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Part

2

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Laws and Regulations

Volume 142

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Part 2 contains:

- (1) Acts assented to, before their publication in the annual collection of statutes;
- (2) proclamations of Acts;
- (3) regulations made by the Government, a minister or a group of ministers and of Government agencies and semi-public agencies described by the Charter of the French language (R.S.Q., c. C-11), which before coming into force must be approved by the Government, a minister or a group of ministers;
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- (6) rules of practice made by judicial courts and quasi-judicial tribunals;
- (7) drafts of the texts mentioned in paragraph 3 whose publication in the *Gazette officielle du Québec* is required by law before their adoption or approval by the Government.

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PROVINCE OF QUÉBEC

1ST SESSION

39TH LEGISLATURE

QUÉBEC, 20 APRIL 2010

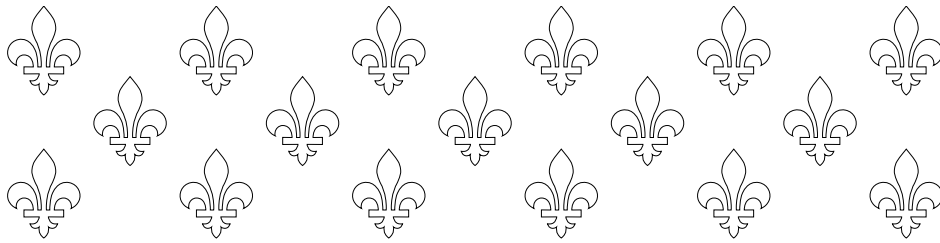
OFFICE OF THE LIEUTENANT-GOVERNOR

Québec, 20 April 2010

This day, at thirty-four minutes past ten o'clock in the morning, His Excellency the Lieutenant-Governor was pleased to sanction the following bill:

- 64 An Act giving effect to the Economic Statement delivered on 14 January 2009, to the Budget Speech delivered on 19 March 2009 and to certain other budget statements

To this bill the Royal assent was affixed by His Excellency the Lieutenant-Governor.



NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-NINTH LEGISLATURE

Bill 64
(2010, chapter 5)

**An Act giving effect to the Economic
Statement delivered on 14 January 2009,
to the Budget Speech delivered on
19 March 2009 and to certain other
budget statements**

**Introduced 5 November 2009
Passed in principle 9 February 2010
Passed 15 April 2010
Assented to 20 April 2010**

**Québec Official Publisher
2010**

EXPLANATORY NOTES

This Act amends various legislation to give effect to budgetary measures announced in the Economic Statement delivered on 14 January 2009, in the Budget Speech delivered on 19 March 2009 and in Information Bulletins published by the Ministère des Finances in 2007, 2008 and 2009. It also gives effect to a measure that was announced in the Budget Speech delivered on 23 March 2006.

It amends the Act respecting international financial centres so that an international financial transaction carried out on behalf of a partnership may be considered as a qualified transaction and so that the amount of the annual contribution to be paid may be adjusted when the operation of an international financial centre is continued by another operator.

It amends the Taxation Act to introduce, amend or abolish a number of fiscal measures specific to Québec. More specifically, the amendments deal with

(1) the introduction of a refundable tax credit for home improvement and renovation;

(2) an increase in the refundable tax credit for the Québec sales tax (QST);

(3) the recognition of the Youth Alternative Program for the purposes of the work premium supplement;

(4) the introduction of a refundable tax credit for the purchase or lease of a new energy-efficient vehicle;

(5) the enhancement of the refundable tax credit for Québec film or television productions;

(6) the introduction of a 10-year income tax holiday for new corporations dedicated to the commercialization of intellectual property;

(7) the extension of the refundable tax credit for labour training in the manufacturing sector to the forestry and mining sectors;

(8) *the renaming of the SME growth stock plan to the stock savings plan II;*

(9) *an increase in the tax rate applicable to deposit insurance corporations; and*

(10) *a temporary increase in the tax credit for the purchase of shares issued by Fondation.*

The Act amends the Act respecting the Ministère du Revenu and the Act respecting the Québec sales tax to oblige the operator of an establishment providing restaurant services to provide an invoice to the customer when making a supply of a meal.

It further amends the Act respecting the Québec sales tax to provide for various measures related to an increase in the QST rate from 7.5% to 8.5% as of 1 January 2011.

It also amends the Taxation Act to make amendments similar to those made to the Income Tax Act of Canada by Bill C-28 (Statutes of Canada, 2007, chapter 35), assented to on 14 December 2007, and Bill C-10 (Statutes of Canada, 2009, chapter 2), assented to on 12 March 2009. The Act thus gives effect to harmonization measures announced, for the most part, in the Budget Speeches delivered on 24 May 2007 and 19 March 2009 and in Information Bulletins published by the Ministère des Finances in 2007, 2008 and 2009. More specifically, the amendments deal with

(1) *the raising of the maximum amount that may be withdrawn from a registered retirement savings plan under the Home Buyers' Plan to \$25,000;*

(2) *the relief measures concerning registered retirement savings plans and registered retirement income funds;*

(3) *the inclusion of sums received under the Wage Earner Protection Program Act (Statutes of Canada, 2005, chapter 47);*

(4) *amateur athlete trusts;*

(5) *stock exchanges;*

(6) *the functional currency reporting regime; and*

(7) *the increase of the business limit of small business corporations.*

Lastly, this Act amends other legislation to make various technical amendments as well as consequential and terminology-related amendments.

LEGISLATION AMENDED BY THIS ACT:

- Act respecting international financial centres (R.S.Q., chapter C-8.3);
- Tobacco Tax Act (R.S.Q., chapter I-2);
- Taxation Act (R.S.Q., chapter I-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 sales tax (R.S.Q., chapter T-0.1);
- Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government's 2007–2008 Budgetary Policy and to certain other budget statements (2009, chapter 5);
- Act giving effect to the Budget Speech delivered on 13 March 2008 and to certain other budget statements (2009, chapter 15).

Bill 64

AN ACT GIVING EFFECT TO THE ECONOMIC STATEMENT DELIVERED ON 14 JANUARY 2009, TO THE BUDGET SPEECH DELIVERED ON 19 MARCH 2009 AND TO CERTAIN OTHER BUDGET STATEMENTS

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

1. (1) Section 5 of the Act respecting international financial centres (R.S.Q., chapter C-8.3) is amended by adding the following paragraph after paragraph 3:

“(4) a partnership is considered to be not resident in Canada at any time if the following conditions are met and to be resident in Canada at that time in all other cases:

(a) the partnership’s management and control centre is outside Canada at that time; and

(b) the share of the partnership’s members not resident in Canada at that time of the income of the partnership would be equal to more than 50% of the income of the partnership if the partnership’s fiscal period ended at that time and the partnership’s income for that fiscal period were equal to \$1,000,000.”

(2) Subsection 1 has effect from 20 December 1999.

2. (1) Section 7 of the Act is amended

(1) by replacing “a person” wherever it appears in the following provisions by “a person or partnership”:

— paragraphs 2 and 3;

— the portion of paragraph 7 before subparagraph *a*;

— paragraph 15;

— subparagraph *b* of paragraph 22;

— the portion of paragraph 23 before subparagraph *a*;

(2) by replacing “une telle personne” in the following provisions in the French text by “une telle personne ou société de personnes”:

- paragraph 2;
- the portion of paragraph 7 before subparagraph *a*;
- subparagraph *b* of paragraph 22;
- the portion of paragraph 23 before subparagraph *a*;

(3) by replacing “a person” wherever it appears in the following provisions by “a person or partnership”:

- paragraph 4;
- paragraph 11;
- paragraph 14;

(4) by replacing “to a person” in paragraph 5 by “to a person or partnership”;

(5) by replacing “to persons” wherever it appears in the following provisions by “to persons or partnerships”:

- paragraph 17;
- paragraph 19;

(6) by replacing “persons” wherever it appears in the following provisions by “persons or partnerships”:

- paragraph 18;
- paragraph 20.

(2) Subsection 1 is declaratory.

(3) Despite sections 1010 to 1011 of the Taxation Act (R.S.Q., chapter I-3), the Minister of Revenue shall, under Part I of that Act, on application by a taxpayer, make such assessments of the taxpayer’s tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1 and 2. Sections 93.1.8 and 93.1.12 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) apply to such assessments, with the necessary modifications.

3. (1) Section 8 of the Act is amended

(1) by replacing “a person” in subparagraphs *a* and *b* of paragraph 1 by “a person or partnership”;

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

“*i.* the transaction is made in order to build up an inventory in the expectation of orders from persons or partnerships not resident in Canada or in connection with a hedge on a short sale to a person or partnership not resident in Canada, and”;

(3) by replacing “persons” in subparagraph *b* of paragraph 3 by “persons or partnerships”.

(2) Subsection 1 is declaratory.

4. Subdivision 3 of Division II of Chapter V of the Act, comprising section 62, is repealed.

5. Section 111 of the Act is amended by adding the following paragraph:

“Any other regulation made under sections 35 and 36 comes into force on the date of its publication in the *Gazette officielle du Québec*, or on any later date set in the regulation. However, if it so provides, it may take effect on a date prior to its publication but not prior to 1 January 2000.”

TOBACCO TAX ACT

6. (1) Section 8 of the Tobacco Tax Act (R.S.Q., chapter I-2) is amended

(1) by replacing paragraphs *a* to *b.1* by the following paragraphs:

“(a) \$0.106 per cigarette;

“(b) \$0.106 per gram of any loose tobacco;

“(b.1) \$0.106 per gram of any leaf tobacco;”;

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

“(d) \$0.1631 per gram of any tobacco other than cigarettes, loose tobacco, leaf tobacco or cigars. However, if 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 \$0.106 per tobacco stick, roll of tobacco or other pre-rolled tobacco product, the consumer tax shall be \$0.106 per tobacco stick, roll of tobacco or other pre-rolled tobacco product designed for smoking.”

(2) Subsection 1 has effect from 1 January 2011. However, not later than 28 January 2011, the following persons shall submit to the Minister of Revenue an inventory, in prescribed form, of the tobacco products referred to in subsection 1 that the persons have in stock at 12:00 midnight on 31 December 2010 and, at the same time, remit to the Minister of Revenue the amount corresponding to the tobacco tax computed at the rate in effect on 1 January 2011, in respect of those tobacco products, after deducting an amount corresponding to the tobacco tax computed at the rate in effect on 31 December 2010, to the extent that such remittance has not otherwise been made:

(1) a person who has not made an agreement under section 17 of the Act and who, in Québec, sells tobacco products in respect of which the amount corresponding to the tobacco tax was collected in advance or should have been collected in advance; and

(2) a collection officer who has made an agreement under section 17 of the Act and who, in Québec, sells tobacco products in respect of which the amount corresponding to the tobacco tax was paid in advance or must be paid.

For the purposes of this subsection, the tobacco products that a person has in stock at 12:00 midnight on 31 December 2010 include the tobacco products the person has acquired but that have not been delivered to the person at that time.

7. (1) Section 14.2 of the Act is amended by adding the following paragraphs after the third paragraph:

“In addition, if the person found guilty of an offence under this section used a road vehicle within the meaning of the Highway Safety Code (chapter C-24.2) to commit the offence, the court may, on application by the prosecutor and in addition to any other penalty, suspend any licence authorizing the person to operate a road vehicle, and suspend the person’s right to obtain such a licence, for a period of not more than six months for a first conviction and, for any subsequent offence within five years, for a period of at least six months for each subsequent conviction.

Prior notice of the application for suspension must be given by the prosecutor to the person concerned, unless the person is in the presence of the judge. The prior notice may be given with the statement of offence, specifying that an application for suspension will be presented before the court.

Notice of the suspension is given without delay to the Société de l’assurance automobile du Québec by the clerk of the court or by a person under the clerk’s authority.

The suspension constitutes a sanction for the purposes of sections 105 and 106 of the Highway Safety Code.”

(2) Subsection 1 applies from 19 May 2010.

8. (1) Section 15.0.3 of the Act is repealed.

(2) Subsection 1 applies from 19 May 2010.

TAXATION ACT

9. (1) Section 1 of the Taxation Act (R.S.Q., chapter I-3), amended by section 90 of chapter 24 of the statutes of 2009, is again amended

(1) by striking out the definitions of “Canadian stock exchange” and “foreign stock exchange”;

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

““designated stock exchange” means a stock exchange, or that part of a stock exchange, for which a designation made or deemed to be made by the Minister of Finance of Canada under section 262 of the Income Tax Act is in effect;

““recognized stock exchange” means

(a) a designated stock exchange; or

(b) a stock exchange, other than a designated stock exchange, located in Canada or in a country that is a member of the Organisation for Economic Co-operation and Development that entered into a tax agreement (within the meaning that would be assigned to that expression by this section if the Gouvernement du Québec had not entered into an agreement referred to in the definition of that expression) with the Government of Canada;”;

(3) by replacing “subsection 3” in the definition of “tax-free savings account” by “subsection 5”;

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

““foreign currency debt” has the meaning assigned by section 736.0.0.2;”;

(5) by replacing the definition of “amateur athlete trust” by the following definition:

““amateur athlete trust” has the meaning assigned by subparagraph *a* of the second paragraph of section 851.34;”.

(2) Paragraphs 1 and 2 of subsection 1 have effect from 14 December 2007. In addition,

(1) when the definition of “Canadian stock exchange” in section 1 of the Act applies after 25 November 1999 and before 14 December 2007, it is to be read as if “, including a part, division or subdivision of such a stock exchange” was added at the end;

(2) when the definition of “foreign stock exchange” in section 1 of the Act applies after 25 November 1999 and before 24 June 2003, it is to be read as if “, including a part, division or subdivision of such a stock exchange” was added at the end of the portion of that definition before paragraph *a*; and

(3) when the definition of “foreign stock exchange” in section 1 of the Act applies after 23 June 2003 and before 14 December 2007, it is to be read as if “, including a part, division or subdivision of such a stock exchange” was added at the end.

(3) Paragraph 3 of subsection 1 applies from the taxation year 2009.

(4) Paragraph 4 of subsection 1 has effect from 1 January 2006.

(5) Paragraph 5 of subsection 1 applies from the taxation year 2008.

10. (1) Section 21.4.2 of the Act is amended by inserting “other than for the purpose of determining if a corporation is, at any time, a small business corporation or a Canadian-controlled private corporation,” after “For the purposes of this Part,” in the first paragraph.

(2) Subsection 1 has effect from 20 December 2006, except in respect of an acquisition of control (in subsection 3 referred to as a “particular acquisition of control”) that occurs before 28 January 2009 and in respect of which the taxpayer made an election under subsection 4 of section 78 of the Budget Implementation Act, 2009 (Statutes of Canada, 2009, chapter 2), or is deemed to have made the election under subsection 5 of section 78 of that Act.

(3) In addition, when section 21.4.2 of the Act has effect before 20 December 2006 in respect of an acquisition of control that occurs after 31 December 2005 and that is not a particular acquisition of control, it is to be read as follows:

“21.4.2. For the purposes of this Part, other than for the purpose of determining if a corporation is, at any time, a small business corporation or a Canadian-controlled private corporation, if control of a corporation is acquired by a person or group of persons at a particular time on a day, control of the corporation is deemed to have been acquired by the person or group of persons at the commencement of that day and not at the particular time unless the corporation elects in its fiscal return under this Part filed for its taxation year that ends immediately before the acquisition of control not to have this section apply.”

11. (1) The Act is amended by inserting the following after section 21.4.15:

“CHAPTER V.3

“USE OF THE CANADIAN CURRENCY OR OF A FUNCTIONAL CURRENCY

“21.4.16. In this chapter,

“Canadian currency year” of a taxpayer means a taxation year that precedes the first functional currency year of the taxpayer;

“elected functional currency” of a taxpayer means the currency of a country other than Canada that is the elected functional currency of the taxpayer, within the meaning of subsection 1 of section 261 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), for the purposes of that section;

“functional currency year” of a taxpayer means a taxation year in respect of which the rules set out in section 21.4.19 apply to the taxpayer;

“pre-reversion debt” of a taxpayer means a debt obligation of the taxpayer that was issued by the taxpayer before the beginning of the taxpayer’s first reversionary year;

“pre-transition debt” of a taxpayer means a debt obligation of the taxpayer that was issued by the taxpayer before the beginning of the taxpayer’s first functional currency year;

“Québec tax results” of a taxpayer for a taxation year means

(a) the amount of the income, taxable income or taxable income earned in Canada of the taxpayer for the taxation year, or any other amount used as a basis for computing an amount that the taxpayer is required to pay for the taxation year under this Act, other than under Part III.7 (except for the purposes of section 21.4.17);

(b) the amount (other than an amount payable on behalf of another person under section 1015 or, except for the purposes of section 21.4.17, other than an amount payable under Part III.7) of tax or any other amount payable under this Act by the taxpayer in respect of the taxation year;

(c) the amount (other than an amount refundable on behalf of another person in respect of amounts payable on behalf of that person under section 1015) of tax or any other amount refundable under this Act to the taxpayer in respect of the taxation year; and

(d) any amount (including an amount provided for in Chapter V of the Act respecting international financial centres (chapter C-8.3)) that is relevant in computing the amounts described in respect of the taxpayer in paragraphs *a* to *c*;

“relevant spot rate” for a particular day means, in respect of a conversion of an amount from a particular currency to another currency,

(a) if the particular currency or the other currency is Canadian currency, the rate quoted by the Bank of Canada for noon on the particular day (or, if there is no such rate quoted for the particular day, the closest preceding day for which such a rate is quoted) for the exchange of the particular currency for the other currency, or, for the purposes of paragraph *b* of section 21.4.17 and paragraph *c* of section 21.4.19, any other rate of exchange that is acceptable to the Minister; and

(b) if neither the particular currency nor the other currency is Canadian currency, the rate—calculated by reference to the rates quoted by the Bank of Canada for noon on the particular day (or, if either of such rates is not quoted for the particular day, the closest preceding day for which both such rates are quoted)—for the exchange of the particular currency for the other currency, or, for the purposes of paragraph *b* of section 21.4.17 and paragraph *c* of section 21.4.19, any other rate of exchange that is acceptable to the Minister;

“reversionary year” of a taxpayer means a taxation year that begins after the last functional currency year of the taxpayer;

“tax reporting currency” of a taxpayer for a taxation year, and at any time in the taxation year, means the currency in which the taxpayer’s Québec tax results for the taxation year are to be computed.

“21.4.17. The following rules apply in computing the Québec tax results of a taxpayer for a taxation year:

(a) subject to this chapter, other than this section, Canadian currency is to be used; and

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

“21.4.18. The rules set out in section 21.4.19 apply to a taxpayer in respect of a particular taxation year if, because of subsection 3 of section 261 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), subsection 5 of section 261 of that Act applies to the taxpayer in respect of the particular taxation year for the purposes of that Act.

Chapter V.2 applies in relation to an election made under paragraph *b* of subsection 3 of section 261 of the Income Tax Act and, if applicable, in relation to the revocation of that election made under subsection 4 of section 261 of that Act.

“21.4.19. The rules to which the first paragraph of section 21.4.18 refers and that apply to a taxpayer in respect of a particular taxation year are the following:

(a) the taxpayer’s elected functional currency is to be used for the purpose of computing the taxpayer’s Québec tax results for the particular taxation year;

(b) unless the context otherwise requires, each reference in this Act or the regulations made under it to an amount (other than in respect of a penalty or fine) that is described as a particular number of Canadian dollars is, in respect of the taxpayer and the particular taxation year, to be read as a reference to that amount expressed in the taxpayer’s elected functional currency using the relevant spot rate for the first day of the particular taxation year;

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

(d) the definition of “exchange rate” in section 736.0.0.2 is, in respect of the taxpayer and the particular taxation year, and with the necessary modifications, to be read as follows:

““exchange rate” at a particular time in respect of a particular currency other than the taxpayer’s elected functional currency means the relevant spot rate, for the day that includes that time, in respect of the conversion of an amount from the particular currency to the taxpayer’s elected functional currency, or a rate of exchange acceptable to the Minister;”;

(e) section 262 is, in respect of the taxpayer and the particular taxation year, and with the necessary modifications, to be read as if “in foreign currency in relation to Canadian currency after 1971” in the first paragraph

was replaced by “after 1971 in the currency of one or more countries (other than the taxpayer’s elected functional currency) relative to the taxpayer’s elected functional currency”;

(f) a reference to “Canadian currency” wherever it appears in the following provisions is, in respect of the taxpayer and the particular taxation year, and with the necessary modifications, to be read as a reference to the “taxpayer’s elected functional currency”:

- i. paragraph *c.1* of section 21.26,
- ii. paragraph *a.1* of section 21.27,
- iii. sections 474, 483.2, 483.3 and 484.6,
- iv. subparagraph *l* of the first paragraph of section 485.3,
- v. section 485.28,
- vi. paragraph *f* of the definition of “tax basis” in section 851.22.7,
- vii. paragraph *g* of section 851.22.8,
- viii. the portion of subparagraph *i* of paragraph *b* of section 851.22.39 before subparagraph 1,
- ix. subparagraph 2 of subparagraph *i* of paragraph *b* of section 851.22.39,
- x. subparagraph *ii* of paragraph *b* of section 851.22.39, and
- xi. subparagraph *iv* of subparagraph *a* of the second paragraph of section 1079.1R3 of the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1);

(g) the definition “foreign currency” in section 1 is, in respect of the taxpayer and the particular taxation year, and with the necessary modifications, to be read as follows:

““foreign currency” in respect of a taxpayer, at any time in a taxation year, means a currency other than the taxpayer’s elected functional currency;”;

(h) this chapter applies, with the necessary modifications, for the purposes of Book II of Part VI in respect of the taxpayer in relation to a particular month, if the particular month is included in the particular taxation year; and

(i) this chapter applies, with the necessary modifications, for the purposes of Part VI.4 in respect of the taxpayer in relation to a particular calendar year, if the last fiscal period of the taxpayer, for the purposes of Part VI.4, that ends in the preceding calendar year is a fiscal period that ends in the particular taxation year or the end of which coincides with the end of that particular taxation year.

“21.4.20. For the purpose of computing the Québec tax results of a particular taxpayer for each taxation year that is a functional currency year or a reversionary year of the particular taxpayer, this chapter is to be applied as if each partnership of which the particular taxpayer is a member in the taxation year were a taxpayer that

(a) had as its first functional currency year its first fiscal period that

i. is a fiscal period during which the particular taxpayer is a member of the partnership,

ii. begins after 13 December 2007, and

iii. ends at least six months after the day that is six months before the end of the particular taxpayer’s first functional currency year;

(b) had as its last Canadian currency year its last fiscal period that ends before its first functional currency year;

(c) had as its first reversionary year its first fiscal period that begins after the particular taxpayer’s last functional currency year;

(d) is a taxpayer to which section 21.4.19 applies in respect of each of its fiscal periods that is, or begins after, its first functional currency year and that ends before its first reversionary year;

(e) had as its elected functional currency in respect of each fiscal period described in paragraph *d* the elected functional currency of the particular taxpayer; and

(f) had as its last functional currency year its last fiscal period that ends before its first reversionary year.

“21.4.21. For the purpose of computing a taxpayer’s income for a particular taxation year that is a functional currency year or a reversionary year of the taxpayer, foreign accrual property income of a foreign affiliate of the taxpayer, in respect of the taxpayer for the particular taxation year, is to be determined in accordance with the regulations made under section 579 after taking into account the application of subsection 6.1 of section 261 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the taxpayer for the particular taxation year.

“21.4.22. For the purpose of applying this Act to a taxpayer for a functional currency year of the taxpayer (in this section referred to as the “particular taxation year”), the following amounts are to be converted from Canadian currency to the taxpayer’s elected functional currency using the relevant spot rate for the last day of the taxpayer’s last Canadian currency year:

(a) each amount that

i. is, or is relevant in computing, an amount that may be deducted or is deemed to have been paid to the Minister for the particular taxation year under any of sections 222 to 225, 371, 710, 727 to 737, 772.12, 776.1.9, 1029.8.36.166.46, 1029.8.36.171.1 and 1135.2, and

ii. was determined for a Canadian currency year of the taxpayer;

(b) the cost to the taxpayer of a property that was acquired by the taxpayer in a Canadian currency year of the taxpayer;

(c) any amount that was required by section 255 or 257 to be added or deducted in computing, at any time in a Canadian currency year of the taxpayer, the adjusted cost base to the taxpayer of a capital property that was acquired by the taxpayer in such a year;

(d) any amount that

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

ii. was added to or deducted in computing a pool amount of the taxpayer in respect of a Canadian currency year of the taxpayer;

(e) any amount that has been deducted or claimed as a reserve in computing the income of the taxpayer for the taxpayer's last Canadian currency year;

(f) any outlay or expense referred to in section 175.1 or 230.0.0.6 that was made or incurred by the taxpayer in respect of a Canadian currency year of the taxpayer, and any amount that was deducted in respect of the outlay or expense in computing the income of the taxpayer for such a year; and

(g) any other amount (other than an amount referred to in any of sections 21.4.20, 21.4.21 and 21.4.23) determined under the provisions of this Act for or in respect of a Canadian currency year of the taxpayer that is relevant in computing the Québec tax results of the taxpayer for the particular taxation year.

“21.4.23. In computing, in a functional currency year of a taxpayer, the amount for which a pre-transition debt of the taxpayer (other than a pre-transition debt denominated in the taxpayer's elected functional currency)

was issued and its principal amount at the beginning of the taxpayer's first functional currency year, those amounts are to be converted from the pre-transition debt currency to the taxpayer's elected functional currency using the relevant spot rate for the last day of the taxpayer's last Canadian currency year.

“21.4.24. A pre-transition debt of a taxpayer that is denominated in a currency other than the taxpayer's elected functional currency is deemed to have been issued immediately before the taxpayer's first functional currency year for the purpose of

(a) computing the amount of the taxpayer's income, gain or loss, for a functional currency year of the taxpayer (other than an amount that section 21.4.25 deems to arise), that is attributable to a fluctuation in the value of a currency; and

(b) applying subparagraph *l* of the first paragraph of section 485.3 in respect of a functional currency year of the taxpayer.

“21.4.25. If a taxpayer has, in a taxation year that is a functional currency year or a reversionary year of the taxpayer, made a particular payment on account of the principal amount of a pre-transition debt of the taxpayer, the following rules apply:

(a) if the taxpayer would have made a gain—or, if the pre-transition debt was not on account of capital, would have had income—in the second paragraph referred to as the “hypothetical gain or income”) attributable to a fluctuation in the value of a currency if the pre-transition debt had been settled by the taxpayer's having paid, immediately before the end of the taxpayer's last Canadian currency year, an amount equal to the principal amount (expressed in the currency in which the pre-transition debt is denominated, which currency is in this section referred to as the “debt currency”) at that time, the taxpayer is deemed to make a gain or to have income, as the case may be, for the taxation year equal to the amount determined by the formula

$A \times B/C$; and

(b) if the taxpayer would have sustained a loss—or, if the pre-transition debt was not on account of capital, would have had a loss—in this subparagraph referred to as the “hypothetical loss”) attributable to a fluctuation in the value of a currency if the pre-transition debt had been settled by the taxpayer's having paid, immediately before the end of the taxpayer's last Canadian currency year, an amount equal to the principal amount (expressed in the debt currency) at that time, the taxpayer is deemed to sustain or to have a loss in respect of the particular payment for the taxation year equal to the amount that would be determined by the formula in subparagraph *a* if the reference to “hypothetical gain or income” in subparagraph *i* of subparagraph *a* of the second paragraph were read as a reference to “hypothetical loss”.

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

(*a*) A is

i. if the taxation year is a functional currency year of the taxpayer, the amount of the hypothetical gain or income converted to the taxpayer's elected functional currency using the relevant spot rate for the last day of the taxpayer's last Canadian currency year, and

ii. if the taxation year is a reversionary year of the taxpayer, the amount determined under subparagraph i converted to Canadian currency using the relevant spot rate for the last day of the taxpayer's last functional currency year;

(*b*) B is the amount of the particular payment (expressed in the debt currency); and

(*c*) C is the principal amount of the pre-transition debt at the beginning of the taxpayer's first functional currency year (expressed in the debt currency).

“21.4.26. Despite sections 21.4.19 and 21.4.22, for the purposes of this Act and the Act respecting the Ministère du Revenu (chapter M-31) in respect of a functional currency year (in this section referred to as the “particular taxation year”) of a taxpayer, the following rules apply:

(*a*) for the purpose of computing the payments that the taxpayer is required to make in relation to the particular taxation year under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*,

i. each estimated amount described in subparagraph i of that subparagraph *a*, or in subparagraph 1 of subparagraph iii of that subparagraph *a*, that is payable by the taxpayer for the particular taxation year is to be determined by converting that amount, as determined in the taxpayer's elected functional currency, to Canadian currency using the relevant spot rate for the day on or before which the amount is required to be paid,

ii. the taxpayer's first basic provisional account referred to in subparagraph i of that subparagraph *a* for the particular taxation year is to be determined, if the particular taxation year is the taxpayer's first functional currency year, without reference to this chapter and, in any other case, as if the tax payable by the taxpayer for the taxpayer's functional currency year (in this paragraph referred to as the “first base year”) preceding the particular taxation year were equal to the total of

(1) the aggregate of the payments that the taxpayer 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 if they refer to that subparagraph *a*, as the case may be, determined in accordance with this subparagraph ii or with subparagraph i or iii, as the case may be, in respect of the first base year, and

(2) the remainder of the tax payable by the taxpayer under subparagraph *b* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *b*, as the case may be, determined in accordance with paragraph *b*, in respect of the first base year,

iii. the taxpayer's second basic provisional account described in subparagraph ii of that subparagraph *a* for the particular taxation year is to be determined, if the particular taxation year is the taxpayer's first functional currency year or the taxpayer's taxation year that follows the taxpayer's first functional currency year, without reference to this chapter and, in any other case, as if the tax payable by the taxpayer for the taxpayer's functional currency year (in this subparagraph referred to as the "second base year") preceding the first base year were equal to the total of

(1) the aggregate of the payments that the taxpayer 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 if they refer to that subparagraph *a*, as the case may be, determined in accordance with this subparagraph iii or with subparagraph i or ii, as the case may be, in respect of the second base year, and

(2) the remainder of the tax payable by the taxpayer under subparagraph *b* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *b*, as the case may be, determined in accordance with paragraph *b*, in respect of the second base year, and

iv. those payments must correspond to the payments based on a method described in that subparagraph *a* that is referred to in the fourth paragraph of section 1038 in respect of the taxpayer in relation to the particular taxation year;

(*b*) the remainder of the tax payable by the taxpayer for the particular taxation year under subparagraph *b* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *b*, is equal to the amount obtained by converting to Canadian currency, using the relevant spot rate for the taxpayer's balance-due day for the particular taxation year, the amount by which the tax payable by the taxpayer under this Part or under any of Parts IV, IV.1, VI and VI.1, as the case may be, for the particular taxation year, expressed in the taxpayer's elected functional currency, exceeds the aggregate of all amounts each of which is the amount obtained by converting the amount of a payment that the taxpayer is required to make in relation to that Part in respect of the particular taxation year, determined under subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, as the case may be, and with reference to any of subparagraphs i, ii and iii of subparagraph *a*, to the taxpayer's elected functional currency using the relevant spot rate for the day on or before which the payment is required to be made;

(c) for the purpose of computing an amount (other than tax) that is payable by the taxpayer for the particular taxation year under this Part or under any of Parts IV, IV.1, VI and VI.1, or under the Act respecting the Ministère du Revenu in relation to an amount that is payable under any of those Parts, the tax payable by the taxpayer for the particular taxation year under that Part is deemed to be equal to the total of

i. the aggregate of the payments that the taxpayer 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 if they refer to that subparagraph *a*, as the case may be, determined in accordance with any of subparagraphs i, ii and iii of subparagraph *a* in respect of the particular taxation year, and

ii. the remainder of the tax payable by the taxpayer under subparagraph *b* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *b*, as the case may be, determined in accordance with paragraph *b*, in respect of the particular taxation year;

(d) any amount of tax that is payable under this Act (otherwise than under this Part or under any of Parts IV, IV.1, VI and VI.1) by the taxpayer for the particular taxation year is, if applicable, to be determined by converting the amount, as determined in the taxpayer's elected functional currency, to Canadian currency using the relevant spot rate for the day on or before which the amount is required to be paid;

(e) in relation to any particular amount that is deemed under this Part to have been paid at a particular time on account of an amount payable by the taxpayer under this Act for the particular taxation year,

i. if, for the purpose of computing the payments that the taxpayer 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 if they refer to that subparagraph *a*, a particular provision of this Part establishes the portion of the particular amount that the taxpayer is deemed to have paid to the Minister on account of the aggregate of the taxpayer's tax payable for the particular taxation year under this Part and the taxpayer's tax payable for the particular taxation year under Parts IV, IV.1, VI and VI.1, on the date on or before which each of those payments is required to be made,

(1) the first excess amount referred to in the computation, provided for in that particular provision, of the portion of the particular amount in relation to a particular date is to be determined with reference to the particular amount as determined in the taxpayer's elected functional currency and by converting each portion of the particular amount, referred to in relation to an earlier date in the computation of that excess amount and as determined in Canadian currency, to the taxpayer's elected functional currency using the relevant spot rate for that earlier date, and is equal to the amount obtained by converting that excess amount so determined to Canadian currency using the relevant spot rate for the particular date, and

(2) the amount by which the particular amount, as determined in the taxpayer's elected functional currency, exceeds the aggregate of all amounts each of which is the amount obtained by converting the amount—determined, with reference to subparagraph 1, in Canadian currency under the particular provision in respect of the particular amount in relation to a particular date—to the taxpayer's elected functional currency using the relevant spot rate for the particular date, is to be converted to Canadian currency using the relevant spot rate for the day that includes the particular time, and

ii. if subparagraph i does not apply in respect of the particular amount, the particular amount, as determined in the taxpayer's elected functional currency, is to be converted to Canadian currency using the relevant spot rate for the day that includes the particular time;

(f) for the purpose of applying the second paragraph of section 1135.1 to the taxpayer in respect of the particular taxation year, the excess amount referred to in subparagraph i of subparagraph b of that second paragraph in relation to a particular date is to be determined with reference to the amount determined in accordance with the first paragraph of that section, as determined in the taxpayer's elected functional currency and by converting each portion of that amount, referred to in relation to an earlier date in the computation of that excess amount and as determined in Canadian currency, to the taxpayer's elected functional currency using the relevant spot rate for that earlier date, and is equal to the amount obtained by converting that excess amount so determined to Canadian currency using the relevant spot rate for the particular date;

(g) for the purposes of section 1.2.1 of the Act respecting the Ministère du Revenu, the amount of the taxpayer's paid-up capital for the particular taxation year, as determined in the taxpayer's elected functional currency and in the manner provided for in that section, is to be converted to Canadian currency using the relevant spot rate for the last day of the particular taxation year;

(h) for the purposes of section 59.2.2 of the Act respecting the Ministère du Revenu, the amount of an income referred to in the first paragraph of that section in relation to the particular taxation year, as determined in the taxpayer's elected functional currency, is to be converted to Canadian currency using the relevant spot rate for the taxpayer's balance-due day for the particular taxation year; and

(i) any amount payable by the taxpayer for the particular taxation year under this Act, or under the Act respecting the Ministère du Revenu in relation to such an amount, is to be paid in Canadian currency.

“21.4.27. For the purpose of applying this Act to a taxpayer's reversionary year, sections 21.4.22 and 21.4.23 are to be read as if

(a) “Canadian currency year” was replaced in the following provisions by “functional currency year”:

- i. the portion of section 21.4.22 before paragraph *a*,
- ii. subparagraph ii of paragraph *a* of section 21.4.22,
- iii. paragraphs *b* and *c* of section 21.4.22,
- iv. subparagraph ii of paragraph *d* of section 21.4.22,
- v. paragraphs *e* to *g* of section 21.4.22, and
- vi. section 21.4.23;

(b) “functional currency year” was replaced wherever it appears in the following provisions by “reversionary year”:

- i. the portion of section 21.4.22 before paragraph *a*, and
- ii. section 21.4.23;

(c) “pre-transition debt” was replaced wherever it appears in section 21.4.23 by “pre-reversion debt”;

(d) “the taxpayer’s elected functional currency” was replaced wherever it appears in the following provisions by “Canadian currency”:

- i. the portion of section 21.4.22 before paragraph *a*, and
- ii. section 21.4.23; and

(e) “Canadian currency” in the portion of section 21.4.22 before paragraph *a* was replaced by “the taxpayer’s elected functional currency”.

“21.4.28. A pre-reversion debt of a taxpayer that is denominated in a currency other than Canadian currency is deemed to have been issued immediately before the taxpayer’s first reversionary year for the purpose of

(a) computing the amount of the taxpayer’s income, gain or loss, for a reversionary year of the taxpayer (other than an amount that section 21.4.29 deems to arise), that is attributable to a fluctuation in the value of a currency; and

(b) applying subparagraph *l* of the first paragraph of section 485.3 in respect of a reversionary year of the taxpayer.

“21.4.29. If a taxpayer has, in a reversionary year of the taxpayer, made a particular payment on account of the principal amount of a pre-reversion debt of the taxpayer, the following rules apply:

(a) if the taxpayer would have made a gain—or, if the pre-reversion debt was not on account of capital, would have had income—in the second paragraph referred to as the “hypothetical gain or income”) attributable to a fluctuation in the value of a currency if the pre-reversion debt had been settled by the taxpayer’s having paid, immediately before the end of the taxpayer’s last functional currency year, an amount equal to the principal amount (expressed in the currency in which the pre-reversion debt is denominated, which currency is in this section referred to as the “debt currency”) at that time, the taxpayer is deemed to make a gain or to have income, as the case may be, for the reversionary year equal to the amount determined by the formula

$A \times B/C$; and

(b) if the taxpayer would have sustained a loss—or, if the pre-reversion debt was not on account of capital, would have had a loss—in this subparagraph referred to as the “hypothetical loss”) attributable to a fluctuation in the value of a currency if the pre-reversion debt had been settled by the taxpayer’s having paid, immediately before the end of the taxpayer’s last functional currency year, an amount equal to the principal amount (expressed in the debt currency) at that time, the taxpayer is deemed to sustain or to have a loss in respect of the particular payment for the reversionary year equal to the amount that would be determined by the formula in subparagraph *a* if the reference to “hypothetical gain or income” in subparagraph *a* of the second paragraph were read as a reference to “hypothetical loss”.

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

(a) *A* is the amount of the hypothetical gain or income converted to Canadian currency using the relevant spot rate for the last day of the taxpayer’s last functional currency year;

(b) *B* is the amount of the particular payment (expressed in the debt currency); and

(c) *C* is the principal amount of the pre-reversion debt at the beginning of the taxpayer’s first reversionary year (expressed in the debt currency).

“21.4.30. For the purpose of computing the amount that may be deducted, or that is deemed to have been paid to the Minister, by a taxpayer, in respect of a particular amount that arises in a subsequent taxation year, under any of sections 727 to 737, 772.12, 776.1.9, 1029.8.36.166.47 and 1029.8.36.171.2 in computing the taxpayer’s Québec tax results for a particular taxation year, the following rules apply:

(a) if the subsequent taxation year is a functional currency year of the taxpayer and the particular taxation year is a Canadian currency year of the taxpayer, the following amounts (expressed in the taxpayer’s elected

functional currency) are to be converted to Canadian currency using the relevant spot rate for the last day of the taxpayer's last Canadian currency year:

i. the particular amount, and

ii. any amount so deducted, or so deemed to have been paid to the Minister, in computing the taxpayer's Québec tax results for another functional currency year of the taxpayer;

(b) if the subsequent taxation year is a reversionary year of the taxpayer and the particular taxation year is a functional currency year of the taxpayer,

i. the following amounts (expressed in Canadian currency) are to be converted to the taxpayer's elected functional currency using the relevant spot rate for the last day of the taxpayer's last functional currency year:

(1) the particular amount, and

(2) any amount so deducted, or so deemed to have been paid to the Minister, in computing the taxpayer's Québec tax results for another reversionary year of the taxpayer, and

ii. any amount (expressed in Canadian currency) so deducted, or so deemed to have been paid to the Minister, in computing the taxpayer's Québec tax results for a Canadian currency year of the taxpayer is to be converted to the taxpayer's elected functional currency using the relevant spot rate for the last day of the taxpayer's last Canadian currency year;

(c) if the subsequent taxation year is a reversionary year of the taxpayer and the particular taxation year is a Canadian currency year of the taxpayer, the following amounts (expressed in the taxpayer's elected functional currency) are to be converted to Canadian currency using the relevant spot rate for the last day of the taxpayer's last Canadian currency year:

i. the amount that would be determined under subparagraph 1 of subparagraph i of paragraph b in respect of the particular amount if the particular taxation year were a functional currency year of the taxpayer, and

ii. any amount so deducted, or so deemed to have been paid to the Minister, in computing the taxpayer's Québec tax results for a functional currency year of the taxpayer; and

(d) in any other case, this section does not apply.

“21.4.31. If a winding-up described in section 556 begins at a particular time and the parent and the subsidiary referred to in that section would, in the absence of this section, have different tax reporting currencies at that time, the following rules apply for the purpose of computing the subsidiary's Québec tax results for its taxation years that end after the particular time:

(a) if the subsidiary's tax reporting currency is Canadian currency,

i. despite section 21.4.18, section 21.4.19 is deemed to apply to the subsidiary in respect of its taxation year that includes the particular time and each of its subsequent taxation years,

ii. the subsidiary is deemed to have as its elected functional currency the parent's tax reporting currency, and

iii. if the subsidiary's taxation year that includes the particular time would, in the absence of this section, be a reversionary year of the subsidiary, this chapter applies with the necessary modifications; and

(b) if neither the subsidiary's tax reporting currency nor the parent's tax reporting currency is Canadian currency,

i. the subsidiary's first reversionary year is deemed to end at the given time that is immediately after the time at which it began,

ii. a new taxation year of the subsidiary is deemed to begin immediately after the given time,

iii. despite section 21.4.18, section 21.4.19 is deemed to apply to the subsidiary in respect of its taxation year that includes the particular time and each of its subsequent taxation years, and

iv. the subsidiary is deemed to have as its elected functional currency the parent's tax reporting currency.

“21.4.32. If, in respect of an amalgamation within the meaning of section 544, a predecessor corporation has a tax reporting currency for its last taxation year that is different from that of the new corporation for its first taxation year, paragraphs *a* and *b* of section 21.4.31 apply, for the purpose of computing the predecessor corporation's Québec tax results for its last taxation year, as if the tax reporting currencies referred to in those paragraphs were the tax reporting currencies referred to in this section and as if

(a) “subsidiary” and “subsidiary's” were replaced wherever they appear in the following provisions by “predecessor corporation” and “predecessor corporation's”, respectively:

i. the portion of that paragraph *a* before subparagraph iii,

ii. that paragraph *b*;

(b) “the subsidiary's taxation year that includes the particular time” in subparagraph iii of that paragraph *a* was replaced by “the predecessor corporation's last taxation year”;

(c) “parent’s” was replaced in the following provisions by “new corporation’s”:

- i. subparagraph ii of that paragraph *a*,
- ii. the portion of that paragraph *b* before subparagraph i, and
- iii. subparagraph iv of that paragraph *b*; and

(d) “its taxation year that includes the particular time and each of its subsequent taxation years” was replaced in the following provisions by “its last taxation year”:

- i. subparagraph i of that paragraph *a*, and
- ii. subparagraph iii of that paragraph *b*.

“21.4.33. If, for the purposes of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the Canadian tax results of a corporation, within the meaning of subsection 1 of section 261 of that Act, for one or more taxation years are to be computed, under subsection 18 of that section 261, using the particular currency referred to in that subsection 18, the Québec tax results of the corporation for that taxation year or for those taxation years are to be computed, subject to the second paragraph, using that particular currency.

The Québec tax results of a corporation for one or more taxation years are to be computed using a given currency if

(a) at any time (in this paragraph referred to as the “transfer time”) one or more properties are directly or indirectly transferred

i. by the corporation to another corporation (in this paragraph referred to as the “transferor” and the “transferee”, respectively), or

ii. by another corporation to the corporation (in this paragraph referred to as the “transferor” and the “transferee”, respectively);

(b) the transferor and the transferee are related at the transfer time or become related in the course of a series of transactions or events that includes the transfer;

(c) the transfer time

i. is, or would in the absence of sections 21.4.31 and 21.4.32 be, in a functional currency year of the transferor and the transferor and the transferee have, or would in the absence of those sections have, different tax reporting currencies at the transfer time, or

ii. is, or would in the absence of sections 21.4.31 and 21.4.32 be, in a reversionary year of the transferor and is not in a reversionary year of the transferee;

(d) it can reasonably be considered that one of the main purposes of the transfer or of any portion of a series of transactions or events that includes the transfer is to change, or to enable the changing of, the currency in which the Québec tax results in respect of the property, or property substituted for it, for a taxation year would otherwise be determined; and

(e) the Minister directs that those Québec tax results be computed in the given currency.

“21.4.34. For the purposes of the second paragraph of section 21.4.33, if two or more corporations (each of which is in this section referred to as a “predecessor corporation”) are amalgamated or otherwise merged at a particular time to form one corporate entity (in this section referred to as the “new corporation”), the following rules apply:

(a) the predecessor corporation is deemed to have transferred to the new corporation at the time (in this section referred to as the “merger transfer time”) that is immediately before the particular time each property that was held at the merger transfer time by the predecessor corporation and at the particular time by the new corporation;

(b) the new corporation is deemed to exist, and to be related to the predecessor corporation, at the merger transfer time; and

(c) the new corporation is deemed to have as its tax reporting currency at the merger transfer time its tax reporting currency at the particular time.

“21.4.35. The rule set out in section 21.4.36 applies for the purpose of computing a taxpayer’s income, gain or loss for a taxation year in respect of a transaction (in this section and section 21.4.36 referred to as a “specified transaction”) if

(a) the specified transaction was entered into, directly or indirectly, at any time by the taxpayer and a corporation (in this section referred to as the “related corporation”) to which the taxpayer was at that time related;

(b) the taxpayer and the related corporation had different tax reporting currencies during the period (in this section referred to as the “accrual period”) in which the income, gain or loss accrued; and

(c) it would, in the absence of this section and section 21.4.36, be reasonable to consider that a fluctuation during the accrual period in the value of the taxpayer’s tax reporting currency relative to the value of the related corporation’s tax reporting currency

i. increased the taxpayer’s loss in respect of the specified transaction,

ii. reduced the taxpayer's income or gain in respect of the specified transaction, or

iii. caused the taxpayer to have a loss, instead of income or a gain, in respect of the specified transaction.

“21.4.36. The rule to which section 21.4.35 refers is the rule according to which each fluctuation in value referred to in paragraph *c* of that section is, for the purpose of computing a taxpayer's income, gain or loss in respect of the specified transaction and despite any other provision of this Act, deemed not to have occurred.

“21.4.37. For the purposes of this section and sections 21.4.33 to 21.4.36, the following rules apply:

(a) if a property is directly or indirectly transferred to or by a partnership, the property is deemed to have been transferred to or by, as the case may be, each member of the partnership; and

(b) if a partnership is a party to a transaction, each member of the partnership is deemed to be that party to that transaction.”

(2) Subsection 1, except when it enacts the definition of “Québec tax results” in section 21.4.16 of the Act and sections 21.4.17 and 21.4.30 of the Act, applies to a taxation year that begins after 13 December 2007, except that, if a taxpayer has, before 28 June 2008, made an election under paragraph *b* of subsection 3 of section 261 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the following rules apply:

(1) if the taxpayer has made, in accordance with subparagraph *i* of paragraph *a* of subsection 2 of section 80 of the Budget Implementation Act, 2009 (Statutes of Canada, 2009, chapter 2), a further election provided for under that subparagraph *i*, the relevant spot rate for a particular day is deemed, for the purposes of sections 21.4.22 to 21.4.25 of the Taxation Act, to be the average of the rates that would, in the absence of this paragraph, be the relevant spot rates for each day in the 12-month period that ends on the particular day;

(2) sections 21.4.6 and 21.4.7 of the Taxation Act apply, with the necessary modifications, in respect of the further election referred to in paragraph 1; and

(3) sections 21.4.35 and 21.4.36 of the Taxation Act apply to a taxation year that begins after 27 June 2008.

(3) Subsection 1, when it enacts the definition of “Québec tax results” in section 21.4.16 of the Act and section 21.4.17 of the Act, applies for all taxation years.

(4) Subsection 1, when it enacts section 21.4.30 of the Act, has effect from 14 December 2007.

(5) In addition, for the purpose of applying section 21.4.7 of the Act because of the second paragraph of section 21.4.18 of the Act or because of paragraph 2 of subsection 2, a person is deemed to have complied with a requirement of section 21.4.6 of the Act if the person complies with it on or before 19 July 2010.

12. (1) Section 21.6 of the Act is amended

(1) by replacing “Aux fins” in the portion before paragraph *a* in the French text by “Pour l’application”;

(2) by replacing “Canadian stock exchange” in the portion of paragraph *d* before subparagraph *i* by “designated stock exchange located in Canada”.

(2) Paragraph 2 of subsection 1 has effect from 14 December 2007.

13. (1) Section 21.9.1 of the Act is amended by inserting “that was prescribed on that date” after “Canadian stock exchange” in subparagraphs *i* and *ii* of paragraph *b*.

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

14. (1) Section 21.11.20 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” and “prescribed stock exchange” in paragraph *d* by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

15. (1) Section 21.19 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in subparagraph *c* of the first paragraph by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

16. (1) Section 21.28 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in paragraph *a* of the definition of “qualified security” by “stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

17. Section 39.5 of the Act is amended by replacing “une maison d’enseignement visée” in subparagraph *ii* of paragraph *a* in the French text by “un établissement d’enseignement visé”.

18. (1) Section 58.0.2 of the Act is amended by replacing paragraph *d* by the following paragraph:

“(d) where the security is a share, it is of a class of shares that, at the time the acquisition occurs, is listed on a designated stock exchange and, where rights under the agreement were acquired by the taxpayer as a result of one or more dispositions to which section 49.4 applied, none of the rights that were the subject of any of the dispositions included a right to acquire a share of the class of shares that, at the time the rights were disposed of, was not listed on

i. a stock exchange referred to in section 21.11.20R1 of the preceding regulation, within the meaning of section 2000R1 of the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1), if the disposition occurred before 26 November 1999,

ii. a Canadian stock exchange or a foreign stock exchange, if the disposition occurred after 25 November 1999 and before 14 December 2007, or

iii. a designated stock exchange, if the disposition occurred after 13 December 2007.”

(2) Subsection 1 has effect from 14 December 2007. However, when paragraph *d* of section 58.0.2 of the Act applies before 4 March 2009, it is to be read as if “of the preceding regulation, within the meaning of section 2000R1” in subparagraph i was struck out.

19. (1) Section 87 of the Act is amended by adding the following paragraph after paragraph z.5:

“(z.6) any amount required because of section 935.26.1 to be included in computing the taxpayer’s income for the year.”

(2) Subsection 1 applies from the taxation year 2009.

20. (1) Section 92.7 of the Act is amended by inserting the following subparagraph after subparagraph iv of paragraph *a*:

“iv.1. a tax-free savings account.”

(2) Subsection 1 applies from the taxation year 2009.

21. (1) Section 93.7 of the Act is amended

(1) by replacing “Aux fins” in the following provisions in the French text by “Pour l’application”:

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

— the second paragraph;

(2) by replacing “Canadian stock exchange or a foreign stock exchange” in subparagraph *f* of the first paragraph by “designated stock exchange”.

(2) Paragraph 2 of subsection 1 has effect from 14 December 2007.

22. (1) Section 159 of the Act is amended by replacing “Canadian stock exchange” in the following provisions by “designated stock exchange located in Canada”:

— subparagraphs *i* and *ii* of paragraph *e* of the definition of “Canadian newspaper” in the first paragraph;

— subparagraph *a* of the third paragraph.

(2) Subsection 1 has effect from 14 December 2007.

23. (1) Section 183 of the Act is replaced by the following section:

“**183.** Subject to section 175.2.7, borrowed money used by a taxpayer to repay money previously borrowed or to pay an amount payable for property referred to in paragraph *b* of section 160 or 161 and previously acquired (which previously borrowed money or amount payable in respect of previously acquired property is, in this section, referred to as the “previous indebtedness”) is deemed, for the purposes of this division and sections 160, 161, 175.2.2 and 175.2.3, to be used for the purposes for which the previous indebtedness was used or incurred, or was deemed, under this section, to have been used or incurred.”

(2) Subsection 1 applies in respect of interest paid or payable in relation to a period that begins after 27 January 2009.

24. (1) Section 231.2 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in subparagraph *i* of paragraph *a* by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

25. (1) Section 234 of the Act is amended

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

“(b) subject to section 234.1, an amount as a reserve that is equal to the least of

i. a reasonable amount as a reserve in respect of the portion of the proceeds of disposition of the property that is payable to the taxpayer after the end of the year and that can reasonably be regarded as a portion of the

amount by which the proceeds of disposition of the property exceed the aggregate of the amounts referred to in subparagraph *a* in respect of the property,

ii. an amount equal to the product obtained by multiplying 1/5 of the amount by which the proceeds of disposition of the property exceed the aggregate of the amounts referred to in subparagraph *a* in respect of the property by the amount by which four exceeds the number of preceding taxation years of the taxpayer ending after the disposition of the property, and

iii. the amount allowed as a deduction for the year under subparagraph iii of paragraph *a* of subsection 1 of section 40 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing, for the purposes of that Act, the taxpayer's gain for the year from that disposition or, if the amount that is so allowed as a deduction is equal to the maximum amount that the taxpayer may claim as a deduction in that computation under that subparagraph iii in respect of the disposition, the amount that the taxpayer specifies and that is not less than that maximum amount.”;

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

“In each subsequent year, the taxpayer shall regard as a gain the amount of the reserve established under subparagraph *b* of the first paragraph for the preceding year and claim an amount as a new reserve, without exceeding the amount of that gain, computed in accordance with that paragraph.”;

(3) by adding the following paragraph after the second paragraph:

“Sections 21.4.6 and 21.4.7 apply, with the necessary modifications, in relation to a deduction claimed under subparagraph iii of paragraph *a* of subsection 1 of section 40 of the Income Tax Act.”

(2) Subsection 1 applies in respect of the computation of the amount deductible by a taxpayer as a reserve for a taxation year in computing the taxpayer's gain for the year from the disposition of a property, if

(1) the amount is claimed as a deduction after 18 December 2008 or, if it was claimed before 19 December 2008, is cancelled or otherwise modified to give effect to an application filed for that purpose by the taxpayer after 18 December 2008 and the amount that may be so deducted for any subsequent taxation year in respect of the disposition is computed after that date; or

(2) the amount that is allowed as a deduction for the year or a preceding taxation year in respect of the disposition, under subparagraph iii of paragraph *a* of subsection 1 of section 40 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), was claimed after 18 December 2008 or, if it was claimed before 19 December 2008, is cancelled or otherwise modified to give effect to an application filed for that purpose by the taxpayer after 18 December 2008.

(3) In addition, for the purposes of section 21.4.7 of the Act because of the third paragraph of section 234 of the Act, a person is deemed to have complied with a requirement of section 21.4.6 of the Act if the person complies with it on or before 19 July 2010.

26. (1) Section 234.1 of the Act is amended by replacing “claim” in the portion before paragraph *a* by “deduct”.

(2) Subsection 1 has effect from 19 December 2008.

27. (1) Section 235 of the Act is amended by replacing “claim” in the portion before paragraph *a* by “deduct”.

(2) Subsection 1 has effect from 19 December 2008.

28. (1) Section 247.2 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in the portion before paragraph *a* by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

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

“262.1. The rule set out in section 262.2 applies for the purpose of computing at a particular time a corporation’s gain or loss (in this section and section 262.2 referred to as the “new gain” or “new loss”, as the case may be), in respect of the whole or any part (in this section and section 262.2 referred to as the “relevant part”) of a foreign currency debt of the corporation, arising—otherwise than because of the application of section 736.0.0.1—from a fluctuation in the value of the currency of the foreign currency debt, if before the particular time the corporation realized a capital gain or loss in respect of the foreign currency debt because of section 736.0.0.1.

“262.2. The rule to which section 262.1 refers is the rule according to which the new gain is the positive amount, or the new loss is the negative amount, as the case may be, determined by the formula

$$A + B - C.$$

In the formula in the first paragraph,

(*a*) A is

i. if the corporation would, but for any application of section 736.0.0.1, recognize a new gain, the amount of the new gain, determined without reference to this section, or

ii. if the corporation would, but for any application of section 736.0.0.1, recognize a new loss, the amount of the new loss, determined without reference to this section, expressed as a negative amount;

(b) B is the aggregate of all amounts each of which is that portion of the amount of a capital loss sustained by the corporation before the particular time, in respect of the foreign currency debt and because of section 736.0.0.1, that can reasonably be attributed to

i. the relevant part of the foreign currency debt at the particular time, or

ii. the forgiven amount (within the meaning of section 485) in respect of the foreign currency debt at the particular time; and

(c) C is the aggregate of all amounts each of which is that portion of the amount of a gain realized by the corporation before the particular time, in respect of the foreign currency debt and because of section 736.0.0.1, that can reasonably be attributed to

i. the relevant part of the foreign currency debt at the particular time, or

ii. the forgiven amount (within the meaning of section 485) in respect of the foreign currency debt at the particular time.”

(2) Subsection 1 has effect from 1 January 2006.

30. (1) Section 279 of the Act is amended

(1) by replacing the portion of subparagraph *a* of the first paragraph before subparagraph *i* by the following:

“(a) the gain for a particular taxation year from the disposition of the former property is deemed to be equal to the amount by which the amount as a reserve that, subject to section 279.1, is equal to the amount determined under the second paragraph or, if section 278.1 applies, the amount by which the amount as a reserve that the taxpayer may claim as a deduction and that does not exceed, subject to section 279.1, the amount determined under the second paragraph, is exceeded by whichever of the following amounts is applicable.”;

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

“The amount referred to in the portion of subparagraph *a* of the first paragraph before subparagraph *i* is equal, without exceeding the amount from which it must be subtracted, to the least of”;

(3) by replacing subparagraph *c* of the second paragraph by the following subparagraph:

“(c) unless section 278.1 applies, the amount allowed as a deduction for the year under subparagraph iii of paragraph *e* of subsection 1 of section 44 of the Income Tax Act in computing the taxpayer’s gain for the particular year from the disposition of the property or, if the amount that is so allowed as a deduction is equal to the maximum amount that the taxpayer may claim as a deduction in that computation under that subparagraph iii in respect of the disposition, the amount that the taxpayer specifies and that is not less than that maximum amount.”

(2) Subsection 1 applies in respect of the computation of the amount deductible by a taxpayer as a reserve for a taxation year in computing the taxpayer’s gain for the year from the disposition of a property, if

(1) the amount is claimed as a deduction after 18 December 2008 or, if it was claimed before 19 December 2008, is cancelled or otherwise modified to give effect to an application filed for that purpose by the taxpayer after 18 December 2008 and the amount that may be so deducted for any subsequent taxation year in respect of the disposition is computed after that date; or

(2) the amount that is allowed as a deduction for the year or a preceding taxation year in respect of the disposition, under subparagraph iii of paragraph *e* of subsection 1 of section 44 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), was claimed after 18 December 2008 or, if it was claimed before 19 December 2008, is cancelled or otherwise modified to give effect to an application filed for that purpose by the taxpayer after 18 December 2008.

31. (1) Section 279.1 of the Act is amended by replacing “claim as a deduction” by “deduct”.

(2) Subsection 1 has effect from 19 December 2008.

32. (1) Section 308.0.1 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in paragraphs *b* and *c* of the definition of “qualified person” in the first paragraph by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

33. (1) Section 308.3.6 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in the following provisions by “designated stock exchange”:

- the portion before paragraph *a*;
- paragraphs *c* and *d*.

(2) Subsection 1 has effect from 14 December 2007.

34. Section 310 of the Act is replaced by the following section:

“310. The amounts that a taxpayer is required to include in computing the taxpayer’s income under section 309 include those in respect of a registered retirement savings plan or a registered retirement income fund, to the extent provided for in Title IV of Book VII, those provided for in sections 935.4 to 935.6 and 935.15 to 935.17, those in respect of a registered retirement income fund, to the extent provided for in Title V.1 of Book VII, and those provided for in sections 965.20, 965.128, 968 and 968.1.”

35. (1) Section 311 of the Act is amended

(1) by replacing “he receives as” in the portion before paragraph *a* by “received under or as”;

(2) by inserting the following paragraph after paragraph *e.5*:

“(e.6) the Wage Earner Protection Program Act (Statutes of Canada, 2005, chapter 47) in respect of wages within the meaning of that Act;”;

(3) by striking out paragraph *k*.

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2008.

36. (1) Section 312 of the Act is amended by adding the following subparagraph after subparagraph ii of paragraph *c*:

“ii.1. an amount received out of or under an annuity contract issued or effected as a tax-free savings account,”.

(2) Subsection 1 applies from the taxation year 2009.

37. (1) Section 336 of the Act is amended by replacing “e.5” in paragraph *d* by “e.6”.

(2) Subsection 1 applies from the taxation year 2008.

38. Section 339.5 of the Act is amended

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

“339.5. A taxpayer may deduct in computing the taxpayer’s income for a taxation year an amount equal to the aggregate of the following amounts:”;

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

“(a) if the taxation year ends before 1 January 1991, the aggregate of all amounts each of which is that portion of an amount paid to the taxpayer before 1 January 1991 and included in computing the taxpayer’s income for

the year or a preceding taxation year by reason of section 310, to the extent that that section refers to Title IV of Book VII, paragraph *k* of section 311 or section 317, that may reasonably be considered as a refund of additional voluntary contributions made by the taxpayer before 9 October 1986 to a registered pension plan for the taxpayer's benefit in respect of services rendered by the taxpayer before the year in which the contributions were made, to the extent that the contributions were not deducted in computing the taxpayer's income for any taxation year; and”;

(3) by replacing subparagraph ii of paragraph *b* by the following subparagraph:

“ii. the aggregate of all amounts each of which is an amount included after 31 December 1986 in computing the taxpayer's income for the year by reason of section 310, to the extent that that section refers to Title IV or V.1 of Book VII, paragraph *c.2* of section 312 or section 317, and”.

39. (1) Section 348 of the Act is amended by replacing subparagraph i of paragraph *c* by the following subparagraph:

“i. where the eligible relocation occurs to enable the individual to carry on a business or to be employed at a new work location, the aggregate of the individual's income for the year from the individual's employment at the new work location or from carrying on the business at the new work location and the amount included in computing the individual's income for the year under paragraph *e.6* of section 311 in respect of the individual's employment at the new work location, and”.

(2) Subsection 1 applies from the taxation year 2008.

40. (1) Section 358.0.1 of the Act is amended by replacing “*e.5*” in subparagraph iii of subparagraph *b* of the first paragraph by “*e.6*”.

(2) Subsection 1 applies from the taxation year 2008.

41. (1) Section 358.0.3 of the Act is amended by replacing “paragraph *e.2*” in subparagraph *c* of the first paragraph by “paragraph *e.2* or *e.6*”.

(2) Subsection 1 applies from the taxation year 2008.

42. (1) Section 363 of the Act is amended by replacing subparagraphs *h* and *i* of the first paragraph by the following subparagraphs:

“(h) the generation of energy using property described in Class 43.1 or 43.2 in Schedule B to the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1); and

“(i) the development of projects for which it is reasonable to expect that at least 50% of the capital cost of the depreciable property to be used in each project is the capital cost of property described in Class 43.1 or 43.2 in Schedule B to the Regulation respecting the Taxation Act or in both of those classes.”

(2) Subsection 1 has effect from 23 February 2005.

43. Section 451 of the Act is amended by replacing “239 to 241” in the portion of the first paragraph before subparagraph *a* by “240, 241”.

44. (1) Section 452 of the Act is amended by replacing “claim as a deduction” by “deduct”.

(2) Subsection 1 has effect from 19 December 2008.

45. (1) Section 453 of the Act is amended by replacing “claim as a deduction” in subparagraph *c* of the first paragraph by “deduct”.

(2) Subsection 1 has effect from 19 December 2008.

46. (1) Section 484.9 of the Act is amended by replacing “claimed as a deduction” wherever it appears in paragraph *a* by “deducted”.

(2) Subsection 1 has effect from 19 December 2008.

47. (1) Section 485 of the Act is amended by replacing “Canadian stock exchange” in paragraph *b* of the definition of “excluded security” by “designated stock exchange located in Canada”.

(2) Subsection 1 has effect from 14 December 2007.

48. (1) Section 550.6 of the Act is amended

(1) by replacing “Aux fins” in the French text by “Pour l’application”;

(2) by replacing “Canadian stock exchange” by “designated stock exchange”.

(2) Paragraph 2 of subsection 1 has effect from 14 December 2007. In addition, when section 550.6 of the Act applies

(1) after 25 November 1999 and before 14 December 2007, it is to be read as if “or a foreign stock exchange” was inserted after “Canadian stock exchange”; and

(2) after 31 December 1991 and before 26 November 1999, it is to be read as if “prescribed stock exchange” was replaced by “stock exchange referred to in section 21.11.20R1 of the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1)”.

49. (1) Section 550.8 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in the following provisions by “designated stock exchange”:

— the portion before paragraph *a*;

— paragraph *e*.

(2) Subsection 1 has effect from 14 December 2007.

50. (1) Section 555.2.2 of the Act is amended by replacing the first occurrence of “a Canadian stock exchange” by “a designated stock exchange” and the second occurrence of “a Canadian stock exchange” by “such a stock exchange”.

(2) Subsection 1 has effect from 14 December 2007. In addition, when section 555.2.2 of the Act applies

(1) after 25 November 1999 and before 14 December 2007, it is to be read as if “or a foreign stock exchange” was inserted after “Canadian stock exchange” wherever it appears; and

(2) after 31 December 1991 and before 26 November 1999, it is to be read as if “prescribed stock exchange referred to therein” was replaced by “stock exchange referred to in section 21.11.20R1 of the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1)”.

51. (1) Section 578.2 of the Act is amended by replacing “foreign stock exchange” in the following provisions by “designated stock exchange”:

— subparagraph *b* of the first paragraph;

— subparagraph *i* of subparagraph *b* of the second paragraph.

(2) Subsection 1 has effect from 14 December 2007.

52. (1) Section 597.2 of the Act is amended by replacing paragraph *g* by the following paragraph:

“(g) foreign currency; and”.

(2) Subsection 1 applies to a taxation year that begins after 13 December 2007.

53. (1) Section 649 of the Act is amended

(1) by replacing “Aux fins” in the portion before paragraph *a* in the French text by “Pour l’application”;

(2) by replacing “Canadian stock exchange” in subparagraph v.1 of paragraph *b* by “designated stock exchange located in Canada”.

(2) Paragraph 2 of subsection 1 has effect from 14 December 2007.

54. (1) Section 716.0.2 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

55. (1) The heading of Title VI.3.0.1 of Book IV of Part I of the Act is replaced by the following heading:

“STOCK SAVINGS PLANS II”.

(2) Subsection 1 has effect from 20 March 2009.

56. (1) The Act is amended by inserting the following sections after section 736:

“736.0.0.1. For the purposes of section 736, if at a particular time a corporation owes a foreign currency debt in respect of which the corporation would have had, if the foreign currency debt had been repaid at that time, a capital loss or gain, the corporation is deemed to own at the time (in this section referred to as the “measurement time”) that is immediately before the particular time a property

(a) the adjusted cost base of which at the measurement time is equal to the amount determined by the formula

$A + B - C$; and

(b) the fair market value of which is equal to the amount that would be the amount of principal owed by the corporation under the foreign currency debt at the measurement time if that amount were calculated using the exchange rate applicable at the time of the original borrowing.

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

(a) *A* is the amount of principal owed by the corporation under the foreign currency debt at the measurement time, calculated using the exchange rate applicable at that time;

(b) *B* is the portion of any gain, previously recognized in respect of the foreign currency debt because of this Title, that is reasonably attributable to the amount determined under subparagraph *a*; and

(c) *C* is the portion of any capital loss, previously recognized in respect of the foreign currency debt because of this Title, that is reasonably attributable to the amount determined under subparagraph *a*.

“736.0.0.2. In this Title,

“exchange rate” at a particular time in respect of a foreign currency means the rate of exchange between that currency and Canadian currency quoted by the Bank of Canada at noon on the day that includes the particular time or, if that day is not a working day, on the day that immediately precedes that day, or a rate of exchange acceptable to the Minister;

“foreign currency debt” means a debt obligation denominated in a foreign currency.”

(2) Subsection 1 applies in respect of an acquisition of control of a corporation that occurs

(1) after 7 March 2008, other than an acquisition of control that occurs before 1 January 2009 in accordance with a written agreement entered into before 8 March 2008; or

(2) after 31 December 2005, if the corporation made a valid election in accordance with paragraph *b* of subsection 3 of section 30 of the Budget Implementation Act, 2009 (Statutes of Canada, 2009, chapter 2) in respect of the acquisition of control.

(3) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies, with the necessary modifications, in relation to an election referred to in paragraph 2 of subsection 2. In addition,

(1) if, because of the presumption provided for in subsection 4 of section 30 of the Budget Implementation Act, 2009, a designation made after 19 December 2006 is considered to have been made before 20 December 2006, the date on which that designation was made, which date must be considered for the purposes of sections 21.4.6 and 736 of the Taxation Act, is, despite that presumption, the date on which it was actually made; and

(2) for the purposes of section 21.4.7 of the Act in respect of the election referred to in paragraph 2 of subsection 2, a person is deemed to have complied with a requirement of section 21.4.6 of the Act if the person complies with it on or before 19 July 2010.

57. Section 737.25 of the Act is amended by replacing “d’une maison” in the second paragraph in the French text by “d’un établissement”.

58. (1) Section 740.3 of the Act is amended by replacing “Canadian stock exchange” in paragraph *b* by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007. In addition, when paragraph *b* of section 740.3 of the Act applies

(1) after 25 November 1999 and before 14 December 2007, it is to be read as if “or a foreign stock exchange” was inserted after “Canadian stock exchange”; and

(2) after 31 December 1991 and before 26 November 1999, it is to be read as if “prescribed stock exchange” was replaced by “stock exchange referred to in section 21.11.20R1 of the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1)”.

59. (1) Section 752.0.10.1 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in paragraphs *a*, *b* and *c* of the definition of “non-qualifying security” in the first paragraph by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

60. (1) Section 752.0.10.10.4 of the Act is amended by replacing the portion before paragraph *a* by the following:

“752.0.10.10.4. The rules set out in section 752.0.10.10.5 apply to an individual, in respect of an arrangement that is a registered retirement savings plan or a registered retirement income fund, or that was, immediately before the individual’s death, a tax-free savings account, if”.

(2) Subsection 1 applies from the taxation year 2009.

61. Section 752.0.18.10 of the Act is amended, in paragraph *a* in the French text,

(1) by replacing “l’une des maisons d’enseignement suivantes” in the portion before subparagraph *i* by “l’un des établissements d’enseignement suivants”;

(2) by replacing “une maison” in subparagraph *i* by “un établissement”;

(3) by replacing “une maison d’enseignement au Canada reconnue” in subparagraph *ii* by “un établissement d’enseignement au Canada reconnu”;

(4) by replacing “une maison” and “cette maison” in subparagraph *iii* by “un établissement” and “cet établissement”, respectively.

62. Section 752.0.18.10.1 of the Act is amended, in the French text,

(1) by replacing “une maison d’enseignement visée” in the portion before paragraph *a* by “un établissement d’enseignement visé”;

(2) by replacing “une maison” in subparagraph *iii* of paragraph *a* by “un établissement”;

(3) by replacing “la maison” in the following provisions by “l’établissement”:

- the portion of subparagraph *v* of paragraph *a* before subparagraph 1;
- subparagraph 2 of subparagraph *v* of paragraph *a*;
- paragraph *b*.

63. Section 752.0.18.12 of the Act is amended, in the French text,

(1) by replacing “une maison d’enseignement visée” in the portions of each of paragraphs *b* and *c* before their respective subparagraphs *i* by “un établissement d’enseignement visé”;

(2) by replacing “cette maison” in subparagraph *ii* of paragraph *c* by “cet établissement”.

64. (1) Section 766.5 of the Act is amended

(1) by replacing “une maison d’enseignement prescrite” in paragraph *b* of the definition of “montant exclu” in the French text by “un établissement d’enseignement prescrit”;

(2) by replacing “Canadian stock exchange or a foreign stock exchange” in the following provisions of the definition of “split income” by “designated stock exchange”:

- paragraph *a*;
- the portion of subparagraph *ii* of paragraph *c* before subparagraph 1.

(2) Paragraph 2 of subsection 1 has effect from 14 December 2007.

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

(1) by replacing “5.75%” in paragraph *a* by “11.9%”;

(2) by adding the following paragraph after paragraph *j*:

“(j.1) despite paragraph *d.2*, in the case of a corporation other than a corporation referred to in paragraph *a*, for a taxation year for which it is a corporation dedicated to the commercialization of intellectual property, to the amount by which the amount obtained by applying the basic rate determined in its respect for the year under section 771.0.2.3.1 to its taxable income for the year exceeds the aggregate of

i. the amount obtained by applying the basic rate determined in its respect for the year under section 771.0.2.3.1 to the amount determined in its respect for the year under section 771.8.5.1, and

ii. if the corporation was a Canadian-controlled private corporation throughout the year, the amount obtained by applying the percentage determined in its respect for the year under section 771.0.2.4 to the amount that would be determined in its respect for the year under section 771.2.1.2 if the excess amount determined under paragraphs *a* and *b* of that section were reduced by the amount determined in its respect for the year under section 771.8.5.1;”.

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 22 June 2009. However, when paragraph *a* of subsection 1 of section 771 of the Act applies to such a taxation year that includes 22 June 2009, it is to be read as if the percentage of 11.9% was replaced by the total of the following percentages:

(1) the proportion of 5.75% that the number of days in the taxation year that precede 23 June 2009 is of the number of days in the taxation year; and

(2) the proportion of 11.9% that the number of days in the taxation year that follow 22 June 2009 is of the number of days in the taxation year.

(3) In addition, in applying subparagraph *i* of subparagraph *a* of the first paragraph of section 1027 of the Act for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of that section, for a taxation year that ends after 22 June 2009 and that includes that date, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation’s estimated tax or tax payable for that taxation year

(1) must, in respect of a payment that the corporation is required to make before 23 June 2009, be determined without reference to this section; and

(2) is, in respect of a payment that the corporation is required to make after 22 June 2009, deemed to be equal to the total of the estimated tax or tax payable computed without reference to this section and the product obtained by multiplying the amount by which the estimated tax or tax payable computed without reference to this subsection exceeds the estimated tax or tax payable computed without reference to this section, by the proportion that 12 is of the number of payments that the corporation is required to make after 22 June 2009 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act.

(4) Paragraph 2 of subsection 1 has effect from 20 March 2009.

66. (1) Section 771.0.2.2 of the Act is amended by replacing “and 771.8.5” in the portion of the first paragraph before the formula by “, 771.8.5 and 771.8.5.1”.

(2) Subsection 1 has effect from 20 March 2009.

67. (1) Section 771.1 of the Act is amended, in the first paragraph,

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

““eligible commercialization business” of a corporation, at any time, means an eligible business in respect of which the corporation holds a qualification certificate that was issued by the Minister of Economic Development, Innovation and Export Trade and that is valid at that time;”;

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

““eligible institute” means an eligible public research centre or an eligible university entity, within the meaning of paragraphs *a.1* and *f* of section 1029.8.1;”;

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

““exemption period” of a corporation means the period beginning at the time of its incorporation and ending

(*a*) on the last day of the ten-year period beginning at that time; or

(*b*) if it is earlier than the day referred to in paragraph *a*, on the last day of the taxation year that precedes the taxation year in which the corporation ceases to be a corporation dedicated to the commercialization of intellectual property;”;

(4) by replacing “\$400,000” and “\$1,096” in subparagraph ii of paragraph *a* of the definition of “specified partnership income” by “\$500,000” and “\$1,370”, respectively;

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

““corporation dedicated to the commercialization of intellectual property” has the meaning assigned by sections 771.14 and 771.15;”.

(2) Paragraphs 1 to 3 and 5 of subsection 1 have effect from 20 March 2009.

(3) Paragraph 4 of subsection 1 applies to a fiscal period of a partnership that ends after 19 March 2009.

68. (1) Section 771.2.1.3 of the Act is amended by replacing “\$400,000” in the first paragraph by “\$500,000”.

(2) Subsection 1 applies to a taxation year that ends after 19 March 2009. However, when section 771.2.1.3 of the Act applies to such a taxation year that includes that date, it is to be read as if the amount of \$500,000 in the first paragraph was replaced by the aggregate of

(1) the proportion of \$400,000 that the number of days in the taxation year that precede 20 March 2009 is of the number of days in that taxation year; and

(2) the proportion of \$500,000 that the number of days in the taxation year that follow 19 March 2009 is of the number of days in that taxation year.

69. (1) Sections 771.2.1.4 and 771.2.1.5 of the Act are replaced by the following sections:

“771.2.1.4. Despite the first paragraph of section 771.2.1.3, if a Canadian-controlled private corporation is associated with one or more other Canadian-controlled private corporations and all of those corporations have filed with the Minister in prescribed form an agreement whereby, for the purposes of this Title, they allocate a percentage to one or more of them for the year, the business limit for the year of each of the corporations is equal to the product obtained by multiplying \$500,000 by the percentage so allocated to it, if the percentage or the aggregate of the percentages so allocated, as the case may be, does not exceed 100%, and to zero, in any other case.

“771.2.1.5. If any of the Canadian-controlled private corporations referred to in section 771.2.1.4 fails to file with the Minister an agreement referred to in that section 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 Title, 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, is to be equal, despite the first paragraph of section 771.2.1.3, to the lesser of the amounts that would be the business limit for the year of each of the corporations if none of them was associated with another corporation in the year and if no reference were made to sections 771.2.1.7 and 771.2.1.8.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2008. However, when section 771.2.1.4 of the Act applies to such a taxation year of a corporation

(1) that ends before 20 March 2009, it is to be read as if the amount of \$500,000 was replaced by an amount of \$400,000; or

(2) that ends after 19 March 2009 and that includes that date, it is to be read as if the amount of \$500,000 was replaced by the aggregate of

(a) the proportion of \$400,000 that the number of days in the taxation year that precede 20 March 2009 is of the number of days in that taxation year; and

(b) the proportion of \$500,000 that the number of days in the taxation year that follow 19 March 2009 is of the number of days in that taxation year.

70. (1) Section 771.2.1.6 of the Act is amended by replacing the first paragraph by the following paragraph:

“**771.2.1.6.** If any of the Canadian-controlled private corporations that are associated with each other in a taxation year has, in that year, an establishment in a province other than Québec and a percentage or an amount is allocated, in accordance with subsection 3 or 4 of section 125 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), to one or more of those corporations for the year,

(a) the percentage allocated to each of the corporations for the year in accordance with section 771.2.1.4 is to be equal to the percentage that was allocated to it in accordance with that subsection 3 for the year; and

(b) the amount allocated to each of the corporations for the year in accordance with section 771.2.1.5 is to be equal to the amount obtained by multiplying the lesser of the amounts that would be the business limit for the year of each of the corporations if none of them was associated with another corporation in the year and if no reference were made to sections 771.2.1.7 and 771.2.1.8, by the proportion that the amount allocated for the year to the corporation in accordance with subsection 4 of section 125 of the Income Tax Act is of the aggregate of the amounts allocated for the year, in accordance with that subsection 4, to each of the corporations.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2008.

71. (1) Section 771.2.1.7 of the Act is amended

(1) by replacing “paragraph *b*” in the portion of paragraph *a* before subparagraph *i* by “subparagraph *b*”;

(2) by adding the following paragraph:

“However, if subparagraph *a* of the first paragraph applies to a particular taxation year 2009 or 2010 of a corporation that ends after 19 March 2009, subparagraph *i* of that subparagraph *a* is to be read as follows:

“*i.* the amount that would be its business limit for the first taxation year ending in the calendar year, determined in accordance with section 771.2.1.4 or 771.2.1.5, if the reference to the amount in dollars that is provided for in section 771.2.1.4, as it applies in respect of that first taxation year, were replaced by a reference to the amount in dollars that is provided for in that section, as it applies in respect of the particular taxation year ending in the calendar year, and”.”

(2) Subsection 1 has effect from 20 March 2009.

72. (1) The Act is amended by inserting the following section after section 771.8.5:

“**771.8.5.1.** The amount that must be determined, for the purposes of paragraph *j.1* of subsection 1 of section 771, in respect of a corporation for a taxation year under this section is the amount determined by the formula

$A \times B$.

In the formula in the first paragraph,

(a) A is

i. if the corporation’s taxation year includes the last day of its exemption period, the proportion that the number of days in the year that are included in the corporation’s exemption period is of the number of days in the year, and

ii. in any other case, 1; and

(b) B is the lesser of

i. the amount by which the corporation’s income for the year from an eligible business that is an eligible commercialization business exceeds its loss for the year from such a business, and

ii. the amount by which the corporation’s taxable income for the year exceeds the aggregate of the amount determined in respect of the corporation for the year under section 771.0.2.2 and the portion of that income that is not subject to tax under this Part because of an Act of Québec.”

(2) Subsection 1 has effect from 20 March 2009.

73. (1) The Act is amended by inserting the following sections after section 771.13:

“**771.14.** Subject to section 771.15, a corporation is a corporation dedicated to the commercialization of intellectual property for a taxation year if

(a) it was incorporated in Canada after 19 March 2009 and before 1 April 2014;

(b) it began to carry on an eligible commercialization business within 12 months after its incorporation;

(c) for the year and for each preceding taxation year, all or substantially all of its income is derived from an eligible business that is an eligible commercialization business;

(d) in the year and in each preceding taxation year, all or substantially all of the amounts received or to be received by the corporation on the disposition of capital property is derived from the disposition of capital property in the ordinary course of carrying on an eligible commercialization business;

(e) in the year and in each preceding taxation year, it did not carry on all or part of a business previously carried on by a person or partnership, unless the person or partnership did not carry on the business during more than 90 days;

(f) in the year and in each preceding taxation year, it did not dispose of all or substantially all of the property it used in carrying on an eligible commercialization business;

(g) it is not a corporation resulting from an amalgamation or a merger of several corporations;

(h) the year is comprised in whole or in part in the corporation's exemption period; and

(i) it encloses a copy of the certificate referred to in the definition of "eligible commercialization business" in the first paragraph of section 771.1 and the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000 for the year.

"771.15. A corporation is not a corporation dedicated to the commercialization of intellectual property for a taxation year if

(a) the corporation would be exempt from tax for the year under section 985 but for section 192;

(b) the corporation's taxable income is greater than zero for the year and the corporation did not deduct the maximum amount in respect of any reserve, allowance or other amount in computing its income or taxable income for the year;

(c) the corporation's taxable income is greater than zero for a preceding taxation year and the corporation did not deduct the maximum amount in respect of any reserve, allowance or other amount in computing its income or taxable income for that preceding year; or

(d) the corporation, at any time in the period extending from the day of its incorporation to the end of the year, was a beneficiary of a trust, other than a mutual fund 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, unless each other co-participant in the joint venture or each other member of the partnership, as the case may be, was an eligible institute.”

(2) Subsection 1 has effect from 20 March 2009.

74. (1) Section 772.2 of the Act is amended by replacing “and subparagraphs i and iii of paragraph *j* of that subsection 1” in the definition of “tax otherwise payable” by “, subparagraphs i and iii of paragraph *j* of that subsection 1 and subparagraphs i and ii of paragraph *j.1* of that subsection 1”.

(2) Subsection 1 has effect from 20 March 2009.

75. (1) The Act is amended by inserting the following section after section 776.1.1:

“776.1.1.1. If an amount is paid for the purchase, in a period specified in the second paragraph, of a share referred to in paragraph *b* of section 776.1.1, that section is to be read in respect of that share as if the percentage of 15% in that section were replaced by a percentage of 25%.

The period to which the first paragraph refers begins on 1 June 2009 and ends on the last day of the taxation year of the corporation governed by the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (chapter F-3.1.2) in which the paid-up capital in respect of the shares of its capital stock first reaches 1.25 billion dollars.”

(2) Subsection 1 has effect from 1 June 2009.

76. (1) Section 776.1.3 of the Act is replaced by the following section:

“776.1.3. The amount deductible by an individual for a taxation year under sections 776.1.1 and 776.1.2 must not exceed

(a) if the amount solely relates to shares (in this section referred to as “particular shares”) referred to in paragraph *b* of section 776.1.1 and purchased in the period specified in the second paragraph of section 776.1.1.1, \$1,250;

(b) if the amount relates only to shares other than particular shares, \$750; and

(c) if the amount relates to any combination of particular shares and of shares other than particular shares, the total of

i. the amount determined by the formula

$15\% \times (\$5,000 - A)$, and

ii. the amount determined by the formula

$25\% \times (\$5,000 - B)$.

In the formulas in subparagraph *c* of the first paragraph,

(*a*) *A* is 400% of the aggregate of all amounts each of which is the amount deducted by the individual for the year under section 776.1.1 or 776.1.2 in respect of a particular share; and

(*b*) *B* is 100/15 of the aggregate of all amounts each of which is the amount deducted by the individual for the year under section 776.1.1 or 776.1.2 in respect of a share other than a particular share.

The total of the amounts determined in accordance with subparagraphs *a* and *b* of the second paragraph in respect of an individual for a taxation year must not exceed \$5,000.”

(2) Subsection 1 has effect from 1 June 2009.

77. (1) Section 801 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

78. Section 805 of the Act is amended, in the first paragraph,

(1) by replacing “property which was” in the portion before subparagraph *a* by “the following property:”;

(2) by replacing “une maison” in subparagraph *a* in the French text by “un établissement”;

(3) by striking out “et” at the end of subparagraph *c* in the French text;

(4) by striking out “être” in subparagraph *d* in the French text.

79. (1) Section 833.2 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in the portion before paragraph *a* by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

80. (1) Section 851.22.38 of the Act is amended by replacing “claimed as a deduction” wherever it appears in subparagraph 3 of subparagraph iv of subparagraph *b* of the second paragraph by “deducted”.

(2) Subsection 1 has effect from 19 December 2008.

81. (1) The Act is amended by inserting the following section before section 851.34:

“851.33.1. In this Title,

“amateur athlete” at any time means an individual, other than a trust, who is, at that time,

(a) a member of a registered Canadian amateur athletic association;

(b) eligible to compete, in an international sporting event sanctioned by an international sports federation, as a Canadian national team member; and

(c) not a professional athlete;

“professional athlete” means an individual who receives income that is compensation for, or is otherwise attributable to, the individual’s activities as a player or athlete in a professional sport;

“qualifying performance income” of an individual means income that

(a) is received by the individual in a taxation year in which the individual was, at any time, an amateur athlete and was not, at any time, a professional athlete;

(b) may reasonably be considered to be in connection with the individual’s participation as an amateur athlete in one or more international sporting events referred to in paragraph *b* of the definition of “amateur athlete”; and

(c) is endorsement income, prize money, or income from public appearances or speeches;

“third party” in respect of an arrangement described in subparagraph *b* of the first paragraph of section 851.34 means a person who deals at arm’s length with the amateur athlete in respect of the arrangement.”

(2) Subsection 1 applies from the taxation year 2008.

82. (1) Section 851.34 of the Act is replaced by the following section:

“851.34. The rules set out in the second paragraph apply if, at any time,

(a) a national sport organization that is a registered Canadian amateur athletic association receives an amount for the benefit of an individual under an arrangement made under rules of an international sport federation that require amounts to be held, controlled and administered by the organization in order to preserve the eligibility of the individual to compete in a sporting event sanctioned by the federation; or

(b) an individual enters into an arrangement that

i. is an account with an issuer described in paragraph *b* of the definition of “qualifying arrangement” in subsection 1 of section 146.2 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), or that would be so described if that definition applied at that time,

ii. provides that no amount may be deposited, credited or added to the account, other than an amount that is qualifying performance income of the individual or that is interest or other income in respect of the property deposited, credited or added to the account,

iii. provides that a third party must authorize all payments from the account, and

iv. is not a registered retirement savings plan or a tax-free savings account.

The rules to which the first paragraph refers, in respect of an arrangement, are the following:

(a) an *inter vivos* trust (in this Title referred to as the “amateur athlete trust”) is deemed to be created on the day on which the first amount under the arrangement is received by the national sport organization or by the issuer, as the case may be, and to exist continuously afterwards until section 851.36 or 851.37 applies in respect of the trust;

(b) the property held under the arrangement is deemed to be the property of the amateur athlete trust and not property of any other person;

(c) if, at any time, the national sport organization or the issuer, as the case may be, receives an amount under the arrangement and the amount would, in the absence of this paragraph, be included in computing the income of the individual in respect of the arrangement for the individual’s taxation year that includes that time, the amount is deemed to be income of the amateur athlete trust for the taxation year and not to be income of the individual;

(d) if, at any time, the national sport organization or the issuer, as the case may be, pays or transfers an amount under the arrangement to or for the benefit of the individual, the amount is deemed to be an amount distributed at that time to the individual by the amateur athlete trust;

(e) the individual is deemed to be the beneficiary under the amateur athlete trust;

(f) the national sport organization or the third party, as the case may be, in respect of the arrangement is deemed to be the trustee of the amateur athlete trust; and

(g) no tax is payable under this Part by the amateur athlete trust on its taxable income for any taxation year.”

(2) Subsection 1 applies from the taxation year 2008. However,

(1) if the individual, in respect of an amateur athlete trust, has made a valid election under subsection 2 of section 50 of the Budget Implementation Act, 2009 (Statutes of Canada, 2009, chapter 2), subparagraph *c* of the second paragraph of section 851.34 of the Taxation Act is to be read as follows:

“(c) if, at any time before 3 March 2009, the national sport organization or the issuer, as the case may be, receives an amount under the arrangement and the amount would, in the absence of this paragraph, be included in computing the income of the individual in respect of the arrangement for the individual’s taxation year 2008, the amount is deemed to be income of the amateur athlete trust for the taxation year 2009 and not to be income of the individual;”; and

(2) when subparagraph *d* of the second paragraph of section 851.34 of the Act applies before 15 May 2009, it is to be read as if “distributed” was replaced by “allocated”.

83. Section 890.6.1 of the Act is amended by replacing “of regulations made” in subparagraph *a* of the first paragraph by “of the Income Tax Regulations made”.

84. Section 890.15 of the Act is amended by replacing “une maison d’enseignement prescrite” and “d’une telle maison” in paragraph *d* of the definition of “fiducie” in the French text by “un établissement d’enseignement prescrit” and “d’un tel établissement”, respectively.

85. Section 890.16.1 of the Act is amended by replacing “d’une maison d’enseignement visée” in the French text by “d’un établissement d’enseignement visé”.

86. Section 895 of the Act is amended by replacing “une maison d’enseignement postsecondaire prescrite” in the following provisions in the French text by “un établissement d’enseignement postsecondaire prescrit”:

— paragraph *f*;

— subparagraphs 1 and 2 of subparagraph ii of paragraph *f*.1.

87. Section 895.0.1 of the Act is amended by replacing “une maison d’enseignement postsecondaire prescrite” in the French text by “un établissement d’enseignement postsecondaire prescrit”.

88. (1) Section 905.0.6 of the Act is amended by replacing “doit cesser d’exister” in subparagraph *p* of the first paragraph in the French text by “doit cesser d’exister,”.

(2) Subsection 1 applies from the taxation year 2008.

89. (1) Section 905.0.10 of the Act is amended by replacing paragraphs *a* and *b* in the French text by the following paragraphs:

“*a*) contracté un emprunt au cours de l’année;

“*b*) contracté, au cours d’une année d’imposition antérieure, un emprunt qu’elle n’a pas remboursé avant le début de l’année.”

(2) Subsection 1 applies from the taxation year 2008.

90. (1) The Act is amended by inserting the following sections after section 924.1:

“**924.2.** If an individual who is an annuitant under a registered retirement savings plan dies before the date provided for the first payment of benefits under the plan, there may be deducted in computing the individual’s income for the taxation year in which the individual dies an amount not exceeding the amount determined, after all amounts payable under the plan have been paid, by the formula

$A - B.$

In the formula in the first paragraph,

(*a*) *A* is the aggregate of all amounts each of which is

i. the amount deemed by the first paragraph of section 915.2 to have been received by the individual as a benefit out of or under the plan,

ii. an amount (other than an amount described in subparagraph iii) received, after the death of the individual, by another individual as a benefit out of or under the plan and included under section 929 in computing the other individual’s income, or

iii. a tax-paid amount in respect of the plan; and

(*b*) *B* is the aggregate of all amounts paid out of or under the plan after the death of the individual who is the annuitant.

“924.3. Unless the Minister has waived in writing the application of this section with respect to all or any portion of the amount determined in section 924.2, that section does not apply in respect of an individual who is an annuitant under a registered retirement savings plan if

(a) after the death of the individual, a trust governed by the plan held an investment that was a non-qualified investment for the purposes of section 146 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); or

(b) the last payment out of or under the plan was made after the end of the year following the year in which the individual died.”

(2) Subsection 1 applies in respect of a registered retirement savings plan in respect of which the last payment is made after 31 December 2008.

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

(1) by replacing “\$20,000” in paragraph *h* of the definition of “regular eligible amount” by “\$25,000”;

(2) by replacing “\$20,000” in paragraph *g* of the definition of “supplemental eligible amount” by “\$25,000”.

(2) Subsection 1 applies from the taxation year 2009 in respect of a withdrawal made after 27 January 2009.

92. (1) The Act is amended by inserting the following section after section 935.26:

“935.26.1. If an arrangement that governs a trust ceases to be a tax-free savings account because of the death of the holder of the tax-free savings account, the following rules apply:

(a) the arrangement is deemed, for the purposes of the third paragraph of section 647, sections 935.21 to 935.24 and 935.26 and paragraph *h.1* of section 998, to continue to be a tax-free savings account until, and to cease to be a tax-free savings account immediately after, the exemption-end time;

(b) there must be included in computing a taxpayer’s income for a taxation year the aggregate of all amounts each of which is an amount determined by the formula

$A - B$; and

(c) there must be included in computing the trust’s income for its first taxation year, if any, that begins after the exemption-end time the amount determined by the formula

$C - D$.

In the formulas in subparagraphs *b* and *c* of the first paragraph,

(a) A is the amount of a payment made out of or under the trust, in satisfaction of all or part of the taxpayer's beneficial interest in the trust, in the taxation year, after the holder's death and at or before the exemption-end time;

(b) B is an amount designated by the trust not exceeding the lesser of

i. the amount of the payment, and

ii. the amount by which the fair market value of all of the property held by the trust immediately before the holder's death exceeds the aggregate of all amounts each of which is an amount determined under this subparagraph *b* in respect of any other payment made out of or under the trust;

(c) C is the fair market value of all of the property held by the trust at the exemption-end time; and

(d) D is the amount by which the fair market value of all of the property held by the trust immediately before the holder's death exceeds the aggregate of all amounts each of which is an amount determined under subparagraph *b* in respect of a payment made out of or under the trust.

For the purposes of this section, the exemption-end time is the earlier of

(a) the time at which the trust ceases to exist; and

(b) the end of the first calendar year that begins after the holder dies.”

(2) Subsection 1 applies from the taxation year 2009.

93. The Act is amended by inserting the following section after section 961.1.5.0.1:

“961.1.5.0.2. The minimum amount under a retirement income fund for the taxation year 2008 is 75% of the amount that would, but for this section, be the minimum amount under the fund for that year.

The first paragraph does not apply in respect of a retirement income fund

(a) for the purposes of section 961.17.0.1, paragraph *k* of the definition of “remuneration” in section 1015R1 of the Regulation respecting the Taxation Act (R.R.Q., chapter I-3, r. 1) and subparagraph *a* of the second paragraph of section 1015R21 of that regulation; or

(b) if the individual who was the annuitant under the fund on 1 January 2008 reached 70 years of age in the year 2007.”

94. (1) The Act is amended by inserting the following sections after section 961.21:

“961.21.0.1. If the last annuitant under a registered retirement income fund dies, there may be deducted in computing the annuitant’s income for the taxation year in which the annuitant dies an amount not exceeding the amount determined, after all amounts payable under the fund have been paid, by the formula

A – B.

In the formula in the first paragraph,

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

i. the amount deemed by the first paragraph of section 961.17.1 to have been received by the annuitant out of or under the fund,

ii. an amount (other than an amount described in subparagraph iii) received, after the death of the annuitant, by an individual out of or under the fund and included under the first paragraph of section 961.17 in computing the individual’s income, or

iii. an amount that would, if the fund were a registered retirement savings plan, be a tax-paid amount, within the meaning of section 905.1, in respect of the fund; and

(b) B is the aggregate of all amounts paid out of or under the fund after the death of the annuitant.

“961.21.0.2. Unless the Minister has waived in writing the application of this section with respect to all or any portion of the amount determined in section 961.21.0.1, that section does not apply in respect of an annuitant under a registered retirement income fund if

(a) after the death of the annuitant, a trust governed by the fund held an investment that was not a qualified investment for the purposes of section 146.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); or

(b) the last payment out of or under the fund was made after the end of the year following the year in which the annuitant died.”

(2) Subsection 1 applies in respect of a registered retirement income fund in respect of which the last payment is made after 31 December 2008.

95. (1) The heading of Title VI.5 of Book VII of Part I of the Act is replaced by the following heading:

“STOCK SAVINGS PLANS II”.

(2) Subsection 1 has effect from 20 March 2009.

96. (1) Section 965.55 of the Act is amended

(1) by replacing the definition of “SME growth stock plan” in the first paragraph by the following definition:

““stock savings plan II” means an arrangement described in section 965.56;”;

(2) by replacing “1 January 2010” in the second paragraph by “1 January 2015”.

(2) Subsection 1 has effect from 20 March 2009.

97. (1) Section 965.56 of the Act is amended

(1) by replacing “An SME growth stock plan” in the portion before paragraph *a* by “A stock savings plan II”;

(2) by replacing “for the purposes of this Act” in paragraph *a* by “for the purposes of this Act or of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)”;

(3) by replacing “for the purposes of this Act” in subparagraphs *i* and *ii* of paragraph *b* by “for the purposes of this Act or of the Income Tax Act”.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraphs 2 and 3 of subsection 1 apply 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 23 June 2009.

98. (1) Section 965.57 of the Act is replaced by the following section:

“965.57. A qualified issuing corporation making a public issue of shares of its capital stock with a stipulation that they can be included in a stock savings plan II is required to take steps to have the shares listed on a designated stock exchange located in Canada not later than 60 days after the date of the receipt for the final prospectus relating to their issue.”

(2) Subsection 1 has effect from 20 March 2009. In addition, when section 965.57 of the Act applies after 13 December 2007 and before 20 March 2009, it is to be read as if “Canadian stock exchange” was replaced by “designated stock exchange located in Canada”.

99. (1) Section 965.58 of the Act is amended by replacing “an SME growth stock plan” by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

100. (1) Section 965.59 of the Act is amended by replacing “an SME growth stock plan” wherever it appears by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

101. (1) Section 965.60 of the Act is amended by replacing “an SME growth stock plan” by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

102. (1) Section 965.61 of the Act is amended by replacing “an SME growth stock plan” by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

103. (1) Section 965.63 of the Act is amended by replacing “SME growth stock plans” by “stock savings plans II”.

(2) Subsection 1 has effect from 20 March 2009.

104. (1) Section 965.73 of the Act is amended by replacing “\$100,000,000” by “\$200,000,000”.

(2) 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 19 March 2009.

105. (1) Section 965.74 of the Act is amended by replacing “an SME growth stock plan” in the portion before paragraph *a* and in paragraph *d* by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

106. (1) Section 965.76 of the Act is amended

(1) by replacing “an SME growth stock plan” in the portion before paragraph *a* by “a stock savings plan II”;

(2) by replacing “Canadian stock exchange” in paragraph *e* by “designated stock exchange located in Canada”.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraph 2 of subsection 1 has effect from 14 December 2007.

107. (1) Section 965.85 of the Act is amended by replacing “an SME growth stock plan” wherever it appears in the portion before paragraph *c* by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

108. (1) Section 965.86 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) at the time of its acquisition, it is listed on a designated stock exchange located in Canada or, if the acquisition occurs before 14 December 2007, on a Canadian stock exchange, within the meaning assigned to that expression by section 1 on 13 December 2007;”.

(2) Subsection 1 has effect from 14 December 2007.

109. (1) Section 965.87 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) at the time of its acquisition, it is listed on a designated stock exchange located in Canada or, if the acquisition occurs before 14 December 2007, on a Canadian stock exchange, within the meaning assigned to that expression by section 1 on 13 December 2007;”.

(2) Subsection 1 has effect from 14 December 2007.

110. (1) Section 965.88 of the Act is amended

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

“**965.88.** A corporation may obtain a designation of eligibility for the list of the Autorité des marchés financiers in respect of a share of a class of its capital stock if it files an application with the Minister in the prescribed form containing prescribed information, on which a director of the corporation shall certify that the following conditions are satisfied on the date of the application:”;

(2) by replacing “Canadian stock exchange” in paragraph *a* by “designated stock exchange located in Canada”;

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

“(b) the corporation would meet the requirements set out in section 965.90 or 965.94 if, in those sections, “on the date of the receipt for the final prospectus or of the exemption from filing a prospectus” were replaced by “on the date of the application filed with the Minister” and if, in subparagraph *d* of the first paragraph of section 965.94, “before the date of the receipt for the final prospectus or of the exemption from filing a prospectus” were replaced by “before the date of the application filed with the Minister”.”;

(4) by adding the following paragraph:

“The corporation shall enclose a description of its capital stock and its consolidated and non-consolidated financial statements with the prescribed form referred to in the first paragraph.”

(2) Paragraphs 1, 3 and 4 of subsection 1 apply in respect of an application filed with the Minister of Revenue after 30 June 2009.

(3) Paragraph 2 of subsection 1 has effect from 14 December 2007.

111. (1) Section 965.90 of the Act is amended by replacing “\$100,000,000” in paragraph *b* by “\$200,000,000”.

(2) 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 19 March 2009.

112. (1) Section 965.91 of the Act is amended by replacing subparagraph *i* of paragraph *a* by the following subparagraph:

“*i.* throughout the 12-month period preceding the date of the receipt for the final prospectus or of the exemption from filing a prospectus, a class of shares of its capital stock is listed on a designated stock exchange located in Canada, and”.

(2) Subsection 1 has effect from 14 December 2007. However, when subparagraph *i* of paragraph *a* of section 965.91 of the Act applies in respect of a period that begins before 14 December 2007 and that includes that date, it is to be read as follows:

“*i.* throughout the 12-month period preceding the date of the receipt for the final prospectus or of the exemption from filing a prospectus, a class of shares of its capital stock is listed on a designated stock exchange located in Canada or, in respect of the part of that period that precedes 14 December 2007, on a Canadian stock exchange, within the meaning assigned to that expression by section 1 on 13 December 2007, and”.

113. (1) Section 965.94 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) throughout the 12-month period preceding the date of the receipt for the final prospectus or of the exemption from filing a prospectus, a class of shares of its capital stock is listed on a designated stock exchange located in Canada; and”.

(2) Subsection 1 has effect from 14 December 2007. However, when subparagraph *a* of the second paragraph of section 965.94 of the Act applies in respect of a period that begins before 14 December 2007 and that includes that date, it is to be read as follows:

“(a) throughout the 12-month period preceding the date of the receipt for the final prospectus or of the exemption from filing a prospectus, a class of shares of its capital stock is listed on a designated stock exchange located in Canada or, in respect of the part of that period that precedes 14 December 2007, on a Canadian stock exchange, within the meaning assigned to that expression by section 1 on 13 December 2007; and”.

114. (1) Section 965.95 of the Act is amended by replacing “\$100,000,000” in paragraph *b* by “\$200,000,000”.

(2) 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 19 March 2009.

115. (1) Section 965.96 of the Act is amended by replacing subparagraph *a* of the third paragraph by the following subparagraph:

“(a) throughout the part of the period described in the second paragraph, a class of shares of its capital stock is listed on a designated stock exchange located in Canada; and”.

(2) Subsection 1 has effect from 14 December 2007. However, when subparagraph *a* of the third paragraph of section 965.96 of the Act applies in respect of a part of the period that begins before 14 December 2007 and that includes that date, it is to be read as follows:

“(a) throughout the part of the period described in the second paragraph, a class of shares of its capital stock is listed on a designated stock exchange located in Canada or, in respect of the part of that part of the period that precedes 14 December 2007, on a Canadian stock exchange, within the meaning assigned to that expression by section 1 on 13 December 2007; and”.

116. (1) Section 965.97 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) throughout the part of the part of the period described in the first paragraph, a class of shares of its capital stock is listed on a designated stock exchange located in Canada; and”.

(2) Subsection 1 has effect from 14 December 2007. However, when subparagraph *a* of the second paragraph of section 965.97 of the Act applies in respect of a part of the part of the period that begins before 14 December 2007 and that includes that date, it is to be read as follows:

“(a) throughout the part of the part of the period described in the first paragraph, a class of shares of its capital stock is listed on a designated stock exchange located in Canada or, in respect of the part of that part of the part of

the period that precedes 14 December 2007, on a Canadian stock exchange, within the meaning assigned to that expression by section 1 on 13 December 2007; and”.

117. (1) Section 965.98 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) throughout the part of the period described in that subparagraph *b*, a class of shares of its capital stock is listed on a designated stock exchange located in Canada; and”.

(2) Subsection 1 has effect from 14 December 2007. However, when subparagraph *a* of the second paragraph of section 965.98 of the Act applies in respect of a part of the period that begins before 14 December 2007 and that includes that date, it is to be read as follows:

“(a) throughout the part of the period described in that subparagraph *b*, a class of shares of its capital stock is listed on a designated stock exchange located in Canada or, in respect of the part of that part of the period that precedes 14 December 2007, on a Canadian stock exchange, within the meaning assigned to that expression by section 1 on 13 December 2007; and”.

118. (1) Section 965.99 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) throughout the part of the period described in that subparagraph *b*, a class of shares of its capital stock is listed on a designated stock exchange located in Canada; and”.

(2) Subsection 1 has effect from 14 December 2007. However, when subparagraph *a* of the second paragraph of section 965.99 of the Act applies in respect of a part of the period that begins before 14 December 2007 and that includes that date, it is to be read as follows:

“(a) throughout the part of the period described in that subparagraph *b*, a class of shares of its capital stock is listed on a designated stock exchange located in Canada or, in respect of the part of that part of the period that precedes 14 December 2007, on a Canadian stock exchange, within the meaning assigned to that expression by section 1 on 13 December 2007; and”.

119. (1) Section 965.100 of the Act is amended by replacing subparagraph *a* of the third paragraph by the following subparagraph:

“(a) throughout the part of the period described in subparagraph ii of subparagraph *b* of the first paragraph, a class of shares of its capital stock is listed on a designated stock exchange located in Canada; and”.

(2) Subsection 1 has effect from 14 December 2007. However, when subparagraph *a* of the third paragraph of section 965.100 of the Act applies in respect of a part of the period that begins before 14 December 2007 and that includes that date, it is to be read as follows:

“(a) throughout the part of the period described in subparagraph ii of subparagraph *b* of the first paragraph, a class of shares of its capital stock is listed on a designated stock exchange located in Canada or, in respect of the part of that part of the period that precedes 14 December 2007, on a Canadian stock exchange, within the meaning assigned to that expression by section 1 on 13 December 2007; and”.

120. (1) Section 965.114 of the Act is amended by replacing “an SME growth stock plan” by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

121. (1) Section 965.119 of the Act is amended, in the first paragraph,

(1) by replacing “an SME growth stock plan” in the portion before subparagraph *a* by “a stock savings plan II”;

(2) by replacing “three” wherever it appears in subparagraph *b* by “two”.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraph 2 of subsection 1 applies from the year 2009.

122. (1) Section 965.121 of the Act is amended

(1) by replacing “an SME growth stock plan” in the portion before paragraph *a* by “a stock savings plan II”;

(2) by replacing “three” wherever it appears in paragraph *e* by “two”;

(3) by replacing “four” in paragraph *f* by “three”.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraphs 2 and 3 of subsection 1 apply from the year 2009.

123. (1) Section 965.123 of the Act is replaced by the following section:

“965.123. The adjusted cost of a qualifying share to an individual or a qualified mutual fund is obtained by multiplying the cost of the qualifying share to the individual or the qualified mutual fund, determined without reference to the borrowing costs, brokerage or custody fees or other similar costs related to the qualifying share, by

(a) 150% in the case of a qualifying share acquired by the individual or the qualified mutual fund after 19 March 2009 and before 1 January 2011; or

(b) 100% in the case of any other qualifying share acquired by the individual or the qualified mutual fund.”

(2) Subsection 1 has effect from 20 March 2009.

124. (1) Section 965.125 of the Act is replaced by the following section:

“965.125. The adjusted cost of a share that is a valid share to an individual or a qualified mutual fund is obtained by multiplying the cost of the share to the individual or the qualified mutual fund, determined without reference to the borrowing costs, brokerage or custody fees or other similar costs related to the share, by

(a) 150% in the case of a valid share acquired by the individual or the qualified mutual fund after 19 March 2009 and before 1 January 2011; or

(b) 100% in the case of any other valid share acquired by the individual or the qualified mutual fund.”

(2) Subsection 1 has effect from 20 March 2009.

125. (1) Section 965.126 of the Act is amended

(1) by replacing “an SME growth stock plan” in the portion of the first paragraph before subparagraph *a* by “a stock savings plan II”;

(2) by replacing “three” in subparagraphs *d* and *e* of the second paragraph by “two”;

(3) by replacing “for the preceding two years in respect of an SME growth stock plan” in subparagraph *f* of the second paragraph by “for the preceding year in respect of a stock savings plan II”.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraphs 2 and 3 of subsection 1 apply from the year 2009. However, when section 965.126 of the Act applies before 20 March 2009, it is to be read as if “a stock savings plan II” in subparagraph *f* of the second paragraph was replaced by “an SME growth stock plan”.

126. (1) Section 965.128 of the Act is amended

(1) by replacing “an SME growth stock plan” in the portion of the first paragraph before subparagraph *a* by “a stock savings plan II”;

(2) by replacing “three” in subparagraphs *c* and *f* of the second paragraph by “two”;

(3) by replacing “for the preceding two years in respect of an SME growth stock plan” in subparagraph *d* of the second paragraph by “for the preceding year in respect of a stock savings plan II”.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraphs 2 and 3 of subsection 1 apply from the year 2009. However, when section 965.128 of the Act applies before 20 March 2009, it is to be read as if “a stock savings plan II” in subparagraph *d* of the second paragraph was replaced by “an SME growth stock plan”.

127. (1) Section 965.129 of the Act is amended by replacing “an SME growth stock plan” in the portion of the first paragraph before the formula by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

128. (1) Section 965.130 of the Act is amended

(1) by replacing “an SME growth stock plan” in the first paragraph by “a stock savings plan II”;

(2) by replacing “SME growth stock plan on 1 January of the fourth year” in the second paragraph by “stock savings plan II on 1 January of the third year”.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraph 2 of subsection 1 applies from the year 2009. However, when the second paragraph of section 965.130 of the Act applies before 20 March 2009, it is to be read as if “stock savings plan II” was replaced by “SME growth stock plan”.

129. (1) Section 965.131 of the Act is amended by replacing “an SME growth stock plan” in the first and second paragraphs by “a stock savings plan II” and by replacing “the SME growth stock plan” in the third paragraph by “the stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

130. Section 985.8.3 of the Act is amended by replacing “under section 710 or tax credit under section 752.0.10.6” in paragraph *b* by “under section 710 or 752.0.10.6”.

131. (1) Section 1012.1 of the Act is amended

(1) by replacing “réclamé” in the portion before paragraph *a* in the French text by “demandé”;

(2) by inserting the following paragraph after paragraph *d.1.0.1*:

“(d.1.0.2) the second paragraph of section 915.2, section 924.2, the second paragraph of section 961.17.1 or 961.21.0.1, in respect of a registered retirement savings plan or a registered retirement income fund, with the understanding that an amount claimed as a deduction includes, for the purposes of this section, a reduction of an amount otherwise required to be included in computing a taxpayer’s income under the second paragraph of section 915.2 or 961.17.1, as the case may be;”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2009.

(3) Paragraph 2 of subsection 1 applies in respect of a registered retirement savings plan or a registered retirement income fund in respect of which the last payment is made after 31 December 2008.

132. (1) Section 1015 of the Act is amended by replacing “e.4” in subparagraph *e.1* of the second paragraph by “e.6”.

(2) Subsection 1 applies from the taxation year 2003. However, when subparagraph *e.1* of the second paragraph of section 1015 of the Act applies to the taxation years 2003 to 2007, it is to be read as if “e.6” was replaced by “e.5”.

133. Section 1026.0.1 of the Act is amended by striking out “, estimated in accordance with section 1004,”.**134.** (1) Section 1027 of the Act is amended by replacing subparagraph *b* of the first paragraph by the following subparagraph:

“(b) on or before the corporation’s balance-due day for its taxation year, the remainder of the corporation’s tax payable for the year.”

(2) Subsection 1 applies to a taxation year that begins after 13 December 2007.

135. (1) Section 1027.0.1 of the Act is amended by replacing “\$400,000” in subparagraph *a* of the first paragraph by “\$500,000”.

(2) Subsection 1 applies to a taxation year that ends after 19 March 2009. However, when section 1027.0.1 of the Act applies to such a taxation year that includes that date, subparagraph *a* of the first paragraph of section 1027.0.1 is to be read as follows:

“(a) the corporation’s taxable income for the preceding taxation year does not exceed \$400,000 or its taxable income for the year does not exceed the aggregate of

i. the proportion of \$400,000 that the number of days in the taxation year that precede 20 March 2009 is of the number of days in the taxation year, and

ii. the proportion of \$500,000 that the number of days in the taxation year that follow 19 March 2009 is of the number of days in the taxation year;”.

136. (1) Section 1029.6.0.0.1 of the Act is amended, in the second paragraph,

(1) by replacing “and II.6.6.1 to II.6.15” in the portion before subparagraph *a* by “, II.6.6.1 to II.6.15 and II.22”;

(2) by adding the following subparagraph after subparagraph *j*:

“(k) in the case of Division II.22, government assistance or non-government assistance does not include

i. an amount deemed to have been paid to the Minister for the taxation year 2009 under that division, or

ii. the portion of any amount deducted or deductible under the Income Tax Act that can reasonably be attributed to an expenditure described in the definition of “home improvement and renovation expenditure” in section 1029.8.146.”

(2) Subsection 1 has effect from 14 January 2009.

137. Section 1029.6.0.1 of the Act is amended by replacing “and II.6.8 to II.6.12” in paragraph *c* by “, II.6.8 and II.6.9”.

138. Section 1029.6.0.1.8 of the Act is amended by striking out “II.6.11,”.

139. (1) The heading of Division II.5.1.1 of Chapter III.1 of Title III of Book IX of Part I of the Act is replaced by the following heading:

“CREDIT FOR LABOUR TRAINING IN THE MANUFACTURING, FORESTRY AND MINING SECTORS”.

(2) Subsection 1 has effect from 20 March 2009.

140. (1) Section 1029.8.33.11.1 of the Act is amended, in the first paragraph,

(1) by replacing the definition of “eligible activity” by the following definition:

““eligible activity” of an eligible employer means an activity of the employer

(a) that relates to the manufacturing sector and is described under code 31, 32 or 33 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada, or

(b) that relates to the forestry or mining sector and is described under code 113, 211 or 212 of the North American Industry Classification System (NAICS) Canada, as amended from time to time and published by Statistics Canada;”;

(2) by replacing the portion of the definition of “eligible training” before paragraph *a* by the following:

““eligible training” in respect of an eligible employer means a course that relates to an eligible activity of the eligible employer and that is given by an eligible instructor, in respect of the employer, under a contract entered into between the instructor and the employer after 23 November 2007, in the case of an activity described in paragraph *a* of the definition of “eligible activity”, or after 19 March 2009, in the case of an activity described in paragraph *b* of that definition, but does not include”;

(3) by replacing the definition of “eligibility period” by the following definition:

““eligibility period” means

(a) if the eligible training expenditure relates to an activity described in paragraph *a* of the definition of “eligible activity”, the period beginning on 24 November 2007 and ending on 31 December 2011; and

(b) if the eligible training expenditure relates to an activity described in paragraph *b* of the definition of “eligible activity”, the period beginning on 20 March 2009 and ending on 31 December 2011;”.

(2) Subsection 1 has effect from 20 March 2009.

141. (1) Section 1029.8.33.11.11 of the Act is amended by replacing the second paragraph by the following paragraph:

“For the purposes of the definition of “eligible training expenditure” in the first paragraph,

(a) the cost of eligible training does not include the travel, meal or accommodation expenses incurred in respect of an eligible employee in order to allow that employee to attend the eligible training; and

(b) if the eligible training is part of the Programme d'intégration linguistique des immigrants administered by the Ministère de l'Immigration et des Communautés culturelles, subparagraph ii of paragraph *b* of the definition of "eligible training expenditure" is to be read as follows, in respect of the eligible training:

"ii. 200% of the product obtained by multiplying \$90 by the number of hours the eligible training lasts or, if the eligible training is offered to more than one eligible employer, of the proportion of that product that the number of eligible employees of the eligible employer who participate in the eligible training is of the number of eligible employees who participate in the eligible training;".

(2) Subsection 1 has effect from 14 March 2008.

142. (1) Section 1029.8.34 of the Act is amended

(1) by replacing "shall be read with "if the individual is resident in Québec at any time in the calendar year in which the individual rendered those services" inserted" in the seventh paragraph by "is to be read as if "if the individual is resident in Québec at any time in the calendar year in which the individual rendered those services" was inserted";

(2) by replacing subparagraphs *a* to *c* of the ninth paragraph by the following subparagraphs:

"(a) the definition of "qualified expenditure for services rendered outside the Montréal area" in the first paragraph, in respect of the property, is to be read as if "100/10.5 or 100/22.17" was replaced wherever it appears by

i. "100/9.1875 or 100/19.3958", if the qualified expenditure for services rendered outside the Montréal area, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph 1 of subparagraph i of subparagraph *a.1* of the first paragraph of section 1029.8.35 or in subparagraph 1 of subparagraph ii of that subparagraph *a.1*, and

ii. "100/10 or 100/20", if the qualified expenditure for services rendered outside the Montréal area, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph 2 of subparagraph i of subparagraph *a.1* of the first paragraph of section 1029.8.35 or in subparagraph 2 of subparagraph ii of that subparagraph *a.1*;

"(b) the definition of "qualified computer-aided special effects and animation expenditure" in the first paragraph, in respect of the property, is to be read as if "60/7" was replaced wherever it appears by

i. "100/10.2083", if the qualified computer-aided special effects and animation expenditure, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph 1 of subparagraph i of subparagraph *b* of the first paragraph of section 1029.8.35, and

ii. “100/10”, if the qualified computer-aided special effects and animation expenditure, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph 2 of subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.35; and

“(c) the definition of “qualified labour expenditure” in the first paragraph, in respect of the property, is to be read as if “250%” was replaced wherever it appears by

i. “100/39.375”, if the property is referred to in subparagraph *a* of the first paragraph of section 1029.8.35.2 and the qualified labour expenditure, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph *i* of that subparagraph *a*,

ii. “100/29.1667”, if the property is referred to in subparagraph *b* of the first paragraph of section 1029.8.35.2 and the qualified labour expenditure, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph *i* of that subparagraph *b*,

iii. “20/9”, if the property is referred to in subparagraph *a* of the first paragraph of section 1029.8.35.2 and the qualified labour expenditure, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph *ii* of that subparagraph *a*, or “20/11”, if the property is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs *ii* to *viii.1* of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, and

iv. “20/7”, if the property is referred to in subparagraph *b* of the first paragraph of section 1029.8.35.2 and the qualified labour expenditure, in respect of which tax under Part III.1 is to be paid in respect of the property, is referred to in subparagraph *ii* of that subparagraph *b*, or “20/9”, if the property is the subject of a valid certificate issued by the Société de développement des entreprises culturelles for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35 and none of the amounts of assistance referred to in subparagraphs *ii* to *viii.1* of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect.”;

(3) by replacing “shall be read, in respect of that property, with “250%”, wherever it appears, replaced by “20/9” if” in the tenth paragraph by “is to be read, in respect of that property, as if “250%” was replaced wherever it appears by “20/9” where”;

(4) by adding the following paragraph after the tenth paragraph:

“For the purpose of determining the qualified labour expenditure of a corporation for a taxation year that ends after 31 December 2008 in respect of a property, the amount of a labour expenditure incurred by the corporation in respect of the property before 1 January 2009 is to be multiplied by

(a) 39.375/45, if subparagraph *a* of the first paragraph of section 1029.8.35.2 applies in respect of the property; and

(b) 29.1667/35, if subparagraph *b* of the first paragraph of section 1029.8.35.2 applies in respect of the property.”

(2) Paragraphs 2 and 4 of subsection 1 have effect from 1 January 2009.

143. (1) Section 1029.8.35 of the Act is amended, in the first paragraph,

(1) by replacing “and in which the Société de développement des entreprises culturelles breaks down the amount of the corporation’s expenditure for services rendered outside the Montréal area into the items in the production budget of the property relating to that amount” in the portion of subparagraph *a.1* before subparagraph *i* by “and respecting the amount of the corporation’s expenditure for services rendered outside the Montréal area in respect of the property”;

(2) by replacing subparagraph *i* of subparagraph *a.1* by the following subparagraph:

“*i.* where subparagraph *a* of the first paragraph of section 1029.8.35.2 applies in respect of the property

(1) for a taxation year that ends before 1 January 2009, 9.1875% of its qualified expenditure for services rendered outside the Montréal area for the year in respect of the property, or

(2) for a taxation year that ends after 31 December 2008, 10% of its qualified expenditure for services rendered outside the Montréal area for the year in respect of the property.”;

(3) by inserting the following subparagraph after subparagraph *i* of subparagraph *a.1*:

“*i.1.* where subparagraph *a* of the second paragraph of section 1029.8.35.2 applies in respect of the property, 10.5% of its qualified expenditure for services rendered outside the Montréal area for the year in respect of the property.”;

(4) by replacing subparagraph *ii* of subparagraph *a.1* by the following subparagraph:

“*ii.* where subparagraph *b* of the first paragraph of section 1029.8.35.2 applies in respect of the property

(1) for a taxation year that ends before 1 January 2009, 19.3958% of its qualified expenditure for services rendered outside the Montréal area for the year in respect of the property, or

(2) for a taxation year that ends after 31 December 2008, 20% of its qualified expenditure for services rendered outside the Montréal area for the year in respect of the property, and”;

(5) by adding the following subparagraph after subparagraph ii of subparagraph *a.1*:

“iii. where subparagraph *b* of the second paragraph of section 1029.8.35.2 applies in respect of the property, 22.17% of its qualified expenditure for services rendered outside the Montréal area for the year in respect of the property;”;

(6) by replacing “and in which the Société de développement des entreprises culturelles breaks down the amount of the corporation’s computer-aided special effects and animation expenditure into the items in the production budget of the property relating to that amount” in the portion of subparagraph *b* before subparagraph i by “and respecting the amount of the corporation’s computer-aided special effects and animation expenditure in respect of the property”;

(7) by replacing subparagraph i of subparagraph *b* by the following subparagraph:

“i. where subparagraph *b* of the first paragraph of section 1029.8.35.2 applies in respect of the property,

(1) if an amount included in computing the corporation’s qualified computer-aided special effects and animation expenditure for the year in respect of the property was incurred before 1 January 2009, 10.2083% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property, and

(2) in any other case, 10% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property, and”;

(8) by adding the following subparagraph after subparagraph *b*:

“(c) where the corporation encloses with the fiscal return it is required to file for the year a copy of the valid certificate issued to it by the Société de développement des entreprises culturelles in respect of the property and certifying that the property qualifies for the increase applicable to certain productions that do not receive an amount of financial assistance granted by a public body and that none of the amounts of assistance referred to in subparagraphs ii to viii.1 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted as part of the production of the property, 10% of the portion of its qualified labour expenditure for the year in respect of the property that may reasonably be considered to be attributable to a labour expenditure incurred after 31 December 2008 in respect of the property.”

(2) Paragraphs 2 to 5, 7 and 8 of subsection 1 have effect from 1 January 2009.

144. (1) Section 1029.8.35.1 of the Act is amended

(1) by replacing “The amount that a corporation is deemed” in the first paragraph by “Subject to subparagraph *b* of the third paragraph, the amount that a corporation is deemed”;

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

“Where the property is a property referred to in the first paragraph of section 1029.8.35.2, the following rules apply:

(*a*) for the purpose of determining the amount that a corporation is deemed to have paid to the Minister, under section 1029.8.35, on account of its tax payable under this Part in respect of the property for a taxation year that ends before 1 January 2009, the amount of \$2,500,000 is to be replaced, wherever it appears in the first and second paragraphs, by the amount of \$2,187,500; and

(*b*) for the purpose of determining the amount that a corporation is deemed to have paid to the Minister, under section 1029.8.35, on account of its tax payable under this Part in respect of the property for a taxation year that ends after 31 December 2008, the first and second paragraphs do not apply.”

(2) Subsection 1 has effect from 1 January 2009.

145. (1) Section 1029.8.35.2 of the Act is amended by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) in the case of a production in respect of which the Société de développement des entreprises culturelles has issued a certificate, for the purposes of this division, to the effect that the production qualifies for the increase applicable to certain French-language productions or to giant-screen films,

i. 39.375%, if the taxation year for which the rate applies in respect of the corporation’s qualified labour expenditure for the year in relation to the property ends before 1 January 2009, and

ii. 45%, if the taxation year for which the rate applies in respect of the corporation’s qualified labour expenditure for the year in relation to the property ends after 31 December 2008; and

“(b) in any other case,

i. 29.1667%, if the taxation year for which the rate applies in respect of the corporation’s qualified labour expenditure for the year in relation to the property ends before 1 January 2009, and

ii. 35%, if the taxation year for which the rate applies in respect of the corporation's qualified labour expenditure for the year in relation to the property ends after 31 December 2008.”

(2) Subsection 1 has effect from 1 January 2009.

146. (1) Section 1029.8.35.3 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) where subparagraph *b* of the first paragraph of section 1029.8.35.2 applies in respect of the property

i. for a taxation year that ends before 1 January 2009, 48.5625% of the qualified labour expenditure for the year in respect of the property, or

ii. for a taxation year that ends after 31 December 2008, 65% of the qualified labour expenditure for the year in respect of the property; and”.

(2) Subsection 1 has effect from 1 January 2009.

147. (1) Section 1029.8.36.0.0.1 of the Act is amended by replacing the fifth paragraph by the following paragraph:

“For the purposes of the definition of “qualified film dubbing expenditure” in the first paragraph, that definition is to be read as if

(a) “300%” was replaced wherever it appears by “342.85%”, in the case of a production referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.0.2; and

(b) “300%” was replaced wherever it appears by “333 1/3%”, in the case of a production referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.2.”

(2) Subsection 1 has effect from 20 March 2009.

148. (1) Section 1029.8.36.0.0.2 of the Act is amended, in the first paragraph,

(1) by inserting “and to which subparagraph *a.1* does not apply” after “31 August 2003” in subparagraph *a*;

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

“(a.1) in the case of a production for which an application for a certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009, 30% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production; and”.

(2) Subsection 1 has effect from 20 March 2009.

149. (1) Section 1029.8.36.0.0.4 of the Act is amended

(1) by striking out “or, in the absence of such an application, an application for a certificate” in subparagraph iii of paragraph *a* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph;

(2) by striking out “or, in the absence of such an application, an application for a certificate” and “or a certificate” in paragraph *a* of the definition of “labour expenditure” in the first paragraph and by striking out “or, in the absence of such an application, an application for a certificate” and “or the certificate” in paragraph *b* of that definition;

(3) by striking out “or, in the absence of such an application, an application for a certificate” in subparagraph iii of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph;

(4) by striking out “or with the certificate issued” in the portion of paragraph *b* of the definition of “computer-aided special effects and animation expenditure” in the first paragraph before subparagraph i;

(5) by replacing “on the advance ruling given or the certificate issued by it” in the definitions of “qualified low-budget production” and “qualified production” in the first paragraph by “on the favourable advance ruling given”;

(6) by replacing the definition of “qualified corporation” in the first paragraph by the following definition:

““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 in respect of which the Société de développement des entreprises culturelles issues a certificate for the purposes of this definition as part of the favourable advance ruling it gives in respect of the property;”.

(2) Subsection 1 applies in respect of a property for which an application for an approval certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009.

150. (1) Section 1029.8.36.0.0.5 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“1029.8.36.0.0.5. A corporation that encloses with the fiscal return it is required to file for a taxation year under section 1000 the prescribed form containing prescribed information, a copy of the valid favourable

advance ruling given 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 a copy of the qualification certificate referred to in paragraph *f* of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.0.4, where applicable, is deemed, subject to the second paragraph, where the application for an advance ruling has been filed in respect of the property with the Société de développement des entreprises culturelles before the end of the year, to have paid to the Minister on the corporation’s balance-due day for the year, on account of its tax payable for that year under this Part, an amount equal to”.

(2) Subsection 1 applies in respect of a property for which an application for an approval certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009.

151. (1) Section 1029.8.36.0.0.7 of the Act is amended

(1) by replacing “45%” in the portion of subparagraph *i* of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph before subparagraph 1 by “50%”;

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

“For the purposes of the definition of “qualified labour expenditure” in the first paragraph, that definition is to be read as if

(a) “300%” was replaced wherever it appears by “285.7143%” in respect of a property referred to in subparagraph *i* of any of subparagraphs *a* to *a.2* of the first paragraph of section 1029.8.36.0.0.8; and

(b) “300%” was replaced wherever it appears by “342.85%” in respect of a property referred to in subparagraph *ii* of any of subparagraphs *a* to *a.2* of the first paragraph of section 1029.8.36.0.0.8.”

(2) Paragraph 1 of subsection 1 applies in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009.

(3) Paragraph 2 of subsection 1 has effect from 20 March 2009.

152. (1) Section 1029.8.36.0.0.8 of the Act is amended

(1) by replacing subparagraphs *a* to *a.2* of the first paragraph by the following subparagraphs:

“(a) if the property is a qualified sound recording,

i. 35% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified sound recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009, and

ii. 29.1667% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified sound recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 31 August 2003 and before 20 March 2009 or for which, despite the filing of an application for an advance ruling with the Société de développement des entreprises culturelles before 1 September 2003, the Société de développement des entreprises culturelles considers that the work surrounding the property was not sufficiently advanced on 12 June 2003;

“(a.1) if the property is a qualified digital audiovisual recording,

i. 35% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified digital audiovisual recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009, and

ii. 29.1667% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified digital audiovisual recording for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 23 March 2006 and before 20 March 2009;

“(a.2) if the property is a qualified clip,

i. 35% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified clip for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009, and

ii. 29.1667% of its qualified labour expenditure for the year in respect of the property, where the property is a qualified clip for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 23 March 2006 and before 20 March 2009; and”;

(2) by replacing “The amount that a corporation is deemed to have paid to the Minister” in the third paragraph by “Subject to the sixth paragraph, the amount that a corporation is deemed to have paid to the Minister”;

(3) by replacing “referred to in subparagraph *a* or *a.1*” in the fourth paragraph by “referred to in subparagraph ii of subparagraph *a* or *a.1*”;

(4) by replacing “referred to in subparagraph *a.2*” in the fifth paragraph by “referred to in subparagraph ii of subparagraph *a.2*”;

(5) by adding the following paragraph after the fifth paragraph:

“The third paragraph does not apply for the purpose of determining the amount that a corporation is deemed to have paid to the Minister under the first paragraph on account of its tax payable for a taxation year in respect of a qualified property, if the property is referred to in subparagraph i of any of subparagraphs *a* to *a.2* of the first paragraph.”

(2) Subsection 1 has effect from 20 March 2009.

153. (1) Section 1029.8.36.0.0.10 of the Act is amended

(1) by replacing “45%” in the portion of subparagraph i of paragraph *b* of the definition of “qualified labour expenditure” in the first paragraph before subparagraph 1 by “50%”;

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

“If the amount deemed to have been paid to the Minister by a corporation on account of its tax payable for a taxation year under section 1029.8.36.0.0.11 is determined

(*a*) in relation to the portion of a qualified labour expenditure referred to in subparagraph *a* of the first paragraph of that section, the definition of “qualified labour expenditure” in the first paragraph is to be read as if “300%” was replaced wherever it appears by “342.85%”; and

(*b*) in relation to the portion of a qualified labour expenditure referred to in subparagraph *a.1* of the first paragraph of that section, the definition of “qualified labour expenditure” in the first paragraph is to be read as if “300%” was replaced wherever it appears by “285.7143%”.

(2) Paragraph 1 of subsection 1 applies in respect of a property in relation to

(1) a period described in any of paragraphs *a* to *c* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 of the Act that begins after 19 March 2009; and

(2) the period described in paragraph *a* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 of the Act that begins before 20 March 2009, if the first performance before an audience, in relation to that period, occurs after 19 March 2009.

(3) Paragraph 2 of subsection 1 has effect from 20 March 2009.

154. (1) Section 1029.8.36.0.0.11 of the Act is amended

(1) by inserting “and to which subparagraph *a.1* does not apply” after “after 12 June 2003” in subparagraph *a* of the first paragraph;

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

“(a.1) 35% of the portion of its qualified labour expenditure for the year in respect of the property, relating to a labour expenditure incurred in respect of the property that relates to

i. a period described in any of paragraphs *a* to *c* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that begins after 19 March 2009, or

ii. the period described in paragraph *a* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that begins before 20 March 2009, if the first performance before an audience, in relation to that period, occurs after 19 March 2009; and”;

(3) by replacing “referred to in subparagraph *a*” in subparagraph *b* of the first paragraph by “referred to in subparagraph *a* or *a.1*”;

(4) by replacing “Despite the fourth paragraph” in the fifth paragraph by “Despite the third and fourth paragraphs”.

(2) Subsection 1 has effect from 20 March 2009.

155. (1) Section 1029.8.36.0.0.13 of the Act is amended by replacing the tenth paragraph by the following paragraph:

“For the purposes of the definitions of “qualified labour expenditure attributable to printing costs” and “qualified labour expenditure attributable to preparation costs” in the first paragraph, the following rules apply:

(a) in relation to a property referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.0.14, the definition of “qualified labour expenditure attributable to printing costs” is to be read, in respect of the property, as if “333 1/3%” was replaced wherever it appears by “380.95%” and the definition of “qualified labour expenditure attributable to preparation costs” is to be read, in respect of the property, as if “250%” was replaced wherever it appears by “285.7143%”; and

(b) in relation to a property referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.14, the definition of “qualified labour expenditure attributable to printing costs” is to be read, in respect of the

property, as if “333 1/3%” was replaced wherever it appears by “370.37%” and the definition of “qualified labour expenditure attributable to preparation costs” is to be read, in respect of the property, as if “250%” was replaced wherever it appears by “285.7143%”.

(2) Subsection 1 has effect from 20 March 2009.

156. (1) Section 1029.8.36.0.0.14 of the Act is amended

(1) by inserting “and to which subparagraph *a.1* does not apply” after “31 August 2003” in the portion of subparagraph *a* of the first paragraph before subparagraph *i*;

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

“(a.1) in the case of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009, the aggregate of

i. an amount equal to 35% of its qualified labour expenditure attributable to preparation costs for the year in respect of that property, and

ii. an amount equal to 27% of its qualified labour expenditure attributable to printing costs for the year in respect of that property; and”;

(3) by replacing “referred to in subparagraph *a*” in the fifth paragraph by “referred to in subparagraph *a* or *a.1*”.

(2) Subsection 1 has effect from 20 March 2009.

157. (1) The Act is amended by inserting the following after section 1029.8.36.53.20:

“DIVISION II.6.4.3

“CREDIT FOR THE ACQUISITION OR LEASING OF AN ENERGY-EFFICIENT VEHICLE

“**1029.8.36.53.21.** In this division,

“long-term leasing” of a recognized energy-efficient vehicle means the leasing of such a vehicle for a continuous period of at least 12 months;

“low-speed vehicle” has the meaning assigned by subsection 1 of section 2 of the Motor Vehicle Safety Regulations made under the Motor Vehicle Safety Act (Statutes of Canada, 1993, chapter 16);

“model year” has the meaning assigned by subsection 1 of section 2 of the Motor Vehicle Safety Regulations;

“off-highway vehicle” means a vehicle to which the Act respecting off-highway vehicles (chapter V-1.2) applies;

“qualifying person” for a taxation year means

(a) an individual, other than a trust, who is resident in Québec at the end of 31 December of the year or, if the individual died or ceased to be resident in Canada in the year, who was resident in Québec immediately before death or the time at which the individual ceased to be resident in Canada; and

(b) a corporation that, in the year, has an establishment in Québec and is not

i. 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 that is not so exempt from tax on all of its taxable income for the year because of section 999.0.1, or

ii. a corporation that would be exempt from tax for the year under section 985, but for section 192;

“recognized energy-efficient vehicle” means a vehicle equipped with four wheels, other than an off-highway vehicle, that meets the following conditions:

(a) the vehicle is powered wholly or partly by gasoline or diesel fuel or, in the case of a hybrid vehicle, is powered partly by gasoline or diesel fuel and by electricity, or does not use fuel as its source of energy;

(b) if the vehicle is powered wholly or partly by gasoline or diesel fuel, the vehicle’s weighted fuel consumption rating, determined in accordance with section 1029.8.36.53.22, does not exceed

i. 5.27 litres, in the case of a vehicle powered wholly or partly by gasoline, or

ii. 4.54 litres, in the case of a vehicle powered wholly or partly by diesel fuel;

(c) the vehicle is registered, or deemed to be registered, for the first time in Québec and has never been registered outside Québec, unless such registration was temporary in order to bring the vehicle into Québec immediately after possession was taken;

(d) if the vehicle is acquired or leased

i. by a qualifying person, the vehicle is registered in the name of that person as being the owner, co-owner or lessee, as the case may be, or

ii. by a partnership, the vehicle is registered in the name of a member of the partnership; and

(e) if the vehicle is acquired, it is not acquired for the purpose of resale or long-term leasing.

For the purposes of the definition of “recognized energy-efficient vehicle” in the first paragraph,

(a) a vehicle is deemed to be registered for the first time in Québec if the only previous registration of the vehicle was in the name of a dealer or manufacturer that held it in its vehicle fleet for the purpose of lending it for test drives; and

(b) a vehicle that is the subject of long-term leasing and that is registered both in the name of its owner and of its lessee is deemed to be registered only in the lessee’s name.

“1029.8.36.53.22. The weighted fuel consumption rating of a vehicle, to which paragraph *b* of the definition of “recognized energy-efficient vehicle” in the first paragraph of section 1029.8.36.53.21 refers, is equal to the number of litres of fuel determined by the formula

$$(0.55 \times A) + (0.45 \times B).$$

In the formula in the first paragraph,

(a) A is the vehicle’s city fuel consumption rating; and

(b) B is the vehicle’s highway fuel consumption rating.

For the purposes of the second paragraph and subject to the fifth paragraph, the city and highway fuel consumption ratings of a particular vehicle are those based on the number of litres of fuel per 100 kilometres consumed by a vehicle of the same make, model and model year as the particular vehicle and that has the same attributes as the particular vehicle, as established in the Fuel Consumption Guide published by Natural Resources Canada for the model year.

In the event of a discrepancy between the printed version of the Fuel Consumption Guide published by Natural Resources Canada for a model year and the version available for the model year on that department’s website, the website version shall prevail.

If the Fuel Consumption Guide has not established a fuel consumption rating in respect of a vehicle for a model year, the city and highway fuel consumption ratings of the vehicle, referred to in subparagraphs *a* and *b* of

the second paragraph, are to be established, to the satisfaction of the Minister, on the basis of the number of litres of fuel per 100 kilometres consumed by the vehicle in the city and on the highway, respectively.

“1029.8.36.53.23. A qualifying person who, at a time in a taxation year that occurs after 31 December 2008 and before 1 January 2016, acquires a recognized energy-efficient vehicle or leases such a vehicle under a long-term leasing contract, is deemed, subject to the second and third paragraphs, if the qualifying person encloses the prescribed form containing prescribed information with the fiscal return the qualifying person is required to file for the year under section 1000, or would be so required to file if the qualifying person had tax payable for that year under this Part, to have paid to the Minister, on the qualifying person’s balance-due day for that year, on account of the qualifying person’s tax payable for that year under this Part, the amount determined under section 1029.8.36.53.25 or 1029.8.36.53.26, in relation to the recognized energy-efficient vehicle, depending on whether the qualifying person acquires or leases it.

For the purpose of computing the payments that a person is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, the person is deemed to have paid to the Minister, on account of the aggregate of the person’s tax payable for the year under this Part and of the person’s 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, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

This section does not apply to the acquisition or long-term leasing of a recognized energy-efficient vehicle that results from the awarding of a prize, unless the value of the prize is included in computing the income of the qualifying person receiving the prize.

“1029.8.36.53.24. If a partnership acquires a recognized energy-efficient vehicle or leases such a vehicle under a long-term leasing contract at a time in a fiscal period that occurs after 31 December 2008 and before 1 January 2016, every qualifying person who is a member of the partnership at the end of that fiscal period and encloses the prescribed form containing prescribed information with the fiscal return the qualifying person is required

to file under section 1000 for the qualifying person's taxation year in which that fiscal period ends, or would be required to so file if the qualifying person had tax payable for the year under this Part, is deemed, subject to the second paragraph, to have paid to the Minister, on the qualifying person's balance-day for that year, on account of the qualifying person's tax payable for that year under this Part, an amount equal to the qualifying person's share of the amount determined under section 1029.8.36.53.25 or 1029.8.36.53.26, in relation to the recognized energy-efficient vehicle, depending on whether the partnership acquires or leases it.

For the purpose of computing the payments that a person referred to in the first paragraph is required to make under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027, or any of sections 1145, 1159.7, 1175 and 1175.19 if they refer to that subparagraph *a*, for the person's taxation year in which the fiscal period of the partnership ends, the person is deemed to have paid to the Minister, on account of the aggregate of the person's tax payable for the year under this Part and of the person's 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, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

For the purposes of the first paragraph, a qualifying person's share of an amount for a fiscal period of a partnership is equal to the agreed proportion of the amount in respect of the qualifying person for the partnership's fiscal period.

“1029.8.36.53.25. The amount to which the first paragraph of sections 1029.8.36.53.23 and 1029.8.36.53.24 refers, in relation to the acquisition of a recognized energy-efficient vehicle, is equal to

(*a*) if the vehicle is powered wholly or partly by gasoline and its weighted fuel consumption rating is at least 3 litres, or is powered wholly or partly by diesel fuel and its weighted fuel consumption rating is at least 2.58 litres,

- i. \$2,000, if the vehicle is acquired in the calendar year 2009 or 2010,
- ii. \$1,500, if the vehicle is acquired in the calendar year 2011,
- iii. \$1,000, if the vehicle is acquired in the calendar year 2012,

iv. \$500, if the vehicle is acquired in the calendar year 2013, or

v. zero, if the vehicle is acquired in the calendar year 2014 or 2015;

(b) if the vehicle is powered wholly or partly by gasoline and its weighted fuel consumption rating is less than 3 litres, or is powered wholly or partly by diesel fuel and its weighted fuel consumption rating is less than 2.58 litres,

i. \$3,000, if the vehicle is acquired in any of the calendar years 2009 to 2011,

ii. \$2,250, if the vehicle is acquired in the calendar year 2012,

iii. \$1,500, if the vehicle is acquired in the calendar year 2013,

iv. \$750, if the vehicle is acquired in the calendar year 2014, or

v. zero, if the vehicle is acquired in the calendar year 2015;

(c) if the vehicle is a low-speed vehicle,

i. \$4,000, if the vehicle is acquired in any of the calendar years 2009 to 2012,

ii. \$3,000, if the vehicle is acquired in the calendar year 2013,

iii. \$2,000, if the vehicle is acquired in the calendar year 2014, or

iv. \$1,000, if the vehicle is acquired in the calendar year 2015; and

(d) if the vehicle is a vehicle that does not use fuel as its source of energy, other than a low-speed vehicle,

i. \$8,000, if the vehicle is acquired in any of the calendar years 2009 to 2012,

ii. \$6,000, if the vehicle is acquired in the calendar year 2013,

iii. \$4,000, if the vehicle is acquired in the calendar year 2014, or

iv. \$2,000, if the vehicle is acquired in the calendar year 2015.

“1029.8.36.53.26. The amount to which the first paragraph of sections 1029.8.36.53.23 and 1029.8.36.53.24 refers, in relation to the long-term leasing of a recognized energy-efficient vehicle, is equal to the amount obtained by multiplying the amount that would be determined in accordance with any of paragraphs *a* to *d* of section 1029.8.36.53.25 in respect of the vehicle if it were acquired at the time at which it is leased, by

- (a) 85%, if the leasing period is at least 72 months;
- (b) 80%, if the leasing period is at least 60 months and less than 72 months;
- (c) 70%, if the leasing period is at least 48 months and less than 60 months;
- (d) 55%, if the leasing period is at least 36 months and less than 48 months;
- (e) 40%, if the leasing period is at least 24 months and less than 36 months; and
- (f) 25%, if the leasing period is less than 24 months.

“1029.8.36.53.27. A qualifying person referred to in section 1029.8.36.53.23 or a partnership referred to in section 1029.8.36.53.24 shall keep the vouchers relating to the acquisition or leasing of a recognized energy-efficient vehicle during six years after the year to which they relate.”

- (2) Subsection 1 has effect from 1 January 2009.

158. Divisions II.6.11 and II.6.12 of Chapter III.1 of Title III of Book IX of Part I of the Act, comprising sections 1029.8.36.115 to 1029.8.36.146, are repealed.

159. (1) Section 1029.8.36.166.40 of the Act is amended, in the definition of “eligible expenses” in the first paragraph,

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

“i. the expenses incurred by the corporation in the particular taxation year to acquire the qualified property that are included, at the end of that year, in the capital cost of the property and that are paid in the particular year,

“ii. the amount by which the expenses incurred by the corporation in the particular taxation year or a preceding taxation year to acquire the qualified property that are included, at the end of the particular year or of the preceding year, as the case may be, in the capital cost of the property and that are paid after the end of the particular year or of the preceding year, as the case may be, but not later than 18 months after the end of that year, exceeds the portion of those expenses that was taken into account for the purpose of determining the amount of the corporation’s eligible expenses in respect of which the corporation would be deemed to have paid an amount to the Minister under section 1029.8.36.166.43 for a taxation year preceding the particular year if that section were read without reference to its second paragraph, and”;

(2) by adding the following subparagraph after subparagraph ii of paragraph *a*:

“iii. the expenses incurred by the corporation to acquire the qualified property that are included in the capital cost of the property and that are paid in the particular taxation year, if the expenses are paid more than 18 months after the end of the taxation year in which they were incurred; and”;

(3) by replacing subparagraphs i and ii of paragraph *b* by the following subparagraphs:

“i. the expenses incurred by the partnership in the particular fiscal period to acquire the qualified property that are included, at the end of that fiscal period, in the capital cost of the property and that are paid in that fiscal period,

“ii. the amount by which the expenses incurred by the partnership in the particular fiscal period or a preceding fiscal period to acquire the qualified property that are included, at the end of the particular fiscal period or of the preceding fiscal period, as the case may be, in the capital cost of the property and that are paid after the end of the particular fiscal period or of the preceding fiscal period, as the case may be, but not later than 18 months after the end of that fiscal period, exceeds the portion of those expenses that was taken into account for the purpose of determining the amount of the partnership’s eligible expenses in respect of which a corporation that is a member of the partnership would be deemed to have paid an amount to the Minister under section 1029.8.36.166.44 for a taxation year preceding that in which the particular fiscal period ends if that section were read without reference to its second paragraph, and”;

(4) by adding the following subparagraph after subparagraph ii of paragraph *b*:

“iii. the expenses incurred by the partnership to acquire the qualified property that are included in the capital cost of the property and that are paid in the particular fiscal period, if the expenses are paid more than 18 months after the end of the fiscal period in which they were incurred;”.

(2) Subsection 1 has effect from 14 March 2008.

160. Section 1029.8.36.172.1 of the Act is amended by replacing “the portion of the unused refundable tax credit” in the portion of the first paragraph before subparagraph *a* by “the unused portion of the refundable tax credit”.

161. Section 1029.8.67 of the Act is amended, in the French text,

(1) by inserting the following definition after the definition of “enfant admissible”:

“«établissement d’enseignement admissible» désigne un établissement d’enseignement visé au paragraphe *a* de l’article 752.0.18.10 ou une école secondaire;”;

(2) by replacing “une maison” in subparagraph iv of paragraph *b* of the definition of “frais de garde d’enfants” by “un établissement”;

(3) by striking out the definition of “maison d’enseignement admissible”.

162. (1) The Act is amended by inserting the following section after section 1029.8.105.2:

“1029.8.105.3. The amounts mentioned in section 1029.8.105 that would, taking section 1029.6.0.6 into account, be applicable for the year 2011, but for this section, must be increased by \$75 in the case of the amounts mentioned in paragraphs *a* and *b* of section 1029.8.105, and by \$50 in the case of the amount mentioned in paragraph *c* of section 1029.8.105.”

(2) Subsection 1 applies for the taxation year 2011.

163. (1) Section 1029.8.116.1 of the Act is amended

(1) by replacing the definition of “period of transition to work” by the following definition:

““period of transition to work” of an individual means

(*a*) a period that begins on the first day of a particular month that is both subsequent to the month of March 2008 and recognized by the Minister of Employment and Social Solidarity as a month in which the individual ceases to receive a last resort financial assistance benefit under Chapter I or II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) because of earned income from employment as determined for the purposes of that Act, and that ends on the last day of the eleventh month that follows the particular month or, if it is earlier, the last day of the month that precedes the month in which the individual again receives such a benefit or begins to receive a benefit referred to in paragraph *b*; or

(*b*) a period that begins on the first day of a particular month that is both subsequent to the month of March 2009 and recognized by the Minister of Employment and Social Solidarity as a month in which the individual ceases to receive a financial assistance benefit under Chapter III of Title II of the Individual and Family Assistance Act because of earned income from employment as determined for the purposes of that Act, and that ends on the last day of the eleventh month that follows the particular month or, if it is earlier, the last day of the month that precedes the month in which the individual again receives such a benefit or begins to receive a benefit referred to in paragraph *a*;”;

(2) by inserting “paragraph *e.6* of section 311 or” before “paragraph *h* of section 312” in paragraph *c* of the definition of “work income”.

(2) Paragraph 1 of subsection 1 has effect from 1 April 2009.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2008.

164. (1) Section 1029.8.116.5.0.2 of the Act is amended

(1) by replacing “third” in the portion of the first paragraph before subparagraph *a* by “fourth”;

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

“(b) the Minister of Employment and Social Solidarity confirms that during the 42-month period that precedes the first month of the individual’s period of transition to work that includes the eligible month, the individual received, for at least 36 months, an amount that is

i. a last resort financial assistance benefit paid under Chapter I or II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) or under Chapter I of Title I of the Act respecting income support, employment assistance and social solidarity (chapter S-32.001), as that Act read before being replaced, or

ii. a financial assistance benefit paid under the Solidarité jeunesse program, Chapter III of Title II of the Individual and Family Assistance Act or the Youth Alternative pilot project; and

“(c) subject to the third paragraph, the Minister of Employment and Social Solidarity confirms that, for the first month of the individual’s period of transition to work that includes the eligible month, the individual holds, under subparagraph 1 or 3 of the first paragraph of section 48 of the Individual and Family Assistance Regulation (R.R.Q., chapter A-13.1.1, r. 1), a valid claim booklet issued by the Minister of Employment and Social Solidarity.”;

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

“Subparagraph *c* of the first paragraph does not apply in respect of an individual who receives a financial assistance benefit under Chapter III of Title II of the Individual and Family Assistance Act for the month that precedes the first month of the individual’s period of transition to work that includes the eligible month.”

(2) Subsection 1 applies from the taxation year 2009. However, when the period of transition to work of an individual, within the meaning of section 1029.8.116.1 of the Act, begins before 1 April 2009, section 1029.8.116.5.0.2 of the Act is to be read without reference to subparagraph ii of subparagraph *b* of the first paragraph.

165. (1) Section 1029.8.117 of the Act is amended by replacing “paragraph *e.2*” in paragraph *c* of the definition of “eligible individual” in the first paragraph by “paragraph *e.2* or *e.6*”.

(2) Subsection 1 applies from the taxation year 2008.

166. (1) Section 1029.8.126 of the Act is amended, in the definition of “eligible beneficiary” in the first paragraph,

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

“(a) a CES grant has been paid for the year in relation to a contribution made in the year in respect of the beneficiary to a registered education savings plan;”;

(2) by striking out paragraph *b*.

(2) Subsection 1 applies in respect of a contribution made after 31 December 2008.

167. (1) The Act is amended by inserting the following section after section 1029.8.144:

“1029.8.144.1. Despite any inconsistent provision of any law, a trust governed by a registered education savings plan (in this section referred to as the “transferor plan”) may, in a taxation year, assign the right to claim an amount payable to it under this division for a preceding taxation year to a trust governed by another registered education savings plan (in this section referred to as the “transferee plan”), if

(a) the assignment is made in the course of an authorized transfer, within the meaning of the second paragraph of section 1029.8.136, of the aggregate of the properties held by the trust governed by the transferor plan to the trust governed by the transferee plan; and

(b) at the time of the authorized transfer referred to in subparagraph *a*, an education savings incentive agreement is applicable in respect of the transferee plan.

The assignment is not binding on the State and, as a result, the following rules apply:

(a) the Minister retains discretion to pay or not to pay the amount to the trust governed by the transferee plan;

(b) the assignment does not create any liability of the State to the trust governed by the transferee plan; and

(c) the rights of the trust governed by the transferee plan are subject to the rights conferred on the State by section 31 of the Act respecting the Ministère du Revenu (chapter M-31) and any right to compensation of which the State may avail itself.”

(2) Subsection 1 applies in respect of an authorized transfer made after 19 March 2009.

168. (1) The Act is amended by inserting the following after section 1029.8.145:

“DIVISION II.22

“CREDIT FOR HOME IMPROVEMENT AND RENOVATION

“§1. — *Interpretation and general*

“1029.8.146. In this division,

“eligible dwelling” of an individual means any of the following dwellings, that is not an excluded dwelling, including an adjoining or incidental structure of the dwelling, built before 1 January 2009 and located in Québec, of which the individual is the owner when the home improvement and renovation expenditures are incurred and that constitutes, at that time, the individual’s principal place of residence:

- (a) an individual house that is detached, semi-detached or a row house;
- (b) a permanently installed manufactured home or mobile home;
- (c) an apartment in an immovable under divided co-ownership; and
- (d) an apartment in a residential duplex or triplex;

“excluded dwelling” means a dwelling that, before recognized home improvement and renovation work was carried out, was the subject of

- (a) a notice of expropriation or a notice of intention to expropriate;
- (b) a reserve for public purposes; or

(c) a prior notice of the exercise of a hypothecary right registered in the registry office or any other procedure calling the individual’s right of ownership of the dwelling into question;

“home improvement and renovation expenditure” of an individual means an expenditure attributable to the carrying out of recognized home improvement and renovation work provided for in a home renovation agreement entered into in respect of an eligible dwelling of the individual that is

(a) the cost of labour supplied to carry out the work by the qualified contractor who is a party to the home renovation agreement, including the amount of any goods and services tax and Québec sales tax applicable; or

(b) the cost of movable property, other than household appliances, that enter into the carrying out of the recognized home improvement and renovation work provided for in the home renovation agreement, including the amount of any goods and services tax and Québec sales tax applicable, if, after the work is carried out, the property

i. has been incorporated with the eligible dwelling, has lost its individuality and ensures the utility of the dwelling, or

ii. has been permanently physically attached or joined to the eligible dwelling, without losing its individuality or being incorporated with the eligible dwelling, and ensures the utility of the dwelling;

“home renovation agreement” entered into in respect of an individual’s eligible dwelling means an agreement entered into after 31 December 2008 and before 1 January 2010 between a qualified contractor and the individual or a person who, at the time the agreement is entered into, is either the individual’s spouse or another individual who is the owner of the eligible dwelling, under which the qualified contractor undertakes to carry out recognized home improvement and renovation work in respect of the individual’s eligible dwelling;

“qualified contractor” in relation to a home renovation agreement entered into in respect of an individual’s eligible dwelling means a person or partnership that meets the following conditions:

(a) at the time the agreement is entered into, the person or partnership has an establishment in Québec and, if the person is an individual, is neither the owner of the eligible dwelling nor the spouse of one of the owners of the eligible dwelling; and

(b) at the time the recognized home improvement and renovation work is being carried out and if required for the carrying out of such work, the person or partnership is the holder of the appropriate licence issued under the Building Act (chapter B-1.1) and, if applicable, has paid the security provided for under that Act, unless the work is carried out in respect of an eligible dwelling located in a region not served by a road to which the Act respecting roads (chapter V-9) applies;

“qualified expenditure” of an individual, in relation to an eligible dwelling of the individual, means the aggregate of all amounts each of which is a home improvement and renovation expenditure of the individual that is paid, in relation to the eligible dwelling, on or before 30 June 2010 by the individual or the individual’s legal representative, by a person who is the individual’s spouse in the year 2009 or at the time the payment is made, or by any other individual who owns the eligible dwelling at the time the expenditure is incurred;

“recognized home improvement and renovation work” in respect of an individual’s eligible dwelling means the work, other than work related to installing household appliances or that consists exclusively of repair or maintenance work on the dwelling, that is

(a) refurbishment work done to improve the appearance and functional nature of the dwelling;

(b) reorganization work that consists in altering the interior distribution of the rooms, openings and divisions of the dwelling without increasing the floor space or cubic content;

(c) improvement, conversion or expansion work on the dwelling, including the addition of structures adjoining or incidental to the dwelling; or

(d) work required to restore the land to the condition it was in before the work described in paragraphs *a* to *c* was carried out;

“structure” means an ordered assembly of materials placed on or connected to the ground or attached to a dwelling, and intended to be used as a shelter or as support, prop or backing for moving above ground level, but does not include swimming pools, hot tubs, saunas or other similar equipment, or landscaping work on the land such as driveways, walkways, fences, low walls and paving stones used for landscaping.

1029.8.147. For the purposes of the definition of “eligible dwelling” in section 1029.8.146, the following rules apply:

(a) a dwelling that is a manufactured home or a mobile home is considered to be permanently installed only if

- i. it is set on permanent foundations,
- ii. it is served by a waterworks and sewer system, by an artesian well and a septic tank, or by a combination of these as necessary for the supply of drinking water and the drainage of waste water, and
- iii. it is permanently connected to an electrical distribution system;

(b) a dwelling that is an apartment in an immovable under divided co-ownership or an adjoining structure includes only the portion of the apartment or structure that is a private portion; and

(c) if the dwelling is an apartment in a residential duplex or triplex and work is carried out in respect of a portion of the duplex or triplex that serves for the common use of the occupants, that portion is considered to be a structure adjoining an individual’s dwelling only if each of the apartments in the duplex or triplex is occupied, at the time the work-related expenditures are incurred, as a principal place of residence by an individual who co-owns the duplex or triplex at the time.

“**1029.3.148.** For the purposes of this division, work carried out in respect of an individual’s eligible dwelling can be considered to be recognized home improvement and renovation work only if it is consistent with the policy of the Government referred to in section 2.1 of the Environment Quality Act (chapter Q-2).

“**1029.3.149.** For the purpose of determining an individual’s qualified expenditure, the amount of the expenditure is to be reduced by

(a) an amount that is deductible in computing an individual’s income from a business or property for the year or a subsequent taxation year;

(b) an amount that is included in the capital cost of a property;

(c) an amount that is taken into account in computing

i. an amount that is deducted in computing the tax payable by an individual for the year or a subsequent taxation year under this Part, or

ii. an amount that is deemed to have been paid to the Minister on account of the tax payable by an individual for the year or a subsequent taxation year under this Part, except an amount that is deemed, under this division, to have been paid to the Minister on account of the tax payable by an individual under this Part; and

(d) an amount that is government assistance, non-government assistance, a reimbursement or any other form of assistance, including an indemnity paid under an insurance contract, attributable to the expenditure, that the individual or any other person (other than the person acting as a qualified contractor under the home renovation agreement under which the expenditure is incurred) has received, is entitled to receive or may reasonably expect to receive in any taxation year.

“§2. — *Credit*

“**1029.3.150.** An individual, other than a trust, who is resident in Québec at the end of 31 December 2009 is deemed to have paid to the Minister on the individual’s balance-due day for the individual’s taxation year 2009, on account of the individual’s tax payable under this Part for that year, an amount equal to the lesser of \$2,500 and the amount obtained by multiplying 20% by the amount by which the individual’s qualified expenditure in relation to an eligible dwelling of the individual exceeds \$7,500, if the individual files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information.

For the purposes of the first paragraph, an individual who dies or ceases to be resident in Canada in the taxation year 2009 is deemed to be resident in Québec at the end of 31 December 2009 if the individual was resident in Québec immediately before dying or on the last day the individual was resident in Canada.

The individual shall keep the invoices and other vouchers relating to the recognized home improvement and renovation work in respect of which an amount is included in computing the individual's qualified expenditure in relation to an eligible dwelling during six years after the end of the last year to which they relate.

“1029.8.151. If more than one individual is deemed to have paid an amount to the Minister under section 1029.8.150 in relation to the same eligible dwelling, the total of the amounts that each of those individuals is deemed to have paid under that section in relation to the eligible dwelling may not exceed the particular amount that only one of those individuals would be deemed to have paid to the Minister under that section in relation to the eligible dwelling if the dwelling was an eligible dwelling in respect of that individual only.

If those individuals cannot agree as to what portion of the particular amount each would be deemed to have paid to the Minister under section 1029.8.150, the Minister may determine what portion of that amount is deemed paid by each individual under that section.

“1029.8.152. If an individual is deemed to have paid an amount to the Minister under section 1029.8.150 in relation to more than one eligible dwelling, the total of the amounts that the individual is deemed to have paid under that section may not exceed \$2,500.”

(2) Subsection 1 applies to the taxation year 2009.

169. (1) Section 1038 of the Act is amended by replacing “II.6.4.2” in the following provisions by “II.6.4.3”:

- subparagraph ii of subparagraph *a* of the second paragraph;
- subparagraph ii of subparagraph *b* of the second paragraph;
- the portion of subparagraph *a* of the third paragraph before subparagraph i.

(2) Subsection 1 has effect from 1 January 2009.

170. (1) Section 1049.14.2 of the Act is amended by replacing “an SME growth stock plan” in the first and second paragraphs by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

171. (1) Section 1049.14.3 of the Act is amended

- (1) by replacing “an SME growth stock plan” by “a stock savings plan II”;
- (2) by replacing “Canadian stock exchange” by “designated stock exchange located in Canada”.
- (2) Paragraph 1 of subsection 1 has effect from 20 March 2009.
- (3) Paragraph 2 of subsection 1 has effect from 14 December 2007.

172. (1) Section 1049.14.4 of the Act is amended

- (1) by replacing “an SME growth stock plan” in the following provisions by “a stock savings plan II”:
 - the first paragraph;
 - subparagraph *a* of the second paragraph;
 - subparagraphs *i* to *iii* of subparagraph *b* of the second paragraph;
- (2) by replacing “three” wherever it appears in the following provisions by “two”:
 - the first paragraph;
 - subparagraph *a* of the second paragraph;
 - subparagraphs *i* to *iii* of subparagraph *b* of the second paragraph.
- (2) Paragraph 1 of subsection 1 has effect from 20 March 2009.
- (3) Paragraph 2 of subsection 1 applies from the year 2009.

173. (1) Section 1049.14.5 of the Act is amended

- (1) by replacing “an SME growth stock plan” in the following provisions by “a stock savings plan II”:
 - the first paragraph;
 - subparagraph *a* of the second paragraph;
 - subparagraphs *i* to *iii* of subparagraph *b* of the second paragraph;
- (2) by replacing “three” wherever it appears in the following provisions by “two”:

- the first paragraph;
- subparagraph *a* of the second paragraph;
- subparagraphs *i* to *iii* of subparagraph *b* of the second paragraph.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraph 2 of subsection 1 applies from the year 2009.

174. (1) Section 1049.14.6 of the Act is amended

(1) by replacing “an SME growth stock plan” in the following provisions by “a stock savings plan II”:

- the first paragraph;
- subparagraph *a* of the second paragraph;
- subparagraphs *i* to *iii* of subparagraph *b* of the second paragraph;

(2) by replacing “three” wherever it appears in the following provisions by “two”:

- the first paragraph;
- subparagraph *a* of the second paragraph;
- subparagraphs *i* to *iii* of subparagraph *b* of the second paragraph.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraph 2 of subsection 1 applies from the year 2009.

175. (1) Section 1049.14.10 of the Act is amended, in the third paragraph,

(1) by replacing “an SME growth stock plan” in subparagraphs *a* to *c* by “a stock savings plan II”;

(2) by replacing “three” in subparagraphs *a* to *c* by “two”.

(2) Paragraph 1 of subsection 1 has effect from 20 March 2009.

(3) Paragraph 2 of subsection 1 applies from the year 2009.

176. (1) Section 1049.14.13 of the Act is amended by replacing “an SME growth stock plan” by “a stock savings plan II”.

(2) Subsection 1 has effect from 20 March 2009.

177. (1) Section 1049.14.15 of the Act is amended by replacing “three” by “two”.

(2) Subsection 1 applies from the year 2009.

178. (1) Section 1049.14.20 of the Act is amended by replacing “three” wherever it appears by “two”.

(2) Subsection 1 applies from the year 2009.

179. (1) Section 1049.15 of the Act is amended by replacing the second, third and fourth paragraphs by the following paragraphs:

“Similarly, where the corporation governed by the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi (chapter F-3.1.2) purchases a class “A” share by agreement under section 9 of that Act, it incurs a penalty equal to the following percentage of the amount paid by the first purchaser for the share or for the class “B” share that was exchanged for the class “A” share under section 8 of that Act:

(a) 20%, where the amount paid by the first purchaser relates to such a share purchased by the first purchaser before 10 May 1996;

(b) 25%, where the amount paid by the first purchaser relates to such a share purchased by the first purchaser in the period that begins on 1 June 2009 and that ends on the last day of the corporation’s fiscal period in which the paid-up capital in respect of the shares of its capital stock first reaches 1.25 billion dollars; and

(c) 15%, in any other case.

The first and second paragraphs do not apply, however, to any purchase made by a corporation in a fiscal period, in circumstances other than those described in the second paragraph of section 776.1.5.0.1 or 776.1.5.0.6, as the case may be, to the extent that the aggregate of the amount of the purchase and of all previous purchases made by the corporation in the fiscal period is, in such circumstances, less than 2% of the amount of paid-up capital in respect of shares of its capital stock which, under the conditions for their issue, cannot be, either partially or totally, purchased or redeemed by the corporation or purchased by any person, in any manner whatever, directly or indirectly.

Similarly, the first and second paragraphs do not apply to any purchase made by a corporation in a fiscal period, in the circumstances described in the second paragraph of section 776.1.5.0.1 or 776.1.5.0.6, as the case may be.”

(2) Subsection 1 has effect from 1 June 2009.

180. The Act is amended by inserting the following sections after section 1051:

“**1051.1.** Section 1051.2 applies to a taxpayer for a taxation year if, at any time after the beginning of the year,

(a) the taxpayer has paid, in respect of the taxpayer’s tax payable for the year under this Part and of the taxpayer’s tax payable for the year under Parts IV, IV.1, VI and VI.1, one or more provisional accounts under section 1025 or 1026, subparagraph *a* of the first paragraph of section 1027 or any of sections 1145, 1159.7, 1175 and 1175.19, if they refer to that subparagraph *a*;

(b) it is reasonable to conclude that the total amount of those provisional accounts exceeds the total amount of the tax that will be payable by the taxpayer for the year under those Parts; and

(c) the Minister is of the opinion that the payment of those provisional accounts has caused or will cause undue hardship to the taxpayer.

“**1051.2.** The Minister may refund to a taxpayer to whom this section applies for a taxation year all or part of the excess referred to in paragraph *b* of section 1051.1.

“**1051.3.** For the purposes of the interest and penalties computed under this Part, a provisional account is deemed not to have been paid to the extent that all or part of the provisional account can reasonably be considered to have been refunded under section 1051.2.”

181. (1) Section 1056.4.1 of the Act is amended by replacing “section 280.3 or 1054” in paragraph *a.1* by “any of sections 279, 280.3 and 1054”.

(2) Subsection 1 has effect from 19 December 2008.

182. (1) Section 1086 of the Act is amended by inserting the following subparagraph after subparagraph *e.2* of the first paragraph:

“(e.3) require any person included in one of the classes of persons it determines to make information available to the public for the purpose of filing any return it may prescribe relating to any information necessary for the establishment of an assessment provided for in this Act; and”.

(2) Subsection 1 applies in respect of information relating to a taxation year of a taxpayer or a fiscal period of a partnership that ends after 3 July 2007.

183. (1) The Act is amended by inserting the following section after section 1086.17:

“**1086.17.1.** For the purposes of sections 1086.14 to 1086.17, the amount of tax payable by an individual for a taxation year under any of sections 1086.15 to 1086.17, in respect of replacement shares that were not acquired by that individual, is to be determined, if any of the replacement shares that were not acquired relates to an original share described in paragraph *b* of section 776.1.1 and acquired by the individual in the period provided for in the second paragraph of section 776.1.1.1, as if,

(a) in the case of tax computed under section 1086.15, the amount of that tax were equal to the aggregate of

i. the amount that would be determined by the formula in the first paragraph of section 1086.15 if

(1) A, described in the second paragraph of section 1086.15, represented, in the cases where subparagraph i of subparagraph *a* of that second paragraph did not apply, only the portion of the aggregate of the eligible amounts described in subparagraph ii of subparagraph *a* of that second paragraph, determined in respect of the individual, that may reasonably be attributed to shares each of which is a share other than such an original share, and

(2) the only replacement shares whose acquisition is considered for the purposes of subparagraphs *b* and *d* of the second paragraph of section 1086.15 were the replacement shares that may reasonably be considered to relate to shares other than such original shares, and

ii. the amount that would be determined by the formula in the first paragraph of section 1086.15 if

(1) A, described in the second paragraph of section 1086.15, represented, in the cases where subparagraph i of subparagraph *a* of that second paragraph did not apply, only the portion of the aggregate of the eligible amounts described in subparagraph ii of subparagraph *a* of that second paragraph, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share,

(2) the only replacement shares whose acquisition is considered for the purposes of subparagraphs *b* and *d* of the second paragraph of section 1086.15 were the replacement shares that may reasonably be considered to relate to such original shares, and

(3) the percentage of 15% were replaced by a percentage of 25%; and

(b) in the case of tax computed under section 1086.16 or 1086.17, the percentage of 15% provided for in that section were replaced by a percentage of 25% in respect of the portion of the excess amount referred to in section 1086.16 or 1086.17, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share.”

(2) Subsection 1 has effect from 1 June 2009.

184. (1) The Act is amended by inserting the following section after section 1086.23:

“**1086.23.1.** For the purposes of sections 1086.20 to 1086.23, the amount of tax payable by an individual for a taxation year under any of sections 1086.21 to 1086.23, in respect of replacement shares that were not acquired by that individual, is to be determined, if any of the replacement shares that were not acquired relates to an original share described in paragraph *b* of section 776.1.1 and acquired by the individual in the period provided for in the second paragraph of section 776.1.1.1, as if,

(*a*) in the case of tax computed under section 1086.21, the amount of that tax were equal to the aggregate of

i. the amount that would be determined by the formula in the first paragraph of section 1086.21 if

(1) A, described in the second paragraph of section 1086.21, represented, in the cases where subparagraph i of subparagraph *a* of that second paragraph did not apply, only the portion of the aggregate of the eligible amounts described in subparagraph ii of subparagraph *a* of that second paragraph, determined in respect of the individual, that may reasonably be attributed to shares each of which is a share other than such an original share, and

(2) the only replacement shares whose acquisition is considered for the purposes of subparagraphs *b* and *d* of the second paragraph of section 1086.21 were the replacement shares that may reasonably be considered to relate to shares other than such original shares, and

ii. the amount that would be determined by the formula in the first paragraph of section 1086.21 if

(1) A, described in the second paragraph of section 1086.21, represented, in the cases where subparagraph i of subparagraph *a* of that second paragraph did not apply, only the portion of the aggregate of the eligible amounts described in subparagraph ii of subparagraph *a* of that second paragraph, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share,

(2) the only replacement shares whose acquisition is considered for the purposes of subparagraphs *b* and *d* of the second paragraph of section 1086.21 were the replacement shares that may reasonably be considered to relate to such original shares, and

(3) the percentage of 15% were replaced by a percentage of 25%; and

(b) in the case of tax computed under section 1086.22 or 1086.23, the percentage of 15% provided for in that section were replaced by a percentage of 25% in respect of the portion of the excess amount referred to in section 1086.22 or 1086.23, determined in respect of the individual, that may reasonably be attributed to shares each of which is such an original share.”

(2) Subsection 1 has effect from 1 June 2009.

185. (1) Section 1089 of the Act is amended by inserting the following subparagraph after subparagraph *e* of the first paragraph:

“(e.1) the amount that the individual would be required to include under paragraph *e.6* of section 311 in computing the individual’s income for the year if the individual had been resident in Québec throughout the year, up to the portion of that amount that may reasonably be attributed to the duties of an office or employment performed by the individual in Québec;”.

(2) Subsection 1 applies from the taxation year 2008.

186. (1) Section 1090 of the Act is amended by inserting the following subparagraph after subparagraph *e* of the first paragraph:

“(e.1) the amount that the individual would be required to include under paragraph *e.6* of section 311 in computing the individual’s income for the year if the individual had been resident in Canada throughout the year;”.

(2) Subsection 1 applies from the taxation year 2008.

187. (1) Section 1091.2 of the Act is amended by replacing “Canadian stock exchange nor on a foreign stock exchange” in subparagraph *i* of paragraph *a* of the definition of “qualified investment” by “designated stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

188. (1) Section 1094 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” wherever it appears in the following provisions by “designated stock exchange”:

- paragraph *c*;
- the portion of paragraph *c.1* before subparagraph *i*;
- paragraph *d*.

(2) Subsection 1 has effect from 14 December 2007.

189. (1) Section 1102.4 of the Act is amended by replacing “Canadian stock exchange or a foreign stock exchange” in paragraph *b* by “recognized stock exchange”.

(2) Subsection 1 has effect from 14 December 2007.

190. (1) Section 1129.0.0.6 of the Act is amended by replacing “Parts III.1.1” and “and III.10.5” by “Parts III.0.3, III.1.1” and “and III.10.5 to III.10.7”, respectively.

(2) Subsection 1, when it replaces “Parts III.1.1” by “Parts III.0.3, III.1.1”, has effect from 4 June 2009.

191. (1) Section 1129.2 of the Act is amended

(1) by adding the following subparagraph after subparagraph *v* of subparagraph *c* of the first paragraph:

“vi. the property ceases, in the particular year, to be considered as a production that receives no amount of financial assistance granted by a public body because the Société de développement des entreprises culturelles revokes, in the particular year, the certificate issued to the corporation in respect of the property for the purposes of subparagraph *c* of the first paragraph of section 1029.8.35, or assistance referred to in any of subparagraphs ii to viii.1 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted, in the particular year, in respect of the property;”;

(2) by adding the following subparagraph after subparagraph iv of subparagraph *a* of the second paragraph:

“v. where subparagraph vi of subparagraph *c* of the first paragraph applies, the amount that it is deemed to have paid to the Minister in respect of the property under subparagraph *c* of the first paragraph of section 1029.8.35 had been equal to zero for a taxation year preceding the particular year; and”.

(2) Subsection 1 has effect from 1 January 2009.

192. (1) Section 1129.4.0.6 of the Act is amended

(1) by replacing “by reason of the fact that the favourable advance ruling given by the Société de développement des entreprises culturelles in respect of the property ceases to be in force at that time and that no certificate is issued by the Société in respect of the property, or of the fact that the certificate issued by the Société in respect of the property is revoked at that time” in subparagraph *a* of the first paragraph by “because the favourable advance ruling given in respect of the property by the Société de développement des entreprises culturelles is revoked at that time”;

(2) by striking out “or the certificate issued” in subparagraph iii of subparagraph *b* of the first paragraph and in subparagraph iii of subparagraph *a* of the second paragraph.

(2) Subsection 1 applies in respect of a property for which an application for an approval certificate is filed with the Société de développement des entreprises culturelles after 19 March 2009.

193. (1) Section 1129.12.19 of the Act is amended by replacing subparagraph *c* of the second paragraph by the following subparagraph:

“(c) C is the agreed proportion in respect of the individual for the fiscal period referred to in the first paragraph.”

(2) Subsection 1 applies in respect of a qualifying security issued after 23 March 2006. However, when section 1129.12.19 of the Act applies before 4 June 2009, subparagraph *c* of the second paragraph of that section is to be read as follows:

“(c) C is the proportion that the share of the individual of the income or loss of the partnership for the fiscal period referred to in the first paragraph is of the income or loss of the partnership for the fiscal period, on the assumption that, if the income and loss of the partnership for the fiscal period are nil, the income of the partnership for the fiscal period is equal to \$1,000,000.”

194. (1) The Act is amended by inserting the following section after section 1129.27.0.2:

“1129.27.0.2.1. The Fund shall pay, for a particular taxation year beginning after 31 May 2009 and ending on or before the last day of its taxation year in which the paid-up capital in respect of the shares of its capital stock first reaches 1.25 billion dollars, a tax equal to 25% of the amount by which the aggregate of all amounts each of which is an amount paid during that particular taxation year for the purchase of a share as first purchaser exceeds \$150,000,000.

For the purposes of the first paragraph, an amount paid for the purchase of a share includes only the issue price paid in respect of the share.”

(2) Subsection 1 has effect from 1 June 2009.

195. (1) Section 1129.27.0.3 of the Act is amended by replacing “the year referred to in section 1129.27.0.2” by “a year referred to in section 1129.27.0.2 or 1129.27.0.2.1”.

(2) Subsection 1 has effect from 1 June 2009.

196. (1) The heading of Part III.9.0.1 of the Act is replaced by the following heading:

“SPECIAL TAX RELATING TO THE CREDIT FOR LABOUR TRAINING IN THE MANUFACTURING, FORESTRY AND MINING SECTORS”.

(2) Subsection 1 has effect from 20 March 2009.

ACT RESPECTING THE MINISTÈRE DU REVENU

197. Section 17.3 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) is amended by adding the following subparagraph after subparagraph *m* of the first paragraph:

“(n) contravenes section 350.52 of the Act respecting the Québec sales tax.”

198. Section 17.5 of the Act is amended

(1) by adding the following subparagraph after subparagraph *o* of the first paragraph:

“(p) contravenes section 350.52 of the Act respecting the Québec sales tax.”;

(2) by replacing “*j* to *o*” in the second and third paragraphs by “*j* to *p*”.

199. Section 17.9 of the Act is amended by replacing “*j* to *o*” in the second paragraph by “*j* to *p*”.

200. Section 60.3 of the Act is amended by replacing “34.3” by “34.3 or section 350.53 of the Act respecting the Québec sales tax (chapter T-0.1)”.

201. The Act is amended by inserting the following section after section 60.3:

“**60.4.** Every person who contravenes any of sections 350.51, 350.55 and 350.56 of the Act respecting the Québec sales tax (chapter T-0.1) is guilty of an offence and, in addition to any penalty otherwise provided, is liable to a fine of not less than \$300 nor more than \$5,000 and, for a second offence within five years, to a fine of not less than \$1,000 nor more than \$10,000 and, for a third or subsequent offence within that period, to a fine of not less than \$5,000 nor more than \$50,000.”

202. Section 61.0.0.1 of the Act is amended by replacing “34 and 35 to 35.5” by “34 and 35 to 35.5 or section 350.52 of the Act respecting the Québec sales tax (chapter T-0.1)”.

ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE
DU QUÉBEC

203. (1) Section 34.1.4 of the Act respecting the Régie de l'assurance maladie du Québec (R.S.Q., chapter R-5) is amended

(1) by replacing “the said Act” in the following provisions by “that Act”:

— subparagraphs 1 to 3 of subparagraph i of paragraph *a*;

— subparagraph ii of paragraph *a*;

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

— subparagraph 3 of subparagraph iv of paragraph *a*;

— subparagraphs 3 and 4 of subparagraph ii of paragraph *b*;

— subparagraph iii of paragraph *b*;

(2) by replacing subparagraphs 1 and 2 of subparagraph iv of paragraph *a* by the following subparagraphs:

“(1) section 310 of that Act, to the extent that that section refers to any of sections 931.1, 961.17.0.1 and 965.20 of that Act,

“(2) paragraph *e.6* or *k.0.1* of section 311, paragraph *g* of section 312 or section 317 of that Act, if such an amount is deductible in computing the individual's taxable income for the year under section 725 of that Act by reason of any of paragraphs *a.1*, *c* and *c.0.1* of that section 725, or is an amount received as a pension under the Old Age Security Act (Revised Statutes of Canada, 1985, chapter O-9), or”;

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

“(1) any of paragraphs *d*, *d.1*, *d.2.1* and *f* to *i* of section 336 of the Taxation Act, except to the extent that paragraph *d* of that section refers to an amount described in paragraph *e.6* of section 311 or section 311.1 or 311.2 of that Act or to a pension paid under the Old Age Security Act, and except to the extent that the amount referred to in paragraph *g* of that section 336 was not included for the purpose of computing the individual's total income under subparagraph 2 of subparagraph iv of paragraph *a*,”;

(4) by replacing “*réfère*” in subparagraphs 3 and 4 of subparagraph ii of paragraph *b* in the French text by “*fait référence*”;

(5) by replacing subparagraph 6 of subparagraph ii of paragraph *b* by the following subparagraph:

“(6) paragraph *c.1* of section 339 of the Taxation Act, to the extent that that paragraph refers to an amount deductible under section 961.20 or 961.21 of that Act.”.

(2) Paragraph 2 of subsection 1, when it replaces subparagraph 2 of subparagraph *iv* of paragraph *a* of section 34.1.4 of the Act, applies from the year 2008.

(3) Paragraph 3 of subsection 1 applies from the year 2007. However, when subparagraph 1 of subparagraph *ii* of paragraph *b* of section 34.1.4 of the Act applies to the year 2007, it is to be read as follows:

“(1) any of paragraphs *d*, *d.1*, *d.2.1* and *f* to *i* of section 336 of the Taxation Act, except to the extent that paragraph *d* of that section refers to an amount described in section 311.1 or 311.2 of the said Act or to a pension paid under the Old Age Security Act, and except to the extent that the amount referred to in paragraph *g* of that section 336 was not included for the purpose of computing the individual’s total income under subparagraph 2 of subparagraph *iv* of paragraph *a*.”.

204. (1) Section 34.1.9 of the Act is amended by replacing the second paragraph by the following paragraph:

“The amount of the overpayment referred to in the first paragraph is equal to the aggregate of all amounts each of which is an amount—established, if applicable, in Canadian currency in the manner provided for in paragraph *e* of section 21.4.26 of the Taxation Act—that the employer would be deemed to have paid to the Minister of Revenue for the taxation year under section 1029.8.36.0.3.48 of that Act, if it were read without reference to the fourth and fifth paragraphs of that section, or under section 1029.8.36.0.3.57 of that Act, if it were read without reference to the second and third paragraphs of that section.”

(2) Subsection 1 applies to a taxation year that begins after 13 December 2007.

205. (1) Section 37.4 of the Act is amended, in subparagraph *a* of the first paragraph,

(1) by replacing subparagraphs *i* to *iv* by the following subparagraphs:

“*i.* \$14,040 where, for the year, the individual has no eligible spouse and no dependent child,

“*ii.* \$22,750 where, for the year, the individual has no eligible spouse but has one dependent child,

“*iii.* \$25,790 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$22,750 where, for the year, the individual has an eligible spouse but has no dependent child, and”;

(2) by replacing subparagraphs 1 and 2 of subparagraph v by the following subparagraphs:

“(1) \$25,790 where the individual has one dependent child for the year, or

“(2) \$28,595 where the individual has more than one dependent child for the year; and”.

(2) Subsection 1 applies from the year 2009.

ACT RESPECTING THE QUÉBEC SALES TAX

206. (1) Section 16 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1) is amended by replacing “7.5%” in the first paragraph by “8.5%”.

(2) Subsection 1 has effect from 1 January 2011, except in respect of the supplies referred to in subsections 3 to 8.

(3) Subject to subsections 4 to 8, subsection 1 applies in respect of

(a) a supply of a property or service for which all of the consideration becomes due after 31 December 2010 and is not paid before 1 January 2011; and

(b) a supply of a property or service for which part of the consideration becomes due after 31 December 2010 and is not paid before 1 January 2011; however, tax at the rate of 7.5% is to be calculated on the value of any part of the consideration that becomes due or is paid before 1 January 2011.

(4) If, by reason of the application of section 86 of the Act, tax under section 16 of the Act, as amended by subsection 1, in respect of a supply of corporeal movable property by way of sale, calculated on the value of all or part of the consideration for the supply is payable before 1 January 2011, the tax is to be calculated at the rate of 7.5%, unless, by reason of the application of section 89 of the Act, tax calculated on the value of the consideration or a part of the consideration is payable after 31 December 2010, in which case the tax is to be calculated at the rate of 8.5%.

(5) Subsection 1 applies in respect of a supply of an immovable by way of sale made under an agreement in writing entered into after 31 December 2010 under which ownership and possession of the immovable are transferred to the recipient after that date.

(6) Subsection 1 applies in respect of a supply made under an agreement in writing entered into after 31 December 2010 for the construction, renovation or alteration of, or repair to, an immovable or a ship or other marine vessel.

(7) Subsection 1 applies in respect of a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit after 31 December 2010.

(8) If a supply of a property or service is made and the consideration for the supply of the property or service delivered, performed or made available during a period beginning before 1 January 2011 and ending after 31 December 2010 is paid by the recipient under a budget payment arrangement with a reconciliation of the payments to take place at or after the end of the period, the following rules apply:

(a) at the time the supplier issues an invoice for the reconciliation of the payments, the supplier shall determine the positive or negative amount determined by the formula

A – B;

(b) if the amount determined under paragraph *a* in respect of a supply of a property or service is a positive amount and the supplier is a registrant, the supplier shall collect, and is deemed to have collected on the day the invoice for the reconciliation of payments is issued, that amount from the recipient as tax; and

(c) if the amount determined under paragraph *a* in respect of a supply of a property or service is a negative amount and the supplier is a registrant, the supplier shall refund or credit that amount to the recipient and issue a credit note for that amount in accordance with section 449 of the Act, unless the recipient issues a debit note for that amount.

(9) For the purposes of the formula in paragraph *a* of subsection 8,

(a) A is the total tax that would be payable by the recipient in respect of a supply of a property or service delivered, performed or made available during the period if it were calculated

i. at the rate of 7.5% on the value of the consideration attributable to the part of the property or service supplied that is delivered, performed or made available before 1 January 2011, if the consideration attributable to that part had become due or been paid before 1 January 2011, and

ii. at the rate of 8.5% on the value of the consideration attributable to the part of the property or service supplied that is delivered, performed or made available after 31 December 2010, if the consideration attributable to that part had become due after 31 December 2010 and had not been paid before 1 January 2011; and

(b) B is the total tax payable by the recipient in respect of a supply of a property or service delivered, performed or made available during the period.

(10) For the purposes of subsections 7 to 9, if a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit is made during a period for which the supplier issues an invoice in respect of the supply and, because of the method of recording the delivery of the property or the provision of the service, the time at which all or part of the property is delivered, or the time at which all or part of the service is provided, cannot reasonably be determined, an equal part of the whole of the property delivered, or of the whole of the service provided, in the period is deemed to have been delivered or provided, as the case may be, on each day of the period.

207. (1) Section 16.1 of the Act is amended by replacing “7.5%” in the first paragraph by “8.5%”.

(2) Subsection 1 has effect from 1 January 2011.

208. (1) Section 17 of the Act is amended by replacing “7.5%” in the first paragraph by “8.5%”.

(2) Subsection 1 applies in respect of the bringing into Québec of corporeal property after 31 December 2010.

209. (1) Section 18 of the Act is amended by replacing “7.5%” in the portion before paragraph 1 by “8.5%”.

(2) Subsection 1 has effect from 1 January 2011, except in respect of the supplies referred to in subsections 3 to 5.

(3) Subject to subsections 4 and 5, subsection 1 applies in respect of a supply for which the consideration becomes due after 31 December 2010 and is not paid before 1 January 2011.

(4) Subsection 1 applies in respect of a supply made under an agreement in writing entered into after 31 December 2010 for the construction, renovation or alteration of, or repair to, a ship or other marine vessel.

(5) Subsection 1 applies in respect of a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit after 31 December 2010.

(6) For the purposes of subsection 5, if a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit is made during a period for which the supplier issues an invoice in respect of the supply and, because of the method of recording the delivery of the property or the provision of the service, the time at which all or part of the property is delivered, or the time at which all or part of the service is provided, cannot reasonably be determined, an equal part of the whole of the property delivered, or of the whole of the service provided, in the period is deemed to have been delivered or provided, as the case may be, on each day of the period.

210. (1) Section 18.0.1 of the Act is amended by replacing “7.5%” in subparagraph 1 of the second paragraph by “8.5%”.

(2) Subsection 1 has effect from 1 January 2011, except in respect of the supplies referred to in subsections 3 to 5.

(3) Subject to subsections 4 and 5, subsection 1 applies in respect of a supply for which the consideration becomes due after 31 December 2010 and is not paid before 1 January 2011.

(4) Subsection 1 applies in respect of a supply made under an agreement in writing entered into after 31 December 2010 for the construction, renovation or alteration of, or repair to, a ship or other marine vessel.

(5) Subsection 1 applies in respect of a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit after 31 December 2010.

(6) For the purposes of subsection 5, if a supply of a property or service delivered, performed or made available on a continuous basis by means of a wire, pipeline or other conduit is made during a period for which the supplier issues an invoice in respect of the supply and, because of the method of recording the delivery of the property or the provision of the service, the time at which all or part of the property is delivered, or the time at which all or part of the service is provided, cannot reasonably be determined, an equal part of the whole of the property delivered, or of the whole of the service provided, in the period is deemed to have been delivered or provided, as the case may be, on each day of the period.

211. (1) Section 60 of the Act is amended by replacing “100/107.5” in paragraph 3 by “100/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

212. (1) Section 69.3.1 of the Act is amended

(1) by replacing “7.875%” and “12.875%” in the portion before paragraph 1 by “8.925%” and “13.925%”, respectively;

(2) by replacing “7.87%” in paragraph 1 by “8.92%”;

(3) by replacing “12.87%” in paragraph 2 by “13.92%”.

(2) Subsection 1 has effect from 1 January 2011.

213. Section 176 of the Act is amended by replacing “where the eye-care professional is entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut in which the professional practises” in paragraph 8 by “if the eye-care professional is

entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut (province or territory in which the professional practises)”.

214. (1) Section 211 of the Act is amended by replacing the second paragraph by the following paragraph:

“In addition, any consumption or use of the property or service by the employee, member or volunteer is deemed to be consumption or use by the person and not by the employee, member or volunteer, and the person is deemed to have paid, at the time the allowance was paid, tax in respect of the supply equal to the amount determined by multiplying the amount of the allowance by 8.5/108.5.”

(2) Subsection 1 applies in respect of an allowance paid by a person after 31 December 2010.

215. (1) Section 213 of the Act is amended by replacing “7.5/107.5” in the portion of the first paragraph before subparagraph 1 by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

216. (1) Section 252 of the Act is amended by replacing “7.5/107.5” in the portion of paragraph 2 before subparagraph *a* by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

217. (1) Section 290 of the Act is amended

(1) in subparagraph *b* of subparagraph 2 of the first paragraph,

(a) by replacing “7.5/107.5” in subparagraph ii by “8.5/108.5”;

(b) by replacing “7.5/107.5” in subparagraph iii by “8.5/108.5”;

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

“Subparagraph 2 of the first paragraph does not apply where the registrant is, by reason of section 203 or 206, not entitled to include, in determining an input tax refund, an amount in respect of the tax payable by the registrant in respect of the last acquisition or bringing into Québec of the property or service.”

(2) Paragraph 1 of subsection 1 has effect from 1 January 2011.

218. (1) Section 300 of the Act is amended by replacing “7.5/107.5” in paragraph 1 by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

219. (1) Section 300.1 of the Act is amended by replacing “7.5/107.5” in subparagraph *a* of paragraph 2 by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

220. (1) Section 300.2 of the Act is amended

(1) by replacing “7.5/107.5” in the portion of subparagraph *b* of paragraph 1 before subparagraph *i* by “8.5/108.5”;

(2) by replacing “7.5/107.5” in subparagraph *b* of paragraph 2 by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

221. (1) Section 318 of the Act is amended by replacing “100/107.5” in paragraph 1 by “100/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

222. (1) Section 323.1 of the Act is amended by replacing “7.5/107.5” in paragraph 1 by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

223. (1) Section 323.2 of the Act is amended by replacing “7.5/107.5” in subparagraph *a* of paragraph 2 by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

224. (1) Section 323.3 of the Act is amended

(1) by replacing “7.5/107.5” in the portion of subparagraph *b* of paragraph 1 before subparagraph *i* by “8.5/108.5”;

(2) by replacing “7.5/107.5” in subparagraph *b* of paragraph 2 by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

225. (1) Section 350.1 of the Act is amended by replacing “7.5/107.5” in the definition of “tax fraction” by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

226. (1) Section 350.6 of the Act is amended by replacing “7.5/107.5” in subparagraph 1 of the first paragraph by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

227. The Act is amended by inserting the following after section 350.49:

“DIVISION XXII

“RESTAURANT SERVICES

“350.50. For the purposes of this division,

“establishment providing restaurant services” means, as the case may be, a place

(1) laid out to ordinarily provide, for consideration, meals for consumption on the premises;

(2) where meals for consumption elsewhere than on the premises are provided for consideration; or

(3) where a caterer carries on a business;

however, the expression does not include, as the case may be, a place

(4) that is reserved exclusively for the personnel of a business and where meals are provided for such personnel;

(5) that is a mobile vehicle in which meals are provided;

(6) where are made supplies of meals that are zero-rated supplies exclusively;

(7) where are provided alcoholic beverages exclusively;

(8) where are provided, for consideration, meals to be consumed exclusively in the stands, seats or area reserved for the spectators or participants at a cinema, theatre, amphitheatre, racetrack, arena, stadium, sports centre or any other similar place;

(9) where meals for consumption elsewhere than on the premises are provided for consideration and that is a butcher’s shop, bakery, fish shop, grocery store or any other similar business; or

(10) that is laid out to ordinarily provide, for consideration, meals for consumption on the premises, that is integrated into the business premises of another business of the operator (other than an establishment providing restaurant services) and that is designed in such a way that less than 20 persons can consume meals on the premises simultaneously;

“meal” means a food or beverage intended for human consumption but does not include

(1) a food or beverage supplied through a vending machine; or

(2) a food or beverage that a recipient receives solely for the purpose of again making a supply of it.

“350.51. If the operator of an establishment providing restaurant services makes a taxable supply of a meal (other than a zero-rated supply) in the course of operating the establishment, the operator shall prepare an invoice containing prescribed information, provide the invoice (except in the cases and conditions prescribed) to the recipient without delay after preparing it and keep a copy of the invoice.

“350.52. The operator of an establishment providing restaurant services who is a registrant shall, by means of a prescribed device, keep a register containing the information referred to in section 350.51 and issue the invoice described in that section.

The operator shall also enter in the register, by means of the device, the prescribed information on the operations relating to an invoice or to the supply of a meal. In the case of information relating to the payment of such a supply, the operator shall enter the information in the register without delay, except in the cases prescribed, upon receiving the payment.

“350.53. A registrant referred to in section 350.52 or a person acting on the registrant’s behalf may not print the invoice containing the information referred to in section 350.51 more than once, except when providing it to the recipient for the purposes of section 350.51. If such a registrant or such a person generates a copy, duplicate, facsimile or any other type of total or partial reproduction for another purpose, the registrant or person can only do so by means of the device referred to in section 350.52 and shall make a note on such a document identifying the operation relating to the invoice.

No registrant or person referred to in the first paragraph may provide a recipient of a supply described in section 350.51 with a document stating the consideration paid or payable by the recipient for the supply and the tax payable in respect of the supply, except in the prescribed cases and conditions or unless the document was generated in accordance with the first paragraph or in accordance with section 350.52.

“350.54. A registrant referred to in section 350.52 shall file with the Minister, for each prescribed period, a report in the prescribed form containing prescribed information, within the prescribed time and in the manner prescribed by the Minister.

Except in the cases prescribed, the form must be filed in respect of each device referred to in section 350.52 even if no meal was supplied during the period.

“350.55. No registrant referred to in section 350.52 may have, in an establishment providing restaurant services, a device referred to in that section that is not sealed at all times.

If a seal is broken, the registrant shall, without delay and at the registrant's expense, have a new seal affixed and notify the Minister in the prescribed manner.

“350.56. No person may open or repair a device referred to in section 350.52, or install or affix a seal on such a device, unless authorized to do so by the Minister.

Any person who activates, deactivates, initializes, maintains, repairs or updates a device referred to in section 350.52 or who performs any other work in respect of such a device shall notify the Minister in the prescribed manner and without delay after performing such work.

“350.57. The Minister may, on such terms and conditions as the Minister determines, exempt a person or class of persons from a requirement set out in sections 350.51 to 350.56. The Minister may, however, revoke the exemption or modify the terms and conditions.

“350.58. Is liable to a penalty of \$100 whoever fails to comply with any of sections 350.51, 350.55 and 350.56, to a penalty of \$300 whoever fails to comply with section 350.52 and to a penalty of \$200 whoever fails to comply with section 350.53.

“350.59. In any proceedings respecting an offence under section 60.3 of the Act respecting the Ministère du Revenu (chapter M-31), when it refers to section 350.53, an offence under section 60.4 of the Act respecting the Ministère du Revenu, when it refers to any of sections 350.51, 350.55 and 350.56, an offence under section 61.0.0.1 of the Act respecting the Ministère du Revenu, when it refers to section 350.52, or an offence under section 485.3, when it refers to section 425.1.1, an affidavit of a public servant of the Ministère du Revenu attesting that the public servant had knowledge that an invoice was provided to the recipient by an operator of an establishment providing restaurant services referred to in section 350.51 or by a person acting on the operator's behalf, is proof, in the absence of any proof to the contrary, that the invoice was prepared and provided by the registrant or the person acting on the operator's behalf and that the amount shown in the invoice as being the consideration corresponds to the consideration received from the recipient for the supply of a meal.

“350.60. In proceedings respecting an offence referred to in section 350.59, an affidavit of a public servant of the Ministère du Revenu attesting that the public servant carefully analyzed an invoice and that it was impossible for the public servant to find that it was issued using an operator's device referred to in section 350.52, is proof, in the absence of any proof to the contrary, that the invoice was not issued by means of the operator's device.”

228. (1) Section 358 of the Act is amended by replacing “7.5/107.5” in subparagraph 1 of the second paragraph by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

229. (1) Section 359 of the Act is amended

(1) by replacing “membre” in the portion before paragraph 1 in the French text by “un associé”;

(2) by replacing “7.5/107.5” in subparagraph *b* of paragraph 1 by “8.5/108.5”;

(3) by replacing “7.5/107.5” in subparagraph *b* of paragraph 3 by “8.5/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

230. (1) Section 362.3 of the Act is amended by replacing “\$5,573” in the formula in subparagraph 2 of the first paragraph by “\$6,316”.

(2) Subsection 1 applies in respect of a taxable supply by way of sale of a single unit residential complex or a residential unit held in co-ownership if the agreement in writing for the supply is entered into after 31 December 2010 and ownership and possession under the agreement are transferred after that date.

231. (1) Section 370.0.1 of the Act is amended by replacing “\$253,969” in subparagraph 3 of the first paragraph by “\$256,331”.

(2) Subsection 1 applies in respect of a supply to a particular individual of all or part of a building in which a residential unit forming part of a residential complex is situated if possession of the residential unit is given to the particular individual after 31 December 2010.

232. (1) Section 370.0.2 of the Act is amended

(1) by replacing subparagraphs 1 and 2 of the first paragraph by the following subparagraphs:

“(1) if the fair market value referred to in subparagraph 3 of the first paragraph of section 370.0.1 is not more than \$227,850, the amount determined by the formula

$$[2.78\% \times (A - B)] + (8.5\% \times B); \text{ and}$$

“(2) if the fair market value referred to in subparagraph 3 of the first paragraph of section 370.0.1 is more than \$227,850 but less than \$256,331, the amount determined by the formula

$\{[2.78\% \times (A - B)] \times [(\$256,331 - C)/\$28,481]\} + (8.5\% \times B)."$;

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

"For the purposes of this section, the amount obtained by multiplying 2.78% by the difference between A and B may not exceed \$6,316."

(2) Subsection 1 applies in respect of a supply to a particular individual of all or part of a building in which a residential unit forming part of a residential complex is situated if possession of the residential unit is given to the particular individual after 31 December 2010.

233. (1) Section 370.3.1 of the Act is amended by replacing "\$253,969" and "7.5%" by "\$256,331" and "8.5%", respectively.

(2) Subsection 1 applies in respect of a supply to a particular individual of all or part of a building in which a residential unit forming part of a residential complex is situated if possession of the residential unit is given to the particular individual after 31 December 2010.

234. (1) Section 370.5 of the Act is amended by replacing "\$253,969" in paragraph 4 by "\$256,331".

(2) Subsection 1 applies in respect of a supply of a share of the capital stock of a cooperative housing corporation if the corporation has paid tax at the rate of 8.5% in respect of the taxable supply of the residential complex in respect of which the supply of the share is made.

235. (1) Section 370.6 of the Act is amended

(1) by replacing subparagraphs 1 and 2 of the first paragraph by the following subparagraphs:

"(1) if the total consideration is not more than \$227,850, the amount determined by the formula

$[2.78\% \times (A - B)] + (8.5\% \times B)$; and

"(2) if the total consideration is more than \$227,850 but less than \$256,331, the amount determined by the formula

$\{\$6,316 \times [(\$256,331 - A)/\$28,481]\} + (8.5\% \times B)."$;

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

"For the purposes of this section, the amount obtained by multiplying 2.78% by the difference between A and B may not exceed \$6,316."

(2) Subsection 1 applies in respect of a supply of a share of the capital stock of a cooperative housing corporation if the corporation has paid tax at the rate of 8.5% in respect of the taxable supply of the residential complex in respect of which the supply of the share is made.

236. (1) Section 370.8 of the Act is amended by replacing “\$253,969” and “7.5%” by “\$256,331” and “8.5%”, respectively.

(2) Subsection 1 applies in respect of a supply of a share of the capital stock of a cooperative housing corporation if the corporation has paid tax at the rate of 8.5% in respect of the taxable supply of the residential complex in respect of which the supply of the share is made.

237. (1) Section 370.10 of the Act is amended

(1) in the third paragraph,

(a) by inserting the following subparagraph before subparagraph 1:

“(0.1) in the case where all or substantially all of the tax was paid at the rate of 8.5% at a time when the tax payable under subsection 1 of section 165 of the Excise Tax Act was paid at the rate of 5%, \$6,316;”;

(b) by inserting “at the rate of 7.5%” after “all of the tax was paid” in subparagraphs 1 to 3;

(c) by replacing subparagraph 4 by the following subparagraph:

“(4) in any other case, the amount determined by the formula

$(D \times \$69) + (E \times \$34) + (F \times \$743) + \$5,573.$ ”;

(2) in the fourth paragraph,

(a) by inserting “at the rate of 7.5%” after “the tax was paid” in subparagraphs 1 and 2;

(b) by adding the following subparagraph after subparagraph 2:

“(3) F is the percentage that corresponds to the extent to which the tax was paid at the rate of 8.5% at a time when the tax payable under subsection 1 of section 165 of the Excise Tax Act was paid at the rate of 5%.”

(2) Subsection 1 applies in respect of a rebate relating to a residential complex for which an application is filed with the Minister of Revenue after 31 December 2010.

238. (1) Section 378.7 of the Act is amended by replacing “\$5,573” in the portion of subparagraph 1 of the second paragraph before the formula by “\$6,316”.

(2) Subsection 1 applies in respect of

(1) a taxable supply by way of sale to a recipient from another person of a residential complex, or an interest in a residential complex, if the agreement in writing for the supply is entered into after 31 December 2010 and ownership and possession under the agreement are transferred after that date; and

(2) a deemed purchase by a builder if the tax in respect of the deemed purchase of a residential complex or an addition to it is deemed to have been paid after 31 December 2010.

239. (1) Section 378.9 of the Act is amended by replacing “\$5,573” in the portion of subparagraph 1 of the second paragraph before the formula by “\$6,316”.

(2) Subsection 1 applies in respect of a supply of a building or part of it forming part of a residential complex and of a supply of land described in subparagraphs *a* and *b* of paragraph 1 of section 378.8 of the Act, that result in a person being deemed under sections 223 to 231.1 of the Act to have made and received a taxable supply by way of sale of the residential complex or of an addition to it after 31 December 2010.

240. (1) Section 378.11 of the Act is amended by replacing “\$5,573” in the portion of subparagraph 1 of the second paragraph before the formula by “\$6,316”.

(2) Subsection 1 applies in respect of

(1) a taxable supply by way of sale to a recipient from another person of a residential complex, or an interest in a residential complex, if the agreement in writing for the supply is entered into after 31 December 2010 and ownership and possession under the agreement are transferred after that date; and

(2) a deemed purchase by a builder if the tax in respect of the deemed purchase of a residential complex or an addition to it is deemed to have been paid after 31 December 2010.

241. Section 383 of the Act is amended by inserting the following definition in alphabetical order:

““municipality” includes a person designated by the Minister to be a municipality, but only in respect of activities, specified in the designation, that involve the making of supplies, other than taxable supplies, by the person of municipal services;”.

242. Section 411 of the Act is amended by replacing the second paragraph by the following paragraph:

“Despite subparagraph 1 of the first paragraph, no person who is a small supplier, other than the following persons, may make an application for registration under that paragraph unless the person applies to the Minister of National Revenue for registration under subsection 3 of section 240 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15):

- (1) a person who supplies financial services; and
- (2) a charity or public institution that, as a sponsor, supplies admissions to a convention, other than an admission to a foreign convention, to a person not resident in Québec.”

243. The Act is amended by inserting the following section after section 425.1:

“425.1.1. Despite the first paragraph of section 425, a registrant who makes a taxable supply of a meal, other than a zero-rated supply, shall show on the invoice referred to in section 350.51 and that the registrant is required to provide to the recipient the consideration paid or payable by the recipient for the supply as well as the tax payable in respect of the supply in such a way that the amount of the tax is shown clearly and separately from the tax under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).”

244. (1) Section 453 of the Act is amended by replacing “100/107.5” in the portion of paragraph 1 before subparagraph *a* by “100/108.5”.

(2) Subsection 1 has effect from 1 January 2011.

245. Section 485.3 of the Act is amended by replacing “section 425 or 425.1” by “any of sections 425, 425.1 and 425.1.1”.

246. Section 677 of the Act is amended by inserting the following subparagraphs after subparagraph 33.1 of the first paragraph:

“(33.2) determine, for the purposes of section 350.51, the prescribed information that an invoice must contain and the prescribed cases and conditions in respect of which an invoice is not provided to the recipient;

“(33.3) determine, for the purposes of section 350.52, the prescribed devices, the prescribed information and the prescribed cases in respect of which information is not required to be entered without delay;

“(33.4) determine, for the purposes of the second paragraph of section 350.53, the prescribed cases and conditions in respect of which a document may be provided;

“(33.5) determine, for the purposes of section 350.54, the prescribed periods, prescribed times and prescribed cases;

“(33.6) determine, for the purposes of sections 350.55 and 350.56, the prescribed manner of notifying the Minister;”.

ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED
ON 24 MAY 2007, TO THE 1 JUNE 2007 MINISTERIAL STATEMENT
CONCERNING THE GOVERNMENT’S 2007–2008 BUDGETARY
POLICY AND TO CERTAIN OTHER BUDGET STATEMENTS

247. (1) Section 460 of the Act giving effect to the Budget Speech delivered on 24 May 2007, to the 1 June 2007 Ministerial Statement Concerning the Government’s 2007–2008 Budgetary Policy and to certain other budget statements (2009, chapter 5) is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies from the taxation year 2007. In addition, when the definition of “earned income” in section 1029.8.67 of the Act applies to the taxation years 2003 to 2006, paragraph *b* of that definition is to be read as if “*e.4*” was replaced by “*e.5*”.”

(2) Subsection 1 has effect from 15 May 2009.

ACT GIVING EFFECT TO THE BUDGET SPEECH DELIVERED ON
13 MARCH 2008 AND TO CERTAIN OTHER BUDGET STATEMENTS

248. (1) The Act giving effect to the Budget Speech delivered on 13 March 2008 and to certain other budget statements (2009, chapter 15) is amended by replacing sections 544 to 550 by the following sections:

“**544.** Every regulation made by the Government under a provision of the Tobacco Tax Act (R.S.Q., chapter I-2) or of the Fuel Tax Act (R.S.Q., chapter T-1) that was repealed by any of sections 20, 22 and 539 of this Act remains in force until it is replaced or repealed and is deemed to have been made under the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31).

“**545.** Every act performed and every decision made under a provision of the Tobacco Tax Act (R.S.Q., chapter I-2) or of the Fuel Tax Act (R.S.Q., chapter T-1) that was repealed by any of sections 20, 22 and 539 of this Act retains its effect if it continues to serve a useful purpose. If it continues to do so, it is deemed to have been performed or made under the corresponding provisions of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31).

“**546.** Every act begun before 4 June 2009 which did not conflict with a provision of the Tobacco Tax Act (R.S.Q., chapter I-2) or of the Fuel Tax Act (R.S.Q., chapter T-1) that was repealed by any of sections 20, 22 and 539 of this Act is continued, unless otherwise specially provided, in accordance with the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31).

“**547.** Every pleading drawn up before 4 June 2009 in accordance with a provision of the Tobacco Tax Act (R.S.Q., chapter I-2) or of the Fuel Tax Act (R.S.Q., chapter T-1) that was repealed by any of sections 20, 22 and 539 of this Act is valid until such time as the object of the pleading is achieved.

“**548.** Search warrants issued under a provision of the Tobacco Tax Act (R.S.Q., chapter I-2) or of the Fuel Tax Act (R.S.Q., chapter T-1) that was repealed by section 20 or 539 of this Act remain valid, but the search must be carried out in accordance with the corresponding provisions of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31).

“**549.** Applications made before 4 June 2009 which did not conflict with a provision of the Tobacco Tax Act (R.S.Q., chapter I-2) or of the Fuel Tax Act (R.S.Q., chapter T-1) that was repealed by any of sections 20, 22 and 539 of this Act are continued in accordance with the corresponding provisions of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31).

“**550.** For greater certainty, the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31) applies, with the necessary modifications, to a thing seized under a provision of the Tobacco Tax Act (R.S.Q., chapter I-2) or of the Fuel Tax Act (R.S.Q., chapter T-1) that was repealed by section 20 or 539 of this Act.”

(2) Subsection 1 has effect from 4 June 2009.

TRANSITIONAL AND FINAL PROVISIONS

249. If section 1029.8.116.9.1 of the Taxation Act (R.S.Q., chapter I-3) applies to the taxation year 2009 in respect of an individual whose period of transition to work, within the meaning of section 1029.8.116.1 of the Taxation Act, is described in paragraph *b* of the definition of that expression, enacted by section 163, subparagraphs *a* and *b* of the second paragraph of that section 1029.8.116.9.1 are to be read as follows:

“(a) if the individual files the application before 1 July 2009,

i. the Minister shall pay to the individual, on 15 July 2009, an amount equal to the product obtained by multiplying \$200 by the number of eligible months that precede the month of July 2009, and

ii. for each of the other eligible months, the Minister shall pay to the individual an amount of \$200 on or before the 15th day of the following month; and

“(b) in any other case,

i. for any eligible month that precedes the month in which the individual filed the application, the Minister shall pay to the individual, on or before the 15th day of the month that follows the month in which the application was filed, an amount equal to the product obtained by multiplying \$200 by the number of those eligible months, and

ii. for each of the other eligible months, the Minister shall pay to the individual an amount of \$200 on or before the 15th day of the following month.”

250. The Minister of Revenue may establish and implement a transitional financial compensation program to subsidize the cost of acquiring and installing the prescribed devices referred to in section 350.52 of the Act respecting the Québec sales tax, enacted by section 227 of this Act.

251. This Act comes into force on 20 April 2010, except sections 197 to 200, 202, section 227, when it enacts sections 350.50 to 350.55 of the Act respecting the Québec sales tax (R.S.Q., chapter T-0.1), section 243 and section 245, which come into force on the date or dates to be set by order of the Government. Such orders may apply to one or more classes of operators of establishments providing restaurant services.

Regulations and other Acts

Gouvernement du Québec

O.C. 399-2010, 5 May 2010

Education Act
(R.S.Q., c. I-13.3)

Basic school regulation for preschool, elementary and secondary education — Amendments

Regulation to amend the Basic school regulation for preschool, elementary and secondary education

WHEREAS, under section 447 of the Education Act (R.S.Q., c. I-13.3), the Government may make regulations to be known as the “basic school regulation”;

WHEREAS the Government made the Basic school regulation for preschool, elementary and secondary education (R.R.Q., c. I-13.3, r.8);

WHEREAS it is expedient to amend the Basic school regulation for preschool, elementary and secondary education;

WHEREAS, under section 458 of the Education Act, any draft regulation provided for in that section shall be submitted before passage to the Conseil supérieur de l'éducation for preliminary examination;

WHEREAS a draft of the Regulation attached to this Order in Council was submitted to the Conseil supérieur de l'éducation and the Council issued its opinion;

WHEREAS, in accordance with sections 10 and 11 of 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 3 February 2010, with a notice that it could be made by the Government on the expiry of 45 days following that publication;

WHEREAS comments were made following that publication;

WHEREAS it is expedient to make the Regulation with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of Education, Recreation and Sports:

THAT the Regulation to amend the Basic school regulation for preschool, elementary and secondary education, attached to this Order in Council, be made.

GÉRARD BIBEAU,
Clerk of the Conseil exécutif

Regulation to amend the Basic school regulation for preschool, elementary and secondary education

Education Act
(R.S.Q., c. I-13.3, s. 447)

1. The Basic school regulation for preschool, elementary and secondary education (R.R.Q., c. I-13.3, r.8) is amended in section 13.1 by inserting “and at the end of the first year of secondary school” in the first paragraph after “elementary education”.

2. The following is inserted after section 18:

“**18.1.** Despite the first paragraph of section 17, the first school days of the school calendar for children in preschool education may be used to allow them to enter school gradually

Each day used for gradual entry to school constitutes, for the purposes of the first paragraph of section 16, the equivalent of one day of class in the school calendar devoted to educational services.

18.2. For students in elementary school and students in the first cycle of secondary school, the school calendar must consist of at least 720 hours devoted to the instruction of the compulsory subjects provided for in section 22 or 23, as the case may be.

For students in the second cycle of secondary school, the calendar must consist of at least 648 hours devoted to the instruction of the subjects provided for in section 23.1 and the elective subjects appearing on the list drawn up by the Minister under the Act.”

3. The following paragraph is added to section 19:

“However, despite subparagraph 1 of the first paragraph, educational services may be offered to students on Saturdays and Sundays, with the parents’ authorization.”.

4. Section 23.1 is amended by inserting the following paragraph after the second paragraph:

“The Secondary IV compulsory subject Ethics and religious culture may, subject to section 26, be taught to Secondary III students and, if applicable, the credits assigned for that subject may be given to those students.”.

5. This Regulation comes into force on 1 July 2010.

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Gouvernement du Québec

O.C. 404-2010, 5 May 2010

Professional Code
(R.S.Q., c. C-26)

Certified management accountants — Compulsory continuing education who hold a public accountancy permit

Regulation concerning compulsory continuing education for Québec certified management accountants who hold a public accountancy permit

WHEREAS, under the second paragraph of section 187.10.2 of the Professional Code (R.S.Q., c. C-26), the board of directors of the Ordre des comptables en management accrédités du Québec must determine, by regulation, the continuing education activities in which the holder of a public accountancy permit is required to take part, the penalties for failing to take part in the activities and, where applicable, the cases in which a member may be exempted from taking part in such activities;

WHEREAS the board of directors of the Ordre des comptables en management accrédités du Québec made the Regulation concerning compulsory continuing education for Québec certified management accountants who hold a public accountancy permit;

WHEREAS, pursuant to section 95 of the Professional Code, and subject to sections 95.0.1 and 95.2 of the Code, every regulation made by the board of directors of a professional order under the Code or an Act constituting a professional order must be transmitted to the Office des professions du Québec for examination and

be submitted, with the recommendation of the Office, to the Government which may approve it with or without amendment;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), a draft of the Regulation concerning compulsory continuing education for Québec certified management accountants who hold a public accountancy permit was published in Part 2 of the *Gazette officielle du Québec* of 6 November 2009 with a notice that it could be submitted to the Government for approval on the expiry of 20 days following that publication;

WHEREAS, in accordance with section 95 of the Professional Code, the Office des professions du Québec has examined the Regulation and made its recommendation;

WHEREAS it is expedient to approve the Regulation with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of Justice:

THAT the Regulation concerning compulsory continuing education for Québec certified management accountants who hold a public accountancy permit, attached to this Order in Council, be approved.

GÉRARD BIBEAU,
Clerk of the Conseil exécutif

Regulation concerning compulsory continuing education for Québec certified management accountants who hold a public accountancy permit

Professional Code
(R.S.Q., c. C-26, s. 187.10.2, 2nd par.)

DIVISION I CONTINUING EDUCATION

1. All members of the Ordre des comptables en management accrédités du Québec who hold a public accountancy permit, unless exempted under Division IV, must complete in every 3-year reference period at least 60 hours of continuing education activities, including a minimum of 15 hours per reference year. The 60 hours must cover audit engagements, review engagements and other activities relating to public accountancy.

The members must choose the continuing education activities from the program of activities established by the Order pursuant to section 4.

The continuing education activities include:

- (1) taking part in courses organized or offered by the Order, by other professional orders or by similar organizations;
- (2) taking part in courses offered by an educational institution or by specialized institutions recognized by the Order;
- (3) taking part in symposiums, congresses, seminars or conferences;
- (4) taking part in structured training sessions or courses in the workplace;
- (5) taking part in various structured training sessions, such as case studies as part of a technical study group;
- (6) taking part in discussion groups and technical committees;
- (7) acting as a speaker or trainer;
- (8) drafting published articles or papers;
- (9) taking part in research projects.

2. Every member to whom the Order issues a public accountancy permit after 1 August in a given year must, unless exempted pursuant to Division IV, start to complete continuing education hours on 1 April of the year following the date on which the permit is issued.

The number of hours to be completed is calculated beginning on 1 April of the year following the date on which the permit is issued in proportion to the number of months remaining in the reference period.

A member to whom the Order issues a public accountancy permit after 1 August in the last year of a reference period is exempted from the continuing education requirements for that period.

DIVISION II **PROGRAM OF CONTINUING** **EDUCATION ACTIVITIES**

3. Every continuing education activity must allow members to maintain, update, improve or extend the skills and knowledge required for the practice of public accountancy.

4. The Order shall establish the program of continuing education activities that must be followed by members holding a public accountancy permit. The Order shall

(1) fix the date on which the reference period referred to in the first paragraph of section 1 begins and ends;

(2) determine the continuing education activities in the fields listed in the first paragraph of section 1 that form part of the program, along with the persons, bodies, educational institutions or specialized institutions that organize or offer the activities;

(3) assign a ratio for calculating the admissible duration of each activity as a contribution to the hours required pursuant to section 1, if it differs from the actual duration of the activity.

To determine the activities that form part of the program and, if applicable, the ratio for calculating the admissible duration of an activity, the Order shall consider the following criteria:

- (1) the relevance of the activity;
- (2) the competency and qualifications of the trainer, with respect to the subject of the activity;
- (3) compliance with the continuing education objectives set out in section 3;
- (4) the fact that the objectives of the continuing education activity are measurable and verifiable.

DIVISION III **MONITORING**

5. Members shall send to the Order, no later than 30 days after the end of each reference year in a reference period, a duly completed continuing education report using the form supplied by the Order, along with the attestations required by this Regulation, if applicable. The continuing education report must indicate the continuing education activities completed during the reference year, the number of hours completed, or the fact that the member concerned has obtained an exemption under Division IV.

To determine whether a member has met the requirements of this Regulation, the Order may request any relevant and reliable document in addition to the continuing education report, such as supporting documents that identify the activities completed, state their duration and content, name the person who offered the activities and, where applicable, attest to the member's presence or result.

6. The successful completion of a continuing education activity or, if no evaluation is involved, presence at the activity, is the criterion used by the Order to recognize that a continuing education activity has been completed in order to meet the requirements of this Regulation.

However, where the activity does not involve an evaluation and if the member's presence was not required, the Order recognizes that a continuing education activity has been completed if the member states that he or she has acquired sufficient knowledge of the content to apply it professionally.

When the Order determines that a member's presence at continuing education activities is compulsory, presence may be monitored by any means that the Order establishes, such as a presence sheet signed by members.

7. The committee set up by the board of directors forward to members, no later than 180 days after the deadline for filing the report referred to in section 5, a notice specifying any continuing education activities that it does not recognize and the grounds for its decision.

8. A member may ask the executive committee to review the decision of the committee set up by the board of directors. The request for review must be made in writing and submitted within 30 days of receipt of the notice provided for in section 7.

The executive committee must be formed of persons who were not involved in the decision for which a review is requested.

9. Members must keep the documents supporting the hours declared until 12 months after the end of the reference period.

DIVISION IV EXEMPTIONS FROM CONTINUING EDUCATION

10. A member who has taken part, or intends to take part, in a continuing education activity that is not part of the program, is exempted from taking part in an activity in the program established by the Order if the content of the activity concerned is equivalent to the content of the program activity.

11. Members may obtain an exemption under section 10 by sending to the Order, in writing, a request for recognition of the activity concerned, either 30 days before the scheduled date of the activity or within 60 days of taking part in the activity.

In the latter case, the request must include an attestation of the member's presence at or successful completion of the activity or, where applicable, a record of the member's marks.

The request must be submitted with the following information:

- (1) a description of the continuing education activity concerned;
- (2) the duration of the activity;
- (3) the number of hours of training required by the continuing education activity;
- (4) the name and address of the person, organization or institution responsible for the activity;
- (5) any other information considered relevant to the recognition of the continuing education activity.

12. Members who show that it is impossible for them to take part in a training activity provided for in the program of activities established by the Order are exempted from taking part in this activity for a given reference period.

The fact that a member has been struck off the role or suspended or that the member's right to practice has been restricted by the disciplinary council, the Professions Tribunal or the board of directors does not make it impossible for the member to take part.

The duration of an exemption may not exceed 12 months, but it may be renewed.

13. A member may obtain an exemption under section 12 by applying in writing to the Order, stating the grounds justifying the exemption and including a medical report or any other proof showing that it is impossible for the member to take part in any activity.

As soon as the situation making it impossible for the member to take part ceases, the member must immediately notify the Order in writing and complete the obligations prescribed by this Regulation on the conditions determined by the Order.

DIVISION V PENALTIES

14. The Order shall forward a notice to any member who fails to respect an obligation pertaining to continuing education, stating the obligation that the member has failed to respect, the time period within which the member may correct the failure, and the penalty to which the member is liable.

This time period may not be below 30 days or above 60 days, and begins to run from the date on which the notice is received.

Continuing education hours completed after such a failure may only be granted for the reference period during which the failure occurred.

15. The Order shall send a final notice to any member who has not corrected a failure within the time period prescribed by the Order, requiring the member to comply within an additional time period of 15 days from the date on which the final notice is received.

16. When a member does not correct the situation described in the notice within the time period prescribed pursuant to section 15, the Order shall suspend the member's public accountancy permit and inform the member of the suspension in writing.

17. The public accountancy permit shall remain suspended until the member concerned provides the Order with proof that he or she has met the requirements set out in the notice referred to in section 15, and until the suspension has been lifted by the Order.

SECTION VI FINAL PROVISION

18. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

9819

Gouvernement du Québec

O.C. 405-2010, 5 May 2010

Professional Code
(R.S.Q., c. C-26)

Comptables en management accrédités — Public accountancy permit of the Ordre

Regulation respecting the public accountancy permit of the Ordre des comptables en management accrédités du Québec

WHEREAS, under the first paragraph of section 187.10.2 of the Professional Code (R.S.Q., c. C-26), the board of directors of the Ordre des comptables en management accrédités du Québec must determine, by regulation, the standards for the issue and holding of public accountancy permits applicable to its members;

WHEREAS the board of directors of the order made the Regulation respecting the public accountancy permit of the Ordre des comptables en management accrédités du Québec;

WHEREAS, pursuant to section 95 of the Code, and subject to sections 95.0.1 and 95.2, every regulation made by the board of directors of a professional order under the Code or an Act constituting a professional

order must be transmitted to the Office des professions du Québec for examination and be submitted, with the recommendation of the Office, to the Government which may approve it with or without amendment;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), a draft of the Regulation respecting the public accountancy permit of the Ordre des comptables en management accrédités du Québec was published in Part 2 of the *Gazette officielle du Québec* of 17 September 2008 with a notice that it could be submitted to the Government for approval on the expiry of 45 days following that publication;

WHEREAS, in accordance with section 95 of the Professional Code, the Office des professions du Québec has examined the Regulation and made its recommendation;

WHEREAS it is expedient to approve the Regulation with amendments;

IT IS ORDERED, therefore, on the recommendation of the Minister of Justice:

THAT the Regulation respecting the public accountancy permit of the Ordre des comptables en management accrédités du Québec, attached to this Order in Council, be approved.

GÉRARD BIBEAU,
Clerk of the Conseil exécutif

Regulation respecting the public accountancy permit of the Ordre des comptables en management accrédités du Québec

Professional Code
(R.S.Q., c. C-26, s. 187.10.2, 1st par.)

DIVISION I CONDITIONS FOR THE ISSUE OF A PUBLIC ACCOUNTANCY PERMIT

§1. General

1. The board of directors of the Ordre des comptables en management accrédités du Québec shall issue a public accountancy permit to a certified management accountant who:

(1) has successfully completed the post-certification public accountancy program of the Order or a program that meets the criteria set out in Subdivision 2 of this Division and is recognized by the committee set up by the board of directors;

(2) has met the requirements of the training period in public accountancy or of a training period that meets the criteria set out in sections 4 and 5 of Subdivision 3 of this Division and in the second paragraph of section 6 and is recognized by the committee set up by the board of directors, in accordance with the procedure provided for in Division II;

(3) has passed the public accountancy examination of the Order or an examination that meets the criteria set out in section 10 and is recognized by the committee set up by the board of directors; and

(4) has paid the administration costs relating to the issue of the permit prescribed pursuant to paragraph 8 of section 86.0.1 of the Professional Code (R.S.Q., c. C-26).

2. A certified management accountant must meet the conditions set out in paragraphs 1, 2 and 3 of section 1 within five years from the date of obtaining authorization to start a training period in public accountancy, the date of first applying to take the public accountancy examination, or the date of obtaining recognition from the committee set up by the board of directors under paragraph 1, 2 or 3 of section 1, whichever is earliest.

§2. Post-certification program

3. The post-certification public accountancy program established by the Order shall consist of a 12-credit graduate level training program in financial accounting, taxation and assurance, involving a prerequisite of at least 9 credits at the undergraduate level in financial accounting, taxation and assurance.

The program shall be designed to give certified management accountants knowledge of financial accounting, taxation and assurance. The program shall also target the integration of such knowledge to master its interrelations, and the development of the skills needed to practice public accountancy.

§3. Training period in public accountancy

4. The training period in public accountancy shall be designed to provide certified management accountants with an appropriate framework for learning to practice public accountancy through contact with a range of professional services and clients and promote the integrated use of the skills needed to practice public accountancy.

In addition, the training period shall facilitate the attainment of the following:

(1) the application and development of the theoretical knowledge of the post-certification public accountancy program and professional training;

(2) the practice and development of judgment, initiative and administrative skills;

(3) the development of integrity and independent thinking;

(4) the development of the ability to identify and respond to clients' needs and deal with critical situations;

(5) the improvement of interpersonal and professional skills.

5. The professional training period of a duration of 24 months shall consist of not less than 2500 hours of professional services rendered to the public, including at least 100 hours in taxation and 1250 hours of professional services in public accountancy, the latter hours to be completed as follows:

(1) 625 hours in the audit of financial statements;

(2) 625 hours in the review of financial statements.

6. The training period shall be supervised by a training employer recognized by the board of directors on the basis of defined criteria that attest to the training employer's ability to instruct, guide, supervise and assess certified management accountants.

The training employer must be qualified to practice public accountancy, including business audits, and must have practiced public accountancy for at least 5 years and have never been subject to a penalty imposed by the disciplinary council of the Order or by the Professions Tribunal.

7. The training period must be authorized by a committee set up by the board of directors. It may begin as soon as the certified management accountant has obtained authorization.

Any change to a training period project must be authorized by the Order.

8. Within 30 days from the date on which the training period ends, the certified management accountant must send to the secretary of the Order a report completed and signed by the training employer. The report must specify whether or not the certified management accountant has attained the objectives set out in section 4, acquired the skills needed to practice public accountancy, and completed the hours required for the training period.

The report on the training period must be countersigned by the trainee.

9. The committee set up by the board of directors shall study the report on the training period and decide whether or not the certified management accountant has met the training period requirements. The committee shall inform the certified management accountant of its decision, in writing, within 30 days.

Where a candidate has not met the training period requirements, the committee shall inform the certified management accountant of the elements that must be completed in order to meet the requirements.

§4. Examination

10. The public accountancy examination focuses on financial accounting, taxation and assurance and shall be designed to determine the degree to which certified management accountants have mastered and integrated all the skills and knowledge acquired during the post-certification public accountancy program, as well as their ability to evaluate, analyse, process and synthesize information and communicate that information effectively.

Certified management accountants may sit for the examination if they:

(1) show that they have successfully completed the post-certification public accountancy program established by the Order or a program that meets the criteria set out in Subdivision 2 of Division I and is recognized by the committee set up by the board of directors;

(2) have completed an application for the public accountancy examination;

(3) have paid the administration costs prescribed pursuant to paragraph 8 of section 86.0.1 of the Professional Code.

11. Each year, the board of directors shall set the dates for the public accountancy examination and shall determine where the examination will be held.

12. The pass mark for the public accountancy examination is 60%. Certified management accountants who fail to obtain the pass mark must retake the public accountancy examination at the next sitting. They are entitled to retake the examination twice.

13. A certified management accountant wishing to have the mark obtained on an examination reviewed shall apply to the committee set up by the board of

directors in writing within 21 days after the results are released and pay the administration costs prescribed pursuant to paragraph 8 of section 86.0.1 of the Professional Code.

The committee has 60 days from the date of receipt of the application for review to make its decision. The mark given after the review is final.

14. Registering for the public accountancy examination under false pretences or through the submission of false documents, and copying or participating in copying during the examination, shall entail failure.

DIVISION II **RECOGNITION PROCEDURE**

15. A certified management accountant wishing to obtain recognition for a program, training period or examination for the purposes of section 1 must apply to the secretary of the Order, submit any relevant documents, and pay the administration costs for examining the application prescribed pursuant to paragraph 8 of section 86.0.1 of the Professional Code.

Documents written in a language other than French or English must be accompanied by a translation into either French or English.

16. The secretary of the Order shall forward the application for recognition from the certified management accountant to the committee set up by the board of directors. Members of this committee may not sit on the executive committee.

17. The certified management accountant shall receive, by registered mail, a copy of the committee's decision within 30 days of the date of the decision.

18. A certified management accountant who is informed of a decision by the committee not to grant recognition may request a review by the executive committee by submitting an application in writing to the secretary of the Order within 30 days of receiving the decision. The application may include written representations to the executive committee.

The executive committee shall have 60 days from the date of receipt of the application for review to make its decision.

19. The executive committee's decision is final and shall be sent to the certified management accountant by registered mail within 30 days of the date of the decision.

DIVISION III
CONDITION FOR HOLDING A PUBLIC
ACCOUNTANCY PERMIT

20. Certified management accountants who hold a public accountancy permit must send proof to the Order, no later than 1 January each year, that they have insurance for any liability they may incur as a result of faults or negligence committed in the practice of public accountancy.

DIVISION IV
FINAL PROVISION

21. This regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

9820

Gouvernement du Québec

O.C. 406-2010, 5 May 2010

Professional Code
 (R.S.Q., c. C-26)

Certified management accountants
— Code of ethics
— Amendments

Regulation to amend the Code of ethics of certified management accountants

WHEREAS, under section 87 of the Professional Code (R.S.Q., c. C-26), the board of directors of a professional order must make, by regulation, a code of ethics governing the general and special duties of the professional towards the public, clients and the profession, particularly the duty to discharge professional obligations with integrity;

WHEREAS the board of directors of the Ordre des comptables en management accrédités du Québec made the Regulation to amend the Code of ethics of certified management accountants;

WHEREAS, in accordance with section 95.3 of the Professional Code, a draft of the Regulation was sent to every member of the order at least 30 days before being made by the board of directors;

WHEREAS, pursuant to section 95 of the Code, and subject to sections 95.0.1 and 95.2, every regulation made by the board of directors of a professional order

under the Code or an Act constituting a professional order must be transmitted to the Office des professions du Québec for examination and be submitted, with the recommendation of the Office, to the Government which may approve it with or without amendment;

WHEREAS, in accordance with sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), a draft of the Regulation to amend the Code of ethics of certified management accountants was published in Part 2 of the *Gazette officielle du Québec* of 6 November 2009 with a notice that it could be submitted to the Government for approval on the expiry of 20 days following that publication;

WHEREAS, in accordance with section 95 of the Professional Code, the Office des professions du Québec has examined the Regulation and made its recommendation;

WHEREAS it is expedient to approve the Regulation without amendment;

IT IS ORDERED, therefore, on the recommendation of the Minister of Justice:

THAT the Regulation to amend the Code of ethics of certified management accountants, attached to this Order in Council, be approved.

GÉRARD BIBEAU,
Clerk of the Conseil exécutif

Regulation to amend the Code of ethics
of certified management accountants*

Professional Code
 (R.S.Q., c. C-26, s. 87)

1. The Code of ethics of certified management accountants is amended by adding the following paragraph in section 12:

“A member who is responsible, in whole or in part, for preparing or approving financial statements or for overseeing the accounting and financial reporting processes shall also ensure that such statements and processes result in a fair presentation in accordance with generally accepted accounting principles and generally accepted auditing standards.”

* The last amendments to the Code of ethics of certified management accountants, approved by Order in Council 672-90 dated 16 May 1990 (1990, *G.O.* 2, 1447), were made by the regulation approved by Order in Council 829-2003 dated 20 August 2003 (2003, *G.O.* 2, 2706). For previous amendments, see the *Tableau des modifications et Index sommaire*, Éditeur officiel du Québec, 2009, updated to 1 November 2009.

2. The said Code is amended by inserting the following sections after section 13:

“13.1. A member who participates in an assurance engagement or a specified auditing procedures engagement shall notify the person responsible for the engagement if the financial statements are not presented fairly in accordance with generally accepted accounting principles.

If, after notification, the financial statements are still not presented fairly, the member shall notify in writing one of the partners of the partnership within which he practices his profession.

The member shall send the notifications provided for in the first and second paragraphs prior to the issuance of the financial statements or, failing which, as soon as possible. He shall also record and retain in the file the purpose of the notifications and the date on which the notifications were sent.

The information and the notifications referred to in the second paragraph shall be retained for a minimum of 24 months from the date they were sent.

13.2. A member who is responsible for applying generally accepted accounting principles or for overseeing their application within an enterprise that is the subject of an engagement contemplated in section 13.1 shall notify his immediate superior if the financial statements are not presented fairly in accordance with these principles.

If, after such notification, the financial statements are still not presented fairly, the member shall also notify in writing the enterprise’s audit committee or similar body or, where there is no audit committee or similar body, the board of directors and the professional responsible for the engagement. The member shall satisfy the obligations provided for in the third and fourth paragraphs of section 13.1.

13.3. A member who prepares or approves, in whole or in part, financial statements prepared solely for internal use within an enterprise or for a specified user within the meaning of the Canadian Institute of Chartered Accountants Handbook is dispensed from satisfying the obligations set out in the second paragraph of section 12 and in sections 13.1 and 13.2.

13.4. A member who provides professional services other than those provided in engagements referred to in section 34.2 shall disclose in any report or other document, including that accompanying the financial statements or the financial information, which is addressed to a person other than his employer, the nature and extent of any

influence, interest or relationship which, in respect of the engagement, may be perceived as impairing his professional judgment or objectivity.”

3. The said Code is amended by inserting the following after section 34:

Independence during an assurance engagement or a specified auditing procedures engagement

“34.1. For the purposes of sections 34.2 to 34.9, the following terms mean:

“affiliate”: a company that has control over the client, or over which the client has control, or which is under common control with the client, including the client’s parent company or one of its subsidiaries;

“engagement period”: period that starts on the date when the member or the partnership commits to perform the engagement and ends on the date when the resulting report is issued. For an engagement of a recurring nature, the period ends:

(1) in the case of an audit or review engagement referred to in section 34.6, on the date of notification by the client, the member or the partnership within which the member practices his profession that the professional relationship has terminated or on the date the final assurance report is issued, whichever is later;

(2) in the case of an audit engagement referred to in section 34.7, on the date when the listed enterprise, the member or the partnership within which the member practices his profession notifies the securities regulator that the listed enterprise is no longer an audit client of the partnership within which the member practices his profession;

“engagement team”: all persons within the partnership participating in the engagement, who provide quality control for the engagement and all other persons within the partnership who are in a position to directly influence the outcome of the engagement;

“financial interest”: a security within the meaning of the Securities Act (R.S.Q., c.V-1.1), a share, including the option to purchase such security or such share and their derivatives or any other debt instruments;

“listed enterprise”: an enterprise whose shares, debt or other securities are quoted or listed on a stock exchange recognized by a Canadian or foreign securities regulator or that is subject to the standards established by such stock exchange, and that has market capitalization or total assets of \$10,000,000 or more;

“network partnership or joint-stock company”: a partnership or joint-stock company that is, or can be perceived as being, under common control, ownership or management with the partnership within which the member practices his profession;

“related entity”: an enterprise that exercises control over another enterprise within the meaning of Section 3840 of the Canadian Institute of Chartered Accountants Handbook.

34.2. A member who performs or participates in an assurance engagement or a specified auditing procedures engagement shall remain free of any influence, interest or relationship which, in respect of the engagement, may impair or be perceived as impairing his professional judgment or objectivity.

34.3. A member who is a partner of the partnership within which he practices his profession or who is in a management position within the partnership shall not provide a professional service, other than an assurance service, to a client or an affiliate when a person within his partnership or network partnership or joint-stock company performs an audit or review engagement for such client or affiliate, if the member, or a dependent or spouse, holds and controls a financial interest in the client or affiliate, or holds a financial interest therein that allows him to exercise significant influence over the client’s directors or officers within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook.

However, a member may provide a professional service, other than an assurance service, if the service is clearly insignificant considering the fees invoiced or the nature of the service provided.

34.4. In an engagement to provide professional services in insolvency as a trustee in bankruptcy, a liquidator, a receiver-manager or an administrator within the meaning of the Bankruptcy and Insolvency Act (R.S.C., 1985, c. B-3), a member shall remain free of any influence, interest or relationship which, in respect of the engagement, may impair or be perceived as impairing his professional judgment or objectivity.

34.5. A member commits a breach of the independence rule contemplated in section 34.2 if, in the context of an assurance engagement or a specified auditing procedures engagement:

(1) the member participates on an engagement team when he, or a dependent or spouse, holds and controls a financial interest in the client or holds a financial interest in the client that allows him to exercise significant

influence over the client’s directors or officers within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook;

(2) the member or partnership within which he practices his profession performs such an engagement when the member or partnership holds and controls a financial interest in the client or holds a financial interest in the client that allows him to exercise significant influence over the client’s directors or officers within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook;

(3) the member or partnership within which he practices his profession performs such an engagement for a client:

(a) when the partnership has a loan from or has a loan guaranteed by the client, except when the client is a bank or other financial institution and the loan or guarantee is immaterial to the partnership and the client, the loan or guarantee is made under terms and conditions that would have been imposed on any other person in similar circumstances, and the partnership is complying with the terms of the loan;

(b) that is not a bank or other financial institution when the partnership has a loan to the client;

(c) when the partnership guarantees a loan of the client;

(4) the member or partnership within which he practices his profession performs such an engagement for a client:

(a) when the partnership has a loan from or has a loan guaranteed by an officer or director of the client or a shareholder of the client who owns more than 10 % of the equity securities of the client;

(b) when the partnership has a loan to or guarantees a loan of an officer or director of the client or a shareholder of the client who owns more than 10 % of the equity securities of the client;

(5) the member participates on the engagement team when:

(a) he has a loan from or has a loan guaranteed by:

i. the client, unless the client is a bank or other financial institution, the loan or guarantee is made under terms and conditions that would have been imposed on any other person in similar circumstances and the member is complying with the terms of the loan;

- ii. an officer or director of the client; or
- iii. a shareholder of the client who owns more than 10 % of the equity securities of the client;

(b) he has a loan to or guarantees a loan of the client, other than a bank or other financial institution, of an officer or director of the client, or of a shareholder of the client who owns more than 10 % of the equity securities of the client;

(6) the member or partnership within which he practices his profession performs an engagement when the partnership has a business relationship with the client or its directors or officers unless the business relationship is clearly insignificant to the partnership, the client, or its directors and officers, as the case may be;

(7) the member participates on the engagement team when he has a business relationship with the client or its directors or officers, unless the business relationship is clearly insignificant to the member, the client or its directors and officers, as the case may be;

(8) the member participates on the engagement team when a dependent or spouse of the member is a director or officer of the client or an employee of the client in a position to exercise direct and significant influence, within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook, over the subject matter of the engagement, or was in such a position during the period covered by the financial statements subject to the engagement or the engagement period;

(9) the member participates on the engagement team when he served as an officer or director for the client or performed functions for the client that put him in a position to exercise direct and significant influence, within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook, over the subject matter of the engagement during the engagement period;

(10) the member or partnership within which he practices his profession performs such an engagement when the member or any other person practicing professional activities therein serves as an officer or director for the client;

(11) the member or partnership within which he practices his profession performs such an engagement when, during the engagement period, the member, the partnership or any other person practicing professional activities therein makes a management decision or performs management functions for the client;

(12) the member or partnership within which he practices his profession performs such an engagement when, during the engagement period, the member, the partnership or any other person practicing professional activities therein provides any of the following services to the client:

(a) promoting, dealing in or underwriting the client's securities;

(b) making investment decisions on behalf of the client or otherwise having discretionary authority over the client's investments;

(c) executing a transaction to buy or sell the client's investments; or

(d) safeguarding assets of the client;

(13) the member participates on an engagement team and he or the partnership within which he practices his profession accepts a gift or hospitality, including a product or service discount, from the client, unless the gift or hospitality is clearly insignificant to the member or partnership.

34.6. A member commits a breach of the independence rule contemplated in section 34.2 if, in the context of an audit or review engagement:

(1) the member or partnership within which he practices his profession, or a network partnership or joint-stock company is in a situation described in paragraphs 1 to 5, 12 or 13 of section 34.5. For the application of these paragraphs, the word "client" includes affiliates;

(2) the member or partnership within which he practices his profession performs such an engagement when the member, partnership or a network partnership or joint-stock company holds and controls a financial interest in the client or an affiliate or holds a financial interest in the client or an affiliate that allows him to exercise significant influence over the client's directors or officers within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook;

(3) the member, as the person with primary responsibility for an engagement for a client, performs the engagement at the main office in which one of the partners or shareholders with voting rights of the partnership or joint-stock company practices when this partner, this shareholder, a dependent or spouse holds and controls a financial interest in the client or an affiliate, or holds a financial interest in the client or an affiliate that allows him to exercise significant influence over the client's directors or officers within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook;

(4) the member or partnership within which he practices his profession performs such an engagement when the pension or retirement plan of the partnership or of a network partnership or joint-stock company, holds and controls a financial interest in the client or an affiliate, or holds a financial interest in the client or an affiliate that allows him to exercise significant influence over the client's directors or officers within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook;

(5) the member or partnership within which he practices his profession performs such an engagement when the partnership or a network partnership or joint-stock company, holds a financial interest in an enterprise, and the member or the partnership knows that the client or an affiliate, or a director, officer or controlling person of the client or affiliate, within the meaning of paragraph 3 of section 2 of the Canada Business Corporations Act (R.S.C. 1985, c. C-44), also holds a financial interest in the enterprise, unless the client or affiliate is not in position to exercise significant influence over the enterprise within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook;

(6) the member participates on the engagement team or any other team within a network partnership that is in a position to influence the engagement when the member holds a financial interest in an enterprise and knows that the client or a director, officer or controlling person of the client or an affiliate holds a financial interest in the enterprise, unless the client is not in a position to exercise significant influence over the enterprise within the meaning of Sections 3050 and 3840 of the Canadian Institute of Chartered Accountants Handbook;

(7) the member or partnership within which he practices his profession performs such an engagement for a client or an affiliate when a partner of the partnership within which he practices his profession, or any candidate to one of the accounting professions employed by the partnership, or a dependent or spouse, owns more than 0.1 % of the securities of the client or affiliate within the meaning of section 1 of the Securities Act, or controls the client or affiliate by means other than the ownership of the majority of the common shares of the client or affiliate;

(8) the member participates on the engagement team or any other team within a network partnership or joint-stock company within which he practices his profession that is in a position to influence the engagement when the member knows that a parent, non-dependent child or sibling owns more than 0.1 % of the securities of the client or an affiliate within the meaning of section 1 of the Securities Act, or controls the client or affiliate by means other than the ownership of the majority of the common shares of the client or affiliate;

(9) the member or partnership within which he practices his profession performs such an engagement when the partnership or a network partnership or joint-stock company has a business relationship with the client or its directors or officers, unless such business relationship is clearly insignificant to the partnership or network partnership or joint-stock company and the client or its directors or officers, as the case may be;

(10) the member or partnership within which he practices his profession performs such an engagement when a person within a network partnership serves as an officer or a director of the client other than serving as secretary and the practice is permitted under the law or standards of practice, and the duties undertaken are exclusively administrative in nature;

(11) the member or partnership within which he practices his profession performs such an engagement when, during either the period covered by the financial statements subject to audit or review or the engagement period, a person within a network partnership or joint-stock company makes a management decision or performs management functions for the client;

(12) the member or partnership within which he practices his profession performs such an engagement when, during either the period covered by the financial statements subject to audit or review or the engagement period, the member or another person within the partnership or within a network partnership or joint-stock company:

(a) prepares or changes a journal entry, determines or changes an account code or a classification for a transaction, or prepares or changes another accounting record without obtaining the approval of the client's management; or

(b) prepares a source document or originating data, or makes a change to such a document or data;

(13) the member or partnership within which he practices his profession performs such an engagement when, during either the period covered by the financial statements subject to audit or review or the engagement period, the member, the partnership or a network partnership or joint-stock company or a person within the partnership or network partnership or joint-stock company provides legal services to the client other than those referred to in section 141 of the Act respecting the Barreau du Québec (R.S.Q., c. B-1) in the resolution of a dispute or litigation in circumstances where the matters in dispute or subject to litigation are material in relation to such financial statements.

34.7. A member commits a breach of the independence rule contemplated in section 34.2 if, in the context of an audit of a listed enterprise:

(1) the member participates on the engagement team, or a team within a network partnership or joint-stock company that is in a position to influence the engagement when a parent, non-dependent child or sibling is in an accounting role or a financial reporting oversight role at the client that puts the parent, non-dependent child or sibling in a position to exercise influence over either the contents of the financial statements or anyone who prepares them, or was in such a position during any period covered by the engagement;

(2) the member or partnership within which he practices his profession performs such an engagement when a person who participated in an audit of the financial statements of the listed enterprise has accepted employment in a financial reporting oversight role with respect to the enterprise before a period of one year has elapsed from the date on which the financial statements were filed with a stock exchange recognized by a Canadian or foreign securities regulator;

(3) the member performs such an engagement for a listed enterprise, or a related entity, when a person practicing professional activities within the partnership within which the member practices his profession, or within a network partnership or joint-stock company, serves as an officer or a director of the related entity or as secretary for the related entity;

(4) the member continues as the person with primary responsibility for the engagement or as the engagement quality control reviewer on such an engagement for a listed enterprise for more than 5 years, and thereafter resumes or assumes such functions before a further 5 years have elapsed from the date on which he ceased to perform these functions;

(5) the member, who has responsibility for decision-making on auditing, accounting and reporting matters that affect the performance of the engagement, or who maintains regular contact with the audit committee or management of the listed enterprise and provides more than ten hours of assurance services during the engagement period in connection with the annual financial statements or the interim financial information of the listed enterprise, or who has primary responsibility for an audit engagement for a subsidiary of the listed enterprise, continues in such role or roles for more than 7 years and thereafter resumes or assumes such functions before a further 2 years have elapsed from the date on which he ceased to perform these functions. However,

this provision does not extend to members who consult with the engagement team regarding technical or industry-specific issues, transactions or events;

(6) the member or partnership within which he practices his profession performs such an engagement when, during either the period covered by the financial statements subject to audit or the engagement period, another person within the partnership or a network partnership or joint-stock company makes a management decision or performs management functions for the listed enterprise or a related entity;

(7) the member or partnership within which he practices his profession performs such an engagement when, during either the period covered by the financial statements subject to audit or the engagement period, the member, the partnership, a network partnership or joint-stock company or another person within the partnership or a network partnership or joint-stock company, provides professional services to the listed enterprise or a related entity, the results of which are likely to be subject to audit procedures during the financial statement audit, including one of the following services, unless the member determines that the results of these services will not be subject to such procedures:

(a) accounting or bookkeeping services related to the accounting records or financial statements to be audited;

(b) valuation services;

(c) actuarial services;

(d) internal audit services that relate to the enterprise's internal accounting controls, financial systems or financial statements;

(e) financial information systems design, implementation, operation or management services;

(8) the member or partnership within which he practices his profession performs such an engagement when, during either the period covered by the financial statements subject to audit or the engagement period, the member, the partnership, a network partnership or joint-stock company or another person within the partnership or a network partnership or joint-stock company, provides one of the following professional services to a listed enterprise or a related entity:

(a) services that consist in providing an expert opinion or other expert service for the listed enterprise or a legal representative thereof, for the purpose of advocating the enterprise's interest in a civil, criminal, regulatory, administrative or legislative proceeding or investigation;

(b) legal services other than those referred to in section 141 of the Act respecting the Barreau du Québec;

(c) human resource management services that involve:

i. searching for or seeking out prospective candidates for management, executive or director positions;

ii. engaging in psychological testing, or other formal testing or evaluation programs;

iii. undertaking reference checks of prospective candidates for an executive or director position;

iv. acting as a negotiator or mediator on the listed enterprise's behalf with respect to employees or future employees concerning any condition of employment, including position, status or title, compensation or fringe benefits; or

v. recommending that the enterprise hire a specific candidate for a specific job or advising it to do so;

(9) the member or partnership within which he practices his profession performs such an engagement when, during either the period covered by the financial statements subject to audit or the engagement period, an audit partner who is on the engagement team earns or receives compensation for procuring any engagement that is not an assurance engagement from the listed enterprise, unless the partnership within which the member practices his profession has fewer than 5 audit clients that are listed enterprises and fewer than ten partners;

(10) the member or partnership or joint-stock company within which he practices his profession provides services to a listed enterprise or a related entity without the prior approval of the audit committee, unless the following conditions exist:

(a) the services do not represent more than 5 % of total audit fees paid by the listed enterprise and a related entity to the member, the partnership and network partnerships or joint-stock companies in the fiscal year in which the services are provided;

(b) the services were recognized as assurance services at the time of the engagement;

(c) the provision of these services is promptly brought to the attention of the audit committee; and

(d) the audit committee or one or more designated representatives approves the services prior to the completion of the audit for the listed enterprise or the related entity;

(11) the member or the partnership or joint-stock company within which he practices his profession performs such an engagement when, during either the period covered by the financial statements subject to audit or the engagement period, a person within the partnership or a network partnership or joint-stock company provides services referred to in paragraph 12 of section 34.5 to a related entity.

34.8. A member who is required to comply with the independence rule provided for in section 34.2 shall, in respect of the particular engagement, identify threats to independence, evaluate the significance of those threats and, if the threats are other than clearly insignificant, identify and apply measures to reduce or eliminate them. The member shall document the decision to accept or continue the particular engagement. The documentation shall include the following information:

(1) a description of the nature of the engagement;

(2) the threats identified;

(3) the measures identified and applied to reduce or eliminate the threats; and

(4) an explanation of how the measures reduce or eliminate the threats.

Where the threats cannot be reduced, the member shall:

(1) eliminate the activity, relationship, influence or interest creating the threats; or

(2) refuse to accept or continue the engagement.

34.9. A member who violates section 34.2 shall communicate this violation in writing, on a timely basis, to another member, partner or shareholder with voting rights of the partnership or joint-stock company duly appointed by the board of directors or a similar internal management board of the partnership or joint-stock company.

A member who has been assigned to an engagement team to perform assurance services or apply specified auditing procedures shall also communicate in writing to the designated member any situation or facts that would put this member in violation of section 34.2.”

4. This regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

Erratum

Erratum

Bill 57
(2010, chapter 3)

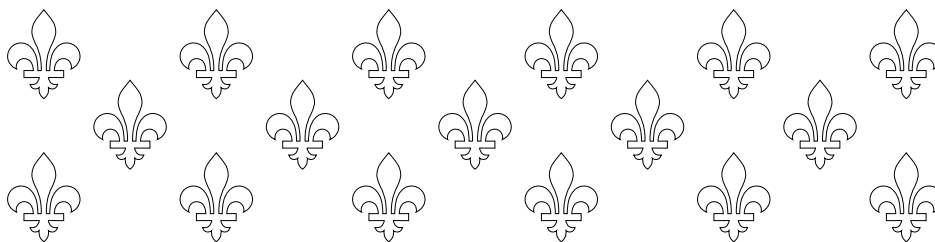
Sustainable Forest Development Act

Gazette officielle du Québec, Part 2, April 28, 2010,
Vol. 142, No. 17, page 945.

The cover page of the Sustainable Forest Development Act, as published in Volume 142, No. 17 of the *Gazette officielle du Québec*, Part 2, page 945, must be read as though “**Passed 18 March 2010**” were replaced by “**Passed 23 March 2010**”.

The corrected cover page appears on the next page.

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NATIONAL ASSEMBLY

FIRST SESSION

THIRTY-NINTH LEGISLATURE

Bill 57

(2010, chapter 3)

Sustainable Forest Development Act

Introduced 12 June 2009

Reprint tabled 19 November 2009

Passed in principle 1 December 2009

Passed 23 March 2010

Assented to 1 April 2010

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Abbreviations : **A**: Abrogated, **N**: New, **M**: Modified

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