to claims converted into map designated claims.

26. The conversion into map designated claims of claims obtained by staking and held on a parcel of land situated in a territory referred to in section 83.2 of the Act has the effect of extinguishing all the immovable real rights affecting those claims, unless the instruments evidencing immovable real rights, have been subject to an amendment to take into account the conversion and, at the time of conversion, to an entry in the public register of real and immovable mining rights, with reference to claims converted into map designated claims.

Notwithstanding the foregoing, the conversion of claims into map designated claims referred to in the first paragraph does not have the effect *ipso facto* of extinguishing the personal rights that the holders of those rights had on those claims nor of affecting or restraining their recourse against the holder of claims that would have converted them; in such a case, however, no instrument entered in the public register of real and immovable mining rights, prior to conversion, may be set up against the State, unless the instruments attesting personal rights have been amended to take into account the conversion and entered in the public register of real and immovable mining rights, with reference to claims converted into map designated claims.

27. The claims obtained by staking and held on a parcel of land situated in a territory referred to in section 83.2 of the Act may be converted into map designated claims only if the holder of claims complies with the following conditions:

(1) he has obtained, prior to conversion, the consent of all the holders of immovable real rights affecting the claims that are subject to the conversion and whose instruments constituting immovable real rights, were entered in the public register of real and immovable mining rights;

(2) he has all the instruments that were amended to take into account the conversion entered in the public register of real and immovable mining rights;

If, by mistake, a claim affected by an immovable real right is converted where the holder of that right has not given his consent, the conversion shall remain nevertheless valid and the right shall be extinguished from that date.

Notwithstanding the foregoing, the person who held an immovable real right on that claim shall keep his actions in damages if the instrument constituting immovable real rights was entered in the public register of real and immovable mining rights and if he sustains prejudice for the loss of his right.

28. Sections 26 and 27 shall apply, *mutatis mutandis*, to the conversion into map designated claims of a licence to explore for surface mineral substances made in accordance with section 83.6 of the Act.

29. The registration of the instruments in the public register of real and immovable mining rights, that were amended to take into account the conversion, shall be made free of charge if it is made in accordance with subparagraph 2 of the first paragraph of section 27 at the time of conversion.

The Minister shall keep up to date and make public a list of the mining titles that were subject to a conversion of mining rights into map designated claims.

#### **DIVISION VIII** DETERMINATION OF COMMON CLAIM EXPIRY DATE AND REDUCTION OF TERM

30. An application for the determination of a common expiry date, made using the form supplied by the Minister, shall include the following information:

(1) the name, address and telephone number of the holder of claims subject to the application;

(2) the number or the alphanumeric code identifying the claims whose expiry dates must be subject to a common claim; and

(3) the new expiry dates of the claims that the holder requests to have entered by the Minister, where the new expiry dates are prior to the date which would be otherwise obtained on the basis of the calculation made according to section 31.

31. The average of the unexpired portion of the terms of all the claims concerned by an application for the determination of a common expiry date for the purposes of obtaining their new expiry dates shall be calculated by adding, for each of the claims concerned by the application, the number of days to elapse until it expires and by dividing the total amount obtained by the number of those claims.

32. An application for the reduction of a term, made using the form supplied by the Minister, shall include the following information:

(1) the name, address and telephone number of the holder of a claim that is subject to the application;

(2) the number or the alphanumerical code identifying the claim whose term must be reduced; and

(3) the new expiry date of the claim.

**33.** The fees that must accompany the application referred to in section 30 or 32 shall be \$10 per claim.

### **CHAPTER III** **MINING EXPLORATION LICENCE**

**34.** The annual fee for a mining exploration licence shall be \$110/km<sup>2</sup>.

**35.** The excess amount disbursed for work performed in the territory for which a mining exploration licence was issued shall be, in the case referred to in section 92.1 of the Act, allocated to all the claims in proportion to their area.

However, the holder may request that the apportionment be established in whole or in part on the basis of the real location where the work was carried out up to the amount disbursed for such work.

**36.** The minimum cost for work that the holder of a mining exploration licence must carry out on the territory that is subject thereto, pursuant to section 94 of the Act, shall be the following:

(1) \$180/km<sup>2</sup> for the first year of the term of the licence;

(2) \$360/km<sup>2</sup> for the second year of the term of the licence;

(3) \$810/km<sup>2</sup> each for the third and fourth years of the term of the licence;

(4) \$1 620/km<sup>2</sup> for the fifth year of the term of the licence and for the first year of the term of the renewed licence;

(5) \$2 375/km<sup>2</sup> each for the second, third, fourth and fifth years of the term of the renewed licence.

**37.** Any application for the renewal of a mining exploration licence shall be made in writing to the Minister and shall include the following information:

(1) the name, address and telephone number of the holder of a mining exploration licence that is subject to the application;

(2) the alphanumerical code identifying the licence the renewal of which is applied for.

Such application for a licence shall include the annual fees provided for in section 34 for the first year of the term of the renewed licence.

### **CHAPTER IV** **MINING LEASE AND MINING CONCESSION**

**38.** An application for a mining lease shall be made in writing to the Minister and shall include the following information:

(1) the name, address, telephone number and date of birth of the applicant and the name, address and telephone number of the person to whom correspondence shall be addressed;

(2) the registration number assigned to the applicant pursuant to the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons, where applicable;

(3) the area of the land in question;

(4) the list of numbers and alphanumerical codes identifying mining rights referred to in the application for the mining right;

(5) the name and address of the persons holding rights on the land applied for, where such lands have been granted, alienated or leased by the State for purposes other than mining or where they are under exclusive lease to mine surface mineral substances, the nature of such rights and, where applicable, the nature of the agreement entered into with those persons and the applicant.

The application for a lease shall include the annual rental provided for in section 39 for the first year of the lease.

**39.** The amount of the annual rental for a mining lease shall be \$35/ha if the parcel of land is situated on lands of the domain of the State or \$17.50/ha if the parcel is situated on lands granted or alienated by the State for purposes other than mining. However, for the part of lands of the domain of the State used to store tailings, the amount of the annual rental shall be that prescribed in section 35 of the Regulation respecting the sale, lease or granting of immovable rights on lands of the domain of the State, made by Order in Council 231-89 dated 22 February 1989, as it reads at the time it applies.

40. Any application for the renewal of a mining lease shall be made in writing to the Minister and shall include the following information:

(1) the name, address and telephone number of the lessee;

(2) the alphanumerical code identifying the mining lease the renewal of which is applied for;

(3) the indicating number of the land file established in the land register of the registry office for the *situs* of the mining lease or, if it is registered, the given registration number, and the identification number of the lease and, where applicable, that of its renewals and transfers.

The application for renewal of the lease shall include the payment of the annual rental provided for in section 39 for the first year of the lease.

41. The additional amount that must be paid for renewing a mining lease the application for which is made within 60 days preceding the expiry of such lease shall be \$110.

42. The minimum cost for work that must be carried out each year by the grantee on the land subject to a mining concession, pursuant to section 119 of the Act, shall be \$35/ha.

#### **CHAPTER V** EXPLORATION LICENCE FOR SURFACE MINERAL SUBSTANCES

43. For the purposes of section 134 of the Act,

“technical and economic studies” means all the studies required to determine the profitability of an exploration project for surface mineral substances including drilling programs and feasibility studies;

“experimental work” means all the work required within an exploration project for surface mineral substances to assess the practicability of the project on a commercially profitable basis.

44. The minimum cost for work that must be carried out by the holder of an exploration licence for surface mineral substances in the territory that is subject thereto, pursuant to section 137 of the Act, shall be \$3 000.

45. Any application for the renewal of an exploration licence for surface mineral substances shall be made in writing to the Minister and shall include the following information:

(1) the name, address and telephone number of the holder of the exploration licence for surface mineral substances that is subject to the application;

(2) the alphanumerical code identifying the licence the renewal of which is applied for.

The application for the renewal of licences shall include fees in the amount of \$65 for the term of the licence.

#### **CHAPTER VI** MINING FOR SURFACE MINERAL SUBSTANCES

##### **DIVISION I** LEASE TO MINE SURFACE MINERAL SUBSTANCES

46. Any application for a lease to mine surface mineral substances shall be made on the form provided for that purpose by the Minister and shall include the following information:

(1) the applicant’s name, address, telephone number and date of birth and the name, address and telephone number of the person to whom correspondence shall be sent;

(2) the registration number assigned to the applicant pursuant to the Act respecting the legal publicity of sole proprietorships, partnerships and legal persons, where applicable;

(3) the information necessary to the location of the land covered by the application, the information related to the owner of the land and that related to the current operator of the deposit, where applicable;

(4) the nature of surface mineral substances that the applicant intends to extract or mine;

(5) a declaration of the applicant certifying that he meets the requirements provided for in section 47 and a declaration certifying that the given information is accurate.

47. A lease to mine surface mineral substances may be entered into or renewed only if, with respect to the production site that is subject to the application and at the time of presentation of the application, the applicant does not fail to perform any obligation referred to in section 155 of the Act he is bound to comply with in respect of a lease to mine surface mineral substances or referred to in the second paragraph of section 140 of that Act that he is bound to comply with in respect of an authorization to extract such substances.

**§1. Non-exclusive lease to mine surface mineral substances**

**48.** An application for a non-exclusive lease to mine surface mineral substances shall include a map, to a scale that is not smaller than 1:50 000, showing the location of the production site.

However, where the application refers to a mining area for which an authorization certificate is required under the Environment Quality Act (R.S.Q., c. Q-2), the scale of the map shall not be less than 1:5 000 and it shall indicate, where applicable,

- (1) the boundaries of the area applied for;
- (2) the mining area, including the location of equipment, loading zones, unloading zones and aggregate stock piles, as well as stockpiles of topsoil and overburden areas on which tailings are stored;
- (3) the neighbouring territory up to 150 metres from the mining area;
- (4) the name and layout of any public highway within the meaning of the Highway Safety Code, existing access roads and those to be built, watercourses and lakes, the location of wells and the location and nature of any structure, campground or recreation facility situated within the perimeter described in paragraph 3;
- (5) the date on which the map was made.

**49.** The application for a non-exclusive lease to mine surface mineral substances shall include the payment of a rental of \$200 for the term of the lease.

**50.** Any application for the renewal of a non-exclusive lease to mine surface mineral substances shall be made in writing to the Minister and shall include the following information:

- (1) the name, address and telephone number of the holder of the non-exclusive lease to mine surface mineral substances that is subject to the application;
- (2) the alphanumeric code identifying the lease the renewal of which is applied for;
- (3) the declarations referred to in paragraph 5 of section 46.

Such application for renewal shall include the payment of a rental in the amount of \$200 for the term of the lease.

**§2. Exclusive lease to mine surface mineral substances**

**51.** An application for an exclusive lease to mine surface mineral substances shall include the following documents:

- (1) the map referred to in section 48, established to a scale that is not smaller than 1:5 000, indicating the elements referred to in the second paragraph of that section and, for a peat-bog, a hypsometric contour map showing the dimensions of the peat-bog and the location of the proposed drainage system;
- (2) a report describing the nature, extent and quality of the ore body or deposit;
- (3) a report describing the intended uses for the mined substance, the proposed markets and the projected production rate; and
- (4) a report describing the intended mining method.

Where the land covered by the application for an exclusive lease is situated in an unsurveyed land and the area and shape of a claim do not correspond to those of a map designated claim that may be subject to a claim, as determined by the Minister and reproduced on the maps kept at the office of the registrar, as well as parts of lots or of blocks of surveyed land where the land covered by the application does not cover entire lots or blocks according to the original survey, the perimeter appearing on the map shall be established through surveying or shall be defined by rectangular UTM coordinates (Universal Transverse Mercator) NAD83 according to the National Topographic System of Canada (NTS); in the latter case, the apexes of the perimeter shall be numbered on the map and a list of corresponding coordinates shall be attached thereto.

Where the surface mineral substance that the applicant for an exclusive lease intends to mine is silica, calcite, dolomite or a type of rock used as building stone or silica ore, the report referred to in subparagraph 2 of the first paragraph shall be certified by an engineer or a qualified geologist within the meaning of the fourth paragraph of section 101 of the Act.

**52.** An application for an exclusive lease to mine surface mineral substances shall also include the rental provided for in section 53 for the term of the lease.

**53.** The amount of the rental that must be paid by the person applying for an exclusive lease to mine surface mineral substances other than peat-moss shall be fixed according to the term of the lease, in accordance with the following table:

<b>Term of the lease</b>	<b>Amount of the rental</b>
5 years and less	\$2 200
Over 5 years to 6 years	\$2 640
Over 6 years to 7 years	\$3 080
Over 7 years to 8 years	\$3 520
Over 8 years to 9 years	\$3 960
Over 9 years to 10 years	\$4 400

The amount of the rental that must be paid by the person applying for an exclusive lease to produce peat-moss shall be \$6 600.

54. The fees that must be paid for an application for increasing the area of a territory that is subject to an exclusive lease to mine surface mineral substances, made in accordance with section 146 of the Act, shall be \$100.

55. Any application for the renewal of an exclusive lease to mine surface mineral substances shall be made in writing to the Minister and shall include the following information:

(1) the name, address and telephone number of the holder of an exclusive lease to mine surface mineral substances subject to the application;

(2) the alphanumerical code identifying the lease the renewal of which is applied for;

(3) the indicating number of the land file established in the land register of the registry office for the *situs* of the mining lease or, if it is registered, the given registration number, and the identification number of the lease and, where applicable, that of its renewals and transfers;

(4) an update of the map required upon the application for an exclusive lease under subparagraph 1 of the first paragraph of section 51, by indicating in addition the working faces, stockpiles for mineral substances to be alienated, the accumulation areas of tailings and the site for buildings and infrastructures; and

(5) the declarations referred to in paragraph 5 of section 46.

The application for renewal of the lease shall include the rental provided for in section 53 for the term of the lease.

56. The additional amount that must be paid for the renewal of an exclusive lease to mine surface mineral

substances the renewal of which is made within 60 days preceding the expiry of such a lease shall be \$110.

## **DIVISION II**

### **AUTHORIZATION FOR THE EXTRACTION OF A FIXED QUANTITY OF SURFACE MINERAL SUBSTANCES**

57. The fees that a person authorized to extract a fixed quantity of surface mineral substances shall pay under the second paragraph of section 140 of the Act shall be \$1 250 for the term of the authorization.

58. The royalty that a person authorized to extract a fixed quantity of surface mineral substances shall pay pursuant to the second paragraph of section 140 of the Act shall be the same as the royalty that must be paid by the holder of a lease to mine surface mineral substances or by the operator or person referred to in section 223.1 of the Act, fixed in the table provided for in section 61.

## **DIVISION III**

### **REPORTS OF EXTRACTION AND ALIENATION OF SURFACE MINERAL SUBSTANCES**

59. The report of extraction and alienation of surface mineral substances referred to in section 155 of the Act shall be sent to the Minister four times a year no later than on the following dates:

(1) 15 July for the report covering the term of 1 April to 30 June;

(2) 15 October for the report covering the term of 1 July to 30 September;

(3) 15 January for the report covering the term of 1 October to 31 December;

(4) 15 April for the report covering the term of 1 January to 31 March.

However, the Minister may, in accordance with the second paragraph of section 155 of the Act, allow that a single report be sent to him on the date he fixes on an annual basis, where the holder of a lease to mine surface mineral substances, the operator or person referred to in section 223.1 of the Act is, under the third paragraph of section 155 of the Act, exempt from payment of such royalty.

He may also, in accordance with the second paragraph of section 155 of the Act, require that a report be sent to him on the date he fixes on a monthly basis, where the holder of the non-exclusive lease to mine surface mineral substances, the operator or person re-

ferred to in section 223.1 of the Act has already, in the past, been in one of the following situations:

(1) he operated or extracted surface mineral substances without having entered into with the Minister a lease to mine surface mineral substances nor obtained from him an authorization to extract such substances, except in the cases otherwise allowed by law;

(2) he failed to perform one of the obligations referred to in section 155 of the Act he had to comply with in respect of a lease to mine surface mineral substances or referred to in the second paragraph of section 140 of that Act he had to comply with in respect of an authorization to extract such substances.

#### DIVISION IV ROYALTIES

**60.** For the purposes of this Chapter, a standard bale corresponds to 0.170 m<sup>3</sup> of peat-moss compressed to 50 %.

**61.** Except for the cases of exemption from payment of the royalty provided for in the third paragraph of section 155 of the Act, the royalty that must be paid pursuant to the first paragraph of that section by the holder of a lease to mine surface mineral substances or by the operator or person referred to in section 223.1 of the Act shall be fixed, for each of the surface mineral substances listed in the following table, according to the quantity of the extracted substances:

Surface mineral substances	Amount of royalty
Peat-moss	\$0.05 per standard bale of extracted peat-moss
Sand, gravel, clay and other unconsolidated deposits	\$0.68/m <sup>3</sup> of extracted substances (\$0.36/m.t.)
Building stone	\$1.32/m <sup>3</sup> of extracted substances
Crushed stone and any stone used for construction purposes	\$0.38/m <sup>3</sup> of extracted substances (\$0.21/m.t.)
Stone and sand used as silica ore and any stone used for the preparation of cement, such as limestone, calcite and dolomite	\$0.73 m <sup>3</sup> of extracted substances (\$0.40/m.t.)
Inert tailings and surface mineral substances other than those described in this table	\$0.21/m.t. of extracted substances

m<sup>3</sup> = cubic metre  
m.t. = metric ton

#### DIVISION V

##### ADDITIONAL AMOUNT PAYABLE FOR FAILING TO PERFORM THE OBLIGATIONS REFERRED TO IN SECTION 155 OF THE ACT

**62.** An additional amount payable by the holder of a lease to mine surface mineral substances or by an operator or person referred to in section 223.1 of the Act shall be added to the royalties in the following cases:

(1) where the report of extraction and alienation of surface mineral substances referred to in section 155 of the Act has not been sent to the Minister on the date prescribed in the first paragraph of section 59 of this Regulation or on the date fixed by the Minister under the second paragraph of section 155 of the Act;

(2) where the royalties fixed in the table provided for in section 61 of this Regulation have not been paid on the date on which the report must be sent to the Minister.

In the case provided for in subparagraph 1 of the first paragraph, the amount shall be \$50 for each report sent late. However, the amount shall be \$100 if the delay in the transmission of the report exceeds 15 days.

In the case provided for in subparagraph 2 of the first paragraph, the amount shall be equal to the interests accrued on the amount of royalties payable, capitalized monthly, calculated from the date on which the report should have been sent to the Minister, at the rate fixed under section 28 of the Act respecting the Ministère du Revenu (R.S.Q., c. M-31).

#### DIVISION VI

##### CONDITIONS OF EXERCISE

**63.** The holder of a lease to mine surface mineral substances who operates a sand-pit shall deforest and remove the overburden and topsoil from the mining area over a distance of at least 20 metres from the working face, without however exceeding the area required for the operation prescribed for the year.

The holder of a non-exclusive lease to mine surface mineral substances who operates a sand-pit on lands of the domain of the State shall also store for restoration purposes the overburden and topsoil extracted from the mining area.

**64.** The perimeter of the land being leased under an exclusive lease to mine surface mineral substances and the apexes of the perimeter shall be marked on the land by stakes or boundary markers. The lines between the stakes or boundary markers shall be marked on the land in such a way that they may be easily followed from one stake or boundary marker to the next.



Stakes or boundary markers must be driven with a precision equal to or greater than a metre.

65. The holder of an exclusive lease to extract peat-moss shall, where applicable, in accordance with the Environment Quality Act, rehabilitate and restore, during the term of his lease, the land disturbed by his mining activities.

## CHAPTER VII WORK AND REPORTS

### DIVISION I NATURE OF WORK

66. In this Chapter,

“qualified professional” means a person holding a university degree in physical sciences, geophysics or geology or who is a member of the Ordre des ingénieurs du Québec.

For the purposes of this Chapter, diamond drilling of drill-holes to five metres deep and less in rock constitutes sampling.

67. Prospecting work that may, in a report, be applied to the first term of the claim, in accordance with section 81 of the Act, shall comprise the exploration and examination of outcrops of rock and boulders, rock stripping, excavating in overburden and in rock and sampling.

68. For the purposes of sections 72, 94, 119 and 137 of the Act and of this Chapter, technical evaluation studies consist in a compilation and synthesis on geological and exploration work of the lands that are subject to mining rights carried out in order to assess the mineral potential.

For the purposes of the same provisions, property examination consists in the exploration and examination of outcrops of rock and boulders carried out on a land that is subject to a mining right in order to find indicators of mineralization that may lead to the discovery of a mining field.

69. The holder of a claim, of a mining exploration licence, of a mining concession referred to in section 119 of the Act, or of an exploration licence for surface mineral substances must carry out one or more of the following types of work:

(1) technical evaluation studies under the supervision of a qualified professional;

(2) exploration and examination of outcrops of rock and boulders;

(3) geological, geophysical or geochemical survey work carried out for mining exploration purposes under the supervision of a qualified professional, including line cutting required for those surveys where such work is declared and reported with the results of the survey for which it was made;

(4) rock stripping and excavating in overburden and in rock;

(5) sampling and work to open a face for study purposes on land containing building stone;

(6) drill-holes bored in order to obtain cores, sludge and rock fragments and the analyses of those cores, sludge or fragments and the measure and recording of data along drilled holes under the supervision of a qualified professional;

(7) exploration and tests on the land subject to a mining right or on samples coming from it where such exploration or tests are carried out by a laboratory, a testing station or a team under the supervision of a qualified professional with the aim of contributing to the discovery or improvement of technical methods for exploration;

(8) technical and economic studies on the pre-feasibility or the feasibility under the supervision of a qualified professional;

(9) surveying the perimeter of the land subject to a mining right and the location of the parcels of lands subject to a block of claims obtained by staking carried out in order to convert them into map designated claims;

(10) for the purposes of section 119 of the Act, mining carried out on the land subject to a mining concession;

(11) rehabilitation and restoration work, except work that, where required, was not carried out in accordance with the requirements of the rehabilitation and restoration plan imposed by law; rehabilitation and restoration work must however have been carried out on land for which types of work referred to in subparagraph 2, 4, 5 or 10 have already been included in a work report and where the Minister did not refuse that work pursuant to section 74, 97, 120 or 138 of the Act;

(12) safety measures prescribed in Division II of Chapter IX of this Regulation and, where there is cessation of mining activities, protection measures necessary

to prevent any damage that may result from that cessation.

Work referred to in subparagraphs 2, 4 and 5 of the first paragraph must be carried out under the supervision of a qualified professional in the cases provided for in sections 73, 81 and 82.

## **DIVISION II** **COSTS INCURRED FOR WORK**

**70.** Costs incurred for work prescribed in section 69 shall be the following:

- (1) the cost for contractors and consultants;
- (2) the costs of labour and those related to supervision on the land;
- (3) the costs for the supply and rental of equipment;
- (4) travel fees of the personnel and material to destination and from the land where the work is carried out;
- (5) food and accommodation expenses of the personnel;
- (6) building costs for temporary access roads;
- (7) costs for tests and chemical analyses of mineral substances;
- (8) costs for producing reports, plans and maps;
- (9) costs for the transportation of cores and samples;
- (10) depreciation accounting fees of the equipment used on the land up to 10 % of all the fees related to the work declared and reported.

Those fees shall be supported by vouchers that must be provided to the Minister upon request.

**71.** The amount for the carrying out of the work prescribed in section 69 shall be used to reach the minimum costs for work determined in section 15, 36, 42 or 44.

The amount shall include, in the case of non-remunerated work, an amount equivalent to that which should have been paid for the carrying out of the work. The amount is computed on the basis of the average wages for the performance of similar work in the region where such work is carried out.

## **DIVISION III** **MINING WORK REPORTS**

**§1.** *Report on technical evaluation studies*

**72.** The report on technical evaluation studies shall include the following information:

- (1) the number or the alphanumeric code identifying the mining right on the land from which work serving as a basis for the work was carried out;
- (2) the purpose of the study, a compilation and a synthesis of the mining work accomplished previously on the land and the state of the geological knowledge of the sector concerned;
- (3) the interpretations, conclusions and recommendations that result therefrom and the bibliographical references.

The report on technical evaluation studies shall also include, as schedules, plans and maps necessary for the understanding of the study, established to a scale allowing to locate the work and to identify the geoscientific information.

The report shall be signed by a qualified professional under whose supervision studies were carried out and shall include the form of the declaration of the work, duly completed, provided by the Minister.

**§2.** *Report of exploration work and examination of outcrops of rock and boulders*

**73.** The report of exploration work and examination of outcrops of rock and boulders shall describe the work carried out, include the analytical results obtained and be presented on the form supplied by the Minister entitled "Simplified mining work report".

The report of exploration work and examination of outcrops of rock and boulders shall include, where applicable, as schedules, the geological, geophysical, geochemical or other maps mentioned on the form referred to in the first paragraph, established to a scale allowing to locate the work.

The report shall be signed by a qualified professional under whose supervision exploration and examination work was carried out where the amount spent for all the work, declared and reported during a given term, exceeds \$5 000 per mining right, and shall include the form of the declaration of the work, duly completed, supplied by the Minister.

The amount of the exploration and examination work shall be calculated regardless of the fact that it may have been carried out as prospecting work or property examination.

### §3. *Survey work report*

74. The survey work report shall cover the entire area of surveys and include the information required under section 75, 77 or 79 according to whether it is a report of geological, geophysical or geochemical surveys.

The survey work report shall also include the following elements:

(1) a title-page, a table of contents, a table of maps, a summary, the purpose of the survey, the data gathered and their interpretation, the conclusions, the recommendations resulting therefrom, a topographic map of the location of the work based on the national topographic system and bibliographical references;

(2) as a Schedule to the report, the plans and maps established to a scale allowing to locate the work, covering the entire area of the survey and indicating the information required under section 76, 78 or 80 whether it is a report of geological, geophysical or geochemical surveys.

The report shall be signed by a qualified professional under whose supervision studies were carried out and shall include the form of the declaration of the work, duly completed, supplied by the Minister.

75. The following information shall be included in the survey work, in the case of a report on geological surveys:

(1) a description of the local geology including the various rock units observed and, where applicable, the distribution and nature of the overburden, the stratigraphic succession, the characteristics of the contacts and metamorphic features, incorporating the results of analyses and microscopic study;

(2) a description of the structural geology, indicating the nature, attitude and orientation of the folds, foliation, cleavage and schistosity, lineation, shearing, joints, fractures and faults observed and, where applicable, the direction and the importance of the known or assumed displacements along the faults;

(3) a description of the economic geology, stating the character and extent of the observed mineralization, the location and description of the showings encountered and commented results of all analyses performed.

76. The following information shall be given by the plans and maps attached to the survey work report in the case of a report on geological surveys:

(1) where applicable, the outline of outcrops, the extent and type of glacial deposits, the location of significant mineralized boulders or boulder trains and the direction of glacial striae;

(2) the identification of the various rock types observed in the course of the geological survey or of previous work, which shall be designated by means of names, figures, letters or symbols whose meaning shall be given in the table of formations shown on at least one of the geological maps;

(3) the outline of geological contours, alteration zones, observed or assumed mineralized zones and the observed textural features;

(4) where applicable, the strike, dip and top of beds or rock units, of pillowed lava, the strike and dip of foliation, cleavage, schistosity, principal joints, shear zones and faults and the known or assumed direction of movement along such faults and shear zones; the trend and plunge of lineation, the axial trace and the type of folds;

(5) where applicable, the site from which tested and analyzed samples were taken, the location of drill-holes, exploration pits and trenches, areas of rock stripping, sand, gravel pits and quarries.

77. The following information shall be included in the survey work report, in the case of a report on geological surveys:

(1) the methods used in conducting the survey and controlling its precision, the instruments used, their characteristics and, where applicable, their scale content;

(2) the technical data of the survey.

In addition, in the case of a report on airborne surveys, the survey work report shall also include the following information:

(1) the flight dates and the type of aircraft used;

(2) the spacing of the survey lines, the flight speed and the altitude above mean ground level.

The report on geophysical airborne surveys shall include the measurements recorded by the airborne instruments. Those measures shall be recorded on a common use electronic medium and shall include a description of the parameters and the format of the data.

**78.** The following information shall be given by the plans and maps attached to the survey work report, in the case of a report on geophysical surveys:

(1) where applicable, the geophysical readings taken at intervals or continuously along all survey lines or the corrected readings;

(2) the raw numerical data essential to the interpretation of the results plotted as profiles or contours.

The anomalies, observations and interpretations shall be shown by letters, numbers or symbols.

However, in the case of a report on airborne geophysical surveys, the maps attached to the surveys shall indicate geophysical readings obtained or the corrected readings after data processing plotted as profiles or contours or anomalies in relation to the flight lines. The anomalies, observations and interpretations shall be identified by letters, numbers or symbols.

**79.** The following information shall be included in the survey work report, in the case of a report on geochemical surveys:

(1) the description of the vegetation covering the ground being surveyed and, where applicable, the identification of the sources of contamination;

(2) the name of the laboratory that performed the analyses;

(3) the type of mineralization sought, the nature of the material sampled, the method of sample preparation, the method of analysis used, the number of samples analysed and the elements determined in each analysis;

(4) the nature of the different layers of soil and unconsolidated sediments observed during the carrying out of the survey;

(5) where applicable, a description of the statistical method used and the results obtained.

**80.** The following information shall be indicated by the maps attached to the survey work report, in the case of a report on geochemical surveys:

(1) sampling sites and their number;

(2) the significant results obtained by analysis.

The report on geochemical surveys shall include synoptic maps of geochemical activity, where applicable.

**§4. Report on stripping and excavation work**

**81.** The report on stripping and excavation work shall present the objective of the work carried out and include the following information:

(1) the observed or measured geological data;

(2) the analytical results and the interpretations, conclusions and recommendations resulting therefrom.

The report on stripping and excavation work shall also include, as schedules, the plans and maps established to a scale allowing to locate the work and identify the geological information.

The report shall be signed by a qualified professional under whose supervision stripping and excavation work was carried out where the amount spent for all the work, declared and reported during a given term, exceeds \$5 000 per mining right, and shall include the form of the declaration of the work, duly completed, supplied by the Minister. Where the amount spent for all the work does not exceed \$5 000 per mining right, the report may be presented on the form entitled "Simplified mining work report".

The amount of the stripping and excavation work shall be calculated regardless of the fact that it may have been carried out as prospecting work .

**§5. Report on work to open a face for sampling**

**82.** The report on work to open a face for sampling shall present the objective of the work carried out and shall include the information referred to in subparagraphs 1 and 2 of the first paragraph of section 81.

The report on work to open a face for sampling shall also include, as schedules, the following elements:

(1) the plans and maps established to a scale allowing to locate the work and identify the geological information;

(2) where applicable, the analysis certificates giving the complete results obtained for each sample whose number corresponds to that indicated on the plans and maps.

The report shall be signed by a qualified professional under whose supervision sampling work was carried out where the amount spent for all the work, declared and reported during a given term, exceeds \$5 000 per mining right, and shall include the form of the declaration of the work, duly completed, supplied by the Minister. Where

the amount spent for all the work does not exceed \$5 000 per mining right, the report may, as for the work, be presented on the form entitled “Simplified mining work report”.

The report shall also be signed by a qualified professional under whose supervision the opening work was carried out where the amount spent for all the work, declared and reported during a given term, exceeds \$10 000 per mining right, and shall include the form of the declaration of the work, duly completed, supplied by the Minister. Where the amount spent for all the work does not exceed \$10 000 per mining right, the report may, as for the work, be presented on the form entitled “Simplified mining work report”.

The analysis certificates referred to in subparagraph 2 of the second paragraph shall be dated and signed by the person in charge of the laboratory where the analyses were carried out.

The amount of the work to open a face for sampling shall be calculated regardless of the fact that it may have been carried out as prospecting work.

#### §6. Report on drill-holes

**83.** The report on drill-holes shall present the objective of the work carried out and shall include the information referred to in subparagraphs 1 and 2 of the first paragraph of section 81.

The report on drill-holes shall also include, as schedules, the following elements:

(1) the maps established to a scale allowing to locate the work and identify the geological information, including the location of each drill-hole collar and its horizontal projection with reference to the boundaries of the land subject to the mining right;

(2) where applicable, the analysis certificates giving the complete results obtained for each sample whose number corresponds to that indicated in survey newspapers;

(3) a logbook indicating, for each of the holes:

(a) the hole number, its depth, direction, angle, diameter, the rectangular UTM coordinates (Universal Transverse Mercator) NAD27 or NAD83 according to the National Topographic System of Canada (NTS) and the altitude of the collar;

(b) the depth and nature of overburden penetrated, the consecutive depths of intersection of the various

rocks or varieties of the same rock and their description, and, where applicable, the mineralization and structural features;

(c) the depth and length of each of the sections analysed and all the results obtained;

(d) the results of the tests to determine the tridimensional orientation of the drill-hole;

(e) the location of the core storage site.

The report shall be signed by a qualified professional under whose supervision work was carried out and shall include the form of the declaration of the work, duly completed, supplied by the Minister.

The analysis certificates referred to in subparagraph 2 of the second paragraph shall be dated and signed by the person in charge of the laboratory where the analyses were carried out.

The record of drill-holes referred to in subparagraph 3 of the second paragraph shall be signed by a qualified professional who proceeded with the examination of cores, sludge or fragments.

#### §7. Report on research work

**84.** The report on research work shall include the following elements:

(1) a report on research and tests indicating:

(a) a summary of the work previously done on the land where such work justifies the research work carried out and indicating all the sources of reference on the data derived from previous work;

(b) the methods used for research work and sampling;

(c) the purpose of the research and testing project, the names and dates of participation of each laboratory, testing station, body, institution or corporation which participated in it and, in each case, the purpose of each one, the methods used, the results obtained and the interpretation and conclusions derived therefrom;

(2) a plan or map established to a scale allowing to locate the work and indicating the numbers and sites where the samples used for research and tests were taken.

The report on research work shall include the form of the declaration of the work, duly completed, supplied by

the Minister. The report on research and tests referred to in subparagraph 1 of the first paragraph shall be signed by a qualified professional under whose supervision work was carried out.

*§8. Report on technical and economic studies on the pre-feasibility or the feasibility*

**85.** The report on technical and economic studies on the pre-feasibility or the feasibility shall include the following information:

(1) the number or the alphanumerical code identifying the mining right on which the work used as a basis for studies was carried out;

(2) the purpose of the study, the manner in which it was carried out and a summary of the work accomplished previously on the land justifying the studies performed;

(3) the complete technical data obtained including, where applicable, the environmental impact assessment of the mining project where that study is prepared under the requirements of the Environment Quality Act.

The report on technical and economic studies on the pre-feasibility or the feasibility shall include, as schedules, the plans and maps necessary for the understanding of the study and the location of the work, established to a scale allowing to locate the work and identify the geoscientific information, in particular the following maps and plans:

(a) geological and compilation maps locating mineralized showings and zones, trenches, rock excavations, geophysical and geochemical anomalies, drill-holes and mineralized intersections, underground work and sampling points;

(b) detailed plans and sections of mineralized deposits and surface work carried out in depth showing the samples taken and the content obtained.

The plans and maps referred to in the second paragraph shall indicate, for each of the lands, the number or the alphanumerical code identifying the mining right on the land from which the work used as a basis for studies was carried out and the perimeter of the land.

The report on technical and economic studies shall be signed by a qualified professional under whose supervision the studies were carried out and shall include the form of the declaration of the work, duly completed, supplied by the Minister.

**DIVISION IV**  
SPECIAL PROVISIONS APPLICABLE TO  
CERTAIN WORK REPORTS

**86.** Reports that must be signed by a qualified professional in accordance with Division III of this Chapter shall also include a written declaration indicating the monetary interests the signee has in the mining rights or holds through a legal person, a partnership or an enterprise.

**87.** Reports, plans and maps concerning the surveys carried out during the term referred to in section 81 of the Act shall indicate and comment on the results for the whole area covered by the survey.

**88.** When an airborne geophysical survey covers lands subject to mining rights belonging to more than one holder, each one may use the survey, provided that the work report includes sufficient proof that the holder contributed to the cost of the survey proportionately to the area of the lands on which he holds mining rights.

In such a case, only the amount paid by each holder for that part of the survey covering the lands on which he holds a mining right may be declared and the documents and information required under sections 74 and 77 and in the third paragraph of section 78 do not have to be forwarded or supplied if they have already been submitted and cover the same lands.

**89.** The report on activities provided for in section 222 of the Act may be accepted as a mining work report required under the third paragraph of section 119 of the Act.

**DIVISION V**  
QUALITY OF REQUIRED DOCUMENTS

**90.** Reports, plans and maps referred to in this Chapter shall be established so that they may be clearly and precisely reproduced by photographic or digital processes.

To that end, they shall meet the following requirements:

(1) writing shall be printed or typed;

(2) plans and maps shall carry on information on photomosaic;

(3) scales of maps shall be graphic and digital;

(4) legends of plans and maps shall use symbols other than colours; colour may be used together with another symbol;

(5) plans and maps shall indicate:

(a) at the four corners, either the geographical (latitude, longitude) or rectangular UTM coordinates (Universal Transverse Mercator) and the method used (NAD27 or NAD83) according to the National Topographic System of Canada (NTS);

(b) the location of any geodesic station or other survey or topographic marker and of any control station that the work was tied in with;

(c) the perimeter of the land where the work was carried out, topographic landmarks as well as roads, rivers, lakes, township and seigniori boundaries and, where applicable, range and lot lines.

91. Any report related to mining work shall include a map of mining titles to a scale of 1:50 000 locating the mining property where the work was carried out and the perimeter of the lands where the work was carried out.

## CHAPTER VIII MINING SURVEY

92. In addition to following the instructions of the Minister given under the second paragraph of section 210 of the Act, the land surveyor who does the mining survey of a land subject to a mining right shall

(1) in the case of a claim, examine the notice of staking or map designation and the map or sketch included with them;

(2) draw straight lines between the apexes of lands subject to a mining right while complying with the limits of the older claims in the case of a claim obtained by staking;

(3) note and describe in the certificate which shall be included with the survey documents any irregularity he discovers while surveying land subject to a mining right.

93. The land surveyor's certificate shall be presented in the form prescribed in Schedule I.

## CHAPTER IX GENERAL PROVISIONS APPLICABLE TO ANY PERSON CARRYING ON MINING OPERATIONS

### DIVISION I PLANS, NOTICES, RECORDS AND REPORTS

94. The following plans or certified copies of the plans shall be sent to the Minister in accordance with section 223 of the Act:

(1) a surface plan showing the boundaries of the land, watercourses and water bodies, railways, power lines, surface openings of any underground works, open-pit mines, buildings and other installations, tailing stock-piles and rock outcrops and all other works carried out on the surface;

(2) plans of underground works showing for each level, drifts, cross-cuts, shafts and raises, shelters, emergency exits and all outlets to other mines;

(3) plans in the form of vertical sections showing the position of underground works and mines in relation to the surface of the land and to that of the bedrock.

Those plans shall comprise all the works existing in the mine on 31 December of the year preceding their transmission and be drawn to a scale not smaller than 1:2 500 for underground works or not smaller than 1:5 000 for surface works.

95. The written notice that must be sent to the Minister under section 224 of the Act shall include the following information:

(1) the date on which the work is to begin;

(2) the name of the mine or project and the names and addresses of the operator and of the holder of the mining right;

(3) the name and address of the manager or of the person to whom notices must be sent under the Act;

(4) the nature of the mining operations.

However, where work is resumed after an interruption of six months or more, the notice shall give the date on which the work resumed and, where applicable, the changes that occurred since the interruption in relation to the information referred to in subparagraphs 2, 3 and 4 of the first paragraph.

96. The following are the plans and records that must be kept up-to-date in accordance with the first paragraph of section 225 of the Act:

(1) the plans referred to in section 94;

(2) plans showing geological and geophysical findings, samples with their content in metals or minerals determined by test or analysis;

(3) a record of all drill-holes giving for each drill-hole, its location, direction, angle, the name and description of rocks intersected and their thickness and the

samples taken with their content in metals or minerals determined by test or analysis.

Plans required under subparagraph 2 of the first paragraph shall, in the same manner as those prescribed in subparagraph 1, be drawn to a scale not smaller than 1:2 500 for underground works or not smaller than 1:5 000 for surface works.

97. The record of excavations and drill-holes that shall be kept up-to-date in accordance with the second paragraph of section 225 of the Act, shall include the same information as the record of drill-holes prescribed in subparagraph 3 of the first paragraph of section 96.

98. The documents that must be submitted to the Minister in accordance with the second paragraph of section 226 of the Act are the plans and record prescribed in subparagraphs 2 and 3 of the first paragraph of section 96.

In addition, the operator shall report the quantity and nature of the unmined mineralized deposits.

## **DIVISION II**

### **SAFETY MEASURES WHEN MINING OPERATIONS ARE DISCONTINUED**

99. The holder of a mining right or an operator who temporarily or permanently discontinues mining operations shall seal off or cover surface openings of shafts, raises, adits, declines or any other similar access to underground works, by means of reinforced concrete slabs or stone, sand or gravel backfill. He may however provide an opening equipped with a grate giving access to bats, if the situation justifies it.

Mine shafts shall be sealed off or covered in accordance with this section, even if the head frame or shaft house is left in place.

100. Reinforced concrete slabs used to seal off the access to a mine shall have the following characteristics:

(1) where they are cast in place, be equipped with an opening of 100 millimetres of diameter allowing ventilation;

(2) comply with or be equivalent to the standard specified in the plan appearing in Schedule II and have a minimum thickness of 150 millimetres where the concrete used in their fabrication has a strength of at least 30 megapascals and neither the opening nor the slab have a width exceeding 1.50 metres;

(3) be equipped with an engraved inscription indicating the year of their fabrication and the name of the mine where they are installed.

Reinforced concrete slabs must be proportionately thicker than what is prescribed under subparagraph 2 of the first paragraph in order to give them strength equivalent to that prescribed in that section where the concrete used in their fabrication has a strength of less than 30 megapascals or when the width of the opening or slab used is greater than 1.50 metres.

101. Reinforced concrete slabs other than those cast in place may consist of several sections at least 1.50 metres in width and must comply with or be equivalent to the standard specified in the plan appearing in Schedule II and be equipped with eye-bolts, openings or any other fixture in order to make it possible to move them.

102. Reinforced concrete slabs used to seal off or cover the access to a mine must be placed on the concrete of the rims or directly on the bedrock where the openings are not made of concrete.

Where a slab of reinforced concrete is laid or cast directly onto the rock of the opening, the space between the latter and the surface level must be backfilled with sand, gravel or other similar material.

103. Underground worksites with a surface opening shall be filled in with mineral substances and the land levelled so as to be harmonized with the surrounding topography.

Backfill may be replaced by a fence built around the worksite at a sufficient distance from the latter, established according to geotechnical considerations of rocky walls or overlying soils according to the following standards:

(1) the fence shall be made of 9-gauge galvanized link steel, with openings not exceeding 60 millimetres on a side;

(2) the fence shall be at least 2.50 metres high and the wire mesh shall be welded to the posts and to the horizontal supports or fixed by fastening straps bolted or riveted or by any other fastening means that will prevent it from being stolen;

(3) the end and corner posts and the posts supporting gates shall be made of galvanized steel 90 millimetres in diameter; the others shall be 60 millimetres in diameter and shall not be more than 3 metres apart;



(4) the top rail used as a horizontal support shall be made of galvanized steel pipe at least 45 millimetres in diameter;

(5) except when posts are inserted in rock, the holes in which posts are inserted shall be 1.20 metres deep, 300 millimetres in diameter at the opening and they shall be filled with concrete when the posts are inserted;

(6) in rock, holes used to hold posts shall be at least 500 millimetres deep and have the necessary diameter to insert posts and concrete therein;

(7) gates shall be of the same height as the fence.

**104.** Signs warning of the danger of the access to a mine and the underground worksites with a surface opening shall be placed at the entrance of the access road to the mine and each of the sides of the fence or gate surrounding the danger sites, at an interval allowing their visibility, at a distance that may not exceed 30 metres.

Warning signs shall be made up of a non-corrosive metallic substance and shall bear the word “danger”.

**105.** Where the stability of surface pillars may not be insured on a long term basis, a fence built according to the standards prescribed in the second paragraph of section 103 shall be installed around the zone in question at a sufficient distance from the latter, established according to geotechnical considerations of rocky walls and overlying soils.

Signs warning of the danger of the zone in question shall be provided at the locations referred to in the first paragraph of section 104, at an interval allowing their visibility, at a distance that may not exceed 30 metres.

The second paragraph of section 104 shall apply, *mutatis mutandis*, to the signs referred to in this section.

**106.** The safety measures prescribed in this division shall be checked annually and maintained in good order.

### **DIVISION III REHABILITATION AND RESTORATION MEASURES**

**107.** In this Chapter:

“accumulation area” means a parcel of land intended for the accumulation of mineral substances, overburden, concentrates or tailings.

**108.** The following constitute the exploration work referred to in subparagraph 1 of the first paragraph of section 232.1 of the Act:

(1) any excavation for the purpose of mining exploration, involving any of the following:

(a) the movement of 10 000 m<sup>3</sup> or more of unconsolidated deposits;

(b) rock stripping or the movement of unconsolidated deposits covering an area of 10 000 m<sup>2</sup> or more;

(c) the extraction or movement of mineral substances for geological or geochemical sampling in amounts of 500 metric tons or more;

(2) any work carried out in respect of material deposited in accumulation areas, in particular either of the following:

(a) drill-holes;

(b) the excavation, movement or sampling of accumulated material or cover material;

(3) any underground work related to mining exploration, in particular any of the following:

(a) the sinking of access ramps and shafts, and any other excavation;

(b) the dewatering of mine shafts and keeping excavations dry;

(c) the restoration of worksites or other underground works;

(d) the hoisting of mineral substances to the surface;

(4) the preparation of accumulation areas for the activities referred to in subparagraph 1, 2 or 3.

For the purposes of subparagraph 1, “unconsolidated deposits” means any mineral substance covering the bedrock, except those deposited in accumulation areas.

**109.** The following constitute the mining operations referred to in subparagraphs 2 and 4 of the first paragraph of section 232.1 of the Act:

(1) any activity related to the open-pit or underground extraction of ore or tailings, including any of the following:

- (a) drawing and transportation;
  - (b) sinking various shafts and access ramps, and any other excavation;
  - (c) crushing;
  - (d) keeping excavations dry;
- (2) the processing of ore or tailings, excluding refining and the pelletizing of iron ore or iron concentrate but including any of the following:
- (a) preparation, including any of the following:
    - i. washing;
    - ii. wet and dry sieving;
    - iii. crushing;
    - iv. grinding;
    - v. classifying;
  - (b) beneficiation, including any of the following:
    - i. gravity concentration;
    - ii. flotation;
    - iii. cyanidation;
    - iv. magnetic separation;
    - v. heap leaching or *in situ* leaching;
  - (c) solid-liquid separation, including any of the following:
    - i. settling and thickening;
    - ii. filtration;
    - iii. drying;
    - iv. agglomeration;
- (3) the preparation of accumulation areas for the activities referred to in paragraphs 1 and 2;
- (4) in the case of foundry activities, only the preparation of an accumulation area constitutes a mining operation;
- (5) exploration activities listed in section 108 where they are involved in the operations referred to in this section.

**110.** The mineral substances referred to in subparagraph 2 of the first paragraph of section 232.1 of the Act include any mineral substance other than petroleum, natural gas, brine and surface mineral substances.

“Surface mineral substances” refers to the substances listed in section 1 of the Act, except however inert tailings used in construction.

**111.** The amount of the guarantee referred to in section 232.4 of the Act shall correspond to 70 % of the anticipated cost, in dollars, of carrying out that part of the work required under the plan that relates to the rehabilitation and restoration of accumulation areas. For mining activities that ended before 9 March 1997, the amount of the guarantee is limited to 15 % of that anticipated cost.

**112.** Taking into account any amount already paid pursuant to section 232.5 of the Act, a person referred to in subparagraph 1 of the first paragraph of section 232.1 of the Act shall submit to the Minister, in accordance with the following rules, the guarantee determined under section 111:

(1) where the exploration work is expected to last one year or less, the total guarantee shall be submitted within 15 days following receipt of approval of the rehabilitation and restoration plan;

(2) where the exploration work is expected to last more than one year, the guarantee shall be submitted in annual payments:

(a) the first annual payment shall be made within 15 days following receipt of approval of the rehabilitation and restoration plan, and shall correspond to the anticipated cost of the rehabilitation and restoration work required under the plan in respect of activities that have already been carried out or that will be carried out during the year;

(b) each subsequent annual payment shall be made on the anniversary of the date of approval of the plan and shall correspond to the anticipated cost of the rehabilitation and restoration work required under the plan in respect of activities that will be carried out during the year.

**113.** Taking into account, where applicable, any amount already paid pursuant to section 232.5 of the Act, a person referred to in subparagraphs 2 to 4 of the first paragraph of section 232.1 of the Act shall submit to the Minister, in accordance with the rules set forth in the following table and paragraphs, the guarantee determined under section 111:

**SCHEDULE OF ANNUAL PAYMENTS PER \$1 OF GUARANTEE ESTABLISHED  
IN ACCORDANCE WITH SECTION 111**

Expected duration of activities	Payment														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	1.0														
2	1.0	—													
3	.250	.750	—												
4	.111	.333	.556	—											
5	.063	.187	.313	.437	—										
6	—	.063	.187	.313	.437	—									
7	—	.040	.120	.200	.280	.360	—								
8	—	.028	.083	.139	.194	.250	.306	—							
9	—	.020	.061	.102	.143	.184	.225	.265	—						
10	—	—	.020	.061	.102	.143	.184	.225	.265	—					
11	—	—	.016	.047	.078	.109	.141	.172	.203	.234	—				
12	—	—	.012	.037	.062	.086	.111	.136	.161	.185	.210	—			
13	—	—	.010	.030	.050	.070	.090	.110	.130	.150	.170	.190	—		
14	—	—	—	.010	.030	.050	.070	.090	.110	.130	.150	.170	.190	—	
15	—	—	—	.008	.025	.041	.058	.074	.091	.107	.124	.141	.157	.174	—

(1) for the purposes of the above table, the expected duration of activities corresponds to the shorter of the following: the expected duration of the activities, determined from the approval or revision of the plan and rounded off to the nearest whole number, or 15 years, calculated from the approval or revision of the plan;

(2) where applicable, the first payment of the guarantee is required within 15 days following approval of the plan, and the subsequent payments are required on the anniversary dates of the plan;

(3) where the activities are expected to last less than ten years, a payment may be postponed until the time of the next annual payment, in which case the amount of the postponed payment is added to that of the next annual payment; no further postponement is possible until the postponed payment and the next annual payment have been made, and no postponement is possible in respect of the last two required payments;

(4) where the activities are expected to last ten years or more, two consecutive payments may be postponed until the next annual payment, in which case the amount of the postponed payments is added to that of the next annual payment; no further postponement is possible until the postponed payments and the next annual payment have been made, and no postponement is possible in respect of the last three required payments.

114. Notwithstanding sections 112 and 113, the persons referred to in those sections, who must provide

more than one guarantee during a given year, may provide during that year a single guarantee covering the total amount of the guarantees, provided that the description of the guarantees included in various rehabilitation and restoration plans be the same as regards the form of guarantees.

Payment of the guarantee covering the total amount of guarantees shall be carried out on one of the first dates where, during the given year, the guarantees had to be provided.

115. The person referred to in section 232.1 of the Act shall submit a guarantee to the Minister in one of the following forms or in a combination thereof:

(1) a cheque made out to the Minister of Finance of Québec;

(2) bonds issued or guaranteed by Québec or another province of Canada, by Canada or by a municipality in Canada and having a market value at least equal to the amount of the guarantee exigible. Registered bonds shall be submitted with a power of attorney on behalf of the Minister of Finance and, where applicable, with a resolution authorizing the person who signs the power of attorney;

(3) guaranteed investment certificates or term deposit certificates, in Canadian dollars, issued on behalf of the Minister of Finance by a bank, a savings and credit union or a trust company. Such certificates shall

have a term of at least 12 months, shall be automatically renewable until the issue of a certificate of release provided for in section 232.10 of the Act and shall not include any restriction in respect of redemption during its term;

(4) an irrevocable and unconditional letter of credit issued on behalf of the Gouvernement du Québec by a bank, a savings and credit union or a trust company;

(5) a security or a guarantee policy issued on behalf of the Gouvernement du Québec by a legal person legally empowered to act in that quality;

(6) a security provided by a third party on behalf of the Gouvernement du Québec. The person providing the security shall also provide an immovable hypothec of the first rank whose net liquidation value is at least equal to the amount of the guarantee required;

(7) a trust constituted in accordance with the provisions of the Civil Code of Québec and meeting the following requirements:

(a) the purpose of the trust is to ensure completion of the work provided for in the rehabilitation and restoration plan under sections 232.1 to 232.10 of the Act;

(b) the Minister of Finance and the person referred to in section 232.1 of the Act are joint beneficiaries of the trust;

(c) the trustee is a bank, a savings and credit union or a trust company;

(d) the trust patrimony is comprised only of sums in cash, or of bonds or certificates of the same type as those referred to in subparagraphs 2 and 3 of the first paragraph of this section.

The financial institutions referred to in subparagraphs 3 to 5 and 7 of the first paragraph must be empowered by law to carry on the activities mentioned in those subparagraphs.

**116.** In the case of a trust, interest yielded by the trust patrimony belongs to the trust. Interest kept as part of the trust patrimony shall not be used as payment of the guarantee.

**117.** The guarantees referred to in subparagraphs 1 to 3 of the first paragraph of section 115 shall be received on deposit by the Minister of Finance pursuant to the Deposit Act (R.S.Q., c. D-5).

**118.** Where a guarantee is given under subparagraph 3 or 7 of the first paragraph of section 115, the contract that constitutes the guarantee shall include the following conditions:

(1) the purpose of the guarantee is to ensure completion of the work provided for in the rehabilitation and restoration plan under sections 232.1 to 232.10 of the Act;

(2) no person may make withdrawals or be reimbursed without having obtained the certificate of release provided for in section 232.10 of the Act or a reduction in the guarantee under section 232.7 of the Act. That prohibition also applies to any form of compensation that may be made by the bank, the savings and credit union, the trust company or the trustee;

(3) where section 232.8 of the Act applies, payment of the guarantee is exigible at the Minister's request;

(4) the bank, the savings and credit union, the trust company or the trustee shall provide the Minister with the information it possesses concerning the contract;

(5) in case of dispute, the courts of Québec are the sole competent courts;

(6) in the case of a trust:

(a) the trustee shall be domiciled in Québec;

(b) the trustee shall see to the management of the trust at the expense of the settlor or of the person referred to in section 232.1 of the Act;

(c) the trust terminates when the Minister

i. issues a certificate of release provided for in section 232.10 of the Act or the trust is replaced by another guarantee that complies with the requirements of this Regulation;

ii. acts on the condition provided for in subparagraph 3 of the first paragraph of this section.

A person referred to in section 232.1 of the Act shall submit to the Minister a certified copy of the original contract.

**119.** The purpose of the irrevocable and unconditional letter of credit provided for in subparagraph 4 of the first paragraph of section 115, of the security or guarantee policy provided for in subparagraph 5 of the

first paragraph of that section and of the security provided for in subparagraph 6 of the first paragraph of that section is to guarantee payment of the cost of the work where the requirements of sections 232.1 to 232.10 of the Act are not met. The contract shall have a term of at least 12 months and shall include clauses providing that:

(1) in the case of non-renewal, termination, revocation or cancellation, the guarantor shall notify the Minister at least 60 days before the date fixed for the expiry, termination, revocation or cancellation of the guarantee;

(2) in the case of non-renewal, termination, revocation or cancellation, the guarantor remains responsible, where the requirements of sections 232.1 to 232.10 of the Act are not met, for the payment of the cost of the work involved in mining operations carried out before the date of expiry, termination, non-renewal or revocation up to the amount covered by the letter of credit, the security or guarantee policy. That responsibility shall hold until the issue of a certificate of release provided for in section 232.10 of the Act, unless the person in question has deposited an alternative guarantee or the guarantor has deposited the amount covered by the letter of credit, the security or guarantee policy in a trust that complies with this Regulation where the Minister of Finance and the guarantor are joint beneficiaries;

(3) where applicable, the obligation is joint and several, with a waiver of the benefits of discussion and division;

(4) the guarantor consents to the Minister's being able at any time after the sending of a notice of 60 days to make changes to the rehabilitation and restoration plan and waives pleading against the Minister any ground of defence pertaining to the content of the plan;

(5) where section 232.8 of the Act applies, payment of the guarantee is exigible at the Minister's request;

(6) in the case of dispute, the courts of Québec are the sole competent courts.

A person referred to in section 232.1 of the Act shall submit to the Minister a certified copy of the original contract.

**120.** In the case of a guarantee submitted in accordance with subparagraph 6 of the first paragraph of section 115, where the third party is a legal person, a certified copy of the resolution or internal by-law authorizing the signatory to offer the guarantee and establish a hypothec shall be submitted to the Minister.

**121.** The guarantee given may be replaced at any time by another guarantee that complies with the requirements of this Regulation.

**122.** Any form of guarantee is exigible at the Minister's request in accordance with section 232.8 of the Act.

**123.** A guarantee shall be kept in force until the issue of a certificate of release provided for in section 232.10 of the Act.

#### **DIVISION IV** **SITE FOR THE STORAGE OF TAILINGS**

**124.** The application for approval of a site to be used as a storage area for tailings that must be submitted to the Minister in accordance with section 241 of the Act shall be done in writing and include the following information:

(1) the name, address and telephone number of the applicant and of the persons in charge of the design, installation and operation of the site to be used as a storage area for tailings;

(2) the location of other sites considered and the reasons justifying the choice of the location of the site applied for;

(3) the physical and chemical description of the tailings, the expected quantity, the means of transportation and storage and the description of the equipment which will be used;

(4) the name, address and telephone number of the owners of the surface and the holders of real and immovable mining rights;

(5) where applicable, the nature of the agreement entered into with the owners of the surface and the holders of real and immovable mining rights.

**125.** The application for approval shall be accompanied by the following documents:

(1) a plan, established to a scale of 1:5 000, showing the areas used for the transportation and storage of tailings and specifying the surface area of the projected site for the storage of tailings;

(2) a survey plan of the site to be used as a storage area for tailings where the latter is situated on lands of the domain of the State;

(3) a report containing the geological data on the land to be used as a storage area for tailings.

The plan referred to in subparagraph 1 of the first paragraph shall be certified, dated and signed by an engineer and the survey plan referred to in subparagraph 2 of the first paragraph shall be made by a land surveyor in accordance with Chapter VIII of this Regulation and the instructions of the Minister given under the second paragraph of section 210 of the Act.

## **CHAPTER X MISCELLANEOUS**

### **DIVISION I CONTENT OF CERTAIN APPLICATIONS**

**126.** Where either of the applications referred to in Chapters II to VI is submitted by more than one applicant, the information related to the applicant must be provided for each of the applicants and the respective percentage of the rights they hold or will hold on a mining right.

**127.** Where the application made is one of those referred to in Chapters II to VI and where the applicant is a legal person, he shall provide the address of his office and, where applicable, the address of his main place of business in Québec.

In addition, in the case of an application for a mining lease, an application for an exclusive lease to mine surface mineral substances or an application for renewal of either of the leases, the applicant, if he is a legal person, shall also provide a certified copy of the resolution or the internal by-law authorizing the person submitting the application to do it on behalf of the applicant.

### **DIVISION II OTHER FEES AND DUTIES**

**128.** Subject to the first paragraph of section 29, the fee for entry in the public register of real and immovable mining rights, of a transfer or of another instrument referred to in paragraph 3 of section 13 of the Act relating to a real and immovable mining right, respecting mineral substances other than petroleum, natural gas and brine shall be \$12.50 per mining right, up to a maximum of \$1 250 per instrument.

The fee for the issue of a certificate of any entry in the public register of real and immovable mining rights of

mineral substances other than petroleum, natural gas and brine shall be \$2.

**129.** The duties payable for taking part in a drawing of lots referred to in sections 207 and 207.1 of the Act that must be paid in advance by the person who intends to take part therein shall be, in addition to the entry fee, \$100 per application, in the case of an application for authorization referred to in sections 32 or 33 of the Act, or \$100 per mining right in other cases.

A single duty for taking part in a drawing of lots shall be granted per application for authorization or per mining right.

For the purposes of the drawing of lots, a legal person, its subsidiaries and employees are deemed to constitute a single and same applicant. For the purposes of the drawing of lots, a natural person and his employees are also deemed to constitute a single and same applicant.

**130.** The fee that must be included with the application for the revocation of claims made under section 280 of the Act or under section 152 of Chapter 24 of the Statutes of 1998 shall be \$110 for each claim contested.

### **DIVISION III METHOD OF PAYMENT**

**131.** Payment of amounts of money prescribed in this Regulation shall be made in cash, by cheque or money order payable to the Minister of Finance of Québec or by magnetic card referred to in section 3 of the *Règlement sur la perception et l'administration des revenus et des recettes du Gouvernement*, made under the *Financial Administration Act* (R.S.Q., c. A-6) by C.T. 175175 dated 23 October 1990.

## **CHAPTER XI PENAL**

**132.** Every holder of a lease to mine surface mineral substances who operates a sand-pit and who contravenes any of the provisions of the first paragraph of section 63 is guilty of an offence punishable according to section 319 of the Act.

Every holder of a non-exclusive lease to mine surface mineral substances who operates a sand-pit on lands of the domain of the State and who contravenes any of the provisions of the second paragraph of section 63 is also guilty of an offence punishable according to section 319 of the Act.

## CHAPTER XII TRANSITIONAL AND FINAL

**133.** Section 4 of this Regulation shall apply to every staking tag even to that issued before 1 April 2000, by taking into account however, in the latter case, the time already elapsed; it does not have for effect to validate the tags whose term has expired on that date.

**134.** The provisions of sections 5 and 7 of the Regulation respecting mineral substances other than petroleum, natural gas and brine, made by Order in Council 1443-88 dated 21 September 1988 and amended by Order in Council 1217-91 dated 4 September 1991, shall continue to apply to the notices of staking submitted on 1 April 2000 or after that date in the place and stead of sections 5 and 7 of this Regulation, where the land covered by the notice of staking was staked before that date.

**135.** Notwithstanding section 15 of this Regulation, the minimum cost of the work to be carried out by the holder of a claim obtained prior to 1 April 2000 is that provided for in section 11 of the Regulation respecting mineral substances other than petroleum, natural gas and brine made by Order in Council 1443-88 dated 21 September 1988, in either of the following situations:

(1) for the purposes of the first renewal of the claim after 1 April 2000 in the case where that claim has not been converted before the first renewal;

(2) for the purposes of the application of the second paragraph of section 83.3 of the Act, where the holder of a claim carries out his conversion before the first renewal after 1 April 2000.

This section shall apply where the minimum cost of the work prescribed in section 11 is less than that prescribed in this Regulation.

**136.** An application for a mining exploration licence made prior to 1 April 2000 shall be continued and decided in accordance with the provisions of sections 13 and 14 of the Regulation respecting mineral substances other than petroleum, natural gas and brine, made by Order in Council 1443-88 dated 21 September 1988 and amended by Order in Council 1217-91 dated 4 September 1991.

**137.** Notwithstanding section 36 of this Regulation, the minimum cost of the work that must be carried out by the holder of the mining exploration licence shall be, for the term of the current licence, that provided for in

section 15 of the Regulation respecting mineral substances other than petroleum, natural gas and brine, made by Order in Council 1443-88 dated 21 September 1988.

**138.** An application for an exploration licence for surface mineral substances prior to 1 April 2000 shall be continued and decided in accordance with the provisions of section 27 of the Regulation respecting mineral substances other than petroleum, natural gas and brine, made by Order in Council 1443-88 dated 21 September 1988 and amended by Order in Council 1217-91 dated 4 September 1991.

**139.** The provisions of paragraph 3 of section 47 of the Regulation respecting mineral substances other than petroleum, natural gas and brine, made by Order in Council 1443-88 dated 21 September 1988, shall continue to apply to the holder of an exploration licence for surface mineral substances for the purposes of the first renewal of the licence after 1 April 2000.

**140.** The rights, rentals and fees provided for in this Regulation are indexed and rounded off to the nearest dollar on 1 April of each year, according to the evolution of the general Consumer Price Index for Canada, during the preceding year. That evolution shall be calculated on the basis of the ratio between the index for the preceding year and the index for the year preceding that year. The index for a year is the average of the monthly indexes published by Statistics Canada.

**141.** This Regulation replaces the Regulation respecting mineral substances other than petroleum, natural gas and brine, made by Order in Council 1443-88 dated 21 September 1988.

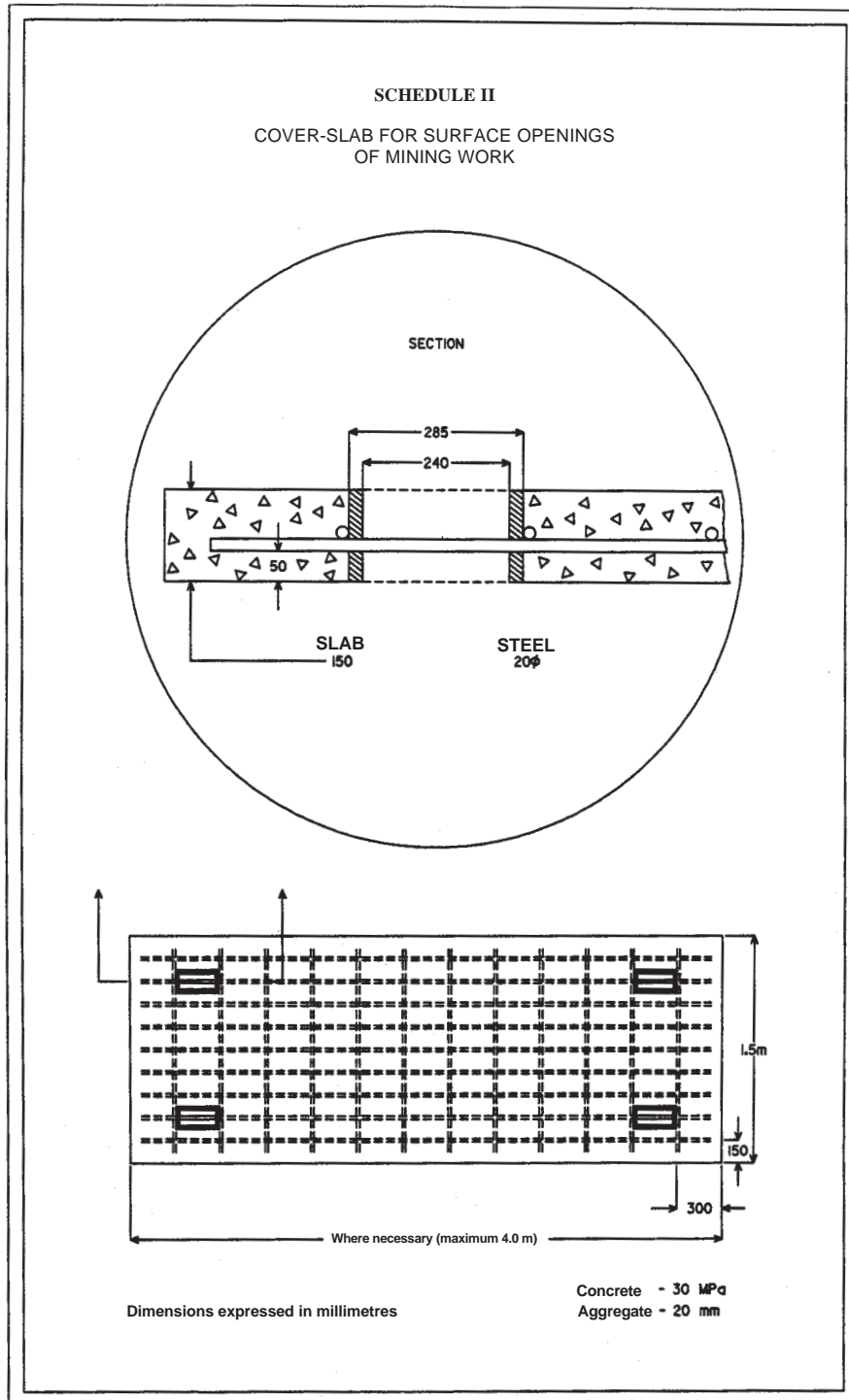
**142.** This Regulation comes into force on 1 April 2000.

## SCHEDULE I (s. 93)

### LAND SURVEYOR'S CERTIFICATE

I certify that I have carefully examined the land within the boundaries (*enter the mining title and its number or alphanumeric code*) that I surveyed and I have found nothing on it that may lead me to believe or suspect that the mining right may be the object of a dispute, except the following:

“(note)”.





## Draft Regulation

Forest Act  
(R.S.Q., c. F-4.1)

### Unit rates applicable to the calculation of dues forest management permits for the supply of wood processing plants

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation respecting unit rates applicable to the calculation of dues for forest management permits for the supply of wood processing plants, the text of which appears below, may be made by the Minister at the expiry of 45 days following this publication.

Any person having comments to make on this matter is asked to send them in writing, before the expiry of the 45-day period, to Mr. Marc Ledoux, Associate Deputy Minister for Forests, ministère des Ressources naturelles, 880, chemin Sainte-Foy, 10<sup>e</sup> étage, Québec (Québec) G1S 4X4.

JACQUES BRASSARD,  
*Minister of Natural Resources*

### Regulation respecting unit rates applicable to the calculation of dues for forest management permits for the supply of wood processing plants

Forest Act  
(R.S.Q., c. F-4.1, ss. 5 and 72)

1. The unit rates for stumpage in forests in the public domain set out in Schedule I shall be indexed on 1 April, 1 July, 1 October 2000 and 1 January 2001 in accordance with the performance of the price indexes for the forest products specified in Schedule II. The index rates per species, group of species and quality shall be calculated in accordance with the following formulas:

$$\text{Index rate at 1 April 2000} = \frac{\text{Average price index for the months of December 1999, January and February 2000}}{\text{Average price index for the months of April 1998 to March 1999}}$$

$$\text{Index rate at 1 July 2000} = \frac{\text{Average price index for the months of March, April and May 2000}}{\text{Average price index for the months of April 1998 to March 1999}}$$

$$\text{Index rate at 1 October 2000} = \frac{\text{Average price index for the months of June, July and August 2000}}{\text{Average price index for the months of April 1998 to March 1999}}$$

$$\text{Index rate at 1 January 2001} = \frac{\text{Average price index for the months of September, October and November 2000}}{\text{Average price index for the months of April 1998 to March 1999}}$$

The amounts thus indexed shall apply, in each forest tariffing zone indicated in Schedule I, to the calculation of the dues payable by the holder of a forest management permit for the supply of a wood processing plant for the 3-month period following the date of indexing.

The amounts indexed in the manner prescribed in the first paragraph shall be reduced to the nearest fraction of \$0.10/m<sup>3</sup> where they contain a fraction less than \$0.025/m<sup>3</sup>. They shall be rounded off to the nearest fraction of \$0.05/m<sup>3</sup> where they contain a fraction equal to or greater than \$0.025/m<sup>3</sup> but less than \$0.075/m<sup>3</sup> and shall be increased to the nearest fraction of \$0.10/m<sup>3</sup> where they contain a fraction equal to or greater than \$0.075/m<sup>3</sup>.

The Minister of Natural Resources shall inform the public, through Part I of the *Gazette officielle du Québec* and, where he considers it appropriate, by any other means, of the indexing calculated under this section.

2. This Regulation replaces the Regulation respecting unit rates applicable to the calculation of dues for forest management permits for the supply of wood processing plants, made by Minister's Order 406 of the Minister of Natural Resources, dated 26 March 1999 and published in Part 2 of the *Gazette officielle du Québec* of 31 March 1999.

3. This Regulation comes into force on 1 April 2000.

**SCHEDULE I**

(s. 1)

**REFERENCE UNIT RATES FOR STUMPAGE IN FORESTS IN THE DOMAIN OF THE STATE  
FOR THE 2000-2001 FISCAL YEAR**

Species	Quality*	Stumpage (\$/m <sup>3</sup> )																
		Zones																
		101	102	103	104	111	112	113	114	115	116	117	201	202	203	204	205	
Fir, spruce, jack pine, tamarack	A	18,31	15,71	15,45	15,82	13,69	14,20	13,62	13,63	13,85	14,39	13,85	17,92	17,17	18,23	19,17	21,05	
	B	18,31	14,65	13,93	15,82	10,63	14,20	10,67	10,09	9,41	12,20	13,85	17,92	13,84	18,23	17,18	21,05	
White pine	B	11,47	9,38	9,35	9,35	9,14	9,13	9,13	9,13	9,13	9,14	9,13	10,70	10,70	10,18	9,69	10,06	
	A	18,22	14,53	14,41	14,42	13,67	13,66	13,64	13,64	13,66	13,67	13,65	17,88	17,88	17,39	15,91	16,64	
Hemlock, cedar	B	8,15	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	8,84	8,84	8,65	7,89	8,24	
	B	3,95	3,40	3,37	3,37	3,17	3,17	3,16	3,16	3,17	3,17	3,16	3,64	3,64	3,77	2,97	3,23	
White pine, red pine, hemlock, cedar	C	1,32	1,16	1,16	1,16	1,15	1,15	1,15	1,15	1,15	1,15	1,15	1,28	1,28	1,29	1,05	1,13	
	A	48,61	40,23	41,00	7,29	24,46	27,09	18,62	21,47	13,97	7,82	3,37	2,06	6,13	16,77	10,75	19,10	
Oak, cheery, walnut, hickory	B	33,10	27,40	27,92	4,97	16,65	18,45	12,68	14,62	9,51	5,33	2,29	1,40	4,18	11,42	7,32	13,01	
	C	12,86	10,64	10,85	1,93	6,47	7,17	4,93	5,68	3,69	2,07	0,89	0,70	1,62	4,44	2,84	5,05	
Yellow birch, ash, basswood, elm	A	34,72	28,74	29,28	5,21	17,47	19,35	13,30	15,34	9,98	5,59	2,40	1,47	4,38	11,98	7,68	13,65	
	B	23,65	19,57	19,94	3,55	11,90	13,18	9,06	10,44	6,79	3,81	1,64	1,00	2,98	8,16	5,23	9,29	
White birch	C	9,19	7,60	7,75	1,38	4,62	5,12	3,52	4,06	2,64	1,48	0,64	0,50	1,16	3,17	2,03	3,61	
	A	21,52	11,56	11,79	5,48	11,47	14,47	7,08	1,59	6,56	3,17	1,59	4,20	3,14	9,17	5,76	10,50	
Sugar maple	B	13,56	7,29	7,43	3,45	7,23	9,12	4,46	1,00	4,13	2,00	1,00	2,65	1,98	5,78	3,63	6,61	
	C	5,69	3,06	3,12	1,45	3,04	3,83	1,87	1,17	1,73	0,84	0,50	1,11	0,83	2,43	1,52	2,78	
Other hardwoods	A	35,16	27,56	30,85	3,05	8,74	9,27	10,12	2,98	7,23	6,35	3,87	5,41	4,59	9,26	6,61	10,28	
	B	23,19	18,17	20,34	2,01	5,76	6,11	6,67	1,97	4,77	4,18	2,55	3,57	3,02	6,10	4,36	6,78	
Poplar	C	5,39	4,22	4,72	0,50	1,34	1,48	1,55	1,17	1,11	0,97	0,59	0,83	0,70	1,42	1,01	1,57	
	B	9,46	7,83	7,98	1,42	4,76	5,27	3,62	4,18	2,72	1,52	1,00	1,00	1,19	3,26	2,09	3,72	
All hardwoods (except poplar / aspen)	C	3,67	3,04	3,10	0,55	1,85	2,05	1,41	1,62	1,06	0,59	0,50	0,50	0,50	1,27	0,81	1,44	
	B	7,73	5,17	7,05	7,60	6,38	6,55	6,27	3,99	4,00	5,97	6,57	6,33	5,21	7,08	6,59	7,71	
All hardwoods (except poplar / aspen)	C	5,78	3,87	5,28	5,68	4,78	4,90	4,69	2,99	2,99	4,47	4,92	4,74	3,90	5,30	4,93	5,77	
	D	2,65	2,19	2,23	0,40	1,33	1,48	1,01	1,17	0,76	0,43	0,25	0,25	0,33	0,91	0,59	1,04	

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Species	Stumpage (\$/m3)																
	Quality*	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221
Fir, spruce, jack pine, tamarack	A	20,26	19,58	16,11	15,90	16,97	15,01	18,47	20,10	18,84	16,03	13,78	12,39	12,20	13,12	12,37	16,77
	B	10,17	19,58	15,05	14,99	16,97	14,07	18,47	20,10	18,84	16,03	13,78	7,28	8,96	11,48	11,85	16,77
White pine	B	9,79	9,68	9,89	10,16	9,59	9,61	9,93	9,80	9,42	7,89	7,59	8,81	7,40	7,54	7,45	8,17
Red pine	A	15,99	15,89	15,21	14,66	13,67	14,54	15,29	15,87	15,66	13,96	13,82	14,48	13,77	13,80	13,75	13,67
	B	7,97	7,88	7,65	7,44	6,86	7,30	7,69	7,92	7,69	6,90	6,85	7,55	6,87	6,87	6,83	6,82
Hemlock, cedar	B	2,99	2,97	2,87	2,91	2,13	2,50	2,93	2,98	2,90	2,06	1,78	1,81	1,69	1,75	1,74	1,76
White pine, red pine, hemlock, cedar	C	1,07	1,04	1,11	1,16	1,04	1,06	1,11	1,08	0,99	0,91	0,82	0,75	0,87	0,84	0,83	0,87
Oak, cheery, walnut, hickory	A	27,50	24,19	18,26	10,76	19,63	10,26	4,54	3,81	2,06	7,57	2,06	2,06	2,06	3,38	4,10	3,47
	B	18,72	16,47	12,43	7,32	13,37	6,99	3,09	2,60	1,40	5,16	1,40	1,40	1,40	2,30	2,79	2,36
	C	7,27	6,40	4,83	2,85	5,19	2,71	1,20	1,01	0,70	2,00	0,70	0,70	0,70	0,90	1,08	0,92
Yellow birch, ash, basswood, elm	A	19,64	17,28	13,04	7,68	14,02	7,33	3,24	2,72	1,47	5,41	1,47	1,47	1,47	2,42	2,93	2,48
	B	13,37	11,76	8,88	5,23	9,55	4,99	2,21	1,86	1,00	3,68	1,00	1,00	1,00	1,65	1,99	1,69
	C	5,20	4,57	3,45	2,03	3,71	1,94	0,86	0,72	0,50	1,43	0,50	0,50	0,50	0,64	0,77	0,66
White birch	A	15,25	13,38	10,01	5,76	10,80	5,48	2,24	1,83	1,59	3,96	1,59	1,59	1,59	1,59	1,99	1,63
	B	9,61	8,43	6,31	3,63	6,80	3,45	1,41	1,15	1,00	2,49	1,00	1,00	1,00	1,00	1,25	1,03
	C	4,03	3,54	2,65	1,52	2,86	1,45	0,59	0,50	0,50	1,05	0,50	0,50	0,50	0,50	0,53	0,50
Sugar maple	A	13,96	12,51	9,91	6,62	10,51	6,40	3,89	3,57	1,52	5,22	2,29	1,52	1,52	3,38	3,69	3,42
	B	9,21	8,25	6,53	4,36	6,93	4,22	2,56	2,35	1,00	3,44	1,51	1,00	1,00	2,23	2,44	2,25
	C	2,14	1,92	1,52	1,01	1,61	0,98	0,60	0,55	0,50	0,80	0,50	0,50	0,50	0,52	0,57	0,52
Other hardwoods	B	5,35	4,71	3,55	2,09	3,82	2,00	1,00	1,00	1,00	1,47	1,00	1,00	1,00	1,00	1,00	1,00
	C	2,08	1,83	1,38	0,81	1,48	0,78	0,50	0,50	0,50	0,57	0,50	0,50	0,50	0,50	0,50	0,50
Poplar	B	7,30	6,41	6,08	5,74	4,60	4,14	5,57	6,97	5,21	3,89	3,68	1,11	1,11	1,11	2,78	3,85
	C	5,47	4,80	4,55	4,30	3,45	3,10	4,17	5,21	3,90	2,91	2,75	1,08	1,08	1,08	2,08	2,88
All hardwoods (except poplar / aspen)	D	1,50	1,32	0,99	0,59	1,07	0,56	0,25	0,25	0,25	0,41	0,25	0,25	0,25	0,25	0,25	0,25

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Species	Stumpage (\$/m <sup>3</sup> )																
	Quality*	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237
Fir, spruce, jack pine, tamarack	A	20,59	14,68	17,76	17,23	14,18	11,03	7,24	6,02	5,52	5,33	6,98	11,96	9,66	14,08	10,47	10,46
	B	20,59	13,58	17,76	17,23	14,18	9,73	5,87	4,75	3,53	5,25	6,98	11,96	9,66	14,08	3,53	4,90
White pine	B	9,22	8,64	8,46	9,34	7,94	7,61	4,73	3,77	3,07	2,80	4,11	7,19	3,73	7,74	7,03	7,15
Red pine	A	15,37	13,79	13,66	14,60	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,83	13,66	13,73
	B	7,54	6,88	6,81	7,32	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,85	6,81	6,89
Hemlock, cedar	B	2,75	1,91	1,81	2,46	1,70	1,62	1,08	0,89	0,75	0,69	0,96	1,56	0,88	1,96	1,77	1,73
White pine, red pine, hemlock, cedar	C	0,95	0,91	0,89	1,02	0,85	0,84	0,59	0,52	0,44	0,42	0,54	0,79	0,51	0,93	1,09	1,06
Oak, cheery, walnut, hickory	A	13,86	7,59	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	15,95	4,49	2,06	2,06
	B	9,44	5,17	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	10,86	3,06	1,40	1,40
	C	3,67	2,01	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	4,22	1,19	0,70	0,70
Yellow birch, ash, basswood, elm	A	9,90	5,42	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	11,40	3,21	1,47	1,47
	B	6,74	3,69	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	7,76	2,19	1,00	1,00
	C	2,62	1,43	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	3,01	0,85	0,50	0,50
White birch	A	7,52	3,97	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	8,71	2,21	1,59	1,59
	B	4,74	2,50	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	5,49	1,39	1,00	1,00
	C	1,99	1,05	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	2,30	0,59	0,50	0,50
Sugar maple	A	7,98	5,22	1,52	1,52	1,64	1,52	1,52	1,52	1,52	1,52	1,52	1,52	8,90	3,87	1,52	1,52
	B	5,26	3,44	1,00	1,00	1,08	1,00	1,00	1,00	1,00	1,00	1,00	1,00	5,87	2,55	1,00	1,00
	C	1,22	0,80	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	1,36	0,59	0,50	0,50
Other hardwoods	B	2,70	1,48	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	3,10	1,00	1,00	1,00
	C	1,05	0,57	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	1,21	0,50	0,50	0,50
Poplar	B	4,73	5,06	4,62	5,50	3,06	2,61	1,11	1,11	1,11	1,11	1,49	2,24	1,11	2,09	1,11	1,11
	C	3,54	3,79	3,46	4,11	2,29	1,95	1,08	1,08	1,08	1,08	1,11	1,68	1,08	1,56	1,08	1,08
All hardwoods (except poplar / aspen)	D	0,76	0,41	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,87	0,25	0,25	0,25

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Species	Quality*	Stumpage (\$/m3)															
		238	239	301	302	303	304	305	306	401	402	403	404	405	406	407	408
Fir, spruce, jack pine, tamarack	A	10,12	6,72	19,21	16,36	17,09	18,77	15,83	17,32	18,32	18,94	19,57	18,48	20,29	16,41	14,30	16,02
	B	5,14	3,53	19,17	12,56	9,57	17,67	15,36	17,32	15,86	18,94	19,57	16,91	20,29	10,35	14,30	15,77
White pine	B	6,96	5,62	13,99	9,85	10,62	13,98	10,05	10,27	13,94	14,24	15,38	13,39	12,95	9,98	12,89	8,53
Red pine	A	13,64	13,64	22,35	17,09	17,80	22,84	15,20	14,76	22,67	23,22	24,97	21,95	21,28	16,55	19,88	14,81
	B	6,81	6,81	9,89	8,53	8,80	10,95	7,73	7,53	10,82	11,08	11,86	10,57	10,28	8,06	9,94	7,10
Hemlock, cedar	B	1,75	1,37	4,51	3,84	3,66	4,57	3,38	3,21	4,49	4,60	4,96	4,40	4,26	3,12	3,80	3,09
White pine, red pine, hemlock, cedar	C	1,10	0,86	1,50	1,30	1,28	1,65	1,27	1,26	1,60	1,66	1,81	1,58	1,53	1,05	1,28	0,78
Oak, cheery, walnut, hickory	A	2,06	2,06	39,90	16,85	12,17	27,48	19,88	27,48	28,68	45,97	35,05	18,33	16,43	5,19	2,06	2,06
	B	1,40	1,40	27,17	11,47	8,28	18,71	13,54	18,71	19,53	31,30	23,87	12,48	11,19	3,53	1,40	1,40
	C	0,70	0,70	10,56	4,46	3,22	7,27	5,26	7,27	7,59	12,16	9,27	4,85	4,35	1,37	0,70	0,70
Yellow birch, ash, basswood, elm	A	1,47	1,47	28,50	12,04	8,69	19,63	14,20	19,63	20,49	32,83	25,04	13,09	11,74	3,71	1,47	1,47
	B	1,00	1,00	19,41	8,20	5,92	13,37	9,67	13,37	13,95	22,36	17,05	8,91	7,99	2,52	1,00	1,00
	C	0,50	0,50	7,54	3,18	2,30	5,19	3,76	5,19	5,42	8,69	6,62	3,46	3,11	0,98	0,50	0,50
White birch	A	1,59	1,59	22,07	11,47	8,24	18,78	13,55	18,78	10,40	17,44	23,98	10,81	16,34	2,87	1,59	1,59
	B	1,00	1,00	13,91	7,23	5,19	11,84	8,54	11,83	6,55	10,99	15,11	6,81	10,29	1,81	1,00	1,00
	C	0,50	0,50	5,84	3,03	2,18	4,97	3,58	4,97	2,75	4,61	6,34	2,86	4,32	0,76	0,50	0,50
Sugar maple	A	1,52	1,52	29,93	14,30	10,80	25,96	16,56	22,24	29,89	36,59	19,84	14,16	12,61	2,63	1,52	2,79
	B	1,00	1,00	19,74	9,43	7,12	17,12	10,92	14,66	19,71	24,12	13,08	9,33	8,31	1,73	1,00	1,84
	C	0,50	0,50	4,58	2,19	1,65	3,98	2,54	3,41	4,58	5,60	3,04	2,17	1,93	0,50	0,50	0,50
Other hardwoods	B	1,00	1,00	7,76	3,28	2,37	5,35	3,87	5,35	5,58	8,94	6,82	3,57	3,20	1,01	1,00	1,00
	C	0,50	0,50	3,02	1,27	0,92	2,08	1,50	2,08	2,17	3,47	2,65	1,39	1,24	0,50	0,50	0,50
Poplar	B	1,11	1,11	6,25	4,85	4,25	7,41	5,30	6,69	6,30	6,25	6,67	6,41	7,19	4,34	3,09	3,20
	C	1,08	1,08	4,68	3,63	3,18	5,55	3,97	5,01	4,72	4,68	4,99	4,80	5,38	3,25	2,31	2,40
All hardwoods (except poplar / aspen)	D	0,25	0,25	2,17	0,92	0,66	1,50	1,08	1,50	1,56	2,50	1,91	1,00	0,90	0,28	0,25	0,25

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Species	Stumpage (\$/m3)																
	Quality*	409	410	411	412	413	501	601	602	603	604	605	606	607	608	609	610
Fir, spruce, jack pine, tamarack	A	13,98	15,22	13,99	14,30	16,67	19,23	20,38	20,78	19,40	18,84	16,95	18,16	16,95	13,36	13,11	14,35
	B	8,29	7,91	11,77	10,88	16,67	15,10	20,38	19,96	18,52	16,54	15,77	18,04	16,95	13,36	10,92	8,28
White pine	B	8,45	9,83	8,45	8,29	9,06	14,03	16,55	16,83	15,82	15,41	14,75	15,17	13,50	13,42	13,41	12,59
Red pine	A	14,74	15,21	14,74	14,25	15,27	22,41	25,82	26,23	25,36	25,01	23,52	24,47	20,68	20,49	20,48	19,68
	B	7,06	7,89	7,06	7,11	7,48	9,93	12,36	12,52	12,06	11,88	11,35	11,69	10,35	10,28	10,28	9,77
Hemlock, cedar	B	3,11	2,72	3,11	2,22	2,72	4,52	5,14	5,24	5,05	4,97	4,61	4,84	3,92	3,88	3,88	3,74
White pine, red pine, hemlock, cedar	C	0,76	0,83	0,76	0,85	0,96	1,51	1,89	1,94	1,85	1,82	1,66	1,76	1,37	1,35	1,35	1,29
Oak, cheery, walnut, hickory	A	2,06	2,06	2,06	2,06	2,06	49,67	56,15	61,27	49,56	40,69	30,86	43,60	32,86	21,24	12,53	14,16
	B	1,40	1,40	1,40	1,40	1,40	33,83	38,23	41,72	33,75	27,71	21,01	29,69	22,37	14,47	8,53	9,64
	C	0,70	0,70	0,70	0,70	0,70	13,14	14,85	16,21	13,11	10,76	8,16	11,53	8,69	5,62	3,31	3,75
Yellow birch, ash, basswood, elm	A	1,47	1,47	1,47	1,47	1,47	35,48	40,10	43,76	35,40	29,06	22,04	31,14	23,47	15,17	8,95	10,11
	B	1,00	1,00	1,00	1,00	1,00	24,16	27,31	29,80	24,11	19,79	15,01	21,21	15,98	10,33	6,09	6,89
	C	0,50	0,50	0,50	0,50	0,50	9,39	10,61	11,58	9,36	7,69	5,83	8,24	6,21	4,01	2,37	2,68
White birch	A	1,59	1,59	1,59	1,59	1,59	25,24	30,61	31,48	27,34	19,79	15,80	16,10	9,13	5,29	1,59	5,00
	B	1,00	1,00	1,00	1,00	1,00	15,90	19,29	19,84	17,22	12,47	9,96	10,14	5,75	3,33	1,00	3,15
	C	0,50	0,50	0,50	0,50	0,50	6,68	8,10	8,33	7,23	5,24	4,18	4,26	2,42	1,40	0,68	1,32
Sugar maple	A	1,52	1,52	1,52	1,52	1,52	45,55	39,92	38,57	17,78	12,75	12,92	22,50	16,78	17,78	9,23	3,08
	B	1,00	1,00	1,00	1,00	1,00	30,03	26,32	25,43	11,72	8,40	8,52	14,83	11,06	11,72	6,09	2,03
	C	0,50	0,50	0,50	0,50	0,50	6,98	6,11	5,91	2,72	2,22	1,98	3,45	2,57	2,72	1,41	0,77
Other hardwoods	B	1,00	1,00	1,00	1,00	1,00	9,66	10,92	11,92	9,64	7,92	6,00	8,48	6,39	4,13	2,44	2,75
	C	0,50	0,50	0,50	0,50	0,50	3,75	4,24	4,63	3,75	3,08	2,33	3,30	2,48	1,61	0,95	1,07
Poplar	B	3,13	1,76	2,07	2,55	4,58	5,37	8,75	9,14	9,26	8,26	5,72	6,80	6,93	4,32	3,86	5,25
	C	2,34	1,32	1,55	1,91	3,43	4,02	6,55	6,84	6,93	6,18	4,28	5,09	5,19	3,23	2,89	3,93
All hardwoods (except poplar / aspen)	D	0,25	0,25	0,25	0,25	0,25	2,71	3,06	3,34	2,70	2,22	1,68	2,38	1,79	1,16	0,68	0,77

\* The letters A, B, C and D correspond to quality levels determined of the basis of the assessment of cuts according to species, diameter, length and imperfections observed on crosscuts and trunks.

Species	Quality*	Stumpage (\$/m3)															
		701	702	703	704	705	706	707	708	709	710	711	712	801	802	803	804
Fir, spruce, jack pine, tamarack	A	23,79	17,54	13,46	15,22	15,64	14,05	15,42	14,70	12,22	12,60	11,81	12,54	10,34	15,69	14,05	10,79
	B	23,79	12,98	12,79	14,75	13,60	11,97	15,42	14,70	12,22	8,43	3,89	4,39	8,63	15,69	14,05	10,74
White pine	B	17,22	18,03	16,95	17,45	17,59	17,15	16,99	14,55	14,10	13,33	12,69	13,00	16,35	16,46	16,33	16,43
	A	26,28	26,29	23,85	24,93	25,42	24,38	23,86	20,97	20,05	19,73	17,82	19,18	22,97	23,01	22,48	23,00
Red pine	B	12,61	12,80	12,05	12,39	12,51	12,20	12,07	10,77	10,48	10,13	9,56	9,90	11,71	11,75	11,65	11,74
	B	5,24	5,21	4,62	4,88	4,99	4,74	4,62	3,88	3,60	3,61	2,99	3,46	4,39	4,41	4,24	4,40
White pine, red pine, hemlock, cedar	C	1,93	1,89	1,63	1,74	1,80	1,69	1,63	1,37	1,29	1,27	1,09	1,22	1,54	1,54	1,47	1,54
	A	58,74	39,85	44,04	39,17	40,50	41,25	18,04	28,87	5,09	2,06	2,06	2,06	46,49	37,79	61,01	48,45
Oak, cheery, walnut, hickory	B	40,00	27,13	29,99	26,67	27,58	28,09	12,28	19,66	3,46	1,40	1,40	1,40	31,66	25,73	41,55	32,99
	C	15,54	10,54	11,65	10,36	10,71	10,91	4,77	7,64	1,35	0,70	0,70	0,70	12,30	10,00	16,14	12,82
Yellow birch, ash, basswood, elm	A	41,95	28,46	31,46	27,98	28,93	29,46	12,88	20,62	3,63	1,47	1,47	1,47	33,21	26,99	43,58	34,61
	B	28,57	19,38	21,42	19,05	19,70	20,06	8,77	14,04	2,47	1,00	1,00	1,00	22,61	18,38	29,68	23,57
White birch	C	11,10	7,53	8,32	7,40	7,65	7,79	3,41	5,46	0,96	0,50	0,50	0,50	8,78	7,14	11,53	9,15
	A	36,22	25,73	23,95	22,32	29,29	21,67	4,69	10,71	1,59	1,59	1,59	1,59	5,53	13,38	13,70	19,67
Sugar maple	B	22,82	16,21	15,09	14,06	18,45	13,65	2,96	6,75	1,00	1,00	1,00	1,00	3,48	8,43	8,63	12,39
	C	9,58	6,81	6,34	5,90	7,75	5,73	1,24	2,83	0,50	0,50	0,50	0,50	2,53	3,54	3,62	5,20
Other hardwoods	A	43,76	28,74	27,75	25,37	29,07	30,93	9,81	13,11	7,25	3,10	1,52	1,91	15,55	20,01	26,07	16,64
	B	28,85	18,95	18,30	16,73	19,17	20,39	6,47	8,64	4,78	2,04	1,00	1,26	10,25	13,20	17,19	10,97
Poplar	C	6,70	4,40	4,25	3,88	4,45	4,74	1,50	2,01	1,11	0,50	0,50	0,50	2,53	3,07	3,99	2,64
	B	11,43	7,75	8,57	7,62	7,88	8,02	3,51	5,62	1,00	1,00	1,00	1,00	9,05	7,35	11,87	9,43
All hardwoods (except poplar / aspen)	C	4,44	3,01	3,33	2,96	3,06	3,12	1,36	2,18	0,50	0,50	0,50	0,50	3,51	2,86	4,61	3,66
	B	7,48	6,04	6,85	5,73	4,92	3,80	4,30	6,63	4,09	4,80	3,39	2,30	7,51	8,94	9,12	8,20
D	C	5,60	4,52	5,13	4,29	3,68	2,84	3,22	4,96	3,06	3,59	2,53	1,72	5,62	6,69	6,82	6,14
	B	3,20	2,17	2,40	2,13	2,21	2,25	0,98	1,57	0,28	0,25	0,25	0,25	2,53	2,06	3,32	2,64

\* The letters A, B, C and D correspond to quality levels determined of the basis of the assessment of cuts according to species, diameter, length and imperfections observed on crosscuts and trunks.

Species	Quality*	Stumpage (\$/m <sup>3</sup> )															
		805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820
Fir, spruce, jack pine, tamarack	A	10,37	11,94	15,26	10,41	11,13	13,13	15,74	13,83	14,87	13,29	15,45	16,41	13,98	15,17	19,51	20,86
	B	5,67	9,75	15,26	10,19	9,11	5,75	15,74	11,38	10,68	8,29	12,23	14,33	7,65	12,36	19,23	19,91
White pine	B	16,35	16,07	15,76	16,31	15,29	13,83	14,74	13,66	13,44	13,80	13,06	13,25	13,63	13,49	12,94	12,46
Red pine	A	22,98	22,17	21,40	22,91	21,59	19,32	19,88	17,85	18,16	19,22	17,90	17,76	17,89	17,57	16,73	16,22
	B	11,71	11,52	11,34	11,69	11,13	10,34	10,81	10,29	10,13	10,32	9,86	10,01	10,27	10,19	9,82	9,48
Hemlock, cedar	B	4,39	4,13	3,88	4,37	4,01	3,30	3,36	2,58	2,81	3,25	2,84	2,68	2,61	2,49	2,26	2,20
White pine, red pine, hemlock, cedar	C	1,54	1,44	1,36	1,53	1,42	1,21	1,22	0,97	1,09	1,20	1,08	1,06	0,99	0,96	0,94	0,92
Oak, cheery, walnut, hickory	A	34,09	32,82	39,19	12,99	6,69	2,06	10,14	18,37	5,66	11,04	6,53	11,42	2,06	3,52	9,82	24,04
	B	23,21	22,35	26,69	8,85	4,56	1,40	6,90	12,51	3,85	7,52	4,45	7,78	1,40	2,40	6,69	16,37
	C	9,02	8,68	10,37	3,44	1,77	0,70	2,68	4,86	1,50	2,92	1,73	3,02	0,70	0,93	2,60	6,36
Yellow birch, ash, basswood, elm	A	24,35	23,44	27,99	9,28	4,78	1,47	7,24	13,12	4,04	7,89	4,67	8,16	1,47	2,51	7,01	17,17
	B	16,58	15,96	19,06	6,32	3,25	1,00	4,93	8,93	2,75	5,37	3,18	5,56	1,00	1,71	4,78	11,69
	C	6,44	6,20	7,40	2,45	1,26	0,50	1,92	3,47	1,07	2,09	1,23	2,16	0,50	0,66	1,86	4,54
White birch	A	9,74	10,74	19,33	4,41	1,59	1,59	1,59	9,45	1,59	1,59	1,59	1,59	1,59	1,59	3,99	13,06
	B	6,13	6,77	12,18	2,78	1,00	1,00	1,00	5,95	1,00	1,00	1,00	1,00	1,00	1,00	2,52	8,23
	C	2,58	2,84	5,11	1,17	0,50	0,50	0,55	2,50	0,50	0,60	0,50	0,62	0,50	0,50	1,06	3,46
Sugar maple	A	16,30	11,70	16,22	7,98	3,95	1,52	8,11	9,96	7,37	6,42	4,44	6,34	2,42	3,44	6,20	12,45
	B	10,75	7,72	10,70	5,26	2,60	1,00	5,35	6,57	4,86	4,24	2,93	4,18	1,60	2,27	4,09	8,21
	C	2,50	1,79	2,48	1,22	0,60	0,50	1,24	1,52	1,13	0,98	0,68	0,97	0,50	0,53	0,95	1,91
Other hardwoods	B	6,63	6,39	7,62	2,53	1,30	1,00	1,97	3,57	1,10	2,15	1,27	2,22	1,00	1,91	4,68	
	C	2,58	2,48	2,96	0,98	0,51	0,50	0,77	1,39	0,50	0,83	0,50	0,86	0,50	0,50	0,74	1,82
Poplar	B	5,81	6,98	8,24	6,10	3,61	3,16	6,72	4,63	5,29	4,68	4,82	6,53	3,00	5,24	6,90	7,79
	C	4,35	5,22	6,17	4,56	2,70	2,36	5,03	3,46	3,96	3,50	3,61	4,89	2,25	3,92	5,17	5,83
All hardwoods (except poplar / aspen)	D	1,86	1,79	2,13	0,71	0,36	0,25	0,55	1,00	0,31	0,60	0,36	0,62	0,25	0,53	1,31	

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Species	Stumpage (\$/m <sup>3</sup> )																
	Quality*	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836
Fir, spruce, jack pine, tamarack	A	19,14	15,18	16,46	12,88	17,38	21,52	18,92	16,76	16,58	18,23	20,84	18,17	9,22	15,26	16,25	19,74
	B	17,15	13,07	11,17	12,88	17,38	21,52	18,92	15,47	14,32	13,11	17,11	10,86	6,81	15,20	16,25	19,74
White pine	B	11,98	11,92	11,26	8,47	11,49	12,08	10,76	11,50	11,30	11,11	12,34	11,07	6,69	9,79	9,84	8,17
Red pine	A	15,98	16,46	15,65	14,35	15,76	16,03	15,41	15,76	15,69	15,67	16,17	15,59	13,71	15,15	14,99	14,21
	B	9,14	9,12	8,78	7,50	8,89	9,19	8,55	8,89	8,82	8,91	9,49	8,86	6,88	8,29	8,13	7,36
Hemlock, cedar	B	2,28	2,49	2,19	1,66	2,24	2,29	2,09	2,24	2,21	2,02	2,11	1,97	1,49	1,96	1,92	1,60
White pine, red pine, hemlock, cedar	C	0,91	0,97	0,90	0,84	0,91	0,91	0,89	0,91	0,91	0,92	0,93	0,95	0,95	0,88	0,87	0,83
Oak, cheery, walnut, hickory	A	2,06	2,06	2,06	2,06	2,06	2,92	2,06	6,60	8,50	10,26	17,06	17,89	4,70	2,38	2,06	11,47
	B	1,40	1,40	1,40	1,40	1,40	1,99	1,40	4,50	5,79	6,99	11,62	12,18	3,20	1,62	1,40	7,81
	C	0,70	0,70	0,70	0,70	0,70	0,77	0,70	1,75	2,25	2,71	4,51	4,73	1,24	0,70	0,70	3,03
Yellow birch, ash, basswood, elm	A	1,47	1,47	1,47	1,47	1,47	2,09	1,47	4,72	6,07	7,33	12,18	12,78	3,35	1,70	1,47	8,19
	B	1,00	1,00	1,00	1,00	1,00	1,42	1,00	3,21	4,13	4,99	8,30	8,70	2,28	1,16	1,00	5,58
	C	0,50	0,50	0,50	0,50	0,50	0,55	0,50	1,25	1,61	1,94	3,22	3,38	0,89	0,50	0,50	2,17
White birch	A	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,94	3,15	4,28	8,61	9,14	1,59	1,59	1,59	5,05
	B	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,22	1,98	2,69	5,43	5,76	1,00	1,00	1,00	3,18
	C	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,51	0,83	1,13	2,28	2,42	0,50	0,50	0,50	1,34
Sugar maple	A	1,55	1,52	1,52	1,52	1,52	3,18	2,16	4,79	5,62	6,40	9,38	9,75	3,96	2,94	1,52	6,93
	B	1,02	1,00	1,00	1,00	1,00	2,09	1,42	3,16	3,71	4,22	6,19	6,43	2,61	1,94	1,00	4,57
	C	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,73	0,86	0,98	1,44	1,49	0,61	0,50	0,50	1,06
Other hardwoods	B	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,28	1,65	2,00	3,32	3,48	1,00	1,00	1,00	2,23
	C	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,64	0,78	1,29	1,35	0,50	0,50	0,50	0,87
Poplar	B	6,32	4,24	3,95	3,41	4,58	5,08	4,58	4,14	4,47	4,87	6,78	5,62	3,12	2,82	4,51	4,58
	C	4,73	3,17	2,96	2,55	3,43	3,81	3,43	3,10	3,35	3,64	5,07	4,21	2,33	2,11	3,38	3,43
All hardwoods (except poplar / aspen)	D	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,36	0,46	0,56	0,93	0,97	0,26	0,25	0,25	0,62

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Species	Quality*	Stumpage (\$/m3)															
		837	838	839	840	841	842	901	902	903	904	905	906	907	908	909	910
Zones																	
Fir, spruce, jack pine, tamarack	A	11,24	10,80	7,77	9,27	3,90	7,11	14,99	14,16	13,35	19,98	16,26	18,91	17,02	13,74	11,14	9,29
	B	11,08	9,24	7,77	3,53	3,53	3,53	14,99	12,35	11,37	19,98	16,26	18,91	17,02	13,74	11,14	9,29
White pine	B	7,74	6,64	6,55	6,91	2,50	5,61	10,45	10,47	10,45	10,16	9,01	10,37	10,08	8,45	4,88	4,48
Red pine	A	14,02	13,86	13,64	13,85	13,64	13,64	13,64	13,67	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64
	B	7,18	7,02	6,81	7,01	6,81	6,81	6,82	6,92	6,82	6,81	6,81	6,81	6,81	6,81	6,81	6,81
Hemlock, cedar	B	1,53	1,38	1,53	1,49	0,62	1,31	2,22	2,50	2,22	2,12	1,88	2,15	2,09	1,77	1,06	0,98
White pine, red pine, hemlock, cedar	C	0,82	0,79	0,96	0,87	0,39	0,82	1,13	1,18	1,13	1,10	1,01	1,12	1,10	0,96	0,64	0,60
Oak, cheery, walnut, hickory	A	2,06	2,06	2,06	2,06	2,06	2,06	20,21	11,12	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06
	B	1,40	1,40	1,40	1,40	1,40	1,40	13,76	7,57	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40
	C	0,70	0,70	0,70	0,70	0,70	0,70	5,35	2,94	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70
Yellow birch, ash, basswood, elm	A	1,47	1,47	1,47	1,47	1,47	1,47	14,43	7,94	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47
	B	1,00	1,00	1,00	1,00	1,00	1,00	9,83	5,41	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
	C	0,50	0,50	0,50	0,50	0,50	0,50	3,82	2,10	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50
White birch	A	1,59	1,59	1,59	1,59	1,59	1,59	10,62	4,82	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59
	B	1,00	1,00	1,00	1,00	1,00	1,00	6,69	3,04	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
	C	0,50	0,50	0,50	0,50	0,50	0,50	2,81	1,28	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50
Sugar maple	A	1,52	1,52	1,52	1,52	1,52	1,52	10,77	6,77	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52
	B	1,00	1,00	1,00	1,00	1,00	1,00	7,10	4,47	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
	C	0,50	0,50	0,50	0,50	0,50	0,50	1,65	1,04	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50
Other hardwoods	B	1,00	1,00	1,00	1,00	1,00	1,00	3,93	2,16	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
	C	0,50	0,50	0,50	0,50	0,50	0,50	1,53	0,84	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50
Poplar	B	2,09	2,48	1,11	1,11	2,55	1,11	6,58	5,44	3,15	1,11	1,11	1,11	1,11	1,11	1,11	1,11
	C	1,56	1,85	1,08	1,08	1,91	1,08	4,92	4,07	2,35	1,08	1,08	1,08	1,08	1,08	1,08	1,08
All hardwoods (except poplar / aspen)	D	0,25	0,25	0,25	0,25	0,25	0,25	1,10	0,61	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25

\* The letters A, B, C and D correspond to quality levels determined of the basis of the assessment of cuts according to species, diameter, length and imperfections observed on crosscuts and trunks.

Species	Quality*	Stumpage (\$/m3)																
		911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	999
Fir, spruce, jack pine, tamarack	A	7,35	12,12	8,70	9,39	6,89	6,11	5,39	5,36	5,37	6,12	5,08	3,53	5,42	3,53	4,10	5,35	
	B	7,09	12,12	8,70	9,39	6,89	6,11	3,53	5,03	3,53	6,12	3,53	3,53	5,27	3,53	3,53	3,53	
White pine	B	4,42	7,29	4,30	6,21	4,35	3,34	2,54	2,49	2,49	3,38	3,33	2,52	3,58	1,42	1,42	2,69	3,37
Red pine	A	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64	13,64
	B	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81	6,81
Hemlock, cedar	B	0,96	1,54	0,95	1,33	0,99	0,79	0,59	0,58	0,58	0,76	0,75	0,62	0,81	0,38	0,63	0,84	0,84
White pine, red pine, hemlock, cedar	C	0,59	0,83	0,55	0,71	0,56	0,46	0,34	0,33	0,33	0,46	0,45	0,40	0,50	0,24	0,24	0,41	0,53
Oak, cheery, walnut, hickory	A	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06	2,06
	B	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40	1,40
	C	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70	0,70
Yellow birch, ash, basswood, elm	A	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47	1,47
	B	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
	C	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50
White birch	A	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59	1,59
	B	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
	C	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50
Sugar maple	A	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52	1,52
	B	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
	C	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50
Other hardwoods	B	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00	1,00
	C	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50	0,50
Poplar	B	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11	1,11
	C	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08	1,08
All hardwoods (except poplar / aspen)	D	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25	0,25

\* The letters A, B, C and D correspond to quality levels determined of the basis of the assessment of cuts according to species, diameter, length and imperfections observed on crosscuts and trunks.

**SCHEDULE II**

(s.1)

**PRICE INDEXES PER SPECIES, GROUP OF SPECIES AND QUALITY**

<b>Species and groups of species</b>	<b>Quality<sup>1</sup></b>	<b>Price index<sup>2</sup></b>	<b>Reference price index<sup>3</sup></b>
Fir, spruce, jack pine, tamarack	A	Preserved or treated wood (P2457)	149,8
	B	Lumber and pulp and paper index, softwood: Lumber, softwood, Québec (P2444; 78,5 %) Newsprint paper (P2552; 10,8 %) Paper board (P2580; 1,5 %) Woodpulp, sulfate, softwood (P2538; 6,5 %) Printing and speciality paper (P2558; 2,7 %)	100,0
White pine	B	White pine (Eastern Quotes and Comments)	918
Red pine	A	Preserved or treated wood (P2457)	149,8
	B	White pine (Eastern Quotes and Comments)	918
Hemlock, cedar	B	Lumber, softwood, Québec (P2444)	155,1
White pine, red pine, hemlock, cedar	C	Pulp and paper index: Newsprint paper (P2552; 3,8 %) Paper board (P2580; 5,4 %) Woodpulp, sulfate, softwood (P2538; 90,4 %) Printing and speciality paper (P2558; 0,4 %)	100,0
Oak, cherry, walnut Hickory	A	Veneer and plywood, hardwood (P2468)	149,0
	B, C	Lumber, hardwood, birch (P3664)	166,2
Yellow birch, ash, basswood, elm	A	Veneer and plywood, hardwood (P2468)	149,0
	B, C	Lumber, hardwood, birch (P3664)	166,2
White birch	A	Veneer and plywood, hardwood (P2468)	149,0
	B, C	Lumber, hardwood, birch (P3664)	166,2
Sugar maple	A	Veneer and plywood, hardwood (P2468)	149,0
	B, C	Lumber, hardwood, maple (P3663)	165,9
Poplar/aspens	B	Poplar/Aspen index, B: Waferboard OSB (Random Lengths; 60,4 %) Pallets (P2494; 36,4 %) Woodpulp, sulphate, hardwood, domestic (P2536, 3,2 %)	100,0
	C	Poplar/Aspen index, C: Waferboard OSB (Random Lengths; 78,1 %) Pallets (P2494; 12,3 %) Woodpulp, sulphate, hardwood, domestic (P2536, 9,6 %)	100,0
Other hardwoods	B, C	Lumber, hardwood, birch (P3664)	166,2
All hardwoods except poplar/aspens	D	Pulp and paper index: Newsprint paper (P2552; 1,4 %) Paper board (P2580; 15,3 %) Woodpulp, sulfate, softwood (P2538; 72,0 %) Printing and speciality paper (P2558; 11,3 %)	100,0

<sup>1</sup> The letters A, B, C and D correspond to quality levels determined on the basis of the assessment of cuts according to species, diameter length and imperfections on crosscuts and trunks.

<sup>2</sup> The source of the price indexes and the relative weight of each are indicated in parentheses. The price indexes from Statistics Canada are indicated according to the Cansim number appearing in catalogue 62-011.

<sup>3</sup> The reference price index corresponds to the average of the price indexes calculated between 1 April 1998 and 31 March 1999.

## Draft Regulation

Environment Quality Act  
(R.S.Q., c. Q-2)

### Used tire storage and elimination — Amendments

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1) and section 124 of the Environment Quality Act, that the Regulation to amend the Regulation respecting used tire storage and the Regulation respecting solid waste, the text of which appears below, may be made by the Government upon the expiry of 60 days following this publication.

The purpose of the proposed amendments is to end the accumulation of used tires except for re-use, recycling or energy conversion purposes. Notwithstanding the foregoing, the persons who, at the time of the coming into force of those amendments, hold an operating permit for a permanent storage site will be able to continue their accumulation for the unexpired term of their permit, but only for tires from Québec. Their purpose is also to gradually clear the permanent storage sites and to make use of stored tires from now until 31 December 2008. Until the sites have been completely cleared, they must comply with the standards provided for in the draft Regulation.

As for the used tire storage sites whose purposes are re-use, recycling or energy conversion, they must be set up and operated according to certain conditions that will guarantee public safety and the protection of the environment.

Furthermore, the purpose of the proposed amendments is to prohibit the elimination of used tires, either by burial or by elimination, except waste disposal sites in the North.

The draft Regulation comes under the Plan d'action québécois sur la gestion des matières résiduelles 1998-2008, made public by the Minister of the Environment in September 1998.

Further information on the draft Regulation to amend the Regulation respecting used tire storage and the Regulation respecting solid waste may be obtained by contacting Jean-Marc Jalbert, Head of the Service de la gestion des résidus solides, Ministère de l'Environnement, at the following address: édifice Marie-Guyart, 8<sup>e</sup> étage, boîte 42, 675, boulevard René-Lévesque Est, Québec (Québec) G1R 5V7, telephone: (418) 521-3885 extension 4878, fax: (418) 644-2003 or e-mail: Jean-Marc.Jalbert@mef.gouv.qc.ca

Any interested person having comments to make on the draft Regulation respecting used tire storage and the Regulation respecting solid waste is asked to send them in writing, before the expiry of the 60-day period, to the Minister of the Environment, at the following address: édifice Marie-Guyart, 30<sup>e</sup> étage, 675, boulevard René-Lévesque Est, Québec (Québec) G1R 5V7.

PAUL BÉGIN,  
*Minister of the Environment*

## Regulation to amend the Regulation respecting used tire storage and the Regulation respecting solid waste\*

Environment Quality Act  
(R.S.Q., c. Q-2, s. 31, pars. *b, c, e, g, m* and *n*, s. 70, 1st par., subpars. *a* to *d, f, g* and *k*, ss. 109.1 and 124.1; 1999, c. 40, s. 239)

1. The Regulation respecting used tire storage is amended by substituting "DEFINITIONS AND SCOPE" for the title of Division I.

2. The following is substituted for section 1:

"1. In this Regulation, "used tire" means any tire that cannot be used for the use for which it was intended, in particular because of wear, damage or defect. Tires cut into pieces or shredded are also considered used tires.

1.1. This Regulation applies to any person or municipality storing used tires in an open-air site where that site contains at least 2 000 used tires or at least 136 cubic metres of used tires.

The provisions of this Regulation, except Division II related to the fire prevention and emergency measures plan and Division IV related to the guarantee to be provided, do not apply to the used tire storage sites belonging to re-use, recycling or energy conversion businesses of such tires if those businesses hold a certificate of authorization issued under section 22 of the Act.

\* The Regulation respecting used tire storage was made by Order in Council 29-92 dated 15 January 1992 (1992, *G.O.* 2, 485) and has not been amended since it was made. The Regulation respecting solid waste (R.R.Q., 1981, c. Q-2, r. 14) was last amended by the Regulation made by Order in Council 1036-98 dated 12 August 1998 (1998, *G.O.* 2, 3695). For previous amendments, refer to the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 1999, updated to 1 September 1999.

## DIVISION I.1 CLOSING OF USED TIRE STORAGE SITES

**1.2.** No person may establish or enlarge a used tire storage site.

For the purposes of this section, the enlargement of a storage site includes any change that leads to an increase in the storage capacity of the site.

**1.3.** No person may continue the accumulation of used tires in a storage site, except the persons who, on (*enter here the date of coming into force of this Regulation*) were holders of an operating permit issued under section 55 of the Act, for the unexpired term of the permit. Notwithstanding the foregoing, no person may continue the accumulation of used tires from outside Québec.

**1.4.** Any person or municipality storing used tires shall, no later than 31 December 2008, have cleared the storage site and restore it in the conditions it was in before it was used for storing used tires.”.

**3.** The “FIRE PREVENTION AND EMERGENCY MEASURES PLAN” is substituted for the title of Division II.

**4.** Section 2 is amended

(1) by substituting the following for what precedes paragraph 1:

“**2.** A person or a municipality storing used tires shall submit to the Minister of the Environment a fire prevention and emergency measures plan that includes the following information and documents:”;

(2) by substituting the words “authorizing the filing of a fire prevention and emergency measures plan” for the words “authorizing the application” at the end of paragraph 2;

(3) by substituting the words “authorizing the filing of a fire prevention and emergency measures plan” for the words “authorizing the application” at the end of paragraph 5;

(4) by substituting the words “shall be” for the words “will be” in paragraph 6;

(5) by deleting paragraph 7;

(6) by adding the following subparagraphs at the end of paragraph 8:

(g) the location of fire hydrants and any other water source that can be used for fighting a fire;

(h) the theoretical dry-weather flow of any water source that can be used for fighting a fire;”;

(7) by inserting the words “, where applicable” after the word “buildings” in subparagraph *d* of paragraph 9;

(8) by inserting the words “, the numbering” after the words “the location” and by striking out the words “planned” and “projected” in subparagraph *e* of paragraph 9;

(9) by substituting the following for subparagraph *f* of paragraph 9:

“(f) the total number of stored tires and the total storage capacity, where applicable, on all the lots;”;

(10) by substituting the words “between the limits of the storage area and the neighbouring land occupied by a person other than the person or the municipality storing used tires” for the words “provided for in section 28” in subparagraph *g* of paragraph 9; and

(11) by substituting the following for paragraphs 11, 12 and 13:

“(11) the full name and address of the person in charge of the fire prevention and emergency measures plan and responsible for providing access to the storage site to a representative of the Minister in an emergency and telephone number where that person may be reached at all times;

(12) a description of the roles and responsibilities of the emergency crew members;

(13) a description of the telecommunications system and of the procedure for calling emergency crew members or their substitutes, including the order of calls and their telephone numbers, and those of the municipal fire department, of a representative of the municipality where the storage site is located, of the regional coordinator of emergency measures of the Ministère de l’Environnement;

(14) the detailed scenario of interventions in case of fire that must include, at least, the following items:

(a) the layout of a security perimeter;

(b) the obtaining of weather conditions and forecast;

(c) criteria and measures for evacuating the population;

(d) measures for fighting a fire;

(e) the containment and recovery of contaminated water and pyrolysis oils;

(f) the recovery of contaminated soils;

(g) follow-up measures of contaminated water, pyrolysis oils, plume of smoke and contaminants in the air;

(15) a copy of the service agreements with external resources in case of emergency;

(16) the description of testing, updating and revision procedures of the fire prevention and emergency measures plan.”

5. The following is substituted for sections 3, 4 and 5:

“3. A person or a municipality storing used tires shall forward in writing the fire prevention and emergency measures plan referred to in section 2, and any changes to the plan, to a representative of the Minister of Public Security, to local municipality authorities, where applicable, and to those of the regional county municipality where the storage site is located, as well as to all the emergency crew members.

4. A person or a municipality storing used tires shall keep, on the storage site, a copy of the fire prevention and emergency measures plan.

5. A person or a municipality storing used tires shall, within 30 days, notify in writing the Minister of any change to the information or documents provided for the fire prevention and emergency measures plan, and to the guarantee required under section 13.

5.1. Any person who accidentally sets fire to used tires shall, without delay, notify the Minister and take the necessary measures to fight the fire.”

6. Division III, including sections 6 to 12, is revoked.

7. The following is substituted for section 13:

“13. A person or a municipality storing used tires shall provide the Minister of the Environment a guarantee that complies with the provisions of sections 14 to 20.

The amount of the guarantee shall be \$2.00 per tire stored on (*enter here the date of coming into force of this*

*section*) up to \$100 000. Notwithstanding the foregoing, in the case of the holder of an operating permit issued under section 55 of the Act or, where applicable, of a certificate of authorization issued under section 22 of the Act, the amount of the guarantee shall be \$2.00 per tire that the holder is authorized to store up to \$100 000.

That guarantee shall remain in force as long as used tires are stored and until the conditions for closing the storage site provided for in section 17 are fulfilled.”

8. Section 14 is amended by substituting the words “will be set up” for the words “referred to in the permit will be operated” in paragraph 1.

9. Section 15 is amended by striking out the words “by a person applying for the issue or the renewal of a permit, or by a third party on that person’s behalf,” in the part preceding paragraph 1.

10. Section 16 is amended

(1) by substituting the words “as long as used tires are stored” for the words “for the term of the permit and for not more than 12 months following the expiry or revocation of the permit”; and

(2) by substituting the words “provided for in section 17” for the words “referred to in the permit” at the end.

11. The following is substituted for section 17:

“17. Where the guarantee is furnished in accordance with section 16, the person or the municipality storing used tires and covered by this Regulation shall, no later than 31 December 2008, have cleared the storage site and restore it in the conditions it was in before it was used for tire storage.

A person or a municipality storing used tires shall notify the Minister of the Environment of the date on which the site will close, at least four months before the expiry of the period during which the guarantee remains on deposit with the Minister of Finance.”

12. Section 18 is amended

(1) by substituting the words “the failure of the person or the municipality storing used tires” for the words “a permit holder’s failure” in the second paragraph;

(2) by substituting the words “provided for in section 17” for the words “referred to in the permit” at the end of the second paragraph; and

(3) by substituting the words “the person or the municipality storing used tires” for the words “the permit holder” in the third paragraph.

13. Section 19 is amended by striking out the words “and where the storage site is closed,”.

14. Division V, constituted of section 21, is revoked.

15. Section 22 is amended by substituting the words “The person or the municipality storing used tires” for the words “The operator of a storage site”.

16. Section 23 is amended by substituting the words “The person or the municipality storing used tires” for the words “The operator” in the first sentence and by substituting “He or it” for “He” at the beginning of the second sentence.

17. Sections 24 to 28 are amended by substituting the words “The person or the municipality storing used tires” for the words “The operator” wherever they appear and the first paragraph of section 25 is amended by substituting, in the French text, the words “qu’elle” for the words “qu’il” after the words “de l’air”.

18. Section 29 is amended, in the first paragraph,

(1) by substituting the words “The person or the municipality storing used tires” for the words “The operator”;

(2) by striking out the word “unloading,”;

(3) by striking out the word “used” after the word “storing”.

19. Sections 30 to 36 are amended by substituting the words “The person or the municipality storing used tires” for the words “The operator”, wherever they appear.

20. Sections 37 and 38 are revoked.

21. Sections 39, 40 and 41 are amended by substituting the words “The person or the municipality storing used tires” for the words “The operator”, wherever they appear.

22. The following is substituted for section 42:

“42. The person or the municipality storing used tires, in addition to the layer of sand or earth, where applicable, on which the storage site is located, shall have at his or its disposal, at the storage site, the quantity of sand, earth or any other equivalent inert granular mate-

rial necessary for carrying out interventions provided for in the detailed scenario prescribed by paragraph 15 of section 2.”.

23. Section 43 is amended by substituting the words “The person or the municipality storing used tires” for the words “The operator” and by substituting, in the French text, the words “qu’elle” for the words “qu’il”.

24. Section 44 is amended

(1) by substituting the words “A person or a municipality storing used tires” for the words “An operator”, by adding the words “or that” after the word “who” and by adding the words “or it” after the word “he” in the part preceding paragraph 1;

(2) by substituting, in the French text, the words “qu’elle” for the words “qu’il” in subparagraph 1 of the first paragraph;

(3) by inserting the words “and destination” after the words “the origin” in subparagraph 3 of the first paragraph; and

(4) by substituting the words “The person or the municipality storing used tires” for the words “The operator” and by adding the sentence “The register shall, upon request, be at the Minister’s disposal.”.

25. Section 45 is amended by substituting the figure “3” for the figures “7, 12” in the first and second paragraphs.

26. Section 46 is amended by substituting the words “sections 9 or 49” for the words “sections 21, 49 or 50” in the first and second paragraphs.

27. Section 47 is amended by inserting “5.1,” after the words “of sections” in the first and second paragraphs.

28. The following is substituted for sections 48 and 49:

“48. The holder of a certificate of conformity or of an operating permit for a used tire storage site belonging to a re-use, recycling or energy conversion business of such tires, issued by the Government under section 54 or 55 of the Act, shall, within six months following (*enter the date of coming into force of this section*), file an application for a certificate of authorization with the Minister, in accordance with section 22 of the Act, to integrate to the activities of re-use, recycling or energy conversion of those tires, the development and operation of that used tire storage site. It is not necessary to



resubmit the information and documents identical to those already submitted to obtain the previously issued certificate. It shall be indicated, instead, that there has been no change.

**49.** The person or the municipality storing used tires before (*enter the date of coming into force of this section*) shall, within six months following that date, submit to the Minister the fire prevention and emergency measures plan referred to in section 2 and provide to the Minister the guarantee referred to in section 13.”.

**29.** Section 50 is revoked.

**30.** The following is substituted for section 51:

“**51.** A person or a municipality storing used tires shall, as of (*enter the date of coming into force of this section*) bring the storage area into compliance with sections 22 to 43.”.

**31.** The Regulation respecting solid waste is amended by substituting the following for section 56:

“**56. Tires:** Notwithstanding the other provisions of this Regulation, the operator of a sanitary landfill site may not accept used tires within the meaning of the Regulation respecting used tire storage made by Order in Council 29-92 dated 15 January 1992.”.

**32.** Section 68 is amended by substituting “, 54 and 56” for “and 54” in the first paragraph.

**33.** Section 86 is amended by adding the words “, except used tires within the meaning of the Regulation respecting used tire storage” at the end of the first paragraph.

**34.** Section 99 is amended by adding the words “, except used tires within the meaning of the Regulation respecting used tire storage” at the end.

**35.** Section 127 is amended by striking out the words “other than used tires governed by the Regulation respecting used tire storage, made by Order in Council 29-92 dated 15 January 1992” in the third paragraph and the words “other than used tires” after the words “for the storage of material,”.

**36.** Section 138 is amended

(1) by substituting “\$200 and a maximum fine of \$5 000” for “100 \$ and a maximum fine of 500 \$” and by substituting “a minimum fine of \$400 and a maximum fine of \$10 000” for “a maximum fine of 1 000 \$” in the third paragraph;

(2) by substituting “\$1 000 and a maximum fine of \$30 000” for “200 \$ and a maximum fine of 1 000 \$” and by substituting “\$4 000 and a maximum fine of \$100 000” for “400 \$ and a maximum fine of 3 000 \$” in the fourth paragraph.

**37.** This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

3377



## Municipal Affairs

Gouvernement du Québec

### **O.C. 31-2000, 19 January 2000**

An Act respecting municipal territorial organization  
(R.S.Q., c. O-9)

Amalgamation of Ville de Sainte-Anne-des-Monts and  
Municipalité de Tourelle

WHEREAS each of the municipal councils of Ville de Sainte-Anne-des-Monts and Municipalité de Tourelle adopted a by-law authorizing the filing of a joint application with the Government requesting that it constitute a local municipality through the amalgamation of the two municipalities under the Act respecting municipal territorial organization (R.S.Q., c. O-9);

WHEREAS a copy of the joint application was sent to the Minister of Municipal Affairs and Greater Montréal;

WHEREAS no objections to the application were submitted to the Minister of Municipal Affairs and Greater Montréal and whereas the Minister did not consider it advisable to request that the Commission municipale du Québec hold a public hearing or to order that the qualified voters in each of the applicant municipalities be consulted;

WHEREAS under section 108 of the aforementioned Act it is expedient to grant the joint application;

IT IS ORDERED, therefore, upon the recommendation of the Minister of Municipal Affairs and Greater Montréal:

THAT the application be granted and that a local municipality resulting from the amalgamation of Ville de Sainte-Anne-des-Monts and Municipalité de Tourelle be constituted, on the following conditions:

1. The name of the new town shall be “Ville de Sainte-Anne-des-Monts-Tourelle”.

Notwithstanding the foregoing paragraph, at the first general election, the new town shall consult its qualified voters on whether the name of the new town is to be Ville de Sainte-Anne-des-Monts, Ville de Tourelle or Ville de Sainte-Anne-des-Monts-Tourelle. Following the consultation, if necessary, the council shall apply for a change of name in accordance with the law.

2. The description of the territory of the new town shall be the description drawn up by the Minister of Natural Resources on 17 November 1999; that description is attached as a Schedule to this Order in Council.

3. The new town shall be governed by the Cities and Towns Act (R.S.Q., c. C-19).

4. The new town shall be part of Municipalité régionale de comté de Denis-Riverin.

5. A provisional council shall hold office until the first general election. It shall be composed of all the members of the two councils existing at the time of the coming into force of this Order in Council. The quorum shall be one-half the members in office plus one.

Until the mayor elected in the first general election assumes office, the mayor of the former Ville de Sainte-Anne-des-Monts shall act as mayor and the mayor of the former Municipalité de Tourelle shall act as deputy mayor.

For each vacant councillor seat on the council of a former municipality at the time of the coming into force of this Order in Council or for each seat that becomes vacant on the provisional council, one additional vote on the provisional council shall be allotted to the mayor of the former municipality of origin of the council member whose seat has become vacant.

The mayors of the former municipalities shall continue to sit on the Municipalité régionale de comté de Denis-Riverin council until the mayor elected in the first general election begins his term and they shall have the same number of votes as they had before the coming into force of this Order in Council.

Throughout the term of the provisional council, and until the council formed by the members elected in the first general election determines otherwise, the by-law respecting the salary of elected officials of the former Ville de Sainte-Anne-des-Monts shall apply to the provisional council and the mayor of the former Municipalité de Tourelle shall receive the same remuneration as he was receiving before the coming into force of this Order in Council.

6. The first sitting of the provisional council shall be held in the Salle Gérard C. Gagnon of Polyvalente Gabriel-Le Courtois.

7. The first general election shall be held on the first Sunday of the fourth month following the coming into force of this Order in Council. However, should that date fall on the first Sunday in January, the first general election shall be held on the first Sunday in February. The second general election shall be held in 2004.

8. The council of the new town shall be composed of seven members, that is, a mayor and six councillors.

9. For the first general election, the new town shall be divided into two electoral districts. The first district shall correspond to the territory of the former *Municipalité de Tourelle* and shall have two councillors and the second district shall correspond to the territory of the former *Ville de Sainte-Anne-des-Monts* and shall have four councillors.

10. Sylvie Lepage shall act as clerk of the new town.

11. Any budget adopted by either former municipality for the fiscal year during which this Order in Council comes into force shall continue to be applied by the council of the new town and the expenditures and revenues shall be accounted for separately.

The subsidy granted under the Programme d'aide financière au regroupement municipal (PAFREM) for the first year of the amalgamation shall be paid into the general fund of the new town for the first fiscal year for which separate budgets are not adopted.

12. The terms and conditions for apportioning the cost of shared services provided for in intermunicipal agreements in effect prior to the coming into force of this Order in Council shall continue to apply until the end of the last fiscal year for which separate budgets were adopted.

13. Any surplus accumulated on behalf of a former municipality at the end of the last fiscal year for which separate budgets were adopted shall be used for the benefit of the ratepayers in the sector made up of the territory of that former municipality and it may be used to repay loans contracted by that municipality or to carry out work in that sector.

The available amounts in the working fund of the former *Ville de Sainte-Anne-des-Monts* at the end of the last fiscal year for which separate budgets were adopted shall be considered a surplus and be dealt with in accordance with the first paragraph.

14. Any deficit accumulated on behalf of a former municipality at the end of the last fiscal year for which separate budgets were adopted shall continue to be

charged to all the taxable immovables in the sector made up of the territory of that former municipality.

15. Any debt or gain that may result from legal proceedings for an act performed by a former municipality shall continue to be charged or credited to all the taxable immovables in the sector made up of the territory of that former municipality.

16. The reserved surpluses of a former municipality shall be used for the purposes for which they were reserved.

17. The second sentence of the second paragraph and the third and fourth paragraphs of section 126, the second paragraph of section 127, sections 128 to 133, the second and third paragraphs of section 134 and sections 135 to 137 of the Act respecting land use planning and development (R.S.Q., c. A-19.1) do not apply to a by-law adopted by the new town to replace all the zoning and subdivision by-laws applicable on its territory by, respectively, a new zoning by-law and a new subdivision by-law applicable to all the territory of the new town, provided that such a by-law comes into force within four years following the coming into force of this Order in Council.

Such a by-law shall be approved by the qualified voters of the whole territory of the new town, in accordance with the Act respecting elections and referendums in municipalities (R.S.Q., c. E-2.2).

18. As of the first fiscal year following the last fiscal year for which separate budgets were adopted, the annual repayment of the loans contracted under by-laws 398 and 519 of the former *Ville de Sainte-Anne-des-Monts* for repairs to the pumping station shall be made by means of a special tax imposed and levied on all the taxable immovables serviced by the waterworks of the new town on the basis of their taxable value as it appears on the assessment roll.

19. As of the first fiscal year following the last fiscal year for which separate budgets were adopted, the annual repayment of the loans contracted under by-laws 388, 106, 353, 41, 111 and 157 of the former *Ville de Sainte-Anne-des-Monts* shall be made by means of a special tax imposed and levied on all the taxable immovables in the new town on the basis of their taxable value as it appears on the assessment roll.

20. The commitments of the former *Municipalité de Tourelle* under section 20 of the intermunicipal agreement signed between the former municipalities on 7 July 1994 and under Resolution 135-99 of the former *Municipalité de Tourelle* shall be assumed by the

ratepayers of the sector made up of the territory of that former municipality by means of a tax imposed and levied on the taxable immovables in that sector on the basis of their value as it appears on the assessment roll.

21. A municipal housing bureau shall be incorporated under the name of "Office municipal d'habitation de la Ville de Sainte-Anne-des-Monts-Tourelle".

That municipal housing bureau shall succeed the municipal housing bureaus of the former Ville de Sainte-Anne-des-Monts and of the former Municipalité de Tourelle. The third and fourth paragraphs of section 58 of the Act respecting the Société d'habitation du Québec (R.S.Q., c. S-8), amended by section 273 of chapter 40 of the Statutes of 1999, apply to the municipal housing bureau of the new town as if it had been incorporated by letters patent under section 57 of that Act, also amended by the said section 273.

The members of the housing bureau shall be the members of the municipal housing bureaus that it succeeds.

22. The tax on non-residential immovables applicable in the territory of the former Ville de Sainte-Anne-des-Monts shall be maintained and applies in the territory of the new town.

23. This Order in Council comes into force on the date of its publication in the *Gazette officielle du Québec*.

MICHEL NOËL DE TILLY,  
*Clerk of the Conseil exécutif*

#### OFFICIAL DESCRIPTION OF THE LIMITS OF THE TERRITORY OF VILLE DE SAINTE-ANNE-DES-MONTS-TOURELLE IN MUNICIPALITÉ RÉGIONALE DE COMTÉ DE DENIS-RIVERIN

The current territory of Municipalité de Tourelle and of Ville de Sainte-Anne-des-Monts in Municipalité régionale de comté de Denis-Riverin, comprising, in reference to the cadastres of the fief of Sainte-Anne-des-Monts and of the townships of Cap-Chat, Christie and Tourelle, the lots or parts of lots, the blocks or parts of blocks and their present and future subdivisions as well as the roads, routes, streets, islands, lakes, watercourses or parts thereof, the whole within the limits described hereafter, namely: starting from the apex of the north angle of Lot 1 of Rang 1 of the cadastre of Canton de Christie; thence, successively, the following lines and demarcations: in reference to that cadastre, southerly, the east line of the said lot, that line crossing Route 132 that it meets; westerly, part of the dividing line between ranges 1 and 2 to the dividing line between the cadastres

of the townships of Tourelle and Christie; southeasterly, part of the dividing line between the said cadastres to the apex of the east angle of Lot 56 of Rang 5 of the cadastre of Canton de Tourelle; in reference to that cadastre, southwesterly, the southeast line of the said lot; southeasterly, the northeast line of lots 49 to 54 of Rang 6; southwesterly, part of the dividing line between ranges 6 and 7 to the apex of the north angle of Lot 52 of Rang 7; southeasterly, the northeast line of Lot 52 in ranges 7, 8, 9, 10 and 11; southwesterly, part of the dividing line between the cadastres of the townships of Tourelle and la Potardière to the apex of the south angle of Lot 25 of Rang 11 of the cadastre of Canton de Tourelle, that line crossing the Rivière à la Martre that it meets; in reference to that cadastre, northwesterly, the southwest line of Lot 25 in ranges 11, 10, 9, 8 and 7; southwesterly, part of the dividing line between ranges 6 and 7 to the apex of the south angle of Lot 25 of Rang 6; northwesterly, the southwest line of the said lot; southwesterly, part of the dividing line between ranges 5 and 6 to the dividing line between the cadastres of the townships of Cap-Chat and Tourelle, that line crossing Ruisseau-à-Patates, Lavoie and Odias-Marin routes, the Petite Rivière Sainte-Anne then Route 299 that it meets; southeasterly, part of the dividing line between the said cadastres to the apex of the east angle of Lot 1 of Rang C of the cadastre of Canton de Cap-Chat; in reference to that cadastre, southwesterly, the dividing line between ranges C and D, that line crossing Ruisseau du Lac de la Marne that it meets; northerly, part of the line dividing ranges C, B, and A from Rang Est Rivière Sainte-Anne to the apex of the northeast angle of Lot 16 of that range, that line crossing Ruisseau du Lac de la Marne and Chemin de la Coulée-Levasseur that it meets; westerly, successively, the north line of the said lot, a straight line across the Rivière Sainte-Anne joining the apex of the northwest angle of the said lot to the apex of the northeast angle of Lot 16 of Rang Ouest Rivière Sainte-Anne then the north line of that lot, that line crossing Route de Saint-Joseph-des-Monts that it meets; southerly, part of the line dividing ranges 4, 5 and 6 from Rang Ouest Rivière Sainte-Anne to the line dividing Rang 6 from ranges 7 and 8; westerly, part of the line dividing the said ranges to the apex of the south angle of Lot 23 of Rang 6; northwesterly, the southwest line of the said lot; easterly, part of the dividing line between ranges 6 and 5 to the apex of the south angle of Lot 23 of Rang 5; northwesterly, the southwest line of the said lot; westerly, part of the dividing line between ranges 4 and 5 to the apex of the south angle of Lot 23-2 of Rang 4; northwesterly, the southwest line of the said lot; easterly, part of the dividing line between ranges 4 and 3 to the southwest side of the right-of-way of a road dividing lots 18-2 and 19-1 of Rang 3; northwesterly, successively, the southwest side of the right-of-way of the said road then the dividing line between the said lots; easterly, part of

the dividing line between ranges 3 and 2 to the apex of the south angle of Lot 14-2 of Rang 2; northwesterly, the southwest line of the said lot; westerly, part of the dividing line between ranges 1 and 2 to the apex of the south angle of Lot 41A-4; northwesterly, successively, the southwest line of Lot 41A-4 crossing Route 132 that it meets, the southwest line of Lot 41A-2 of Rang 1 and its extension across a public road shown on the original, the southwest line of Lot 41A-3 of Rang 1 then its extension in the St. Lawrence River for 4.83 kilometres (3 miles); in a general northeasterly direction, an irregular line parallel to the southeast shore of the St. Lawrence River to its meeting point with the northwesterly extension of the northeast line of Lot 36-2 of Block B of the cadastre of Canton de Tourelle; southeasterly, the said extension for 4.83 kilometres (3 miles); finally, in a general northeasterly direction, the southeast shore of the St. Lawrence River to the starting point.

The said limits define the territory of Ville de Sainte-Anne-des-Monts-Tourelle in Municipalité régionale de comté de Denis-Riverin.

Ministère des Ressources naturelles  
Direction de l'information foncière sur le territoire public  
Division de l'arpentage foncier

Charlesbourg, 17 November 1999

Prepared by: JEAN-FRANÇOIS BOUCHER,  
*Land surveyor*

A-249/1

3376

## Index Statutory Instruments

Abbreviations: **A:** Abrogated, **N:** New, **M:** Modified

<b>Regulations — Statutes</b>	<b>Page</b>	<b>Comments</b>
Bailiffs — Tariff of fees and transportation of expenses . . . . . (Court Bailiffs Act, R.S.Q., c. H-4.1)	660	M
Barreau du Québec — Professional acts that may be performed by persons other than members . . . . .	662	N
Chartered appraisers — Standards for a diploma or training equivalence for the issue of a permit . . . . . (Professional Code, R.S.Q., c. C-26)	663	N
Chartered appraisers — Terms and conditions for permits to be issued . . . . . (Professional Code, R.S.Q., c. C-26)	666	N
Court Bailiffs Act — Bailiffs — Tariff of fees and transportation of expenses . . . (R.S.Q., c. H-4.1)	660	M
Cultural Property Act, amended . . . . . (1999, Bill 3)	371	
Designation of persons permitted to offer an insurance product that cannot be offered by a distributor . . . . . (An Act respecting the distribution of financial products and services, 1998, c. 37)	659	N
Distribution of financial products and services, An Act respecting the... — Designation of persons permitted to offer an insurance product that cannot be offered by a distributor . . . . . (1998, c. 37)	659	N
Duties on transfers of immovables, An Act respecting..., amended . . . . . (1999, Bill 3)	371	
Environment Quality Act — Used tire storage and elimination . . . . . (R.S.Q., c. Q-2)	715	Draft
Farm income stabilization insurance scheme . . . . . (An Act respecting farm income stabilization insurance, R.S.Q., c. A-31)	655	M
Farm income stabilization insurance, An Act respecting... — Farm income stabilization insurance scheme . . . . . (R.S.Q., c. A-31)	655	M
Forest Act — Unit rates applicable to the calculation of dues for forest management permits for the supply of wood processing plants . . . . . (R.S.Q., c. F-4.1)	703	Draft
Forest Act — Value of silvicultural treatments . . . . . (R.S.Q., c. F-4.1)	671	Draft
Fuel Tax Act, amended . . . . . (1999, Bill 3)	371	
Income security, An Act respecting..., amended . . . . . (1999, Bill 3)	371	
Income support, employment assistance and social solidarity, An Act respecting..., amended . . . . . (1999, Bill 3)	371	

Industrial accidents and occupational diseases, An Act respecting..., amended ... (1999, Bill 3)	371	
Licenses Act, amended .....	371	
(1999, Bill 3)		
Mineral substances other than petroleum, natural gas and brine .....	674	Draft
(Mining Act, R.S.Q., c. M-13.1)		
Mining Act — Mineral substances other than petroleum, natural gas and brine .... (R.S.Q., c. M-13.1)	674	Draft
Mining Duties Act, amended .....	371	
(1999, Bill 3)		
Ministère du Revenu and other legislative provisions of a fiscal nature, An Act to amend the Act respecting the... — Coming into force of certain provisions .....	653	
(1999, c. 65)		
Ministère du Revenu, An Act respecting the..., amended .....	371	
(1999, Bill 3)		
Municipal taxation, An Act respecting..., amended .....	371	
(1999, Bill 3)		
Municipal territorial organization, An Act respecting... — Amalgamation of Ville de Sainte-Anne-des-Monts and Municipalité de Tourelle .....	721	
(R.S.Q., c. O-9)		
Professional Code — Barreau du Québec — Professional acts that may be performed by persons other than members .....	662	N
(R.S.Q., c. C-26)		
Professional Code — Chartered appraisers — Standards for a diploma or training equivalence for the issue of a permit .....	663	N
(R.S.Q., c. C-26)		
Professional Code — Chartered appraisers — Terms and conditions for permits to be issued .....	666	N
(R.S.Q., c. C-26)		
Professional Code — Specialists of professional orders (social workers) — Diplomas issued by designated teaching establishments which give access to permits or certificates .....	660	M
(R.S.Q., c. C-26)		
Québec business investment companies, An Act respecting..., amended .....	371	
(1999, Bill 3)		
Québec Pension Plan, An Act respecting the..., amended .....	371	
(1999, Bill 3)		
Québec sales tax, An Act respecting the..., amended .....	371	
(1999, Bill 3)		
Régie de l'assurance-maladie du Québec, An Act respecting the..., amended ... (1999, Bill 3)	371	
Sainte-Anne-des-Monts, Ville de... — Amalgamation with Municipalité de Tourelle .....	721	
(An Act respecting municipal territorial organization, R.S.Q., c. O-9)		



Specialists of professional orders (social workers) — Diplomas issued by designated teaching establishments which give access to permits or certificates . . . . .	660	M
(Professional Code, R.S.Q., c. C-26)		
Taxation Act and other legislative provisions of a fiscal nature, An Act to amend the..., amended . . . . .	371	
(1999, Bill 3)		
Taxation Act and other legislative provisions, An Act to again amend the..., amended . . . . .	371	
(1999, Bill 3)		
Taxation Act and other legislative provisions, An Act to amend the... . . . . .	371	
(1999, Bill 3)		
Taxation Act, amended . . . . .	371	
(1999, Bill 3)		
Taxation Act, An Act respecting the application of the..., amended . . . . .	371	
(1999, Bill 3)		
Taxation Act, the Act respecting the Québec sales tax and other legislative provisions, An Act to again amend the..., amended . . . . .	371	
(1999, Bill 3)		
Taxation Act, the Act respecting the Québec sales tax and other legislative provisions, An Act to amend the..., amended . . . . .	371	
(1999, Bill 3)		
Tobacco Tax Act, amended . . . . .	371	
(1999, Bill 3)		
Tourelle, Municipalité de... — Amalgamation with Ville de Sainte-Anne-des-Monts . . . . .	721	
(An Act respecting municipal territorial organization, R.S.Q., c. O-9)		
Unit rates applicable to the calculation of dues for forest management permit for the supply of wood processing plants . . . . .	703	Draft
(Forest Act, R.S.Q., c. F-4.1)		
Used tire storage and elimination . . . . .	715	Draft
(Environment Quality Act, R.S.Q., c. Q-2)		
Value of silvicultural treatments . . . . .	671	Draft
(Forest Act, R.S.Q., c. F-4.1)		

