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**Part**

**2**

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**Laws and Regulations**

Volume 148

**Summary**

Table of Contents

Acts 2015

Regulations and other Acts

Draft Regulations

Index

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### Contents

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## Table of Contents

---

Page

---

### Acts 2015

---

13 An Act to give effect to the Budget Speech delivered on 4 June 2014 and to various other fiscal measures . . . . .	123
List of Bills sanctioned (21 October 2015) . . . . .	121

---

### Regulations and other Acts

---

Trapping and fur trade (Amend.) . . . . .	745
---	-----

---

### Draft Regulations

---

Financial assistance for education expenses, An Act respecting... — Financial assistance for education expenses . . . . .	747
Labour standards, An Act respecting... — Labour standards . . . . .	749
Labour standards, An Act respecting... — Labour standards specific to certain sectors of the clothing industry . . . . .	749



**PROVINCE OF QUÉBEC**

1ST SESSION

41ST LEGISLATURE

QUÉBEC, 21 OCTOBER 2015

## OFFICE OF THE LIEUTENANT-GOVERNOR

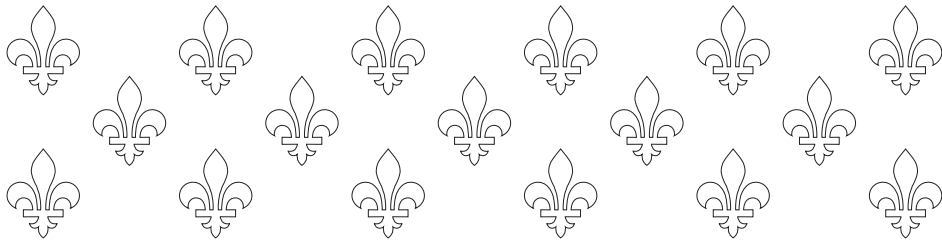
*Québec, 21 October 2015*

This day, at five minutes past four o'clock in the afternoon, the Honourable the Administrator of Québec was pleased to sanction the following bills:

- 13 An Act to give effect to the Budget Speech delivered on 4 June 2014 and to various other fiscal measures
- 48 An Act to modernize the governance of Conservatoire de musique et d'art dramatique du Québec
- 55 An Act respecting transparency measures in the mining, oil and gas industries

To these bills the Royal assent was affixed by the Honourable the Administrator of Québec.





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# NATIONAL ASSEMBLY

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FIRST SESSION

FORTY-FIRST LEGISLATURE

Bill 13  
(2015, chapter 21)

**An Act to give effect to the Budget Speech  
delivered on 4 June 2014 and to various  
other fiscal measures**

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**Introduced 4 December 2014  
Passed in principle 19 May 2015  
Passed 20 October 2015  
Assented to 21 October 2015**

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**Québec Official Publisher  
2015**

## EXPLANATORY NOTES

*This Act amends various Acts to give effect mainly to measures announced in the Budget Speech delivered on 4 June 2014 and in Information Bulletins published in 2014.*

*The Tax Administration Act is amended to standardize the retention rules for documents in support of tax relief applications.*

*The Act constituting Capital régional et coopératif Desjardins, the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi and the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) are amended to make various changes to the investment requirements governing those investment corporations and to their capitalization limit.*

*The Tobacco Tax Act is amended to increase the specific tax on tobacco products and the Act respecting the Québec sales tax is amended to standardize the specific tax rates on alcoholic beverages.*

*The Taxation Act is amended to introduce, modify or abolish fiscal measures specific to Québec. More specifically, the amendments deal with*

- (1) enhancement of the tax credit for experienced workers;*
- (2) introduction of a tax credit for seniors' activities;*
- (3) implementation of a tax credit for home renovation;*
- (4) retirement income splitting between spouses;*
- (5) reduction in the tax credit rate for the purchase of shares issued by Capital régional et coopératif Desjardins;*
- (6) the tax credit for scientific research and experimental development relating to biopharmaceutical activities;*
- (7) an additional deduction for transportation costs of remote manufacturing SMEs;*



(8) *introduction of new tax incentives to foster the marine industry;*

(9) *replacement of the \$50,000 annual expenditure threshold by a single threshold for the purposes of the tax credit to foster modernization of the tourist accommodation offering;*

(10) *reduction in the tax rates for manufacturing SMEs; and*

(11) *a 20% reduction in tax assistance for businesses.*

*The Act also contains amendments to various Acts to give effect to measures announced in the Budget Speech delivered on 20 November 2012 and in Information Bulletins published in 2012 and 2013.*

*The Act respecting parental insurance and the Act respecting the Québec Pension Plan are amended to set special rules for determining the pensionable earnings of family-type resources and certain intermediate resources. Amendments are also made to the latter Act to adjust the calculation rules for contributions to the Québec Pension Plan, given that the contribution rates differ between the Québec Pension Plan and the Canada Pension Plan.*

*The Mining Tax Act is amended to introduce a new method for computing tax that provides for implementation of a minimum mining tax whose basis is the mine-mouth output value, and for progressive tax rates ranging from 16% to 28% based on an operator's profit margin to replace the current 16% single tax rate used to determine the operator's mining tax on profits.*

*The Taxation Act is amended to introduce, modify or abolish fiscal measures specific to Québec. More specifically, the amendments deal with*

(1) *an added income tax bracket for high-income individuals;*

(2) *reduction of the tax credit rate for tuition and exam fees;*

(3) *introduction of a tax credit for children's activities;*

(4) *implementation of a tax credit for eco-friendly renovation;*

(5) *implementation of measures to encourage cultural philanthropy, including an additional 25% tax credit for a first major cultural gift and a 30% tax credit for cultural patronage by individuals;*

(6) *implementation of a tax holiday for large investment projects;*  
*and*

(7) *the contribution of financial institutions and introduction of a temporary tax credit for damage insurance firms.*

*The Act respecting the Régie de l'assurance maladie du Québec is amended*

(1) *to vary the health contribution on the basis of income;*

(2) *to increase the exemption amount used in computing the premium payable by a person covered by the public drug insurance plan; and*

(3) *to introduce an exemption from payment of employer contributions to the Health Services Fund in relation to the carrying out of a large investment project.*

*The Act respecting the Québec sales tax is amended to introduce a new partial Québec sales tax rebate on purchases of goods and services by municipal entities.*

*The Fuel Tax Act is amended to provide for a refund on gasoline used in commercial vessels.*

*The Tax Administration Act and the Taxation Act are amended to make amendments similar to those made to the Income Tax Act by federal bills assented to in 2012 and 2013. The Act gives effect mainly to harmonization measures announced in various Information Bulletins published in 2012 and 2013. More specifically, the amendments deal with*

(1) *electronic filing of fiscal returns prepared by tax preparers;*

(2) *electronic filing by a person filing more than 50 information returns;*

(3) *tax treatment of payments by the federal government to the parents of a crime victim;*

(4) *greater flexibility for registered disability savings plans;*

(5) *pooled registered pension plans;*

- (6) *tax treatment of dividends;*
- (7) *abolition of the tax credit for employment out of Canada;*
- (8) *various adjustments to thin capitalization rules;*
- (9) *tax avoidance through the use of partnerships;*
- (10) *taxation of Canadian multinational corporations with foreign affiliates; and*
- (11) *introduction of a penalty where information on tax preparers on scientific research and experimental development claim forms is missing, incomplete or inaccurate.*

*The Act respecting the Québec sales tax is amended to make amendments similar to those made to the Excise Tax Act and the federal regulations by federal bills assented to in 2012, 2013 and 2014 and by various GST/HST regulations made in 2013. The Act gives effect chiefly to harmonization measures announced in various Information Bulletins published in 2012 and 2013. More specifically, the amendments deal with*

- (1) *an adapted special attribution method for investment plans that are selected listed financial institutions;*
- (2) *self-assessment and rebate rules that apply to certain investment plans;*
- (3) *supplies of paid parking through charities or by the public sector; and*
- (4) *an exemption for health care services and zero-rated status for certain health-related supplies.*

*Lastly, the Act makes various technical amendments as well as consequential and terminology-related amendments.*

#### **LEGISLATION AMENDED BY THIS ACT:**

- Tax Administration Act (chapter A-6.002);
- Act respecting prearranged funeral services and sepultures (chapter A-23.001);

- Act respecting parental insurance (chapter A-29.011);
- Unclaimed Property Act (chapter B-5.1);
- Act constituting Capital régional et coopératif Desjardins (chapter C-6.1);
- Act respecting international financial centres (chapter C-8.3);
- Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (chapter F-3.1.2);
- Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1);
- Mining Tax Act (chapter I-0.4);
- Tobacco Tax Act (chapter I-2);
- Taxation Act (chapter I-3);
- Act respecting the Ministère des Finances (chapter M-24.01);
- Act to facilitate the payment of support (chapter P-2.2);
- Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);
- Act respecting the Régie de l'assurance maladie du Québec (chapter R-5);
- Act respecting the Québec Pension Plan (chapter R-9);
- Act respecting the Québec sales tax (chapter T-0.1);
- Fuel Tax Act (chapter T-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).

## Bill 13

### AN ACT TO GIVE EFFECT TO THE BUDGET SPEECH DELIVERED ON 4 JUNE 2014 AND TO VARIOUS OTHER FISCAL MEASURES

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### TAX ADMINISTRATION ACT

**1.** (1) Section 1.5 of the Tax Administration Act (chapter A-6.002) is replaced by the following section:

**“1.5.** This Act, except Division VIII of Chapter III, does not apply to the Government or any of its departments or mandataries in relation to an amount it paid or is required to pay under Title I of the Act respecting the Québec sales tax (chapter T-0.1) and for which it is entitled to the rebate provided for in section 399.1 of that Act, as well as in respect of such a rebate.”

(2) Subsection 1 has effect from 1 April 2013.

**2.** Section 12.0.3 of the Act is amended by striking out “making an objection or” in the portion of the first paragraph before subparagraph *a*.

**3.** (1) Section 23 of the Act is amended

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

“For the purposes of the first paragraph, a person is deemed to be resident in Canada if the person is deemed to be resident in Québec by reason of paragraphs *b* to *g* of section 8 of the Taxation Act.”;

(2) by adding the following paragraph after the fourth paragraph:

“For the purposes of this section, the withholding a person is required to make because of section 37.21 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) is deemed to be a withholding provided for in section 1015 of the Taxation Act.”

(2) Paragraph 2 of subsection 1 has effect from 1 January 2013.

**4.** (1) Section 24.0.3 of the Act is replaced by the following section:

**“24.0.3.** Where a person is vested with the power to authorize or cause a payment to be made for another person of an amount that is subject to deduction at source under section 1015 of the Taxation Act (chapter I-3) and agrees to or causes the amount to be paid, allocated, granted or awarded by or on behalf of the other person, the person is solidarily liable with the other person for any sum required to be deducted or withheld from that amount under the Taxation Act, the Act respecting the Québec Pension Plan (chapter R-9), the Act respecting parental insurance (chapter A-29.011) or the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5).”

(2) Subsection 1 has effect from 1 January 2013.

**5.** (1) The Act is amended by inserting the following section after section 35.2:

**“35.2.1.** Every person who obtains tax relief under a fiscal law shall preserve the supporting documents concerning the tax relief for six years after the last year to which they relate.

Every person who preserves the supporting documents referred to in the first paragraph on electronic or computerized medium shall preserve them in intelligible form on the same medium for the preservation period specified in that paragraph.

The first paragraph does not apply if

(a) the supporting document must be preserved under section 35.1; or

(b) the tax relief is obtained under the Act respecting the Québec sales tax (chapter T-0.1), unless it is obtained following an application for a rebate.”

(2) Subsection 1 applies from the taxation year 2014, except in respect of an application for a rebate under the Act respecting the Québec sales tax (chapter T-0.1), in which case it applies from 1 January 2015.

**6.** Section 35.3 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) preserve the registers or supporting documents relating to that fiscal or taxation year; and

“(b) if the person preserves the registers or supporting documents on electronic or computerized medium, preserve them in intelligible form on the same medium.”

**7.** Section 35.4 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) preserve the registers or supporting documents necessary for examination of the objection or appeal; and

“(b) if the person preserves the registers or supporting documents on electronic or computerized medium, preserve them in intelligible form on the same medium.”

**8.** (1) Section 37.1.1 of the Act is replaced by the following section:

“**37.1.1.** Every person who, for a calendar year, is required under a fiscal law or a regulation made under a fiscal law to file more than 50 information returns of a prescribed type shall file the returns with the Minister by way of electronic filing in accordance with the terms and conditions specified by the Minister.”

(2) Subsection 1 applies in respect of an information return filed after 31 December 2010.

**9.** (1) The Act is amended by inserting the following section after section 37.1.3:

“**37.1.4.** A tax preparer shall send to the Minister by way of electronic filing, according to the terms and conditions specified by the Minister, the fiscal returns prepared by the tax preparer, for consideration, for one or more persons in accordance with section 1000 of the Taxation Act (chapter I-3), except that 10 of the returns filed by the tax preparer for one or more corporations and 10 of the returns filed by the tax preparer for one or more individuals may be sent otherwise than by way of electronic filing.

The first paragraph does not apply to a tax preparer for a calendar year in respect of a fiscal return

(a) of a type for which the tax preparer has applied for authorization to file by way of electronic filing for the year and for which that authorization has not been granted because the tax preparer did not meet the criteria referred to in section 37.1;

(b) filed for a corporation described in any of subparagraphs *a* to *c* of the first paragraph of section 37.1.2R1 of the Regulation respecting fiscal administration (chapter A-6.002, r. 1); or

(c) of a type that the Minister does not accept by way of electronic filing.

For the purposes of this section and section 59.0.0.2, “tax preparer”, for a calendar year, means a person or partnership who, in the year, and in accordance with section 1000 of the Taxation Act, prepares, for consideration, more than 10 fiscal returns for one or more corporations or more than 10 fiscal returns for one or more individuals (other than trusts), but does not include an employee who prepares fiscal returns in the course of performing the duties of an employment.”

(2) Subsection 1 applies in respect of a return filed after 31 December 2012 in relation to a taxation year subsequent to the taxation year 2011.

**10.** (1) Section 39 of the Act is amended by replacing the third paragraph by the following paragraph:

“The Minister may also apply to a judge of the Court of Québec, acting in chambers, for authorization to send a person such a formal demand concerning one or more unnamed persons, on the conditions that the judge considers reasonable in the circumstances.”

(2) Subsection 1 applies in respect of an application for authorization filed after 21 October 2015.

**11.** (1) Section 39.0.1 of the Act is repealed.

(2) Subsection 1 applies in respect of an authorization obtained following an application filed after 21 October 2015.

**12.** Section 59 of the Act is amended by inserting the following paragraph after the first paragraph:

“However, where a member of a partnership fails to file an information return in accordance with section 1086R78 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) as and when prescribed, the partnership incurs the penalty provided for in the first paragraph.”

**13.** (1) The Act is amended by inserting the following sections after section 59.0.0.1:

**“59.0.0.2.** Every person who fails to send a fiscal return in the manner provided for in section 37.1.4 incurs a penalty equal to

(a) \$25 for each such failure in respect of a return of an individual; and

(b) \$100 for each such failure in respect of a return of a corporation.

**“59.0.0.3.** Every person who fails to file, in the manner set out in section 37.1.1, an information return referred to in that section incurs a penalty equal to

(a) \$250, where the number of information returns of the same type is greater than 50 but less than 251;

(b) \$500, where the number of information returns of the same type is greater than 250 but less than 501;

(c) \$1,500, where the number of information returns of the same type is greater than 500 but less than 2,501; and



(d) \$2,500, where the number of information returns of the same type is greater than 2,500.

**“59.0.0.4.** Every person who fails to file an information return of a prescribed type within the time required by a fiscal law or a regulation made under a fiscal law incurs a penalty equal to the greater of \$100 and

(a) \$10 for each day, not exceeding 100, during which the failure continues, where the number of information returns of the same type is less than 51;

(b) \$15 for each day, not exceeding 100, during which the failure continues, where the number of information returns of the same type is greater than 50 but less than 501;

(c) \$25 for each day, not exceeding 100, during which the failure continues, where the number of information returns of the same type is greater than 500 but less than 2,501;

(d) \$50 for each day, not exceeding 100, during which the failure continues, where the number of information returns of the same type is greater than 2,500 but less than 10,001; and

(e) \$75 for each day, not exceeding 100, during which the failure continues, where the number of information returns of the same type is greater than 10,000.”

(2) Subsection 1, where it enacts section 59.0.0.2 of the Act, has effect from 1 January 2013.

**14.** Section 59.6 of the Act is amended by replacing “in section 59.0.0.1” by “in any of sections 59.0.0.1, 59.0.0.3 and 59.0.0.4”.

**15.** Section 61 of the Act is amended by adding the following paragraph:

“For the purposes of the first paragraph, every person who fails to withhold or pay to the Minister an amount on account of the amount a person is required to pay for a year under section 37.17 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) is deemed to have contravened section 1015 of the Taxation Act.”

**16.** Section 61.0.0.1 of the Act is amended by replacing “35 to 35.5” by “35 to 35.2 and 35.3 to 35.5, to the extent that sections 35.3 and 35.4 apply to a person referred to in section 35.1.”.

**17.** Section 69.1 of the Act is amended by replacing subparagraph *a* of the second paragraph by the following subparagraph:

“(a) the Comptroller of Finance, in respect of the exercise of the responsibilities, powers and functions provided for in sections 18, 19 and 22

of the Act respecting the Ministère des Finances (chapter M-24.01), and in connection with any mandate assigned by the Government under section 20 of that Act;”.

**18.** The Act is amended by inserting the following section after section 69.5.1:

**“69.5.2.** The Comptroller of Finance may, without the consent of the person concerned, communicate any information obtained under subparagraph *a* of the second paragraph of section 69.1 to a person designated in an agreement under section 19 of the Act respecting the Ministère des Finances (chapter M-24.01) for the purpose of settling a dispute arising from a claim or payment of a government rebate or an audit conducted under such an agreement.”

**19.** (1) Section 91.1 of the Act is amended by replacing “, 37.1.2 and 37.1.3” in the first paragraph by “to 37.1.4”.

(2) Subsection 1 has effect from 1 January 2013. In addition, where the first paragraph of section 91.1 of the Act applies after 31 December 2011 and before 1 January 2013, it is to be read as if “37.1.1,” were inserted after “37.1,”.

**20.** (1) Section 93.1.8 of the Act is amended by replacing the first paragraph by the following paragraph:

**“93.1.8.** Despite section 93.1.1, no person may notify to the Minister a notice of objection to a reassessment or determination under any of sections 21.4.14, 421.8, 442, 444, 450, 455.0.1, 498.1, 520.2, 578.7, 620.1, 659.1, 710.3, 716.0.1, 736.3, 736.4, 737.18.4, 752.0.10.4.1, 752.0.10.15 and 979.34, subparagraph *i* of paragraph *a.1* of subsection 2 of section 1010 or any of sections 1010.0.0.1 to 1010.0.4, 1012, 1029.8.36.91, 1044.8, 1056.8, 1079.8.15, 1079.13.2, 1079.15.1 and 1079.16 of the Taxation Act (chapter I-3), except in respect of amounts to which those provisions apply.”

(2) Subsection 1 has effect from 5 June 2014.

**21.** (1) Section 93.1.12 of the Act is amended by replacing the first paragraph by the following paragraph:

**“93.1.12.** Despite section 93.1.10, no person may notify to the Minister a notice of objection to a reassessment or determination under any of sections 21.4.14, 421.8, 442, 444, 450, 455.0.1, 498.1, 520.2, 578.7, 620.1, 659.1, 710.3, 716.0.1, 736.3, 736.4, 737.18.4, 752.0.10.4.1, 752.0.10.15 and 979.34, subparagraph *i* of paragraph *a.1* of subsection 2 of section 1010 or any of sections 1010.0.0.1 to 1010.0.4, 1012, 1029.8.36.91, 1044.8, 1056.8, 1079.8.15, 1079.13.2, 1079.15.1 and 1079.16 of the Taxation Act (chapter I-3), except in respect of amounts to which those provisions apply.”

(2) Subsection 1 has effect from 5 June 2014.

**22.** (1) The Act is amended by inserting the following section after section 93.1.15.2:

**“93.1.15.3.** An appeal may be brought before the Court of Québec from the determination of the fair market value of a property disposed of by a taxpayer, where the fair market value has been confirmed or redetermined by the Minister of Culture and Communications under section 710.2.8 or 752.0.10.4.0.8 of the Taxation Act (chapter I-3).

The appeal must be brought within 90 days after the day on which the Minister of Culture and Communications has issued, under section 710.2.9 or 752.0.10.4.0.9 of the Taxation Act, the certificate confirming or redetermining the fair market value of the property.”

(2) Subsection 1 has effect from 4 July 2013.

**23.** (1) Section 93.1.21.1 of the Act is replaced by the following section:

**“93.1.21.1.** In the course of an appeal brought under section 93.1.15.2 or 93.1.15.3, the Court may confirm or vary the amount determined to be the fair market value of a property. The amount determined by the Court is deemed to be the fair market value of the property determined by the Minister of Sustainable Development, Environment and Parks or by the Minister of Culture and Communications, as the case may be.”

(2) Subsection 1 has effect from 4 July 2013.

#### ACT RESPECTING PREARRANGED FUNERAL SERVICES AND SEPULTURES

**24.** (1) Section 21 of the Act respecting prearranged funeral services and sepultures (chapter A-23.001) is replaced by the following section:

**“21.** The seller must deposit in trust, in Québec, with the depositary any amount received under a prearranged funeral services contract, within 45 days of receiving the amount.

A seller is not, however, required to deposit in trust

(1) an amount representing 10% or less of the amount received in respect of goods and services under the contract which have not been provided;

(2) the amount representing the amount received in respect of goods and services already provided.”

(2) Subsection 1 applies in respect of a prearranged funeral services contract entered into after 31 December 2012.

**25.** (1) Section 31 of the Act is amended by replacing paragraphs 2 and 5 by the following paragraphs:

“(2) where an item of goods or a service under a prearranged funeral services contract is provided after the first deposit in trust pursuant to the contract and before the death of the person for whom the goods or services are intended, an amount equal to the amount set forth in the contract in respect of the goods or services may be withdrawn upon production of the acknowledgement of receipt contemplated in paragraph 1 of section 37 or of a copy of the notice contemplated in paragraph 2 of section 37 and of proof that the buyer has received it;”;

“(5) where a contract modification entails a reduction in the total amount first established under the contract in respect of goods and services, an amount equal to the reduction may be withdrawn on production of a copy of the contract and modifying document together with a receipt signed by the buyer certifying that an amount equal to the amount claimed has been paid to him;”.

(2) Subsection 1 applies in respect of a prearranged funeral services contract entered into after 31 December 2012.

#### ACT RESPECTING PARENTAL INSURANCE

**26.** (1) Section 43.0.1 of the Act respecting parental insurance (chapter A-29.011) is amended by inserting the following paragraph after the first paragraph:

“For the purpose of determining the remuneration of a person for a year for services provided as a person responsible for a particular family-type resource or intermediate resource, the following rules apply:

(1) an amount received by the particular resource in the year 2013, as remuneration to which subparagraph 1 or 2 of the third paragraph of section 303 of the Act respecting health services and social services applies and that is attributable to the year 2012, is deemed to have been received in that year and not in the year 2013; and

(2) an amount received by the particular resource in a particular month that begins after 31 January 2013, as remuneration to which subparagraph 1 or 2 of the third paragraph of section 303 of the Act respecting health services and social services applies, other than an amount referred to in subparagraph 1, is deemed to have been received in the month that precedes the particular month.”

(2) Subsection 1 has effect from 1 January 2012. However, an amount described in subparagraph 1 of the second paragraph of section 43.0.1 of the Act does not reduce benefits received in the year 2012.

## UNCLAIMED PROPERTY ACT

**27.** (1) Section 36 of the Unclaimed Property Act (chapter B-5.1) is amended by replacing the first paragraph by the following paragraph:

**“36.** An authorized person referred to in section 35 may apply to a judge of the Court of Québec, acting in chambers, for authorization to send a person the formal demand referred to in section 35 concerning one or more unnamed persons, on the conditions that the judge considers reasonable in the circumstances.”

(2) Subsection 1 applies in respect of an application for authorization filed after 21 October 2015.

**28.** (1) Section 37 of the Act is repealed.

(2) Subsection 1 applies in respect of an authorization obtained following an application filed after 21 October 2015.

ACT CONSTITUTING CAPITAL RÉGIONAL ET COOPÉRATIF  
DESJARDINS

**29.** (1) Section 10 of the Act constituting Capital régional et coopératif Desjardins (chapter C-6.1) is amended, in the second paragraph,

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

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

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

“(3) \$150,000,000, if the capitalization period is the period that ends on 29 February 2016.”

(2) Subsection 1 applies from 1 March 2015.

**30.** (1) Section 19 of the Act is amended

(1) by replacing “s.e.c.” in subparagraph 9 of the fifth paragraph by “S.E.C.”;

(2) by replacing subparagraph 10 of the fifth paragraph by the following subparagraph:

“(10) investments made by the Société after 10 November 2011 in Fonds Relève Québec, s.e.c.”;

(3) by adding the following subparagraphs after subparagraph 10 of the fifth paragraph:

“(11) investments made by the Société in Société en commandite Essor et Coopération; and

“(12) investments made by the Société in Capital Croissance PME II S.E.C.”;

(4) by replacing “10” in the eighth paragraph by “12”;

(5) by inserting the following subparagraph before subparagraph 1 of the tenth paragraph:

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

(6) by inserting the following subparagraphs after subparagraph 2 of the tenth paragraph:

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

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

(7) by replacing subparagraph 3 of the tenth paragraph by the following subparagraph:

“(3) the aggregate of the investments described in subparagraph 6 of that paragraph may not exceed 10% of the Société’s net assets at the end of the preceding fiscal year.”;

(8) by adding the following subparagraph after subparagraph 7 of the tenth paragraph:

“(8) the aggregate of the investments described in subparagraph 11 of the fifth paragraph may not exceed \$40,000,000.”;

(9) by adding the following subparagraphs after subparagraph 5 of the eleventh paragraph:

“(6) a portion representing 35% of the eligible investments described in subparagraph 10 of the fifth paragraph is considered to have been made in entities situated in the resource regions of Québec referred to in Schedule 2;

“(7) the eligible investments described in subparagraph 11 of the fifth paragraph are considered to have been made in eligible cooperatives;

“(8) a portion representing 35% of the eligible investments described in subparagraph 12 of the fifth paragraph is considered to have been made in entities situated in the resource regions of Québec referred to in Schedule 2; and

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

(2) Paragraph 2 of subsection 1 has effect from 11 November 2011.

(3) Paragraphs 3, 4, 7 and 8 of subsection 1 and paragraph 9 of subsection 1, where it enacts subparagraphs 7 and 8 of the eleventh paragraph of section 19 of the Act, apply to a fiscal year that begins after 31 December 2012.

(4) Paragraphs 5 and 6 of subsection 1 and paragraph 9 of subsection 1, where it enacts subparagraph 9 of the eleventh paragraph of section 19 of the Act, apply in respect of an investment made after 31 December 2013.

(5) Paragraph 9 of subsection 1, where it enacts subparagraph 6 of the eleventh paragraph of section 19 of the Act, applies to a fiscal year that begins after 31 December 2011.

**31.** (1) The Act is amended by adding the following after Schedule 2:

“SCHEDULE 3  
(*Section 19*)

#### TERRITORIES IDENTIFIED AS FACING ECONOMIC DIFFICULTIES

The territories of the following entities:

Kativik Regional Government, constituted by the Act respecting Northern villages and the Kativik Regional Government (chapter V-6.1);

Urban agglomeration of La Tuque, as described in section 8 of the Act respecting the exercise of certain municipal powers in certain urban agglomerations (chapter E-20.001);

Urban agglomeration of Îles-de-la-Madeleine, as described in section 9 of the Act respecting the exercise of certain municipal powers in certain urban agglomerations;

Eeyou Istchee James Bay Regional Government, established by the Act establishing the Eeyou Istchee James Bay Regional Government (chapter G-1.04);

Municipalité régionale de comté d’Abitibi-Ouest;

Municipalité régionale de comté d’Acton;

Municipalité régionale de comté d’Antoine-Labelle;

Municipalité régionale de comté d’Argenteuil;

Municipalité régionale de comté d’Avignon;

Municipalité régionale de comté de Bonaventure;

Municipalité régionale de comté de Coaticook;

Municipalité régionale de comté de Kamouraska;

Municipalité régionale de comté de La Côte-de-Gaspé;

Municipalité régionale de comté de La Haute-Côte-Nord;

Municipalité régionale de comté de La Haute-Gaspésie;

Municipalité régionale de comté de La Matanie;

Municipalité régionale de comté de La Matapédia;

Municipalité régionale de comté de La Mitis;

Municipalité régionale de comté de La Vallée-de-la-Gatineau;

Municipalité régionale de comté de L’Islet;

Municipalité régionale de comté Maria-Chapdelaine;

Municipalité régionale de comté de Maskinongé;

Municipalité régionale de comté de la Matawinie;

Municipalité régionale de comté de Mékinac;

Municipalité régionale de comté de Montmagny;

Municipalité régionale de comté de Papineau;



Municipalité régionale de comté de Pontiac;  
Municipalité régionale de comté des Appalaches;  
Municipalité régionale de comté des Basques;  
Municipalité régionale de comté des Etchemins;  
Municipalité régionale de comté des Sources;  
Municipalité régionale de comté de Témiscamingue;  
Municipalité régionale de comté de Témiscouata;  
Municipalité régionale de comté du Domaine-du-Roy;  
Municipalité régionale de comté du Golfe-du-Saint-Laurent;  
Municipalité régionale de comté du Granit;  
Municipalité régionale de comté du Haut-Saint-François;  
Municipalité régionale de comté du Haut-Saint-Laurent;  
Municipalité régionale de comté du Rocher-Percé;  
Ville de Shawinigan.

“SCHEDULE 4  
(Section 19)

REGIONAL COUNTY MUNICIPALITIES OUTSIDE RESOURCE  
REGIONS FACING ECONOMIC DIFFICULTIES

Municipalité régionale de comté d’Acton;  
Municipalité régionale de comté d’Antoine-Labelle;  
Municipalité régionale de comté d’Argenteuil;  
Municipalité régionale de comté de Coaticook;  
Municipalité régionale de comté de La Vallée-de-la-Gatineau;  
Municipalité régionale de comté de L’Islet;

Municipalité régionale de comté de Matawinie;  
Municipalité régionale de comté de Montmagny;  
Municipalité régionale de comté de Papineau;  
Municipalité régionale de comté de Pontiac;  
Municipalité régionale de comté des Appalaches;  
Municipalité régionale de comté des Etchemins;  
Municipalité régionale de comté des Sources;  
Municipalité régionale de comté du Granit;  
Municipalité régionale de comté du Haut-Saint-François;  
Municipalité régionale de comté du Haut-Saint-Laurent.”

(2) Subsection 1 has effect from 1 January 2014.

#### ACT RESPECTING INTERNATIONAL FINANCIAL CENTRES

**32.** (1) Section 7 of the Act respecting international financial centres (chapter C-8.3) is amended by replacing “International Financial Business (Tax Refund) Act (Revised Statutes of British Columbia, 1996, chapter 235)” in paragraph 6 by “International Business Activity Act (S.B.C. 2004, c. 49)”.

(2) Subsection 1 has effect from 1 September 2004.

**33.** (1) Section 53 of the Act is amended by replacing the portion before paragraph 1 by the following:

“**53.** If the person referred to in the first paragraph of section 52 has designated for a taxation year an office or branch located within the urban agglomeration of Montréal as the place where an international banking centre business is to be carried on, in accordance with subsection 3 of section 33.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), as it read before being repealed, and the office or branch is, except as regards the conduct of transactions other than qualified international financial transactions, located at the place referred to in subparagraph 4 of the first paragraph of section 6, in respect of an international financial centre operated by the person, the aggregates referred to in the first paragraph of section 52 must be determined”.

(2) Subsection 1 applies to a taxation year that begins after 20 March 2013.

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

**34.** (1) Section 11.1 of the Act to establish Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (chapter F-3.1.2) is amended

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

“(3) the person has reached 50 years of age and has stopped working or has entered into an agreement with the person’s employer to reduce regular working time by 20% or more until retirement;”;

(2) by adding the following paragraph:

“For the purposes of subparagraph 3 of the first paragraph, a person is deemed to have stopped working where the person’s estimated work income for the 12 months following the day of the request for redemption referred to in that paragraph does not exceed 25% of the Maximum Pensionable Earnings established for the year of the request under the Act respecting the Québec Pension Plan.”

(2) Subsection 1 applies in respect of a request for redemption filed after 20 December 2013. In addition, subsection 1 applies in respect of a request for redemption filed before 21 December 2013 by a person who has reached 50 years of age, if the request is based on the grounds that the person could, were it not for the person’s age, receive a retirement pension under the Act respecting the Québec Pension Plan (chapter R-9), that would become payable after 31 December 2013.

**35.** (1) Section 19 of the Act is amended

(1) by replacing subparagraph 6 of the fifth paragraph by the following subparagraph:

“(6) investments made by the Fund in a partnership or legal person that consist of an initial capital outlay of at least \$25,000,000 or of an additional capital outlay, provided that the strategic value of the initial capital outlay and, if applicable, of the additional capital outlay has been recognized, after 22 December 2004, by the Minister of Finance, and that those investments are not otherwise eligible investments;”;

(2) by replacing subparagraph 10 of the fifth paragraph by the following subparagraph:

“(10) investments made by the Fund after 10 November 2011 in Fonds Relève Québec, s.e.c.;”;

(3) by adding the following subparagraphs after subparagraph 10 of the fifth paragraph:

“(11) investments made by the Fund in Fonds Biomasse Énergie I, S.E.C.; and

“(12) investments made by the Fund in Teralys Capital Fonds d’Innovation, S.E.C.”;

(4) by inserting “and 11” after “7” in the seventh paragraph;

(5) by inserting “and 12” after “10” in the eighth paragraph;

(6) by replacing “5%” in subparagraph 2.1 of the tenth paragraph by “10%”;

(7) by striking out the eleventh paragraph.

(2) Paragraphs 1 and 3 to 7 of subsection 1 apply to a fiscal year that begins after 31 May 2014.

(3) Paragraph 2 of subsection 1 has effect from 11 November 2011.

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

**36.** (1) Section 10.0.1 of the Act to establish the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (chapter F-3.2.1) is amended

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

“(3) the person has reached 50 years of age and has stopped working or has entered into an agreement with the person’s employer to reduce regular working time by 20% or more until retirement;”;

(2) by adding the following paragraph:

“For the purposes of subparagraph 3 of the first paragraph, a person is deemed to have stopped working where the person’s estimated work income for the 12 months following the day of the request for redemption referred to in that paragraph does not exceed 25% of the Maximum Pensionable Earnings established for the year of the request under the Act respecting the Québec Pension Plan.”

(2) Subsection 1 applies in respect of a request for redemption filed after 20 December 2013. In addition, subsection 1 applies in respect of a request for redemption filed before 21 December 2013 by a person who has reached 50 years of age, if the request is based on the grounds that the person could, were it not for the person’s age, receive a retirement pension under the Act respecting the Québec Pension Plan (chapter R-9), that would become payable after 31 December 2013.

**37.** (1) Section 15 of the Act is amended

(1) by replacing subparagraph 13 of the sixth paragraph by the following subparagraph:

“(13) investments made by the Fund after 10 November 2011 in Fonds Relève Québec, s.e.c.”;

(2) by adding the following subparagraph after subparagraph 14 of the sixth paragraph:

“(15) investments made by the Fund in Teralys Capital Fonds d’Innovation, S.E.C.”;

(3) by replacing “12 and 13” in the ninth paragraph by “12, 13 and 15”.

(2) Paragraph 1 of subsection 1 has effect from 11 November 2011.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 4 June 2014.

**MINING TAX ACT****38.** (1) Section 1 of the Mining Tax Act (chapter I-0.4) is amended, in the first paragraph,

(1) by replacing the portion of the definition of “processing asset” before paragraph 1 by the following:

““processing asset” means property to which any of sections 10, 10.1.1, 10.9 and 10.11 apply, situated in Québec, that is”;

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

““environmental trust” means an environmental trust, within the meaning of section 1129.51 of the Taxation Act (chapter I-3) that is resident in Québec for the purposes of Part III.12 of that Act”;

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

““hydrometallurgy” means any processing of an ore or concentrate that produces a metal, metallic salt or metallic compound by carrying out a chemical reaction in an aqueous or organic solution”;

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

““Near North” means the territory of Québec between 50°30' north latitude and 55°00' north latitude and bounded on the east by the Grenville Front and the part of the territory of the Côte-Nord administrative region (09), described

in the Décret concernant la révision des limites des régions administratives du Québec (chapter D-11, r. 1), situated between 59°00' west longitude and 66°00' west longitude;”;

(5) by replacing the portion of the definition of “tax rate” before the formula by the following:

““tax rate” applicable to an operator for a fiscal year that begins before 1 January 2014 means the rate determined for the fiscal year by the formula”;

(6) by replacing the definition of “processing” by the following definition:

““processing” means any activity involving the concentration, smelting or refining of a mineral substance or any hydrometallurgy activity, including any activity involving pelletization, production of powder, production of steel billets or any other prescribed activity;”.

(2) Paragraphs 1 and 5 of subsection 1 have effect from 1 January 2014. In addition, when the portion of the definition of “processing asset” in the first paragraph of section 1 of the Act before paragraph 1 applies after 30 March 2010 and before 1 January 2014, it is to be read as follows:

““processing asset” means property to which section 10 or 10.1.1 applies, situated in Québec, that is”.

(3) Paragraph 2 of subsection 1 applies to a fiscal year that ends after 31 December 2011.

(4) Paragraphs 3 and 6 of subsection 1 apply to a fiscal year that begins after 31 December 2013. However, where section 1 of the Act applies before 1 September 2015, the definition of “processing” in the first paragraph of that section is to be read as if “prescribed activity” were replaced by “activity prescribed by regulation”.

(5) Paragraph 4 of subsection 1 has effect from 14 September 2010.

**39.** (1) The Act is amended by inserting the following sections after section 4.2:

**“4.2.1.** For the purposes of this Act, except sections 35.3 to 35.5, an outlay or expense resulting from a transaction with a person related, within the meaning of Chapter IV of Title II of Book I of Part I of the Taxation Act (chapter I-3), to the operator is deemed not to exceed the fair market value of property or a service supplied if the outlay or expense exceeds that value; moreover, an operator that supplied property or a service following a transaction with a related person, within the meaning of that Chapter IV, is deemed to have received an amount at least equal to the fair market value of the property or service if the consideration received for the property or service is less than that value or if there is no consideration for the property or service.

**“4.2.2.** An amount deductible under this Act in respect of an outlay or expense may be deducted only to the extent that the outlay or expense is reasonable in the circumstances.

**“4.2.3.** An operator who, in computing its annual profit or in computing the mine-mouth output value in respect of a mine it operates, for a fiscal year, has already included or deducted an amount, directly or indirectly, is not required to again include or authorized to again deduct the amount, as the case may be, directly or indirectly, unless it is required or authorized by this Act expressly or in terms in which that requirement or authorization may necessarily be inferred.”

(2) Subsection 1 has effect from 1 January 2014.

**40.** (1) Section 4.4 of the Act is amended by inserting the following paragraph after paragraph 1 of the definition of “Québec mining results”:

“(1.1) the operator’s mine-mouth value output for the fiscal year, under this Act, in respect of all the mines it operates in that fiscal year;”.

(2) Subsection 1 applies to a fiscal year that begins after 31 December 2013.

**41.** (1) Section 5 of the Act is replaced by the following section:

**“5.** For a fiscal year that begins after 31 December 2013, an operator is required to pay duties equal to the greater of

(1) its mining tax on its annual profit for the fiscal year, determined under section 29.1; and

(2) its minimum mining tax for the fiscal year, determined under section 30.1.

For a fiscal year that begins before 1 January 2014, an operator is required to pay the duties on its annual profit for the fiscal year that are determined under section 30.”

(2) Subsection 1 has effect from 1 January 2014.

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

“COMPUTATION OF ANNUAL PROFIT AND OF MINE-MOUTH OUTPUT VALUE”.

(2) Subsection 1 has effect from 1 January 2014.

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

“RULES RELATING TO COMPUTATION OF GROSS VALUE OF ANNUAL OUTPUT”.

(2) Subsection 1 has effect from 1 January 2014.

**44.** (1) Section 6.2 of the Act is amended by replacing subparagraph 1 of the first paragraph by the following subparagraph:

“(1) the gross value of the annual output of the gemstones is determined at the mine site—or outside the mine site with the Minister’s authorization, under the conditions determined by the Minister, following a written application by the operator—on the basis of their value before they are cut or polished and, for that purpose, the operator must sort and clean them to facilitate their valuation;”.

(2) Subsection 1 applies in respect of an application made after 4 June 2014.

**45.** (1) The Act is amended by inserting the following before section 8:

**“DIVISION I.1**

**“RULES RELATING TO COMPUTATION OF ANNUAL PROFIT”.**

(2) Subsection 1 has effect from 1 January 2014.

**46.** (1) Section 8 of the Act is amended

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

“(*b*) the total of all amounts each of which is the eligible amount of a gift, within the meaning of section 7.21 of the Taxation Act, made by the operator in the fiscal year, if

i. the gift would be referred to in section 710 or 752.0.10.1 of that Act, as the case may be, if paragraph *a* of section 999.2 of that Act were read as if “i to v” were replaced by “i to iii” and if section 999.2 of that Act were read without its paragraphs *i* and *j*, and

ii. the total of those amounts does not exceed 10% of the total referred to in subparagraph *a* of subparagraph 1;”;

(2) by replacing subparagraph *e* of subparagraph 1 of the fourth paragraph by the following subparagraph:

“(*e*) the amount determined in accordance with any of sections 10.2, 10.3, 10.12 and 10.13 for the fiscal year that is reasonably attributable to the operation of the mine;”;



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

“(b) subject to sections 10, 10.1.1 and 10.17, the amount deducted by the operator, for the fiscal year, as a depreciation allowance that is reasonably attributable to the operation of the mine,”;

(4) by replacing subparagraph *d* of subparagraph 2 of the fourth paragraph by the following subparagraph:

“(d) subject to sections 20.1 and 21, the amount deducted by the operator, for the fiscal year, in respect of the mine as a processing allowance,”;

(5) by replacing subparagraph *f* of subparagraph 2 of the fourth paragraph by the following subparagraph:

“(f) the amount determined in accordance with any of sections 10.4, 10.5, 10.15 and 10.16, for the fiscal year, that is reasonably attributable to the operation of the mine,”.

(2) Paragraph 1 of subsection 1 has effect from 31 March 2010. However, when section 8 of the Act applies before 1 January 2012, subparagraph *b* of subparagraph 2 of the second paragraph of section 8 of the Act is to be read as follows:

“(b) the total of all amounts each of which is the eligible amount of a gift, within the meaning of section 7.21 of the Taxation Act, made by the operator in the fiscal year, to the extent that the gift would be referred to in section 710 of that Act if that section were read without reference to subparagraphs vi to viii of paragraph *a*, or in section 752.0.10.1 of that Act if the definition of “total charitable gifts” in the first paragraph of that section were read without reference to paragraphs *f* to *h*, as the case may be, and provided that the total of those amounts does not exceed 10% of the total referred to in subparagraph *a* of subparagraph 1,”.

(3) Paragraphs 2 to 5 of subsection 1 have effect from 1 January 2014.

**47.** (1) Section 8.0.1 of the Act is amended by replacing paragraph 4 by the following paragraph:

“(4) a capital loss or replacement of capital, a payment or outlay of capital or a depreciation, obsolescence or depletion allowance, except to the extent permitted by sections 10, 10.1.1, 10.17, 20.1, 21 and 26.0.1;”.

(2) Subsection 1 has effect from 1 January 2014.

**48.** (1) The Act is amended by inserting the following section after section 8.0.1:

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

(2) Subsection 1 has effect from 1 January 2014.

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

**“DIVISION I.2**

**“RULES RELATING TO COMPUTATION OF MINE-MOUTH OUTPUT VALUE**

**“8.1.1.** Subject to the third paragraph, an operator’s mine-mouth output value for a fiscal year that begins after 31 December 2013 in respect of a mine it operates in the fiscal year is equal to the amount determined by the formula

$A - B$ .

In the formula in the first paragraph,

(1) A is the aggregate of

(a) the portion of the gross value of the operator’s annual output for the fiscal year that is reasonably attributable to the operation of the mine,

(b) if, for the purpose of determining the gross value of the operator’s annual output for the fiscal year, the Minister authorizes, under section 6.1, the use of a method for the fiscal year that differs from the method used by the operator for the preceding fiscal year and the preceding fiscal year began after 31 December 2013, the amount included in computing the annual earnings from the mine for the fiscal year under subparagraph *b* of subparagraph 1 of the fourth paragraph of section 8,

(c) if particular gemstones from the mine have not been mixed with other gemstones, if the operator alienates those particular gemstones in the fiscal year in favour of a person to whom the operator is not related, within the meaning of Chapter IV of Title II of Book I of Part I of the Taxation Act (chapter I-3), at the time of the alienation and if the value of the particular gemstones was taken into consideration in determining the gross value of the operator’s annual output for a preceding fiscal year that began after 31 December 2013, the amount included in computing the annual earnings from the mine for the fiscal year under subparagraph *c* of subparagraph 1 of the fourth paragraph of section 8,

(d) an amount, other than government assistance, received or receivable by the operator in the fiscal year, from a person or partnership, because of an expense incurred by the operator in respect of the mine for a particular fiscal year that began after 31 December 2013 and that is an expense deducted in computing the operator's mine-mouth output value in respect of the mine for the particular fiscal year, and

(e) the amount determined in accordance with section 10.12 or 10.13 for the fiscal year that is reasonably attributable to the operation of the mine; and

(2) B is the aggregate of

(a) the total of all expenses each of which is an expense incurred by the operator in respect of the mine, for the fiscal year, that is deductible in computing the operator's annual earnings from the mine for the fiscal year and that is reasonably attributable to activities consisting in the crushing, milling, sieving, processing, handling, transportation or storage of a mineral substance from its first accumulation site following its extraction from the mine and, if applicable, of the processing products obtained, and activities consisting in the marketing of the mineral substance and, if applicable, of the processing products obtained, including the general and administrative expenses that the operator incurs in the fiscal year and that relate to the crushing, milling, sieving, processing, handling, transportation, storage and marketing activities,

(b) subject to sections 10.9 and 10.11, the amount deducted by the operator, for the fiscal year, as a depreciation allowance that is reasonably attributable to the operation of the mine,

(c) the adjustment amount determined in accordance with section 10.14, for the fiscal year, that is reasonably attributable to the operation of the mine,

(d) subject to section 20.1, the amount deducted by the operator, for the fiscal year, in respect of the mine as a processing allowance,

(e) the amount determined in accordance with section 10.15 or 10.16, for the fiscal year, that is reasonably attributable to the operation of the mine,

(f) if, for the purpose of determining the gross value of the operator's annual output for the fiscal year, the Minister authorizes, under section 6.1, the use of a method for the fiscal year that differs from the method used by the operator for the preceding fiscal year and the preceding fiscal year began after 31 December 2013, the amount deducted in computing the annual earnings from the mine for the fiscal year under subparagraph *j* of subparagraph 2 of the fourth paragraph of section 8, and

(g) if particular gemstones from the mine have not been mixed with other gemstones, if the operator alienates those particular gemstones in the fiscal year in favour of a person to whom the operator is not related, within the meaning of Chapter IV of Title II of Book I of Part I of the Taxation Act, at the time of the alienation and if the value of those particular gemstones was

taken into consideration in determining the gross value of the operator's annual output for a preceding fiscal year that began after 31 December 2013, the amount deducted in computing the annual earnings from the mine for the fiscal year under subparagraph *k* of subparagraph 2 of the fourth paragraph of section 8.

If the operator's mine-mouth output value for the fiscal year in respect of a mine it operates in the fiscal year is less than 10% of the portion of the gross value of the operator's annual output for the fiscal year that is reasonably attributable to the operation of the mine, the operator's mine-mouth output value for the fiscal year in respect of the mine is deemed to be equal to 10% of that portion."

(2) Subsection 1 has effect from 1 January 2014.

**50.** (1) Sections 8.2 to 8.5 of the Act are repealed.

(2) Subsection 1 has effect from 1 January 2014.

**51.** (1) The Act is amended by inserting the following heading before section 9:

“§1. — *Interpretation and general rules*”.

(2) Subsection 1 has effect from 1 January 2014.

**52.** (1) Section 9 of the Act is amended

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

““class 1A property” means a property used in mining operation activities from the first accumulation site of a mineral substance following its extraction from the mine, that the operator owns at the time of the transfer and that is included in class 1 property at that time;”;

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

““class 2A property” means a property used in mining operation activities from the first accumulation site of a mineral substance following its extraction from the mine, that the operator owns at the time of the transfer and that is included in class 2 property at that time;”;

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

““class 3A property” means a property used in mining operation activities from the first accumulation site of a mineral substance following its extraction from the mine, that the operator owns at the time of the transfer and that is included in class 3 property at that time;”;

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

““class 4 property” means a road, a building, equipment or service property acquired after 30 March 2010 that is neither class 3 property nor class 4A property and that is regularly used in the mining operation;”;

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

““class 4A property” means

(1) a property used in mining operation activities from the first accumulation site of a mineral substance following its extraction from the mine, that the operator owns at the time of the transfer and that is included in class 4 property at that time; and

(2) a property used in mining operation activities from the first accumulation site of a mineral substance following its extraction from the mine, that is acquired by the operator after the time of the transfer, that is a road, a building, equipment or service property and that is regularly used in the mining operation;

““property used in mining operation activities from the first accumulation site of a mineral substance following its extraction from the mine” means, subject to the second paragraph, a processing asset or a property all or substantially all of which is used in the crushing, milling, sieving, handling, transportation or storage of the mineral substance from its first accumulation site following its extraction from the mine and, if applicable, the processing products obtained;

““time of the transfer” means the time that corresponds to the beginning of the first fiscal year of an operator that begins after 31 December 2013;”;

(6) by replacing subparagraphs *b* and *c* of paragraph 1 of the definition of “undepreciated capital cost” by the following subparagraphs:

“(b) the total of all amounts each of which is an amount determined in accordance with the second paragraph of section 10.2 or 10.12, in respect of that class, for a fiscal year ending before that time;

“(c) the total of all amounts each of which is an amount determined in accordance with section 10.3 or 10.13, in respect of that class, for a fiscal year ending before that time; and”;

(7) by replacing subparagraphs *c* and *d* of paragraph 2 of the definition of “undepreciated capital cost” by the following subparagraphs:

“(c) the total of all amounts each of which is an amount determined in accordance with the second paragraph of section 10.4 or 10.15, in respect of that class, for a fiscal year ending before that time;

“(d) the total of all amounts each of which is an amount determined in accordance with section 10.5 or 10.16, in respect of that class, for a fiscal year ending before that time;”;

(8) by replacing the portion of the definition of “proceeds of alienation” before paragraph 1 by the following:

““proceeds of alienation” of property means, subject to subdivision 5,”;

(9) by adding the following paragraph:

“A property used in the course of the operator’s marketing activities or administrative activities is not a property used in mining operation activities from the first accumulation site of a mineral substance following its extraction from the mine.”

(2) Paragraphs 1 to 7 and 9 of subsection 1 apply to a fiscal year that begins after 31 December 2013. In addition, when section 9 of the Act applies after 30 March 2010 and before 1 January 2014, the definition of “class 4 property” in that section is to be read as follows:

““class 4 property” means a road, a building, equipment or service property acquired after 30 March 2010 that is not class 3 property and is regularly used in the mining operation;”.

(3) Paragraph 8 of subsection 1 has effect from 6 May 2013.

**53.** (1) The Act is amended by inserting the following section after section 9.1:

**“9.1.1.** Where the fiscal year of an operator comprises fewer than 12 months, the depreciation allowance must not exceed the proportion of the maximum amount deductible under any of sections 10, 10.1.1, 10.9 and 10.11 that the number of days in the fiscal year is of 365.”

(2) Subsection 1 has effect from 1 January 2014.

**54.** (1) The Act is amended by inserting the following heading before section 10:

“§2. — *Rules relating to classes 1, 2, 3 and 4*”.

(2) Subsection 1 has effect from 1 January 2014.

**55.** (1) Section 10 of the Act is amended by replacing “section 14” in the portion before paragraph 1 by “section 9.1.1”.

(2) Subsection 1 has effect from 1 January 2014.

**56.** (1) Section 10.1.1 of the Act is amended

(1) by replacing “section 14” in the portion of the first paragraph before subparagraph 1 by “section 9.1.1”;

(2) by replacing “undepreciated portion of the capital cost” in subparagraph 1 of the first paragraph by “undepreciated capital cost”;

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

“Despite the first paragraph, an operator may deduct an amount as a depreciation allowance in respect of class 4 property in computing its annual earnings from a mine it operates for a fiscal year only if it deducts the maximum amount as a depreciation allowance in respect of class 1 property, class 2 property and class 3 property in computing its annual earnings from the mine for the fiscal year.”

(2) Paragraph 1 of subsection 1 has effect from 1 January 2014.

(3) Paragraph 3 of subsection 1 applies to a fiscal year that ends after 30 March 2010. However, when section 10.1.1 of the Act applies to a fiscal year that ends after 30 March 2010 and that includes that date, the second paragraph of that section is to be read as if “annual earnings from a mine it operates” and “annual earnings from the mine” were replaced by “annual profit”.

**57.** (1) Section 10.2 of the Act is amended by replacing “in section 9” in the second paragraph by “in the first paragraph of section 9”.

(2) Subsection 1 has effect from 1 January 2014.

**58.** (1) Section 10.3 of the Act is amended by replacing “in section 9” by “in the first paragraph of section 9”.

(2) Subsection 1 has effect from 1 January 2014.

**59.** (1) Section 10.4 of the Act is amended by replacing “in section 9” in the second paragraph by “in the first paragraph of section 9”.

(2) Subsection 1 has effect from 1 January 2014.

**60.** (1) Section 10.5 of the Act is amended by replacing “in section 9” by “in the first paragraph of section 9”.

(2) Subsection 1 has effect from 1 January 2014.

**61.** (1) The Act is amended by inserting the following after section 10.5:

“§3.—*Rules relating to class transfers*

“**10.6.** Property used in mining operation activities from the first accumulation site of a mineral substance following its extraction from the mine, that an operator owns at the time of the transfer and that is at that time class 1 property, class 2 property, class 3 property or class 4 property of the operator, is deemed to become, immediately after that time, class 1A property, class 2A property, class 3A property or class 4A property of the operator, respectively.

“**10.7.** The undepreciated capital cost of the operator’s class 1A property, immediately after the time of the transfer, is deemed to be equal to the proportion of the undepreciated capital cost of the operator’s class 1 property at the time of the transfer that the capital cost to the operator of all the class 1A property referred to in section 10.6 is of the capital cost of all the class 1 property the operator owns at the time of the transfer.

The undepreciated capital cost of the operator’s class 1 property, immediately after the time of the transfer, is deemed to be equal to the amount by which the undepreciated capital cost of the operator’s class 1 property at the time of the transfer exceeds the undepreciated capital cost of the operator’s class 1A property immediately after the time of the transfer.

The undepreciated capital cost of the operator’s class 2A property, immediately after the time of the transfer, is deemed to be equal to the proportion of the undepreciated capital cost of the operator’s class 2 property at the time of the transfer that the capital cost to the operator of all the class 2A property referred to in section 10.6 is of the capital cost of all the class 2 property the operator owns at the time of the transfer.

The undepreciated capital cost of the operator’s class 2 property, immediately after the time of the transfer, is deemed to be equal to the amount by which the undepreciated capital cost of the operator’s class 2 property at the time of the transfer exceeds the undepreciated capital cost of the operator’s class 2A property immediately after the time of the transfer.

The undepreciated capital cost of the operator’s class 3A property, immediately after the time of the transfer, is deemed to be equal to the proportion of the undepreciated capital cost of the operator’s class 3 property at the time of the transfer that the capital cost to the operator of all the class 3A property referred to in section 10.6 is of the capital cost of all the class 3 property the operator owns at the time of the transfer.

The undepreciated capital cost of the operator’s class 3 property, immediately after the time of the transfer, is deemed to be equal to the amount by which the undepreciated capital cost of the operator’s class 3 property at the time of the transfer exceeds the undepreciated capital cost of the operator’s class 3A property immediately after the time of the transfer.



The undepreciated capital cost of the operator's class 4A property, immediately after the time of the transfer, is deemed to be equal to the proportion of the undepreciated capital cost of the operator's class 4 property at the time of the transfer that the capital cost to the operator of all the class 4A property referred to in section 10.6 is of the capital cost of all the class 4 property the operator owns at the time of the transfer.

The undepreciated capital cost of the operator's class 4 property, immediately after the time of the transfer, is deemed to be equal to the amount by which the undepreciated capital cost of the operator's class 4 property at the time of the transfer exceeds the undepreciated capital cost of the operator's class 4A property immediately after the time of the transfer.

**“10.8.** Where, because of section 10.6, one or more of an operator's particular properties of one class (in this section referred to as the “old class”) are deemed to have become properties of another class (in this section referred to as the “new class”), the following rules apply for the purpose of determining, at a given time that is subsequent to the time of the transfer, the undepreciated capital cost to the operator of the property of the old class and of the new class:

(1) for the purposes of subparagraph *a* of paragraph 1 of the definition of “undepreciated capital cost” in the first paragraph of section 9, each of the particular properties is deemed to be a property of the new class acquired before the given time and never to have been included in the old class; and

(2) the amount by which the aggregate of all amounts each of which is the capital cost to the operator of each of the particular properties exceeds the undepreciated capital cost of the property of the new class immediately after the time of the transfer is deemed to be a depreciation allowance granted to the operator in respect of the property of the new class and to no longer be a depreciation allowance granted to the operator in respect of the property of the old class.

“§4. — *Rules relating to classes 1A, 2A, 3A and 4A*

**“10.9.** Subject to section 9.1.1, the amount that an operator may deduct, under subparagraph *b* of subparagraph 2 of the second paragraph of section 8.1.1, in respect of class 1A property, class 2A property or class 3A property as a depreciation allowance in computing the mine-mouth output value in respect of a mine it operates, for a fiscal year, must not exceed the portion, reasonably attributable to the operation of the mine, of the least of

(1) the part of the capital cost of the property of that class, for the fiscal year;

(2) the undepreciated capital cost of the property of that class, before any deduction under that subparagraph *b*, at the end of the fiscal year; and

(3) where the operator no longer owns property of that class at the end of the fiscal year, zero.

**“10.10.** The part of the capital cost referred to in paragraph 1 of section 10.9 for a fiscal year is equal to the amount obtained by applying, in respect of the property of a class acquired before the end of the fiscal year, the following percentage:

(1) 15% of the total of all amounts each of which is the capital cost of each class 1A property;

(2) 30% of the total of all amounts each of which is the capital cost of each class 2A property; and

(3) 100% of the total of all amounts each of which is the capital cost of each class 3A property.

**“10.11.** Subject to section 9.1.1, the amount that an operator may deduct, under subparagraph *b* of subparagraph 2 of the second paragraph of section 8.1.1, in respect of class 4A property as a depreciation allowance in computing the mine-mouth output value in respect of a mine it operates, for a fiscal year, must not exceed the portion, reasonably attributable to the operation of the mine, of the lesser of

(1) the amount obtained by multiplying the undepreciated capital cost of the property of that class at the end of the fiscal year before any deduction under that subparagraph *b* at the end of the fiscal year, by 30%; and

(2) where the operator no longer owns property of that class at the end of the fiscal year, zero.

Despite the first paragraph, an operator may deduct an amount as a depreciation allowance in respect of class 4A property in computing the mine-mouth output value in respect of a mine it operates, for a fiscal year, only if it deducts the maximum amount as a depreciation allowance in respect of class 1A property, class 2A property and class 3A property in computing the mine-mouth output value in respect of the mine, for the fiscal year.

**“10.12.** The amount that an operator is required to include in computing its annual earnings from a mine for a fiscal year, under subparagraph *e* of subparagraph 1 of the fourth paragraph of section 8, and in computing the mine-mouth output value in respect of the mine it operates, for the fiscal year, under subparagraph *e* of subparagraph 1 of the second paragraph of section 8.1.1, in respect of class 1A property or class 2A property, is equal to the proportion of the amount determined under the second paragraph that the use of the property of the class that is reasonably attributable to the operation of the mine for the particular fiscal year is of the total use of that property in that fiscal year.

The amount referred to in the first paragraph is equal to the amount by which the aggregate of the amounts referred to in subparagraphs *a* to *h* of paragraph 2 of the definition of “undepreciated capital cost” in the first paragraph of section 9, in respect of the class, exceeds the aggregate of the amounts referred to in subparagraphs *a* to *d* of paragraph 1 of the definition of that expression.

**“10.13.** The amount that an operator is required to include in computing its annual earnings from a mine for a fiscal year, under subparagraph *e* of subparagraph 1 of the fourth paragraph of section 8, and in computing the mine-mouth output value in respect of the mine it operates, for the fiscal year, under subparagraph *e* of subparagraph 1 of the second paragraph of section 8.1.1, in respect of class 3A property or class 4A property, is equal to the amount by which the aggregate of the amounts referred to in subparagraphs *a* to *h* of paragraph 2 of the definition of “undepreciated capital cost” in the first paragraph of section 9, in respect of that class, exceeds the aggregate of the amounts referred to in subparagraphs *a* to *d* of paragraph 1 of the definition of that expression, up to the portion of that excess amount that is reasonably attributable to the operation of the mine.

**“10.14.** Where, because of section 10.6, one or more of an operator’s properties included in any of classes 1, 2, 3 and 4 are deemed, immediately after the time of the transfer, to have become properties of any of classes 1A, 2A, 3A and 4A (in this section referred to as the “new class”), the adjustment amount the operator may deduct in computing the mine-mouth output value in respect of a mine it operates, for a particular fiscal year, in relation to the new class, under subparagraph *c* of subparagraph 2 of the second paragraph of section 8.1.1, is equal to

(1) in relation to any of classes 1A, 2A and 3A, the proportion of the amount that is required to be included in computing the mine-mouth output value in respect of the mine, for the particular fiscal year, in relation to the new class, under subparagraph *e* of subparagraph 1 of the second paragraph of section 8.1.1 that the amount determined under paragraph 2 of section 10.8 in relation to the new class is of the total of the amount determined under that paragraph 2 and any depreciation allowance granted to the operator in respect of the property of the new class under subparagraph *b* of subparagraph 2 of the second paragraph of section 8.1.1; or

(2) in relation to class 4A, the lesser of

(*a*) the proportion of the amount that is required to be included in computing the mine-mouth output value in respect of the mine, for the particular fiscal year, in relation to the new class, under subparagraph *e* of subparagraph 1 of the second paragraph of section 8.1.1 that the amount determined under paragraph 2 of section 10.8 in relation to the new class is of the total of the amount determined under that paragraph 2 and any depreciation allowance granted to the operator in respect of the property of the new class under subparagraph *b* of subparagraph 2 of the second paragraph of section 8.1.1, and

(b) the amount by which the amount determined under paragraph 2 of section 10.8 in relation to the new class exceeds the aggregate of all amounts each of which is an adjustment amount the operator deducted, in relation to the new class, under subparagraph *c* of subparagraph 2 of the second paragraph of section 8.1.1 for a fiscal year preceding the particular fiscal year, in respect of the mine or any other mine it operated in that preceding fiscal year, or for the particular fiscal year, in respect of another mine it operates in the particular fiscal year.

**“10.15.** For the purposes of subparagraph *f* of subparagraph 2 of the fourth paragraph of section 8 and subparagraph *e* of subparagraph 2 of the second paragraph of section 8.1.1, if, at the end of a fiscal year, an operator no longer owns class 1A property or class 2A property, the amount that the operator is required to deduct in computing its annual earnings from a mine for the fiscal year, and in computing the mine-mouth output value in respect of the mine for the fiscal year, in respect of property of that class, is equal to the proportion of the amount determined under the second paragraph that the use of the property of the class that is reasonably attributable to the operation of the mine for the fiscal year is of the total use of that property in the fiscal year.

The amount referred to in the first paragraph is equal to the amount by which the aggregate of the amounts referred to in subparagraphs *a* to *d* of paragraph 1 of the definition of “undepreciated capital cost” in the first paragraph of section 9, in respect of the class, exceeds the aggregate of the amounts referred to in subparagraphs *a* to *h* of paragraph 2 of the definition of that expression.

**“10.16.** For the purposes of subparagraph *f* of subparagraph 2 of the fourth paragraph of section 8 and subparagraph *e* of subparagraph 2 of the second paragraph of section 8.1.1, if, at the end of a fiscal year, an operator no longer owns class 3A property or class 4A property, the amount that the operator is required to deduct in computing its annual earnings from a mine for the fiscal year, and in computing the mine-mouth output value in respect of the mine, for the fiscal year, in respect of property of that class, is equal to the amount by which the aggregate of the amounts referred to in subparagraphs *a* to *d* of paragraph 1 of the definition of “undepreciated capital cost” in the first paragraph of section 9, in respect of property of that class, exceeds the aggregate of the amounts referred to in subparagraphs *a* to *h* of paragraph 2 of the definition of that expression, up to the portion of the excess amount that is reasonably attributable to the operation of the mine.

**“10.17.** In computing the annual earnings from a mine an operator operates for a fiscal year, the operator is required to deduct for the fiscal year, as a depreciation allowance in respect of class 1A property, class 2A property, class 3A property and class 4A property, under subparagraph *b* of subparagraph 2 of the fourth paragraph of section 8, an amount equal to the amount the operator deducted as such for the fiscal year in computing the mine-mouth output value in respect of the mine under subparagraph *b* of subparagraph 2 of the second paragraph of section 8.1.1.

“§5. — *Deemed alienation of property*

“**10.18.** Persons or partnerships ceasing, for an indeterminate period, all activities that relate to their mining operation are deemed to alienate, at the time (in this paragraph referred to as the “time of the alienation”) that is immediately before the time the fiscal year in which those activities cease ends, in accordance with section 2.1, each of their properties of a class for proceeds of alienation equal to the lesser of the fair market value of the property at the time of the alienation and the capital cost of the property at that time.

Persons or partnerships resuming, at any time, their activities that relate to the mining operation referred to in the first paragraph are deemed to reacquire, at that time, each of the properties referred to in the first paragraph and owned by them at that time for a capital cost equal to the lesser of the fair market value of the property at that time and the proceeds of alienation of the property determined in accordance with the first paragraph.

“**10.19.** Operators ceasing, at any time and otherwise than in the circumstances described in section 10.18, to actually use in their mining operation a class 1 property, a class 1A property, a class 2 property or a class 2A property, or to regularly use in their mining operation a class 3 property, a class 3A property, a class 4 property or a class 4A property, are deemed to alienate the property at that time for proceeds of alienation equal to the lesser of the fair market value of the property at that time and its capital cost at that time and to reacquire it after that time for a capital cost equal to those proceeds of alienation.”

(2) Subsection 1, when it enacts sections 10.6 to 10.17 of the Act, applies to a fiscal year that begins after 31 December 2013.

(3) Subsection 1, when it enacts section 10.18 of the Act, applies to persons or partnerships ceasing all activities that relate to their mining operation at a time that occurs after 5 May 2013.

(4) Subsection 1, when it enacts section 10.19 of the Act, applies to persons or partnerships ceasing to use a property in their mining operation at a time that occurs after 5 May 2013.

**62.** (1) Section 14 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2014. In addition, when section 14 of the Act applies after 30 March 2010, it is to be read as if “section 10” were replaced by “section 10 or 10.1.1”.

**63.** (1) Section 16.3 of the Act is amended by replacing “in section 9” in paragraph 1 by “in the first paragraph of section 9”.

(2) Subsection 1 has effect from 1 January 2014.

**64.** (1) Section 16.15 of the Act is amended by replacing “of section 9” in paragraph 1 by “of the first paragraph of section 9”.

(2) Subsection 1 has effect from 1 January 2014.

**65.** (1) Section 19.4 of the Act is amended by replacing “in section 9” in paragraph 1 by “in the first paragraph of section 9”.

(2) Subsection 1 has effect from 1 January 2014.

**66.** (1) The Act is amended by inserting the following section before section 21:

**“20.1.** Subject to section 25, the amount that an operator may deduct as a processing allowance in computing its annual earnings from a mine for a fiscal year that begins after 31 December 2013, under subparagraph *d* of subparagraph 2 of the fourth paragraph of section 8, and in computing the mine-mouth output value in respect of a mine it operates, for such a fiscal year, under subparagraph *d* of subparagraph 2 of the second paragraph of section 8.1.1, must not exceed the lesser of

(1) the aggregate of the amounts determined by the following formula in respect of each property of the operator (in this section referred to as the “particular property”) that is a processing asset used in processing ore from the mine in the fiscal year and that is in the operator’s possession at the end of the fiscal year:

$A \times B$ ; and

(2) an amount corresponding to the greater of

(a) 75% of the operator’s annual earnings from the mine, for the fiscal year, determined without reference to subparagraphs *d*, *e*, *g* and *h* of subparagraph 2 of the fourth paragraph of section 8, and

(b) 30% of the operator’s mine-mouth output value in respect of the mine, for the fiscal year, determined without reference to subparagraph *d* of subparagraph 2 of the second paragraph of section 8.1.1.

In the formula in subparagraph 1 of the first paragraph,

(1) A is the proportion that the use of the particular property in processing ore from the mine is of the total use of the particular property for the purpose of processing ore from the mine and for any other purpose in the fiscal year; and

(2) B is an amount equal to,

(a) if the operator does not engage in smelting, refining or hydrometallurgy, 10% of the capital cost to the operator of the particular property,

(b) if the operator engages in smelting, refining or hydrometallurgy exclusively outside Québec,

i. 10% of the capital cost of the particular property where the property is used solely in processing ore from a gold or silver mine, or

ii. the amount by which 13% of the capital cost of the particular property, where the property is used in processing ore other than ore from a gold or silver mine, exceeds 3% of the proportion of the capital cost of the particular property, where it is used for concentration purposes, that the quantity of ore concentrated by the operator, which is not smelted or refined by the operator, or is not the subject of hydrometallurgy activity carried on by the operator, and the processing of which required the use of the particular property, is of the total quantity of ore the processing of which required the use of the particular property, or

(c) if the operator engages in smelting, refining or hydrometallurgy in Québec,

i. 10% of the capital cost of the particular property where the property is used solely in processing ore from a gold or silver mine, or

ii. the amount by which 20% of the capital cost of the particular property, where the property is used in processing ore other than ore from a gold or silver mine, exceeds the aggregate of 7% of the proportion of the capital cost of the particular property that the quantity of ore that is smelted or refined by the operator outside Québec, or is the subject of hydrometallurgy activity carried on by the operator outside Québec, and the processing of which required the use of the particular property, is of the total quantity of ore the processing of which required the use of the particular property, and 10% of the proportion of the capital cost of the particular property, where it is used for concentration purposes, that the quantity of ore concentrated by the operator, which is not smelted or refined by the operator, or is not the subject of hydrometallurgy activity carried on by the operator, and the processing of which required the use of the particular property, is of the total quantity of ore the processing of which required the use of the particular property.”

(2) Subsection 1 has effect from 1 January 2014.

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

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

**“21.** Subject to section 25, the amount that an operator may deduct as a processing allowance in computing its annual earnings from a mine for a fiscal

year that begins after 30 March 2010 but before 1 January 2014, under subparagraph *d* of subparagraph 2 of the fourth paragraph of section 8, must not exceed the lesser of”;

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

“(1) the aggregate of the amounts determined by the following formula in respect of each property of the operator (in this section referred to as the “particular property”) that is a processing asset used in processing ore from the mine in the fiscal year and that is in the operator’s possession at the end of the fiscal year:

$A \times B$ ; and”;

(3) by replacing subparagraph 1 of the second paragraph in the French text by the following subparagraph:

“1° la lettre A représente le rapport entre l’usage du bien donné dans le traitement de minerai provenant de cette mine et l’usage total du bien donné aux fins du traitement de minerai provenant de cette mine et à une autre fin au cours de l’exercice financier;”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2014.

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

**“25.** Where the fiscal year of an operator comprises fewer than 12 months, the amount determined under subparagraph 2 of the second paragraph of section 20.1 or 21 must be reduced by the proportion of the amount that the number of days by which 365 exceeds the number of days in the fiscal year is of 365.”

(2) Subsection 1 has effect from 1 January 2014.

**69.** (1) Section 26.0.1 of the Act is amended by replacing “section 9” in the portion of the second and third paragraphs before subparagraph 1 by “the first paragraph of section 9”.

(2) Subsection 1 has effect from 1 January 2014.

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

#### **“DIVISION I**

#### **“MINING TAX ON ANNUAL PROFIT**

**“29.1.** An operator’s mining tax on its annual profit for a fiscal year that begins after 31 December 2013 is equal to the aggregate of



(1) the amount determined by the formula

$16\% (A \times B/C)$ ;

(2) the amount determined by the formula

$22\% (A \times D/C)$ ; and

(3) the amount determined by the formula

$28\% (A \times E/C)$ .

In the formulas in the first paragraph,

(1) A is the operator's annual profit for the fiscal year;

(2) B is 35% or, if it is lesser, the operator's profit margin for the fiscal year;

(3) C is the operator's profit margin for the fiscal year;

(4) D is 15% or, if it is lesser, the amount by which the operator's profit margin for the fiscal year exceeds 35%; and

(5) E is the amount by which the operator's profit margin for the fiscal year exceeds 50%.

For the purposes of the second paragraph, an operator's profit margin for a fiscal year means the proportion that the operator's annual profit for the fiscal year is of the aggregate of all amounts each of which is the gross value of the operator's annual output, for the fiscal year, from a mine it operates in the fiscal year.

For the purpose of determining the profit margin of an operator for a fiscal year, the following rules apply:

(1) where the annual profit of the operator for the fiscal year is greater than the aggregate described in the third paragraph for the fiscal year, the operator's profit margin for the fiscal year is deemed to be equal to 100%; and

(2) where the aggregate described in the third paragraph for the fiscal year is equal to zero, the aggregate is deemed to be equal to \$1."

(2) Subsection 1 has effect from 1 January 2014.

**71.** (1) Section 30 of the Act is replaced by the following section:

**“30.** The amount that an operator is required to pay, under the second paragraph of section 5, as duties for a fiscal year that begins before 1 January 2014 is equal to the amount obtained by multiplying its annual profit for the fiscal year by its tax rate for the fiscal year.”

(2) Subsection 1 has effect from 1 January 2014.

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

**“DIVISION II**

**“MINIMUM MINING TAX**

**“30.1.** An operator’s minimum mining tax for a fiscal year that begins after 31 December 2013 is equal to the aggregate of

(1) the amount obtained by multiplying 1% by the lesser of

(a) the aggregate of all amounts each of which is the operator’s mine-mouth output value for the fiscal year in respect of a mine it operates in the fiscal year, and

(b) the operator’s reduced-rate taxable amount for the fiscal year; and

(2) the amount obtained by multiplying 4% by the amount by which the aggregate of all amounts each of which is the operator’s mine-mouth output value for the fiscal year in respect of a mine it operates in the fiscal year exceeds the operator’s reduced-rate taxable amount for the fiscal year.

**“30.2.** For the purposes of section 30.1, an operator’s reduced-rate taxable amount for a fiscal year is equal to

(1) if the operator is not a member of an associated group in the fiscal year, \$80,000,000; and

(2) if the operator is a member of an associated group in the fiscal year, an amount attributed for the fiscal year to the operator pursuant to the agreement described in the second paragraph and filed with the Minister in the prescribed form containing prescribed information or, if no amount is attributed to the operator under the agreement or in the absence of such an agreement, zero.

The agreement to which subparagraph 2 of the first paragraph refers is the agreement under which all the operators that are members of the associated group in the fiscal year attribute for the fiscal year to one or more of their number, for the purposes of this section, one or more amounts the total of which does not exceed \$80,000,000.

If the aggregate of the amounts attributed, for a fiscal year, pursuant to an agreement described in the second paragraph and entered into with the operators that are members of an associated group in the fiscal year exceeds \$80,000,000, the amount determined under subparagraph 2 of the first paragraph in respect of each of those operators for the fiscal year is deemed, for the purposes of this section, to be equal to the proportion of \$80,000,000 that that amount is of the aggregate of the amounts attributed for the fiscal year under the agreement.

For the purposes of this section, an associated group in a fiscal year means all the operators that are associated with each other at any time in the fiscal year.

**“30.3.** If an operator that is a member of an associated group, within the meaning of the fourth paragraph of section 30.2, fails to file with the Minister the agreement described in the second paragraph of that section within 30 days after notice in writing by the Minister has been sent to any of the operators that are members of that group that such an agreement is required for the purposes of an assessment under this Act, the Minister may, for the purposes of subparagraph *b* of paragraph 1 of section 30.1 and paragraph 2 of that section, attribute an amount to one or more of those operators for the fiscal year, which amount or the aggregate of which amounts must be equal to \$80,000,000, and in such a case, despite subparagraph 2 of the first paragraph of section 30.2, the reduced-rate taxable amount of each of the operators is equal to the amount so attributed to it.

**“30.4.** Where the fiscal year of an operator comprises fewer than 12 months, the operator’s reduced-rate taxable amount for the fiscal year is equal to the proportion of that amount, determined in accordance with sections 30.2 and 30.3, that the number of days in the fiscal year is of 365.”

(2) Subsection 1 has effect from 1 January 2014. However, where section 30.2 of the Act applies before 1 September 2015, it is to be read as if “prescribed form containing prescribed information” in subparagraph 2 of the first paragraph were replaced by “form prescribed by the Minister”.

**73.** The heading of Chapter V of the Act is replaced by the following heading:

“DUTIES CREDIT”.

**74.** (1) The Act is amended by inserting the following before Division II of Chapter V:

**“DIVISION I.1**

**“NON-REFUNDABLE DUTIES CREDIT ON ACCOUNT OF MINIMUM MINING TAX**

**“31.3.** An operator may deduct, from its duties otherwise payable under section 5 for a particular fiscal year that begins after 31 December 2013, an amount equal to the lesser of

(1) the amount by which the operator’s mining tax on its annual profit for the particular fiscal year, determined under section 29.1, exceeds its minimum mining tax for the fiscal year, determined under section 30.1; and

(2) the cumulative balance on account of the operator’s minimum mining tax at the end of the particular fiscal year.

The cumulative balance on account of an operator's minimum mining tax at the end of a particular fiscal year is equal to the aggregate of the cumulative balance on account of the operator's minimum mining tax, as determined, before that time, under paragraph 8.1 of section 35.3, if applicable, and of the amount by which the aggregate of all amounts each of which is an amount deducted by the operator, in accordance with this division, for a fiscal year preceding the particular fiscal year is exceeded by the aggregate of all amounts each of which is an amount determined, for a fiscal year preceding the particular fiscal year, by the formula

A – B.

In the formula in the second paragraph,

(1) A is the operator's minimum mining tax for the preceding fiscal year, determined under section 30.1; and

(2) B is the operator's mining tax on its annual profit for the preceding fiscal year, determined under section 29.1."

(2) Subsection 1 has effect from 1 January 2014.

**75.** The heading of Division II of Chapter V of the Act is replaced by the following heading:

“REFUNDABLE DUTIES CREDIT FOR LOSSES”.

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

(1) by replacing “credit on duties refundable for losses” in the portion before subparagraph 1 by “refundable duties credit for losses”;

(2) by replacing the portion of subparagraph 4 before subparagraph *a* by the following:

“(4) if the operator is an eligible operator, the amount obtained by multiplying, for a fiscal year that begins after 30 March 2010 but before 1 January 2014, its tax rate for that fiscal year and, for a fiscal year that begins after 31 December 2013, 16% by the lesser of”;

(3) by replacing the portion of subparagraph 5 before subparagraph *a* by the following:

“(5) if the operator is not an eligible operator, the amount obtained by multiplying, for a fiscal year that begins after 30 March 2010 but before 1 January 2014, its tax rate for that fiscal year and, for a fiscal year that begins after 31 December 2013, 16% by the lesser of”.

(2) Paragraphs 2 and 3 of subsection 1 have effect from 1 January 2014.

**77.** (1) Section 32.0.1 of the Act is amended

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

“(1) the amount determined under section 20.1 or 21 for the fiscal year, as if that section were read without reference to subparagraph 2 of its first paragraph; and”;

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

“(c) if the fiscal year begins after 30 March 2010 but before 1 January 2014, 55%, or”;

(3) by adding the following subparagraph after subparagraph *c* of paragraph 2:

“(d) if the fiscal year begins after 31 December 2013, 75%.”

(2) Subsection 1 has effect from 1 January 2014. In addition, when paragraph 1 of section 32.0.1 of the Act applies after 30 March 2010 and before 1 January 2014, it is to be read as follows:

“(1) the amount determined under section 21 for the fiscal year, as if that section were read without reference to subparagraph 2 of its first paragraph; and”.

**78.** (1) Section 35.3 of the Act is amended

(1) by striking out paragraph 7;

(2) by inserting the following paragraph after paragraph 8:

“(8.1) for the purposes of Division I.1 of Chapter V, the cumulative balance on account of a predecessor legal person’s minimum mining tax, determined immediately before the amalgamation, is deemed, immediately after the amalgamation, to be the cumulative balance on account of the new legal person’s minimum mining tax;”.

(2) Paragraph 2 of subsection 1 has effect from 1 January 2014.

**79.** (1) Section 35.4 of the Act is amended

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

“(3) for the purposes of sections 20.1 and 21, the capital cost of the property to the purchaser is deemed to be equal to the capital cost of the property to the former owner;”;

(2) by replacing “in section 9” in paragraph 5 by “in the first paragraph of section 9”.

(2) Subsection 1 has effect from 1 January 2014.

**80.** (1) The Act is amended by inserting the following after section 35.5:

**“CHAPTER V.2**

**“ANTI-AVOIDANCE**

**“35.6.** For the purposes of this Act, where an operator alienates, in a fiscal year, directly or indirectly, in favour of an entity with which it is associated in the fiscal year, all or part of mineral substances and, if applicable, of processing products from the operation of a mine, where the associated entity would be considered to have performed mining operation work in respect of those mineral substances and, if applicable, of those processing products if it had itself extracted those mineral substances and where, in the Minister’s opinion, it may reasonably be considered that one of the main reasons for the separate existence of the operator and the associated entity, in the fiscal year, is to reduce the amount of duties that would otherwise be payable under this Act or to increase the non-refundable duties credit on account of the minimum mining tax or the refundable duties credit for losses that may be claimed for the fiscal year, the operator is deemed, for the fiscal year and in respect of those mineral substances, to be the same person as the associated entity and to have performed all the mining operation work in respect of those mineral substances and, if applicable, of those processing products that the associated entity would be so considered to have performed.”

(2) Subsection 1 applies to a fiscal year of an operator that begins after 5 May 2013.

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

**“36.** Every operator shall, within six months after the end of its fiscal year, file with the Minister a mining duties return in the prescribed form containing prescribed information, accompanied by”.

(2) Subsection 1 applies to a fiscal year that begins after 31 December 2013. However, where section 36 of the Act applies before 1 September 2015, it is to be read as if “prescribed form containing prescribed information” in the portion of the first paragraph before subparagraph 1 were replaced by “form prescribed by the Minister”.

**82.** (1) Section 39 of the Act is replaced by the following section:

**“39.** The Minister shall, with dispatch, examine an operator’s return sent to the Minister for a fiscal year and determine the duties payable for the fiscal year, interest and penalties, if any, and also the refundable duties credit for losses of the operator for the fiscal year.”

(2) Subsection 1 applies to a fiscal year that begins after 31 December 2013. However, where section 39 of the Act applies before 1 September 2015, it is to be read as if “, with dispatch,” were struck out.

**83.** (1) Section 43 of the Act is amended by replacing the portion before paragraph 1 by the following:

“**43.** The Minister may redetermine the duties, interest and penalties under this Act, and also the refundable duties credit for losses, if any, and make a reassessment or an additional assessment, as the case may be.”

(2) Subsection 1 applies to a fiscal year that begins after 31 December 2013.

**84.** (1) Section 46.0.1 of the Act is amended by inserting “and begins before 1 January 2014” after “30 March 2010” in the second paragraph.

(2) Subsection 1 has effect from 1 January 2014.

**85.** (1) Section 46.0.2 of the Act is amended by inserting “and begins before 1 January 2014” after “30 March 2010” in the second paragraph.

(2) Subsection 1 has effect from 1 January 2014.

**86.** Section 46.1 of the Act is amended by replacing “credit on duties refundable for losses” by “refundable duties credit for losses”.

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

“**48.1.** Where section 35.6 applies, for a fiscal year, to an operator and an entity associated with the operator, in relation to all or part of mineral substances and, if applicable, of processing products from the operation of a mine, the operator and the associated entity are solidarily liable for the payment of the duties payable for the fiscal year and reasonably attributable to mining operation work relating to those mineral substances and, if applicable, to those processing products.”

(2) Subsection 1 applies to a fiscal year that begins after 5 May 2013.

**88.** Section 60 of the Act is amended by replacing “credit on duties refundable for losses” in the second paragraph by “refundable duties credit for losses”.

#### TOBACCO TAX ACT

**89.** Section 3 of the Tobacco Tax Act (chapter I-2) is replaced by the following section:

**“3.** No person may engage in the retail sale of tobacco in an establishment in Québec unless a registration certificate has been issued to that person under Title I of the Act respecting the Québec sales tax (chapter T-0.1) and is in force at that time with regard to the retail sale of tobacco in that establishment.”

**90.** (1) Section 8 of the Act is amended

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

“(a) \$0.149 per cigarette;

“(b) \$0.149 per gram of any loose tobacco;

“(b.1) \$0.149 per gram of any leaf tobacco;”;

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

“(d) \$0.2292 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 \$0.149 per tobacco stick, roll of tobacco or other pre-rolled tobacco product, the consumer tax is \$0.149 per tobacco stick, roll of tobacco or other pre-rolled tobacco product designed for smoking.”

(2) Subsection 1 has effect from 5 June 2014. In addition, where section 8 of the Act applies after 20 November 2012 and before 5 June 2014, paragraphs *a* to *b.1* of that section are to be read as if “0.149” were replaced by “0.129”, and paragraph *d* of that section is to be read as if “0.2292” were replaced by “0.1985” and “0.149” were replaced wherever it appears by “0.129”.

(3) In addition, not later than 5 July 2014, the following persons must make a report to the Minister of Revenue, in the prescribed form, on the inventory of tobacco products to which subsection 1 refers that they have in stock at 24:00 on 4 June 2014 and, at the same time, remit to the Minister of Revenue the amount equal to the tobacco tax, computed at the rate in effect on 5 June 2014 in respect of the tobacco products, after deduction of the amount equal to the tobacco tax computed at the rate in effect on 4 June 2014, if remittance has not otherwise been made to the Minister of Revenue:

(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 equal to the tobacco tax has been collected in advance or should have been collected; 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 equal to the tobacco tax has been paid in advance or is required to be paid.



(4) The persons referred to in paragraphs 1 and 2 of subsection 3 must also, not later than 21 December 2012, make a report to the Minister of Revenue, in the prescribed form, on the inventory of tobacco products to which subsection 1 refers that they have in stock at 24:00 on 20 November 2012 and, at the same time, remit to the Minister of Revenue the amount equal to the tobacco tax, computed at the rate in effect on 21 November 2012 in respect of the tobacco products, after deduction of the amount equal to the tobacco tax computed at the rate in effect on 20 November 2012, if remittance has not otherwise been made to the Minister of Revenue.

(5) For the purposes of subsections 3 and 4, the tobacco products that a person has in stock at 24:00 on 4 June 2014 or 20 November 2012 include any tobacco products the person has acquired but that have not been delivered to the person at that time.

**91.** Section 9 of the Act is amended by replacing the first paragraph by the following paragraph:

**“9.** Every person ordinarily residing or carrying on business in Québec who, personally or through the intermediary of any other person, brings into Québec or causes to be brought into or delivered in Québec any tobacco for consumption by the person or at the person’s expense by any other person, must immediately report the matter to the Minister and forward or produce to the Minister the invoice, if any, and any other information the Minister may require and, at the same time, pay the same tobacco consumer tax that would have been payable had the tobacco been purchased at a retail sale in Québec.”

#### TAXATION ACT

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

(1) by replacing the portion of the definition of “retiring allowance” before paragraph *a* by the following:

““retiring allowance” means an amount, other than an amount received as a consequence of the death of an employee, a pension benefit or a benefit referred to in subparagraph *d* of the third paragraph of section 38, received by a taxpayer or, after the taxpayer’s death, by a dependent or a relative of the taxpayer or by the legal representative of the taxpayer”;

(2) by replacing “766.5” in the definitions of “specified individual” and “split income” by “766.3.3”;

(3) by replacing the definition of “pension benefit” by the following definition:

““pension benefit” includes any amount received under a pension plan, including, except for the purposes of section 317, any amount received under a pooled registered pension plan, and also includes any payment made to a

beneficiary under the plan, or to an employer or former employer of the beneficiary in accordance with the conditions of the plan, following any change made in it or resulting from its winding-up;”;

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

““pooled registered pension plan” or “PRPP” means a plan that has been accepted for the purposes of the Income Tax Act by the Minister of National Revenue as a PRPP and whose registration is in force;”;

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

““eligible relocation” has the meaning assigned by section 349.1;”.

(2) Paragraph 1 of subsection 1 has effect from 31 October 2011.

(3) Paragraph 2 of subsection 1 applies from the taxation year 2013.

(4) Paragraphs 3 and 4 of subsection 1 have effect from 14 December 2012.

(5) Paragraph 5 of subsection 1 applies to a taxation year that ends after 31 October 2011.

**93.** (1) Section 2.2 of the Act is replaced by the following section:

**“2.2.** For the purposes of the definitions of “joint spousal trust” and “post-1971 spousal trust” in section 1, sections 2.1, 312.3, 312.4, 313 to 313.0.5, 336.0.2, 336.0.3, 336.0.6 to 336.4, 440 to 441.2, 454, 454.1, 456.1, 462.0.1, 462.0.2 and 651, the definition of “pre-1972 spousal trust” in section 652.1, sections 653, 656.3, 656.3.1, 656.5, 657, 660, 890.0.1 and 913, subparagraph *b* of the second paragraph of section 961.17, sections 965.0.9 and 965.0.11, Title VI.0.2 of Book VII, sections 971.2 and 971.3 and Divisions II.11.3, II.11.6 and II.11.7 of Chapter III.1 of Title III of Book IX, “spouse” and “former spouse” of a particular individual include another individual who is a party to an annulled or annulable marriage, as the case may be, with the particular individual.”

(2) Subsection 1 has effect from 14 December 2012.

**94.** (1) Section 2.2.1 of the Act is amended

(1) by replacing “ending before that time” in subparagraph *a* of the first paragraph by “ending at that time”;

(2) by replacing “20 December 2001” in the fourth paragraph by “21 October 2015”.

(2) Paragraph 1 of subsection 1 applies for the purpose of determining whether a person is the spouse of a taxpayer for the taxation year 2001 or a subsequent taxation year.

(3) Paragraph 2 of subsection 1 applies in respect of the copy of a document that is filed with the Minister as part of an election made after 30 April 2001.

**95.** (1) Section 7.18.1 of the Act is replaced by the following section:

**“7.18.1.** For the purposes of subparagraph ii of paragraph *b* of section 649, paragraph *c* of section 898.1.1, sections 905.0.11, 935.22 and 965.0.21, subparagraphs i to iv of paragraph *c.2* of section 998, paragraph *b* of sections 1117 and 1120 and any regulations made under paragraphs *c.3* and *c.4* of section 998 and under section 1108, where a trust or corporation holds an interest as a member of a partnership and, by operation of any law governing the arrangement in respect of the partnership, the liability of the member as a member of the partnership is limited, the member shall not, solely because of its acquisition and holding of that interest, be considered to carry on any business or other activity of the partnership.”

(2) Subsection 1 has effect from 14 December 2012.

**96.** (1) Section 7.27 of the Act is amended by adding the following paragraph after paragraph *j*:

“(*k*) of a work of public art, the fair market value of which is determined by the Minister of Culture and Communications, referred to in subparagraph i of subparagraph *b* of the second paragraph of section 716.0.1.1 or 752.0.10.15.1 or the second paragraph of section 716.0.1.2 or 752.0.10.15.2.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

**97.** (1) Section 16.1.2 of the Act is amended by striking out “paragraph *b* of section 333.14.”.

(2) Subsection 1 has effect from 8 October 2003.

**98.** (1) Section 21.20.9 of the Act is amended

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

**“21.20.9.** Subject to the second paragraph, “specified entity” means”;

(2) by replacing paragraphs *l* and *m* by the following paragraphs:

“(*l*) a Québec university; or

“(m) a corporation all the issued capital stock of which, except directors’ qualifying shares, belongs to one or more entities described in any of subparagraphs *a* to *l* or in this subparagraph.”;

(3) by adding the following paragraph:

“In sections 21.20.7 and 21.20.8, for the purposes of Divisions II.6 and II.6.0.0.2 of Chapter III.1 of Title III of Book IX, “specified entity” means

(a) the Caisse de dépôt et placement du Québec;

(b) Capital régional et coopératif Desjardins;

(c) the Financière des entreprises culturelles;

(d) Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l’emploi;

(e) the Fonds Capital Culture Québec;

(f) the Fonds de solidarité des travailleurs du Québec (F.T.Q.);

(g) the Fonds d’investissement de la culture et des communications;

(h) Investissement Québec;

(i) the Société de développement des entreprises culturelles; or

(j) a corporation all the issued capital stock of which, except directors’ qualifying shares, belongs to one or more entities described in any of subparagraphs *a* to *i* or in this subparagraph.”

(2) Subsection 1 applies to a taxation year that ends after 28 February 2014.

**99.** (1) Section 37 of the Act is replaced by the following section:

**“37.** The amounts required to be included in computing an individual’s income are the value of board, lodging and other benefits of any kind whatever received or enjoyed by the individual, or by a person who does not deal at arm’s length with the individual, because of, or in the course of, the individual’s office or employment and the allowances received by the individual, including any amount received, without having to account for its use, for personal or living expenses or for any other purpose.”

(2) Subsection 1 applies in respect of a benefit received or enjoyed by a person after 30 October 2011 and in respect of an allowance received by the person after that date.

**100.** (1) Section 37.0.3 of the Act is amended by replacing “three” in the portion of the second paragraph before subparagraph *a* by “two”.

(2) Subsection 1 applies from the taxation year 2014.

**101.** (1) Section 37.1.2 of the Act is amended by striking out the second paragraph.

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

**102.** (1) Section 38 of the Act is amended

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

“**38.** An individual is not required in computing income to include the value of benefits derived from contributions paid in respect of the individual by the individual’s employer to or under”;

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

“(a.1) a pooled registered pension plan;”;

(3) by striking out “ou” at the end of subparagraph *e* of the first paragraph in the French text;

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

“Furthermore, the individual is not required in computing the individual’s income to include the value of any benefit

(a) derived from a retirement compensation arrangement, an employee benefit plan or an employee trust;

(b) derived from a salary deferral arrangement, except to the extent that the value of the benefit is included under section 37 because of section 47.11;

(c) in respect of the use of an automobile, unless the benefit is related to the use of an automobile owned or leased by the individual and is not referred to in section 41.1.2;

(d) derived from counselling services received by the individual or a person related to the individual in respect of stress management or the use or consumption of tobacco, drugs or alcohol, other than a benefit attributable to an outlay or expense to which section 134 applies, or from counselling services in respect of the re-employment or retirement of the individual;

(e) derived from the individual's participation in a training activity the cost of which is borne by the individual's employer, if it is reasonable to consider that the training significantly benefits the individual's employer; or

(f) received or enjoyed by a person, other than the individual, under a program offered by the individual's employer to help persons continue their studies, if the individual deals at arm's length with the employer and it is reasonable to conclude that the benefit is not a substitute for salary, wages or other remuneration of the individual."

(2) Paragraphs 1, 3 and 4 of subsection 1 apply in respect of a benefit received or enjoyed by a person after 30 October 2011.

(3) Paragraph 2 of subsection 1 has effect from 14 December 2012.

**103.** (1) The Act is amended by inserting the following section after section 38.2:

**“38.3.** Despite subparagraph *b* of the first paragraph of section 38, an individual is required in computing the individual's income for the year to include the value of benefits derived from contributions paid in respect of the individual in the year by the individual's employer under a group insurance plan, in relation to coverage against the loss of all or part of the income from an office or employment, to the extent that the benefit arising from that plan is not payable periodically.”

(2) Subsection 1 applies from the taxation year 2013. However, when section 38.3 of the Act applies to the taxation year 2013, it is to be read as follows:

**“38.3.** Despite subparagraph *b* of the first paragraph of section 38, an individual is required in computing the individual's income for the year to include the value of benefits derived from contributions paid in respect of the individual in the year or, where they are attributable to coverage offered after 31 December 2012, after 28 March 2012 and before 1 January 2013 by the individual's employer under a group insurance plan, in relation to coverage against the loss of all or part of the income from an office or employment, to the extent that the benefit arising from that plan is not payable periodically.”

**104.** (1) Section 39.5 of the Act is amended by replacing subparagraph ii of paragraph *a* by the following subparagraph:

“ii. was as a teacher in an educational institution referred to in subparagraph i of paragraph *a* of section 752.0.18.10; and”.

(2) Subsection 1 applies from the taxation year 2013.

**105.** (1) Section 41.1.2 of the Act is replaced by the following section:

**“41.1.2.** An individual shall, in computing the individual’s income for a taxation year from an office or employment, include the value of a benefit in respect of the operation of an automobile, other than a benefit to which section 41.1.1 applies or would apply but for the third paragraph of that section, received or enjoyed by the individual, or by a person related to the individual, in the year because of, or in the course of, the individual’s office or employment.”

(2) Subsection 1 applies in respect of a benefit received or enjoyed by a person after 30 October 2011.

**106.** (1) The Act is amended by inserting the following section after section 47.1:

**“47.1.1.** For the purposes of section 47.1, an amount received by a person out of or under an employee benefit plan is deemed to have been received by another person (in this section referred to as the “individual”) and not by the person if

(a) the person does not deal at arm’s length with the individual;

(b) the amount is received in respect of an office or employment of the individual; and

(c) the individual is living at the time the amount is received by the person.”

(2) Subsection 1 applies in respect of an amount received after 30 October 2011.

**107.** (1) Section 47.6 of the Act is amended

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

**“47.6.** For the purposes of this division, “employee benefit plan” means an arrangement under which contributions are made by an employer or by a person with whom the employer does not deal at arm’s length to another person (in this Part referred to as the “custodian” of an employee benefit plan) and under which payments are to be made to or for the benefit of employees or former employees of the employer or persons who do not deal at arm’s length with any such employee or former employee, other than a payment that, if this chapter were read without reference to the third paragraph of section 38 and to section 47.1, would not be required to be included in computing the income of the recipient or of an employee or former employee.”;

(2) by inserting “a.1,” after “any of subparagraphs a,” in the second paragraph.

(2) Paragraph 1 of subsection 1 has effect from 1 November 2011.

(3) Paragraph 2 of subsection 1 has effect from 14 December 2012.

**108.** (1) Section 47.16 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 inserting the following paragraph after paragraph *a*:

“(a.1) a pooled registered pension plan;”.

(2) Subsection 1 has effect from 14 December 2012.

**109.** (1) The Act is amended by inserting the following section after section 70.1:

“**70.1.1.** An individual may deduct an amount that is an excess profit sharing plan amount (as defined in section 1129.66.9) of the individual for the year, other than any portion of the excess profit sharing plan amount for which the individual’s tax for the year under section 1129.66.10 is waived or cancelled.”

(2) Subsection 1 applies from the taxation year 2012.

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

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

“**78.** An individual may deduct, in computing the individual’s income for a taxation year, any amount paid by the individual in the year, or on behalf of the individual in the year if the amount paid on behalf of the individual is required to be included in computing the individual’s income for the year, as office rent or salary to an assistant or substitute or for supplies consumed directly in the performance of duties if the individual’s contract of employment requires the individual to pay such amounts and, as the case may be, furnish such supplies.”;

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

“However, no such amounts may be deducted for the year by the individual unless the individual submits to the Minister, with the fiscal return filed for the year by the individual under this Part, a prescribed form signed by the individual’s employer certifying that the conditions set out in the first paragraph were met in the year in respect of the individual.”

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

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

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



“(m.1) the aggregate of all amounts each of which is an amount determined, in relation to a partnership, in accordance with section 87.0.1;”;

(2) by striking out paragraph *r*.

(2) Paragraph 1 of subsection 1 applies to a taxation year that begins after 28 March 2012.

(3) Paragraph 2 of subsection 1 applies in respect of a reinsurance commission paid after 31 December 1999.

**112.** (1) The Act is amended by inserting the following section after section 87:

“**87.0.1.** The amount that a taxpayer is required to include under paragraph *m.1* of section 87 in computing the taxpayer’s income for a taxation year in respect of a partnership is determined by the formula

$$A \times B - C.$$

In the formula in the first paragraph,

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

i. deductible by the partnership, and

ii. paid by the partnership in, or payable by the partnership in respect of, the taxation year of the taxpayer (depending on the method regularly followed by the taxpayer in computing the taxpayer’s income) on a debt amount included, in accordance with section 171, in the taxpayer’s outstanding debts to specified persons not resident in Canada;

(*b*) B is the proportion determined under section 170 in respect of the taxpayer for the taxation year; and

(*c*) C is the aggregate of all amounts each of which is an amount included under section 580 in computing the income of the taxpayer for the taxation year or a subsequent taxation year, or of the partnership for a fiscal period, that may reasonably be considered to be in respect of an amount of interest described in subparagraph *a*.

For the purposes of subparagraph ii of subparagraph *a* of the second paragraph,

“debt amount” has the meaning assigned by paragraph *a* of section 174.1;

“specified person not resident in Canada” has the meaning assigned by subparagraph *c* of the first paragraph of section 172.”

(2) Subsection 1 applies to a taxation year that begins after 28 March 2012.

**113.** (1) The Act is amended by inserting the following section after section 87.2:

**“87.2.1.** Paragraph *g* of section 87 does not defer the inclusion in computing the income of any amount that would, but for that paragraph, have been included in computing the income of a taxpayer in accordance with sections 80 to 82.”

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

**114.** (1) Section 92.21 of the Act is repealed.

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

**115.** (1) Section 107.1 of the Act is amended

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

“(a) where the taxpayer is a corporation, the time immediately after the commencement of its first taxation year commencing after 30 June 1988; and

“(b) in any other case, the time immediately after the commencement of the taxpayer’s first fiscal period commencing after 31 December 1987 in respect of the business;”;

(2) by striking out paragraph *c*.

(2) Subsection 1 has effect from 1 November 2011.

**116.** (1) Section 111 of the Act is replaced by the following section:

**“111.** Where, at any time, a benefit is conferred by a corporation on a shareholder of the corporation, on a member of a partnership that is a shareholder of the corporation or on a contemplated shareholder of the corporation, the amount or value of the benefit must be included in computing the income of the shareholder, member or contemplated shareholder, as the case may be, for its taxation year that includes the time.”

(2) Subsection 1 applies in respect of a benefit conferred after 30 October 2011.

**117.** (1) Section 112 of the Act is amended, in the first paragraph,

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

**“112.** Section 111 does not apply in respect of a benefit conferred by a corporation to the extent that the amount or value of the benefit is deemed to be a dividend under Chapter III of Title IX or if it arises out of,

(a) where the corporation is resident in Canada at the time referred to in section 111,

- i. the reduction of the paid-up capital of the corporation,
- ii. the acquisition, cancellation or redemption by the corporation of shares of its capital stock,
- iii. the winding-up, discontinuance or reorganization of the corporation's business, or
- iv. a transaction to which Chapter VII or VIII of Title IX applies;”;

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

“(a.1) where the corporation is not resident in Canada at the time referred to in section 111,

- i. a distribution to which section 578.4 applies,
- ii. a reduction of the paid-up capital of the corporation to which subparagraph 2 of subparagraph *i* of paragraph *j* of section 257 would apply if that subparagraph 2 were read without reference to “after 31 December 1971 and before 20 August 2011, or” or to which subparagraph *ii* of that paragraph *j* applies,
- iii. the acquisition, cancellation or redemption by the corporation of shares of its capital stock, or
- iv. the winding-up, or liquidation and dissolution, of the corporation;”.

(2) Subsection 1 applies in respect of a benefit conferred after 30 October 2011.

**118.** (1) The Act is amended by inserting the following section after section 112.3:

“**112.3.1.** For the purposes of this section and sections 111 and 112, the following rules apply:

- (a) a contemplated shareholder of a corporation is
  - i. a person or partnership on whom a benefit is conferred by the corporation in contemplation of the person or partnership becoming a shareholder of the corporation, or
  - ii. a member of a partnership on whom a benefit is conferred by the corporation in contemplation of the partnership becoming a shareholder of the corporation;

(b) a person or partnership that is (or is deemed by this subparagraph to be) a member of a particular partnership that is a member of another partnership is deemed to be a member of the other partnership;

(c) a benefit conferred by a corporation on an individual is a benefit conferred on a shareholder of the corporation, a member of a partnership that is a shareholder of the corporation or a contemplated shareholder of the corporation—except to the extent that the amount or value of the benefit is included in computing the income of the individual or any other person—if the individual is an individual, other than an excluded trust in respect of the corporation, who does not deal at arm’s length with, or is affiliated with, the shareholder, member of the partnership or contemplated shareholder, as the case may be; and

(d) if a corporation not resident in Canada (in this subparagraph referred to as the “original corporation”) governed by the laws of a foreign jurisdiction is divided under those laws into two or more corporations not resident in Canada and, as a consequence of the division, a shareholder of the original corporation acquires at any time one or more shares of another corporation (in this subparagraph referred to as the “new corporation”), the original corporation is deemed at that time to have conferred a benefit on the shareholder equal to the value at that time of the shares of the new corporation acquired by the shareholder except to the extent that any of subparagraphs i to iii of subparagraph *a.1* of the first paragraph of section 112 or subparagraph *b* of that first paragraph applies to the acquisition of the shares.

For the purposes of subparagraph *c* of the first paragraph, an excluded trust in respect of a corporation is a trust in which no individual (other than an excluded trust in respect of the corporation) who does not deal at arm’s length with, or is affiliated with, a shareholder of the corporation, a member of a partnership that is a shareholder of the corporation or a contemplated shareholder of the corporation, is beneficially interested.”

(2) Subsection 1, except when it enacts subparagraph *d* of the first paragraph of section 112.3.1 of the Act, applies in respect of a benefit conferred after 30 October 2011.

(3) Subsection 1, when it enacts subparagraph *d* of the first paragraph of section 112.3.1 of the Act, applies in respect of a division of a corporation not resident in Canada that occurs after 23 October 2012.

**119.** (1) Section 113 of the Act is replaced by the following section:

**“113.** Where a person or a partnership is a shareholder of a corporation, is a person or a partnership that does not deal at arm’s length with, or is affiliated with, a shareholder of a corporation, or is a member of a partnership, or a beneficiary of a trust, that is a shareholder of a corporation and the person or partnership has in a taxation year received a loan from or become indebted to the corporation, any other corporation related to the corporation or a partnership of which the corporation or a corporation related to the corporation is a member,

the amount of the loan or indebtedness must be included in computing the income for the year of the person or partnership.”

(2) Subsection 1 applies in respect of a loan made and indebtedness arising after 31 October 2011.

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

“(c) a person that does not deal at arm’s length with, or is affiliated with, a shareholder of a corporation, if that person is a foreign affiliate of the corporation or a foreign affiliate of a person resident in Canada that does not deal at arm’s length with that corporation.”

(2) Subsection 1 applies in respect of a loan made and indebtedness arising after 31 October 2011.

**121.** (1) Section 137 of the Act is replaced by the following section:

“**137.** There may be deducted in computing an employer’s income for a taxation year such amount as is deductible in computing that income for the year to the extent provided in section 965.0.2 or 965.0.23.”

(2) Subsection 1 has effect from 14 December 2012.

**122.** (1) Section 146.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**146.1.** Subject to section 772.6.1, a taxpayer who is resident in Canada at any time in a taxation year may deduct, in computing the taxpayer’s income for the year from a business or property, such amount not exceeding the non-business-income tax, within the meaning assigned by section 772.2 read without reference to paragraph *c* and subparagraphs iii and v of paragraph *d* of the definition of “non-business-income tax”, paid by the taxpayer for the year to the government of a foreign country or political subdivision of a foreign country in respect of the income from a business or property, to the extent that such tax”.

(2) Subsection 1 has effect from 21 December 2002 in respect of tax paid at any time.

**123.** (1) Section 152 of the Act is amended by replacing the first paragraph by the following paragraph:

“**152.** No deduction is allowed under section 150 in respect of guarantees or indemnities, in respect of a reclamation obligation, or in the case of a farming business if the taxpayer uses the cash method of accounting in accordance with section 194.”

(2) Subsection 1 applies in respect of an amount received after 20 March 2013. However, it does not apply in respect of an amount that is directly attributable to a reclamation obligation, that was authorized by a government or regulatory authority before 21 March 2013 and that is received under a written agreement between the taxpayer and another party (other than the government or regulatory authority) that was entered into before 21 March 2013 and not extended or renewed after 20 March 2013, or that is received before 1 January 2018.

**124.** (1) The Act is amended by inserting the following after section 156.7.1:

**“DIVISION VIII.2.2**

**“ADDITIONAL DEDUCTION RELATING TO CANADIAN VESSELS**

**“156.7.2.** For the purposes of this division,

“eligible work” means work that a taxpayer has carried out by a corporation under a contract entered into after 4 June 2014 and before 1 January 2024 in a qualified shipyard that the corporation operates;

“qualified shipyard” has the meaning assigned by section 979.24.

**“156.7.3.** In computing a taxpayer’s income for a taxation year from a business, there may be deducted an amount equal to 50% of the aggregate of all amounts each of which is the portion of the amount deducted in computing the taxpayer’s income for the year under paragraph *a* of section 130 or the second paragraph of section 130.1, in respect of the taxpayer’s prescribed depreciable property, that relates to the cost of eligible work.”

(2) Subsection 1 applies to a taxation year that ends after 4 June 2014.

**125.** (1) The Act is amended by inserting the following after section 156.10:

**“DIVISION VIII.5**

**“ADDITIONAL DEDUCTION FOR TRANSPORTATION COSTS  
INCURRED BY REMOTE SMALL AND MEDIUM MANUFACTURING  
ENTERPRISES**

**“156.11.** In this division,

“additional deduction rate” that applies to a manufacturing corporation for a taxation year means, subject to sections 156.12 and 156.13,

(*a*) 0%, if the major portion of the corporation’s cost of manufacturing and processing capital for the year is attributable to goods it uses outside the intermediate area, the remote area and the special remote area;

(b) 2%, if the major portion of the corporation's cost of manufacturing and processing capital for the year is attributable to goods it uses in the intermediate area;

(c) 4%, if the major portion of the corporation's cost of manufacturing and processing capital for the year is attributable to goods it uses in the remote area; or

(d) 6%, if the major portion of the corporation's cost of manufacturing and processing capital for the year is attributable to goods it uses in the special remote area;

“cost of manufacturing and processing capital” of a manufacturing corporation for a taxation year means the amount determined in respect of the corporation for the year under the definition of “cost of manufacturing and processing capital” in section 5202 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

“intermediate area” means an area that is

(a) the territory of any of the following regions described in the Décret concernant la révision des limites des régions administratives du Québec (chapter D-11, r. 1), or any part of such a region:

i. administrative region 03 Capitale-Nationale, except the part of the territory comprising the territory of the municipalities in the Québec census metropolitan area as described in the Standard Geographical Classification (SGC) 2011 published by Statistics Canada and the territory of Municipalité régionale de comté de Charlevoix-Est,

ii. the southern part of administrative region 04 Mauricie that includes the territory of the cities of Trois-Rivières and Shawinigan and the territory of the regional county municipalities of Chenaux and Maskinongé,

iii. the western part of administrative region 05 Estrie that includes the territory of Ville de Sherbrooke and of the regional county municipalities of Memphrémagog, Val-Saint-François, des Sources and Coaticook,

iv. administrative region 12 Chaudière-Appalaches, except the part of the territory comprising the territory of the municipalities in the Québec census metropolitan area as described in the Standard Geographical Classification (SGC) 2011 published by Statistics Canada,

v. administrative region 14 Lanaudière, except the part of the territory comprising the territory of the municipalities in the Montréal census metropolitan area as described in the Standard Geographical Classification (SGC) 2011 published by Statistics Canada,

vi. administrative region 15 Laurentides, except the part of the territory comprising the territory of the municipalities in the Montréal census metropolitan

area as described in the Standard Geographical Classification (SGC) 2011 published by Statistics Canada, and the territory of Municipalité régionale de comté d'Antoine-Labelle,

vii. administrative region 16 Montérégie, except the part of the territory comprising the territory of the municipalities in the Montréal census metropolitan area as described in the Standard Geographical Classification (SGC) 2011 published by Statistics Canada, and

viii. administrative region 17 Centre-du-Québec; or

(b) the territory of Municipalité régionale de comté de Papineau;

“manufacturing corporation” for a taxation year means a Canadian-controlled private corporation the proportion of the manufacturing or processing activities of which for the year is greater than 25%;

“proportion of the manufacturing or processing activities” of a manufacturing corporation for a taxation year means the proportion that the amount determined in respect of the corporation for the year under paragraph *a* of section 5200 of the Income Tax Regulations made under the Income Tax Act is of the amount determined in respect of the corporation for the year under paragraph *b* of section 5200 of those Regulations;

“remote area” means an area that is

(a) the territory of any of the following regions described in the Décret concernant la révision des limites des régions administratives du Québec, or any part of such a region:

i. administrative region 01 Bas-Saint-Laurent,

ii. administrative region 02 Saguenay–Lac-Saint-Jean,

iii. the eastern part of administrative region 05 Estrie that includes the territory of the regional county municipalities of Granit and Haut-Saint-François,

iv. administrative region 08 Abitibi-Témiscamingue,

v. administrative region 09 Côte-Nord, except the part of the region within the territory of Municipalité de l'Île-d'Anticosti and of Municipalité régionale de comté du Golfe-du-Saint-Laurent,

vi. administrative region 10 Nord-du-Québec, except the part of the region within the territory of the Kativik Regional Government, and

vii. the part of administrative region 11 Gaspésie–Îles-de-la-Madeleine comprising the territory of the regional county municipalities of Avignon, Bonaventure, Côte-de-Gaspé, Haute-Gaspésie and Rocher-Percé;



(b) the territory of any of the following regional county municipalities:

- i. Municipalité régionale de comté d'Antoine-Labelle,
- ii. Municipalité régionale de comté de Charlevoix-Est,
- iii. Municipalité régionale de comté de La Vallée-de-la-Gatineau,
- iv. Municipalité régionale de comté de Mékinac, and
- v. Municipalité régionale de comté de Pontiac; or

(c) the territory of the urban agglomeration of La Tuque as described in section 8 of the Act respecting certain municipal powers in certain urban agglomerations (chapter E-20.001);

“special remote area” means an area that is

(a) the territory of Municipalité de l'Île-d'Anticosti;

(b) the territory of the urban agglomeration of Îles-de-la-Madeleine as described in section 9 of the Act respecting certain municipal powers in certain urban agglomerations;

(c) the territory of Municipalité régionale de comté du Golfe-du-Saint-Laurent; or

(d) the territory of the Kativik Regional Government.

**“156.12.** For the purposes of the definition of “additional deduction rate” in section 156.11, a manufacturing corporation for a taxation year may determine the part of its cost of manufacturing and processing capital for the year attributable to goods it uses in a particular area by adding to it the portion of the corporation’s cost of manufacturing and processing capital for the year attributable to goods it uses in another area for which a higher additional deduction rate for the year is provided.

**“156.13.** Despite the definition of “additional deduction rate” in section 156.11, the additional deduction rate applicable to a manufacturing corporation for a taxation year is, for the year, equal to the rate determined by the formula

$$A \times [(B - 25\%)/25\%].$$

In the formula in the first paragraph,

(a) A is the additional deduction rate applicable to the manufacturing corporation for the year, determined without reference to this section; and

(b) B is the lesser of 50% and the proportion of the manufacturing or processing activities of the manufacturing corporation for the year.

For the taxation year of a manufacturing corporation that ends after 4 June 2014 and that includes that date, the additional deduction rate applicable to the corporation for the year is equal to the rate of the deduction, determined for the year with reference to the first and second paragraphs, multiplied by the proportion that the number of days in the year that follow 4 June 2014 is of the number of days in the year.

**“156.14.** Subject to section 156.15, a manufacturing corporation for a taxation year may deduct, in computing its income from a business for the year, an amount equal to the amount obtained by multiplying its gross revenue for the year by the additional deduction rate applicable to it for the year.

However, the amount of the deduction to which the manufacturing corporation is entitled under the first paragraph may not exceed

(a) \$100,000, if 2% is the additional deduction rate that would be applicable to the corporation for the year in the absence of section 156.13; and

(b) \$250,000, if 4% is the additional deduction rate that would be applicable to the corporation for the year in the absence of section 156.13.

For the purposes of the second paragraph, if the number of days in the manufacturing corporation's taxation year is less than 365, the amount of \$100,000 or \$250,000, as the case may be, is to be replaced by the proportion of the amount that the number of days in the year is of 365.

**“156.15.** Despite section 156.14, the amount of the deduction to which a manufacturing corporation is entitled under that section is equal, for a taxation year that ends in a calendar year, to the amount by which the amount of the deduction, determined without reference to this section, exceeds the amount determined by the formula

$$A \times [(B - \$10,000,000)/\$5,000,000].$$

In the formula in the first paragraph,

(a) A is the amount of the deduction to which the manufacturing corporation is entitled for the taxation year under section 156.14, determined without reference to this section; and

(b) B is,

i. if the corporation is not associated with any other corporation in the taxation year for the purposes of section 771.2.1.8, the corporation's paid-up capital determined as provided in section 771.2.1.9 for its preceding taxation year or, if the corporation is in its first fiscal period, on the basis of its financial

statements prepared at the beginning of the fiscal period in accordance with generally accepted accounting principles, and

ii. if the corporation is associated with one or more other corporations in the taxation year for the purposes of section 771.2.1.8, the aggregate of all amounts each of which is, for the corporation or any of the other corporations, the amount of its paid-up capital determined as provided in section 771.2.1.9 for its last taxation year ending in the preceding calendar year or, if the corporation is in its first fiscal period, on the basis of its financial statements prepared at the beginning of the fiscal period in accordance with generally accepted accounting principles.”

(2) Subsection 1 applies to a taxation year that ends after 4 June 2014.

**126.** (1) Section 157 of the Act is amended

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

“(d) an amount, other than a commission, that is paid by the taxpayer to a person or a partnership for advice as to the advisability for the taxpayer of purchasing or selling a specific share or security or for services in respect of the administration or management of the taxpayer’s shares or securities, if that person’s or partnership’s principal business is to so advise or includes the provision of such services;”;

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

“(l) any amount included by the taxpayer under paragraph *q* of section 87 in computing the taxpayer’s income for the preceding taxation year;”.

(2) Paragraph 1 of subsection 1 applies in respect of an amount paid after 30 June 2005.

(3) Paragraph 2 of subsection 1 applies in respect of a reinsurance commission paid after 31 December 1999.

**127.** Sections 157.1 and 157.2 of the Act are repealed.

**128.** (1) Section 157.12 of the Act is repealed.

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

**129.** (1) Section 161 of the Act is amended by inserting “a pooled registered pension plan,” after “a registered pension plan,” in paragraph *a*.

(2) Subsection 1 has effect from 14 December 2012.

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

“**169.** Despite any other provision of this Part, except section 174.2, a corporation resident in Canada shall not make any deduction in respect of the proportion, determined in section 170, of any amount otherwise deductible in computing its income for the year, in respect of interest paid or payable by it on outstanding debts to specified persons not resident in Canada.”

(2) Subsection 1 applies to a taxation year that ends after 28 March 2012.

**131.** (1) Section 170 of the Act is amended

(1) by replacing “réfère l’article 169” in the first paragraph in the French text by “l’article 169 fait référence”;

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

“The amount to which the first paragraph refers is equal to the amount by which the corporation’s average outstanding debts for the year exceeds the amount equal to 150% of the total of”;

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

“(b) the average of all amounts each of which is the corporation’s contributed surplus (other than any portion of that contributed surplus that arose in connection with an investment to which subsection 2 of section 212.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applies) at the beginning of a month that ends in the year, to the extent that it was contributed by a specified shareholder not resident in Canada of the corporation; and”.

(2) Paragraph 2 of subsection 1 applies from a taxation year that begins after 31 December 2012.

(3) Paragraph 3 of subsection 1 has effect from 29 March 2012.

**132.** (1) The Act is amended by inserting the following sections after section 174:

“**174.1.** For the purposes of sections 87.0.1 and 169 to 174 and this section, each member of a partnership at a particular time is deemed at that time

(a) to owe the portion (in this section referred to as the “debt amount”) of any debt or other obligation to pay an amount of the partnership that is equal to the following proportion of the debt or other obligation:

i. the agreed proportion, in respect of the member of the partnership, determined for the partnership’s last fiscal period ending at or before the end

of the taxation year referred to in section 169 and at a time when the member is a member of the partnership, and

ii. if no agreed proportion may be determined, in respect of the member of the partnership, in accordance with subparagraph i, the proportion that the fair market value of the member's interest in the partnership at the particular time is of the fair market value of all interests in the partnership at the particular time;

(b) to owe the debt amount to the person to whom the partnership owes the debt or other obligation to pay an amount; and

(c) to have paid interest on the debt amount that is deductible in computing the member's income to the extent that an amount in respect of interest paid or payable on the debt amount by the partnership is deductible in computing the partnership's income.

**174.2.** Any amount in respect of interest paid or payable to a controlled foreign affiliate of a corporation resident in Canada that would otherwise not be deductible by the corporation for a taxation year because of section 169 may be deducted to the extent that an amount included under section 580 in computing the corporation's income for the year or a subsequent year can reasonably be considered to be in respect of the interest."

(2) Subsection 1, when it enacts section 174.1 of the Act, applies to a taxation year that begins after 28 March 2012.

(3) Subsection 1, when it enacts section 174.2 of the Act, applies to a taxation year that ends after 31 December 2004.

**133.** (1) Section 175.1 of the Act is amended by replacing the portion of subsection 3 before paragraph *a* by the following:

"(3) For the purposes of subsection 1, an outlay or expense is deemed not to include a payment that is referred to in paragraph *d* or *e* of subsection 1 of section 222 and that".

(2) Subsection 1 applies in respect of an expense made after 31 December 2012.

**134.** (1) Section 175.2 of the Act is amended

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

"(c) making a contribution to a registered pension plan, a pooled registered pension plan or a deferred profit sharing plan, other than a contribution described in paragraph *b* or *c* of section 71, as they read for the taxation year 1990, that was required to be made pursuant to an obligation entered into before 13 November 1981, or an amount deductible under section 137 or paragraph *b* of section 158 in computing the taxpayer's income;"

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

“(d.6) allocating an amount to a tax-free reserve within the meaning of section 979.25;”.

(2) Paragraph 1 of subsection 1 has effect from 14 December 2012.

(3) Paragraph 2 of subsection 1 applies to a taxation year that ends after 4 June 2014.

**135.** (1) Section 222 of the Act is amended by replacing subsection 1 by the following subsection:

“**222.** (1) A taxpayer who carries on a business in Canada in a taxation year may deduct, in computing the taxpayer’s income from the business for the year, an amount not exceeding the aggregate of all amounts each of which is an expenditure of a current nature made by the taxpayer in the year or in a preceding taxation year ending after 31 December 1973

(a) on scientific research and experimental development that is related to a business of the taxpayer and directly undertaken in Canada by the taxpayer;

(b) on scientific research and experimental development that is related to a business of the taxpayer and directly undertaken in Canada on behalf of the taxpayer;

(c) by payments to a corporation resident in Canada to be used for scientific research and experimental development undertaken in Canada that is related to a business of the taxpayer, where the taxpayer is entitled to exploit the results of that scientific research and experimental development;

(d) by payments to be used for scientific research and experimental development undertaken in Canada that is related to a business of the taxpayer, if the taxpayer is entitled to exploit the results of that scientific research and experimental development and if the payment was made to

i. an association recognized by the Minister to undertake scientific research and experimental development,

ii. a university, college, research institute or other similar institution recognized by the Minister,

iii. a corporation resident in Canada and exempt from tax under section 991, or

iv. an organization recognized by the Minister that makes payments to an association, institution or corporation described in any of subparagraphs i to iii; or

(*e*) where the taxpayer is a corporation, by payments to an entity described in subparagraph iii of paragraph *d*, for scientific research and experimental development undertaken in Canada that is basic research or applied research the primary purpose of which is the use of results therefrom by the taxpayer in conjunction with other scientific research and experimental development activities undertaken or to be undertaken by or on behalf of the taxpayer that relate to a business of the taxpayer, and that has the technological potential for application to other businesses of a type unrelated to that carried on by the taxpayer.”

(2) Subsection 1 applies in respect of an expenditure made after 31 December 2012.

**136.** (1) Sections 222.1 and 223 of the Act are repealed.

(2) Subsection 1, when it repeals section 222.1 of the Act, has effect from 1 January 2013.

(3) Subsection 1, when it repeals section 223 of the Act, applies in respect of an expenditure made after 31 December 2013 and in respect of an expenditure that is deemed, under section 223.0.1 of the Act, not to have been made before 1 January 2014.

**137.** (1) Section 223.0.1 of the Act is replaced by the following section:

**“223.0.1.** For the purposes of section 223, as it read before being repealed, in respect of a property, an expenditure made by a taxpayer in respect of the property is deemed not to have been made by the taxpayer before the property is considered to have become available for use by the taxpayer.”

(2) Subsection 1 has effect from 1 January 2014.

**138.** (1) Section 225 of the Act is amended by replacing paragraphs *b* and *b.1* by the following paragraphs:

“(b) the aggregate of all amounts each of which is the amount of any government assistance or non-government assistance, within the meaning assigned to those expressions by the first paragraph of section 1029.6.0.0.1, in respect of an expenditure described in section 222 or 223, as each of those sections read in relation to the expenditure, that, on or before the taxpayer’s filing-due date for the year, the taxpayer has received, is entitled to receive or can reasonably be expected to receive;

“(b.1) where, in respect of a scientific research and experimental development project referred to in section 222 or 223, as each of those sections read in relation to the project, or in respect of the carrying out of the project, a person has obtained, is entitled to obtain or can reasonably be expected to obtain a benefit or an advantage, whether in the form of a reimbursement, compensation or guarantee or in the form of proceeds of disposition of a property which

exceed the fair market value of the property or in any other form or manner, and it may reasonably be considered that the benefit or advantage directly or indirectly results in a compensation or indemnity or, otherwise, in any manner whatsoever, in a benefit for a party to the project, the amount of the benefit or advantage that the person has obtained, is entitled to obtain or can reasonably be expected to obtain on or before the taxpayer's filing-due date for the year;”.

(2) Subsection 1 has effect from 1 January 2014.

**139.** (1) Section 225.1 of the Act is amended by replacing subparagraph ii of subparagraph *a* of the first paragraph by the following subparagraph:

“ii. the lesser of the amounts determined immediately before that time in respect of the corporation under paragraphs *a* and *b* of section 223, as those paragraphs read on 29 March 2012 in respect of expenditures made, and property acquired, by the corporation before 1 January 2014;”.

(2) Subsection 1 has effect from 1 January 2014.

**140.** (1) Section 226 of the Act is amended by replacing “paragraphs *a* and *b*” by “subparagraphs i and ii of paragraph *d*”.

(2) Subsection 1 has effect from 1 January 2013.

**141.** (1) Section 229 of the Act is replaced by the following section:

“**229.** For the purposes of sections 93 to 104, an amount deducted under section 223 that may reasonably be considered to be in respect of a property described in that section, as it read before being repealed, in respect of the property, is deemed to be an amount deductible under the regulations made under paragraph *a* of section 130 and, for that purpose, the property so acquired is deemed to be of a separate prescribed class.”

(2) Subsection 1 has effect from 1 January 2014.

**142.** (1) Section 230 of the Act is amended, in the first paragraph,

(1) by striking out subparagraph iii of subparagraph *b*;

(2) by striking out subparagraph i of subparagraph *c*;

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

“ii. an expenditure of a current nature in respect of the prosecution of scientific research and experimental development in Canada directly undertaken on behalf of the taxpayer;”;

(4) by striking out subparagraphs iii and vi of subparagraph *c*.



(2) Subsection 1 applies in respect of an expenditure made after 31 December 2013 and in respect of an expenditure that is deemed, under section 223.0.1 of the Act, not to have been made before 1 January 2014.

**143.** (1) The Act is amended by inserting the following section after section 230.0.0.1:

**“230.0.0.1.1.** For the purposes of this division, expenditures of a current nature include any expenditure made by a taxpayer, other than

(a) an expenditure made by the taxpayer for the acquisition from a person or partnership of a property that is a capital property of the taxpayer; or

(b) an expenditure made by the taxpayer for the use of, or the right to use, property that would be capital property of the taxpayer if it were owned by the taxpayer.”

(2) Subsection 1 applies in respect of an expenditure made after 31 December 2013 and in respect of an expenditure that is deemed, under section 223.0.1 of the Act, not to have been made before 1 January 2014.

**144.** (1) Section 230.0.0.2 of the Act is replaced by the following section:

**“230.0.0.2.** Despite the first paragraph of section 230, expenditures on scientific research and experimental development do not include

(a) any expenditure made in respect of the acquisition or lease of animals, other than laboratory animals within the meaning of the regulations, or in respect of any other similar kind of transaction regarding such animals; and

(b) a payment to any of the following entities to the extent that the payment may reasonably be considered to have been made to enable the entity to acquire rights in, or arising out of, scientific research and experimental development:

i. a corporation resident in Canada and exempt from tax under section 991, a research institute recognized by the Minister or an association recognized by the Minister, with which the taxpayer does not deal at arm’s length,

ii. a corporation other than a corporation referred to in subparagraph i, or

iii. a university, college or organization recognized by the Minister.”

(2) Subsection 1 applies in respect of an expenditure made after 31 December 2013 and in respect of an expenditure that is deemed, under section 223.0.1 of the Act, not to have been made before 1 January 2014.

**145.** (1) The Act is amended by inserting the following sections after section 230.0.0.5:

**“230.0.0.5.1.** For the purposes of paragraphs *b* to *e* of subsection 1 of section 222, the amount of a particular expenditure made by a taxpayer is required to be reduced by the amount of any related expenditure of the person or partnership to whom the particular expenditure is made that is not an expenditure of a current nature of the person or partnership.

**“230.0.0.5.2.** If an expenditure is required to be reduced because of section 230.0.0.5.1, the person or the partnership referred to in that section is required to inform the taxpayer in writing of the amount of the reduction without delay if requested by the taxpayer and in any other case no later than 90 days after the end of the calendar year in which the expenditure was made.”

(2) Subsection 1 applies in respect of an expenditure made after 31 December 2013 and in respect of an expenditure that is deemed, under section 223.0.1 of the Act, not to have been made before 1 January 2014.

**146.** (1) Section 238 of the Act is amended by adding the following paragraph after paragraph *f*:

“(g) a disposition referred to in section 979.39 or 979.40.”

(2) Subsection 1 has effect from 5 June 2014.

**147.** (1) Section 247.2 of the Act is amended by replacing “766.7.1 and 766.7.2” in the portion before paragraph *a* by “766.3.5 and 766.3.6”.

(2) Subsection 1 applies from the taxation year 2013.

**148.** (1) Section 257 of the Act is amended by replacing subparagraphs *i* and *ii* of paragraph *j* by the following subparagraphs:

“i. if the corporation is a foreign affiliate of the taxpayer,

(1) any amount required by subparagraph *d* of the first paragraph of section 477 or sections 585 to 588 to be deducted in computing the adjusted cost base to the taxpayer of the share, and

(2) any amount received by the taxpayer before that time, on a reduction of the paid-up capital of the corporation in respect of the share, that is so received after 31 December 1971 and before 20 August 2011, or, where the reduction is a qualifying return of capital, within the meaning of section 577.3, in respect of the share, after 19 August 2011, or

“ii. in any other case, any amount received by the taxpayer after 31 December 1971 and before that time on a reduction of the paid-up capital of the corporation in respect of the share;”.

(2) Subsection 1 has effect from 20 August 2011.

**149.** (1) Section 261 of the Act is amended by replacing paragraphs *a* to *c* by the following paragraphs:

“(a) subject to section 589.1, the amount of the excess is deemed to be a gain of the taxpayer for the year from the disposition at that time of the property;

“(b) for the purposes of Chapter V of Title X, the taxpayer is deemed to have disposed of the property at that time; and

“(c) for the purposes of Title VI.5 of Book IV, the taxpayer is deemed to have disposed of the property in the year.”

(2) Subsection 1 has effect from 20 August 2011.

**150.** (1) Section 261.1 of the Act is amended

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

“The amount to which subparagraph *a* of the first paragraph refers in respect of a member’s interest in a partnership at the end of a fiscal period of the partnership is equal to the amount by which the aggregate of all amounts required by section 257 to be deducted in computing the adjusted cost base to the member of the interest in the partnership at that time and, if the partnership is a professional partnership, the amount described in subparagraph *i* of paragraph *l* of section 257 in relation to the member in respect of the fiscal period exceeds the aggregate of”;

(2) by adding the following subparagraph after subparagraph *b* of the second paragraph:

“(c) if the partnership is a professional partnership, the amount described in subparagraph *i* of paragraph *i* of section 255 in relation to the member in respect of the fiscal period.”;

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

“For the purposes of the second paragraph, “professional partnership” means a partnership through which one or more persons carry on the practice of a profession that is governed or regulated under a law of Canada or a province.”

(2) Subsection 1 applies to a fiscal period that ends after 30 November 2001.

**151.** (1) The Act is amended by inserting the following section after the heading of Division II of Chapter IV of Title IV of Book III of Part I:

**“261.9.** If, because of any fluctuation after 31 December 1971 in the value of one or more foreign currencies relative to Canadian currency, an individual other than a trust has realized one or more particular gains or

sustained one or more particular losses in a taxation year from dispositions of currency other than Canadian currency and the particular gains or losses would, in the absence of this section, be capital gains or losses described in section 232, the following rules apply:

(a) section 232 does not apply to any of the particular gains or losses;

(b) the amount determined by the following formula is deemed to be a capital gain of the individual for the year from the disposition of currency other than Canadian currency:

$A - (B + \$200)$ ; and

(c) the amount determined by the following formula is deemed to be a capital loss of the individual for the year from the disposition of currency other than Canadian currency:

$B - (A + \$200)$ .

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

(a) *A* is the total of all the particular gains realized by the individual in the year; and

(b) *B* is the total of all the particular losses sustained by the individual in the year.”

(2) Subsection 1 applies in respect of a gain realized and a loss sustained in a taxation year that begins after 19 August 2011.

**152.** (1) Section 262 of the Act is replaced by the following section:

“**262.** If, because of any fluctuation after 31 December 1971 in the value of one or more foreign currencies relative to Canadian currency, a taxpayer has realized a gain or sustained a loss in a taxation year (other than a gain or loss that would, in the absence of this section, be a capital gain or capital loss to which section 232 or 261.9 applies, or a gain or loss in respect of a transaction or event in respect of shares of the capital stock of the taxpayer), the following rules apply:

(a) the amount of the gain (to the extent of the amount of that gain that would not, if section 28 were read without reference to “, other than the taxable capital gains from dispositions of property,” in paragraph *a* of that section and without reference to paragraph *b* of that section, be included in computing the taxpayer’s income for the year or any other taxation year), is deemed to be a capital gain of the taxpayer for the year from the disposition of currency other than Canadian currency; and

(b) the amount of the loss (to the extent of the amount of that loss that would not, if section 28 were read without reference to its paragraph *b*, be deductible in computing the taxpayer's income for the year or any other taxation year), is deemed to be a capital loss of the taxpayer for the year from the disposition of currency other than Canadian currency.”

(2) Subsection 1 applies

(1) for the purpose of determining the capital gain or capital loss of a foreign affiliate of a taxpayer, in respect of a taxation year of the foreign affiliate that ends after 19 August 2011, unless the taxpayer has made a valid election under subsection 32 of section 70 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), in which case subsection 1 applies in respect of taxation years of all foreign affiliates of the taxpayer that end after 30 June 2011; and

(2) in any other case, in respect of a gain realized and a loss sustained in a taxation year that begins after 19 August 2011.

(3) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election made under subsection 32 of section 70 of the Technical Tax Amendments Act, 2012. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

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

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

**“262.0.1.** The rules set out in the second paragraph apply if

(a) at any time a corporation resident in Canada or a partnership of which such a corporation is a member (such corporation or partnership in this section referred to as the “borrowing party”) has received a loan from, or become indebted to, a creditor that is a foreign affiliate (in this section referred to as a “creditor affiliate”) of the borrowing party or that is a partnership (in this section referred to as a “creditor partnership”) of which such an affiliate is a member;

(b) the loan or indebtedness is at a later time repaid, in whole or in part; and

(c) the amount of the borrowing party's capital gain or capital loss that would be determined, in the absence of this section, under section 262 in respect

of the repayment is equal to the amount of the creditor affiliate's or creditor partnership's capital gain or capital loss, as the case may be, that would be determined for the purposes of subdivision i of Division B of Part I of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in respect of the repayment, in the absence of paragraph g.04 of subsection 2 of section 95 of that Act.

The rules to which the first paragraph refers in relation to the borrowing party's capital gain or capital loss in respect of the repayment of the loan or indebtedness are the following:

(a) in the case of a capital gain, the amount of the borrowing party's capital gain that would be determined, in the absence of this section, under section 262, is to be reduced,

i. if the creditor is a creditor affiliate, by an amount, not exceeding that capital gain, that is equal to twice the amount that would—in the absence of paragraph g.04 of subsection 2 of section 95 of the Income Tax Act and on the assumption that the creditor affiliate's capital loss in respect of the repayment of the loan or indebtedness were a capital gain of the creditor affiliate, the creditor affiliate had no other income, loss, capital gain or capital loss for any taxation year, and no other foreign affiliate of the borrowing party had any income, loss, capital gain or capital loss for any taxation year—be included in computing the borrowing party's income for the purposes of the Income Tax Act under subsection 1 of section 91 of that Act for its taxation year that includes the last day of the taxation year of the creditor affiliate that includes the later time, or

ii. if the creditor is a creditor partnership, by an amount, not exceeding that capital gain, that is equal to twice the amount that is the total of each amount, determined in respect of a particular member of the creditor partnership that is a foreign affiliate of the borrowing party, that would—in the absence of paragraph g.04 of subsection 2 of section 95 of the Income Tax Act and on the assumption that the creditor partnership's capital loss in respect of the repayment of the loan or indebtedness were a capital gain of the creditor partnership, the particular member had no other income, loss, capital gain or capital loss for any taxation year, and no other foreign affiliate of the borrowing party had any income, loss, capital gain or capital loss for any taxation year—be included in computing the borrowing party's income for the purposes of the Income Tax Act under subsection 1 of section 91 of that Act for its taxation year that includes the last day of the taxation year of the particular member that includes the last day of the creditor partnership's fiscal period that includes the later time; and

(b) in the case of a capital loss, the amount of the borrowing party's capital loss that would be determined, in the absence of this section, under section 262, is to be reduced,

i. if the creditor is a creditor affiliate, by an amount, not exceeding that capital loss, that is equal to twice the amount, in relation to the capital gain of

the creditor affiliate in respect of the repayment of the loan or indebtedness, that would—in the absence of paragraph *g.04* of subsection 2 of section 95 of the Income Tax Act and on the assumption that the creditor affiliate had no other income, loss, capital gain or capital loss for any taxation year, and no other foreign affiliate of the borrowing party had any income, loss, capital gain or capital loss for any taxation year—be included in computing the borrowing party's income for the purposes of the Income Tax Act under subsection 1 of section 91 of that Act for its taxation year that includes the last day of the taxation year of the creditor affiliate that includes the later time, or

ii. if the creditor is a creditor partnership, by an amount, not exceeding that capital loss, that is equal to twice the amount, in relation to the capital gain of the creditor partnership in respect of the repayment of the loan or indebtedness, that is the total of each amount, determined in respect of a particular member of the creditor partnership that is a foreign affiliate of the borrowing party, that would—in the absence of paragraph *g.04* of subsection 2 of section 95 of the Income Tax Act and on the assumption that the particular member had no other income, loss, capital gain or capital loss for any taxation year, and no other foreign affiliate of the borrowing party had any income, loss, capital gain or capital loss for any taxation year—be included in computing the borrowing party's income for the purposes of the Income Tax Act under subsection 1 of section 91 of that Act for its taxation year that includes the last day of the taxation year of the particular member that includes the last day of the creditor partnership's fiscal period that includes the later time.”

(2) Subsection 1 applies in respect of a portion of a loan received or indebtedness incurred before 20 August 2011 that remains outstanding on 19 August 2011 and that is repaid, in whole or in part, before 20 August 2016.

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

**154.** (1) Section 270 of the Act is replaced by the following section:

**“270.** For the purposes of this Title,

(*a*) if an amount is received or receivable by a person or a partnership (in this section referred to as the “vendor”) as consideration for a warranty, covenant or other conditional obligation given or incurred by the vendor in respect of a property (in this section referred to as the “specified property”) disposed of by the vendor, the following rules apply:

i. if the amount is received or receivable on or before the specified date, it is deemed to be received as consideration for the disposition of the specified property by the vendor and not to be an amount received or receivable by the vendor as consideration for the obligation, and it is to be included in computing

the vendor's proceeds of disposition of the specified property for the taxation year or fiscal period in which the disposition occurred, and

ii. in any other case, it is deemed to be a capital gain of the vendor from the disposition of a property by the vendor that occurs at the earlier of the time when the amount is received or becomes receivable; and

(b) if an amount is paid or payable in relation to an outlay or expense made or incurred by the vendor under a warranty, covenant or other conditional obligation given or incurred by the vendor in respect of the specified property disposed of by the vendor, the following rules apply:

i. if the amount is paid or payable on or before the specified date, it is deemed to reduce the consideration for the disposition of the specified property by the vendor and not to be an amount paid or payable by the vendor as consideration for the obligation, and it is to be deducted in computing the vendor's proceeds of disposition of the specified property for the taxation year or fiscal period in which the disposition occurred, and

ii. in any other case, it is deemed to be a capital loss of the vendor from the disposition of a property by the vendor that occurs at the earlier of the time when the amount is paid or becomes payable.

For the purposes of the first paragraph, "specified date" means,

(a) if the vendor is a partnership, the last day of the vendor's fiscal period in which the vendor disposed of the specified property; and

(b) in any other case, the vendor's filing-due date for the vendor's taxation year in which the vendor disposed of the specified property."

(2) Subsection 1 applies to a taxation year of a taxpayer or a fiscal period of a partnership that ends after 27 February 2004. However, when section 270 of the Act applies to a taxation year of a taxpayer or a fiscal period of a partnership that ends before 5 November 2010, it is to be read as follows:

**"270.** For the purposes of this Title, the following rules apply:

(a) an amount received or receivable by a taxpayer in a taxation year as consideration for a warranty, covenant or conditional obligation given or incurred by the taxpayer in respect of a property disposed of, at a particular time, by the taxpayer

i. is, if the amount is received or becomes receivable on or before the taxpayer's filing-due date for the taxpayer's taxation year in which the taxpayer disposed of the property, to be included in computing the taxpayer's proceeds of disposition of the property, and



ii. is, if the amount is received or becomes receivable after the taxpayer's filing-due date for the taxpayer's taxation year in which the taxpayer disposed of the property, deemed to be a capital gain of the taxpayer from the disposition, by the taxpayer of the property, that occurs at the time when the amount is received or becomes receivable; and

(b) an amount paid or payable in relation to an outlay or expense made or incurred by a taxpayer in a taxation year under a warranty, covenant or conditional obligation given or incurred by the taxpayer in respect of property disposed of, at a particular time, by the taxpayer

i. is, if the amount is paid or becomes payable on or before the taxpayer's filing-due date for the taxpayer's taxation year in which the taxpayer disposed of the property, to be deducted in computing the taxpayer's proceeds of disposition of the property, and

ii. is, if the amount is paid or becomes payable after the taxpayer's filing-due date for the taxpayer's taxation year in which the taxpayer disposed of the property, deemed to be a capital loss of the taxpayer from the disposition, by the taxpayer of the property, that occurs at the time when the amount is paid or becomes payable.”

**155.** (1) Section 308.6 of the Act is amended, in subparagraph *d* of the first paragraph,

(1) by replacing the portion before subparagraph iii by the following:

“(d) the income earned or realized by a corporation (in this subparagraph referred to as the “affiliate”) for a period that ends at a time when that corporation is a foreign affiliate of another corporation is deemed to be equal to the lesser of

i. the amount that would, at that time, if the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) were read without reference to subsection 5.6 of section 5905 of those Regulations, be the tax-free surplus balance, within the meaning of subsection 5.5 of that section 5905, of the affiliate in respect of the other corporation, and

ii. the fair market value at that time of all the issued and outstanding shares of the capital stock of the affiliate;”;

(2) by striking out subparagraph iii.

(2) Subsection 1 applies in respect of a dividend received after 19 August 2011 by a corporation resident in Canada, except a dividend received as part of a series of transactions or events that includes a disposition of the shares in respect of which the dividend is received, if the disposition

(1) is made to a person or partnership that, at the time of the disposition, deals at arm's length with the corporation; and

(2) occurs under an agreement in writing entered into before 19 August 2011.

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

**156.** (1) Section 311 of the Act is amended

(1) by inserting "VII.1," after "Part I," in paragraph *c*;

(2) by inserting the following paragraph after paragraph *k.0.1*:

"(k.0.2) a program established under the authority of the Department of Employment and Social Development Act (Statutes of Canada, 2005, chapter 34) in respect of children who are deceased or missing as a result of an offence, or a probable offence, under the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46);".

(2) Paragraph 1 of subsection 1 applies from the taxation year 2011.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2013. However, when section 311 of the Act applies before 12 December 2013, paragraph *k.0.2* is to be read as if "Department of Employment and Social Development" were replaced by "Department of Human Resources and Skills Development".

**157.** (1) Section 312 of the Act is amended by replacing paragraph *i* by the following paragraph:

"(i) the aggregate of all amounts each of which is an amount received by the taxpayer in the year under the Apprenticeship Incentive Grant program or the Apprenticeship Completion Grant program administered by the Department of Employment and Social Development of Canada; and".

(2) Subsection 1 applies from the taxation year 2007. However, when paragraph *i* of section 312 of the Act applies

(1) to the taxation years 2007 and 2008, it is to be read as if "or the Apprenticeship Completion Grant program" were struck out; or

(2) before 12 December 2013, it is to be read as if "Department of Employment and Social Development" were replaced by "Department of Human Resources and Skills Development".

**158.** (1) The Act is amended by inserting the following section after section 313.12:

**“313.13.** A taxpayer shall also include any amount that is required to be included in computing the taxpayer’s income for the year under Title VI.0.2 of Book VII.”

(2) Subsection 1 has effect from 14 December 2012.

**159.** Section 314 of the Act is replaced in the French text by the following section:

**“314.** Tout paiement ou transfert à une autre personne, suivant les instructions ou avec le consentement du contribuable, d’argent, de droits ou de biens pour l’avantage du contribuable ou pour celui de cette personne, autre que celui résultant du partage d’une rente de retraite effectué conformément aux articles 158.3 à 158.8 de la Loi sur le régime de rentes du Québec (chapitre R-9) ou à toute disposition semblable d’un régime équivalent au sens de cette loi, est réputé avoir été reçu par le contribuable et doit être inclus dans le calcul de son revenu, dans la mesure où il le serait s’il en avait reçu lui-même le paiement ou si le transfert lui avait été fait.”

**160.** (1) Section 317 of the Act is amended by adding the following subparagraph after subparagraph *c* of the second paragraph:

“(d) an amount received by the taxpayer out of or under a registered pension plan as a return of all or a portion of a contribution to the plan, to the extent that the amount

i. is a payment made to the taxpayer under subsection 19 of section 147.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) or under subparagraph iii of paragraph *d* of section 8502 of the Income Tax Regulations made under that Act, and

ii. is not deducted in computing the taxpayer’s income for the year or a preceding taxation year.”

(2) Subsection 1 applies in respect of a contribution made after 31 December 2013.

**161.** (1) Section 333.4 of the Act is amended

(1) by replacing the definition of “restrictive covenant” by the following definition:

““restrictive covenant”, of a taxpayer, means an agreement entered into, an undertaking made, or a waiver of an advantage or right by the taxpayer, whether legally enforceable or not, that affects, or may affect, in any way whatever, the acquisition or provision of property or services by the taxpayer or by another taxpayer that does not deal at arm’s length with the taxpayer, other than an agreement or undertaking

(a) that disposes of the taxpayer's property; or

(b) that is in satisfaction of an obligation described in section 298.1 that is not a disposition, unless the obligation being satisfied is in respect of a right to property or services that the taxpayer acquired for less than its fair market value;”;

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

““goodwill amount”, of a taxpayer, means an amount that the taxpayer has received or may become entitled to receive, and that is required to be included in the aggregate determined under subparagraph *b* of the second paragraph of section 107 in respect of a business carried on by the taxpayer through an establishment located in Canada;”;

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

““eligible individual”, in respect of a vendor, at any time means an individual (other than a trust) who is related to the vendor and who is 18 years of age or over at that time;”;

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

““eligible corporation”, of a taxpayer, means a taxable Canadian corporation of which the taxpayer holds, directly or indirectly, shares of the capital stock;”.

(2) Subsection 1 applies

(1) to an amount received or receivable by a taxpayer after 7 October 2003, other than an amount received before 1 January 2005 under a grant of a restrictive covenant made in writing before 8 October 2003 between the taxpayer and a purchaser with whom the taxpayer deals at arm's length; and

(2) to an amount paid or payable by a purchaser after 7 October 2003, other than an amount paid or payable by the purchaser before 1 January 2005 under a grant of a restrictive covenant made in writing before 8 October 2003 between the purchaser and a taxpayer with whom the purchaser deals at arm's length.

(3) However, when Chapter VII of Title V of Book III of Part I of the Act applies in respect of a restrictive covenant granted by a taxpayer before 9 November 2006, paragraph *b* of the definition of “restrictive covenant” in section 333.4 of the Act is to be read without reference to “, unless the obligation being satisfied is in respect of a right to property or services that the taxpayer acquired for less than its fair market value”.

**162.** (1) Section 333.6 of the Act is amended

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

“(b) the amount would, but for this chapter, be required to be included in the aggregate determined under subparagraph *b* of the second paragraph of section 107 in respect of a business to which the restrictive covenant relates, and the particular taxpayer makes a valid election under paragraph *b* of subsection 3 of section 56.4 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) after 19 December 2006 to have that paragraph *b* apply in respect of the restrictive covenant; or”;

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

“(c) subject to section 333.11, the amount directly relates to the particular taxpayer’s disposition of property that is, at the time of the disposition, an eligible interest in the partnership or corporation that carries on the business to which the restrictive covenant relates, or that is at that time an eligible interest under paragraph *c* of the definition of “eligible interest” in section 333.4 if the other corporation referred to in that paragraph *c* carries on the business to which the restrictive covenant relates, and”;

(3) by replacing subparagraphs *v* to *vii* of paragraph *c* by the following subparagraphs:

“v. the amount is added to the particular taxpayer’s proceeds of disposition, within the meaning assigned by section 251, for the purpose of applying this Part to the disposition of the particular taxpayer’s eligible interest, and

“vi. the particular taxpayer and the purchaser make a valid election under subparagraph *vi* of paragraph *c* of subsection 3 of section 56.4 of the Income Tax Act.”;

(4) by adding the following paragraph:

“Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 3 of section 56.4 of the Income Tax Act or in relation to an election made under this section before 20 December 2006.”

(2) Paragraphs 1 and 4 of subsection 1 have effect from 20 December 2006.

(3) Subject to subsections 4 to 6, paragraphs 2 and 3 of subsection 1 apply

(1) to an amount received or receivable by a taxpayer after 7 October 2003, other than an amount received before 1 January 2005 under a grant of a restrictive covenant made in writing before 8 October 2003 between the taxpayer and a purchaser with whom the taxpayer deals at arm’s length; and

(2) to an amount paid or payable by a purchaser after 7 October 2003, other than an amount paid or payable by the purchaser before 1 January 2005 under

a grant of a restrictive covenant made in writing before 8 October 2003 between the purchaser and a taxpayer with whom the purchaser deals at arm's length.

(4) When Chapter VII of Title V of Book III of Part I of the Act applies in respect of a restrictive covenant granted by a taxpayer before 9 November 2006 and if the taxpayer makes a valid election under paragraph *b* of subsection 3 of section 195 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), paragraph *c* of section 333.6 of the Act is to be read, in respect of that restrictive covenant,

(1) as if “subject to section 333.11,” in the portion before subparagraph *i* were struck out; and

(2) as if subparagraph *iii* were replaced by the following subparagraph:

“*iii.* the amount does not exceed the amount by which the amount that would be the fair market value of the particular taxpayer's eligible interest that is disposed of, if all restrictive covenants that may reasonably be considered to relate to a disposition of a right or of an interest in the business by any taxpayer were provided for no consideration, exceeds the amount that would be the fair market value of the particular taxpayer's eligible interest that is disposed of, if no covenant were granted by any taxpayer that held a right or an interest in the business.”

(5) Chapter V.2 of Title II of Book I of Part I of the Act applies, with the necessary modifications, in relation to an election described in subsection 4. In addition, for the purposes of section 21.4.7 of the Act in respect of that election, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

(6) When subparagraph *vi* of paragraph *c* of section 333.6 of the Act applies before 20 December 2006, it is to be read as follows:

“*vi.* the particular taxpayer and the purchaser elect in the prescribed form to have this paragraph apply in respect of the amount.”

**163.** (1) Section 333.8 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(*b*) the restrictive covenant directly relates to the acquisition from one or more other persons (in this section and section 333.13 referred to as the “vendors”) by the purchaser of a right or an interest in the individual's employer, in a corporation related to that employer or in a business carried on by that employer;”

(2) Subsection 1 applies

(1) to an amount received or receivable by a taxpayer after 7 October 2003, other than an amount received before 1 January 2005 under a grant of a

restrictive covenant made in writing before 8 October 2003 between the taxpayer and a purchaser with whom the taxpayer deals at arm's length; and

(2) to an amount paid or payable by a purchaser after 7 October 2003, other than an amount paid or payable by the purchaser before 1 January 2005 under a grant of a restrictive covenant made in writing before 8 October 2003 between the purchaser and a taxpayer with whom the purchaser deals at arm's length.

**164.** (1) Sections 333.9 to 333.14 of the Act are replaced by the following sections:

**“333.9.** Subject to section 333.12, section 421 does not apply to deem consideration to be an amount received or receivable by a taxpayer for a restrictive covenant granted by the taxpayer if

(a) the restrictive covenant is granted by the taxpayer (in this section and section 333.10 referred to as the “vendor”) to

i. another taxpayer (in this section referred to as the “purchaser”) with whom the vendor deals at arm's length, determined without reference to paragraph *b* of section 20 at the time of the grant of the restrictive covenant, or

ii. another person who is an eligible individual in respect of the vendor at the time of the grant of the restrictive covenant;

(b) where subparagraph i of subparagraph *a* applies, the restrictive covenant is an undertaking of the vendor not to provide, directly or indirectly, property or services in competition with the property or services provided or to be provided by the purchaser, or by a person related to the purchaser, in the course of carrying on the business to which the restrictive covenant relates, and

i. the amount that can reasonably be regarded as being consideration for the restrictive covenant is

(1) included by the vendor in computing a goodwill amount of the vendor, or

(2) received or receivable by a corporation that was an eligible corporation of the vendor when the restrictive covenant was granted and included by the eligible corporation in computing a goodwill amount of the eligible corporation in respect of the business to which the restrictive covenant relates, or

ii. it is reasonable to conclude that the restrictive covenant is integral to an agreement in writing,

(1) under which the vendor or the vendor's eligible corporation disposes of property (other than property to which subparagraph 2 applies) to the purchaser, or the purchaser's eligible corporation, for consideration that is received or

receivable by the vendor, or by the vendor's eligible corporation, as the case may be, or

(2) under which shares of the capital stock of a corporation (in this section and section 333.13 referred to as the "target corporation") are disposed of to the purchaser or to another person that is related to the purchaser and with whom the vendor deals at arm's length, determined without reference to paragraph *b* of section 20;

(c) where subparagraph ii of subparagraph *a* applies, the restrictive covenant is an undertaking of the vendor not to provide, directly or indirectly, property or services in competition with the property or services provided or to be provided by the eligible individual, or by an eligible corporation of the eligible individual, in the course of carrying on the business to which the restrictive covenant relates, the conditions of the second paragraph are met and

i. the amount that can reasonably be regarded as being consideration for the restrictive covenant is

(1) included by the vendor in computing a goodwill amount of the vendor, or

(2) received or receivable by a corporation that was an eligible corporation of the vendor when the restrictive covenant was granted and included by the eligible corporation in computing a goodwill amount of the eligible corporation in respect of the business to which the restrictive covenant relates, or

ii. it is reasonable to conclude that the restrictive covenant is integral to an agreement in writing

(1) under which the vendor or the vendor's eligible corporation disposes of property (other than property to which subparagraph 2 applies) to the eligible individual, or the eligible individual's eligible corporation, for consideration that is received or receivable by the vendor, or by the vendor's eligible corporation, as the case may be, or

(2) under which shares of the capital stock of the vendor's eligible corporation (in this section and section 333.13 referred to as the "family corporation") are disposed of to the eligible individual or to the eligible individual's eligible corporation;

(d) no proceeds are received or receivable by the vendor for granting the restrictive covenant;

(e) section 506 does not apply in respect of the disposition of a share of the target corporation or the family corporation, as the case may be;

(f) the restrictive covenant can reasonably be regarded to have been granted to maintain or preserve the fair market value of



i. the benefit of the expenditure derived from the goodwill amount referred to in subparagraph i of subparagraph *b* or *c* and for which a joint election referred to in subparagraph *g* was made,

ii. the property referred to in subparagraph 1 of subparagraph ii of subparagraph *b* or *c*, or

iii. the shares referred to in subparagraph 2 of subparagraph ii of subparagraph *b* or *c*; and

(g) a valid joint election is made under paragraph *g* of subsection 7 of section 56.4 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the restrictive covenant.

The conditions to which subparagraph *c* of the first paragraph refers are as follows:

(a) the vendor is resident in Canada at the time the restrictive covenant is granted and at the time of the disposition referred to in subparagraph ii of subparagraph *c* of the first paragraph; and

(b) the vendor does not, at any time after the grant of the restrictive covenant and whether directly or indirectly in any manner whatever, have a right or an interest in the family corporation or in the eligible corporation of the eligible individual, as the case may be.

Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 7 of section 56.4 of the Income Tax Act.

**“333.10.** For the purposes of section 333.9, subparagraph 1 of subparagraph ii of each of subparagraphs *b* and *c* of the first paragraph of that section applies to the grant of a restrictive covenant only if

(a) the consideration that can reasonably be regarded as being in part the consideration for the restrictive covenant is received or receivable by the vendor or the vendor’s eligible corporation, as the case may be, as consideration for the disposition of the property; and

(b) where all or part of the consideration can reasonably be regarded as being for a goodwill amount, section 333.5, subparagraph *b* of the first paragraph of section 333.6 and subparagraph i of subparagraphs *b* and *c* of the first paragraph of section 333.9 apply to that consideration.

In determining whether the conditions of subparagraph *c* of the first paragraph of section 333.9 have been met, and for the purposes of section 422, in respect of a restrictive covenant granted by a vendor, the fair market value of a property is the amount that could reasonably be regarded as being the fair market value of the property if the restrictive covenant were part of the property.

**“333.11.** Subparagraph *c* of the first paragraph of section 333.6 does not apply to an amount that would, but for sections 333.5 to 333.14, be included in computing a taxpayer’s income from a source that is an office or employment or a business or property under paragraph *a* of section 28.

**“333.12.** Section 333.9 does not apply in respect of a taxpayer’s grant of a restrictive covenant if one of the results of not applying section 421 to the consideration received or receivable in respect of the restrictive covenant would be that paragraph *a* of section 28 would not apply to consideration that would, but for sections 333.5 to 333.14, be included in computing a taxpayer’s income from a source that is an office or employment or a business or property.

**“333.13.** If section 333.8 or 333.9 applies in respect of a restrictive covenant, the following rules apply:

(*a*) the amount referred to in paragraph *f* of section 333.8 is to be added in computing the amount received or receivable by the vendors as consideration for the disposition of the right or interest referred to in paragraph *b* of section 333.8; and

(*b*) the amount that can reasonably be regarded as being in part consideration received or receivable for a restrictive covenant to which subparagraph 2 of subparagraph ii of subparagraph *b* or *c* of the first paragraph of section 333.9 applies is to be added in computing the consideration that is received or receivable by each taxpayer who disposes of shares of the target corporation, or of shares of the family corporation, as the case may be, to the extent of the portion of the consideration that is received or receivable by that taxpayer.

**“333.14.** Section 270 does not apply to an amount received or receivable as consideration for a restrictive covenant.”

(2) Subject to subsections 3 to 6, subsection 1 applies

(1) to an amount received or receivable by a taxpayer after 7 October 2003, other than an amount received before 1 January 2005 under a grant of a restrictive covenant made in writing before 8 October 2003 between the taxpayer and a purchaser with whom the taxpayer deals at arm’s length; and

(2) to an amount paid or payable by a purchaser after 7 October 2003, other than an amount paid or payable by the purchaser before 1 January 2005 under a grant of a restrictive covenant made in writing before 8 October 2003 between the purchaser and a taxpayer with whom the purchaser deals at arm’s length.

(3) When Chapter VII of Title V of Book III of Part I of the Act applies in respect of a restrictive covenant granted by a taxpayer before 9 November 2006, sections 333.11 and 333.12 of the Act are not to be taken into account.

(4) When Chapter VII of Title V of Book III of Part I of the Act applies in respect of a restrictive covenant, for the purposes of section 21.4.7 of the Act

in respect of an election to which subsection 13 of section 56.4 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) refers if such an election is deemed to be made on a timely basis in accordance with subsection 4 of section 195 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), 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 18 April 2016.

(5) When Chapter VII of Title V of Book III of Part I of the Act applies in respect of a restrictive covenant granted by a taxpayer before 17 July 2010,

(1) subparagraph *d* of the first paragraph of section 333.9 of the Act is to be read as follows:

“(d) for the purposes of subparagraph *i* of subparagraph *b* and subparagraph *c*, no proceeds are received or receivable by the vendor for granting the restrictive covenant;” and

(2) the first paragraph of section 333.10 of the Act is to be read as follows:

**“333.10.** For the purposes of section 333.9, subparagraph 1 of subparagraph *ii* of subparagraph *b* of the first paragraph of that section and subparagraph 1 of subparagraph *ii* of subparagraph *c* of that first paragraph apply to the grant of a restrictive covenant only if the consideration that can reasonably be regarded as being in part the consideration for the restrictive covenant is received or receivable by the vendor or the vendor’s eligible corporation, as the case may be, as consideration for the disposition of the property.”

(6) When Chapter VII of Title V of Book III of Part I of the Act applies in respect of a restrictive covenant granted by a taxpayer before 25 October 2012,

(1) subparagraph *i* of subparagraph *f* of the first paragraph of section 333.9 of the Act is to be read as follows:

“i. the benefit of the expenditure made by the taxpayer derived from the goodwill amount referred to in subparagraph *i* of subparagraph *b* or subparagraph *i* of subparagraph *c*;” and

(2) section 333.9 of the Act is to be read without reference to subparagraph *g* of the first paragraph and without reference to the third paragraph.

**165.** (1) Sections 333.15 and 333.16 of the Act are repealed.

(2) Subsection 1 has effect from 8 October 2003.

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

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

“(d.0.1) an amount paid in the year by the taxpayer to a registered pension plan or to a pooled registered pension plan if

i. the taxpayer is an individual,

ii. the amount is paid as a repayment of an amount received under the plan that was included in computing the taxpayer’s income for the year or a preceding taxation year and in respect of which any of the following conditions is met, or as interest in respect of such a repayment:

(1) it is reasonable to consider that the amount was paid under the plan as a consequence of an error and not as an entitlement to benefits, or

(2) it was determined, after the payment of the amount under the plan, that the taxpayer was not entitled to the amount as a consequence of a settlement of a dispute in respect of the taxpayer’s employment, and

iii. no portion of the amount is deductible under paragraph *c* of section 70 or any of sections 922, 923 and 923.0.1 in computing the taxpayer’s income for the year;”;

(2) by replacing paragraph *d.3.0.1* by the following paragraph:

“(d.3.0.1) the aggregate of all amounts each of which is an amount paid in the year as a repayment under the Apprenticeship Incentive Grant program or the Apprenticeship Completion Grant program administered by the Department of Employment and Social Development of Canada of an amount that was included in computing the taxpayer’s income because of paragraph *i* of section 312 for the year or a preceding taxation year;”;

(3) by inserting the following paragraph after paragraph *d.3.1*:

“(d.3.2) the aggregate of all amounts each of which is an amount paid in the year as a repayment of an amount that was included because of paragraph *k.0.2* of section 311 in computing the taxpayer’s income for the year or a preceding taxation year;”.

(2) Paragraphs 1 and 2 of subsection 1 apply from the taxation year 2009. However,

(1) when paragraph *d.0.1* of section 336 of the Act applies before 14 December 2012, it is to be read without reference to “or to a pooled registered pension plan” in the portion before subparagraph *i* and without reference to “or any of sections 922, 923 and 923.0.1” in subparagraph *iii*; and

(2) when paragraph *d.3.0.1* of section 336 of the Act applies before 12 December 2013, it is to be read as if “Department of Employment and Social Development” were replaced by “Department of Human Resources and Skills Development”.

(3) Paragraph 3 of subsection 1 has effect from 1 January 2013.

**167.** (1) Section 336.8 of the Act is amended, in the first paragraph,

(1) by adding the following paragraph after paragraph *b* of the definition of “transferor”:

“(c) has reached 65 years of age before the end of the year;”;

(2) by replacing the definition of “eligible retirement income” by the following definition:

““eligible retirement income” of an individual for a taxation year means the total of

(a) the aggregate of all amounts each of which is an amount included in computing the individual’s income for the year and that is described in section 752.0.8, or that would be so described if section 752.0.10 were read without reference to its paragraph *f*; and

(b) the lesser of

i. the aggregate of all amounts each of which is a payment made in the year to the individual out of or under a retirement compensation arrangement that provides benefits that supplement the benefits provided under a registered pension plan (other than an individual pension plan for the purposes of Part LXXXIII of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)), and in respect of a life annuity attributable to periods of employment for which benefits are also provided to the individual under the registered pension plan, and

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

(2) Subsection 1 applies from the taxation year 2014. In addition, where section 336.8 of the Act applies to the taxation year 2013, paragraph *a* of the definition of “eligible retirement income” in the first paragraph of section 336.8 is to be read as follows:

“(a) if the individual has reached 65 years of age before the end of the year or—if the individual ceased to be resident in Canada in the year—on the last day on which the individual was resident in Canada, the total of

i. the aggregate of all amounts each of which is an amount included in computing the individual’s income for the year and that is described in section 752.0.8, or that would be so described if section 752.0.10 were read without reference to its paragraph *f*; and

ii. the lesser of

(1) the aggregate of all amounts each of which is a payment made in the year to the individual out of or under a retirement compensation arrangement that provides benefits that supplement the benefits provided under a registered pension plan (other than an individual pension plan for the purposes of Part LXXXIII of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)), and in respect of a life annuity attributable to periods of employment for which benefits are also provided to the individual under the registered pension plan, and

(2) the amount by which the defined benefit limit (as defined by subsection 1 of section 8500 of the Income Tax Regulations made under the Income Tax Act) for the year multiplied by 35 exceeds the amount determined under subparagraph i;”.

**168.** (1) Section 349 of the Act is replaced by the following section:

**“349.** An individual may deduct in computing the individual’s income for a taxation year, under section 348, an amount that the individual would be entitled to deduct under section 348 if paragraphs *a* and *b.1* of the definition of “eligible relocation” in section 349.1 were read as follows:

“(a) the relocation occurs to enable the individual to be a student in full-time attendance enrolled in a program at a post-secondary level at a location of a university, college or other educational institution, that institution being in this chapter referred to as “the new work location”;;

“(b.1) except if the individual is absent from Canada but resident in Québec, either or both the old residence and the new residence are in Canada; and”.”

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

**169.** (1) Section 349.1 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) the relocation occurs to enable the individual to carry on a business or to be employed at a location that is in Canada, except if the individual is absent from Canada but resident in Québec, or to be a student in full-time attendance enrolled in a program at a post-secondary level at a location of a university, college or other educational institution, that location and that institution being in this chapter referred to as “the new work location”;

“(b) before the relocation, the individual ordinarily resided at a residence (in this chapter referred to as “the old residence”) and, after the relocation, the individual ordinarily resided at a residence (in this chapter referred to as “the new residence”);”;

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

“(b.1) except if the individual is absent from Canada but resident in Québec, both the old residence and the new residence are in Canada; and”;

(3) by striking out the second paragraph.

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

**170.** Section 358.0.3 of the Act is amended

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

“**358.0.3.** An individual, other than a trust, may deduct in computing the individual’s income for a taxation year the lesser of \$1,000 and 6% of the aggregate of all amounts each of which is any of the following amounts, other than an amount described in the second paragraph:”;

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

“The amount to which the first paragraph refers is

(*a*) an amount included in computing the individual’s income for the year from an office or employment held by the individual as an elected member of a municipal council, a member of the council or executive committee of a metropolitan community, regional county municipality or other similar body established under an Act of Québec, a member of a municipal utilities commission or corporation or any other similar body administering such utilities or a member of a public or separate school board or any other similar body administering a school district;

(*b*) an amount included in computing the individual’s income for the year from an office held by the individual as a member of the National Assembly, the House of Commons of Canada, the Senate or the legislature of another province;

(*b.1*) an amount included in computing the individual’s income for the year from a previous office or employment, if each of the amounts that make up the income is the value of a benefit received or enjoyed by the individual in the year because of that office or employment; or”.

**171.** (1) Section 421.1.1 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

“**421.1.1.** An amount paid or payable in respect of the consumption of food or beverages by a long-haul truck driver during an eligible travel period

of the driver is deemed to be equal to the amount obtained by multiplying the specified percentage in respect of the amount so paid or payable by the lesser of”.

(2) Subsection 1 applies in respect of an amount that is paid, or becomes payable, after 18 March 2007.

**172.** (1) Section 459 of the Act is amended by striking out “immediately” in paragraph *a*.

(2) Subsection 1 applies in respect of a disposition of a property that occurs after 1 May 2006, other than a disposition in respect of which an individual has made an election under subsection 2 of section 63 of the Act giving effect to the Budget Speech delivered on 23 March 2006 and to certain other budget statements (2007, chapter 12).

**173.** (1) Section 467.1 of the Act is amended

(1) by inserting “a pooled registered pension plan,” after “a registered pension plan,” in paragraph *a*;

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

“(b) by an employee trust, an employee life and health trust, a segregated fund trust within the meaning of subparagraph *k* of the first paragraph of section 835, a trust described in subparagraph *a.1* of the third paragraph of section 647, a trust described in paragraph *m* of section 998 or a private foundation that is a registered charity;”.

(2) Paragraph 1 of subsection 1 has effect from 14 December 2012.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 31 October 2011.

**174.** (1) Section 485.45 of the Act is amended, in paragraph *a*,

(1) by replacing the portion of subparagraph *i* before subparagraph 1 by the following and by replacing “and” at the end of subparagraph 1 of subparagraph *i* by “or”:

“i. on or before”;

(2) by replacing subparagraph 2 of subparagraph *i* and subparagraph *ii* by the following:

“(2) if it is later, the transferee’s filing-due date for the taxation year or fiscal period, as the case may be, that includes that time, or

“ii. on or before



(1) the expiry of the 90-day period commencing on the day of sending of the notice of assessment of tax payable under this Part or of a notification that no tax is payable under this Part, for a taxation year or fiscal period, as the case may be, described in subparagraph 1 or 2 of subparagraph i, or

(2) if it is later, where the debtor is an individual (other than a trust) or a testamentary trust, the day that is one year after the debtor's filing-due date for the year;"

(2) Subsection 1 applies to a taxation year that ends after 21 February 1994.

**175.** (1) Section 489 of the Act is amended by adding the following paragraph at the end:

“(i) an amount paid to an individual in a taxation year under an arrangement described in paragraph *a* of section 47.16R1 of the Regulation respecting the Taxation Act (chapter I-3, r. 1), to the extent that the amount may reasonably be considered to be attributable to an amount that

i. was included in computing the individual's income for a preceding taxation year and was income, interest or other additional amounts described in subparagraph iv of paragraph *a* of section 47.16R1 of the Regulation respecting the Taxation Act, and

ii. was paid again by the individual under the arrangement in a preceding taxation year.”

(2) Subsection 1 applies from the taxation year 2000.

**176.** (1) Section 491 of the Act is amended by adding the following paragraph after paragraph *f*:

“(g) an amount that, but for this paragraph, would be the income of the taxpayer for the year if

i. the taxpayer is the trust established under

(1) the 1986–1990 Hepatitis C Settlement Agreement entered into by Her Majesty in right of Canada and Her Majesty in right of each of the provinces,

(2) the Pre-1986/Post-1990 Hepatitis C Settlement Agreement entered into by Her Majesty in right of Canada, or

(3) the Indian Residential Schools Settlement Agreement entered into by Her Majesty in right of Canada on 8 May 2006, and

ii. the only amounts paid to the taxpayer before the end of the year are those provided for under the relevant agreement described in subparagraph i.”

(2) Subsection 1 applies from the taxation year 2006. However, when section 491 of the Act applies for the taxation year 2006, it is to be read without reference to subparagraph 3 of subparagraph *i* of paragraph *g*.

**177.** (1) Section 497 of the Act is amended by replacing “25%” in subparagraph *a* of the second paragraph by “18%”.

(2) Subsection 1 applies in respect of a dividend paid after 31 December 2013.

**178.** Section 502.0.1 of the Act is amended by replacing paragraph *a* by the following paragraph:

“(a) for the purposes of this Act, except section 503.0.1, the dividend is deemed to be received by the shareholder and paid by the corporation as a taxable dividend and not as a capital dividend; and”.

**179.** Sections 503.1 and 503.2 of the Act are repealed.

**180.** (1) Section 504 of the Act is amended, in subsection 2,

(1) by replacing paragraphs *d* and *e* by the following paragraphs:

“(d) a transaction by which an insurance corporation converts contributed surplus related to its insurance business (other than any portion of that contributed surplus that arose in connection with an investment to which subsection 2 of section 212.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applies) into paid-up capital in respect of shares of its capital stock;

“(e) a transaction by which a bank converts contributed surplus resulting from the issuance of shares of its capital stock (other than any portion of that contributed surplus that arose in connection with an investment to which subsection 2 of section 212.3 of the Income Tax Act applies) into paid-up capital in respect of shares of its capital stock; or”;

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

“(f) a transaction by which a corporation, other than an insurance corporation or a bank, converts into paid-up capital in respect of a particular class of shares of its capital stock any of its contributed surplus (other than any portion of that contributed surplus that arose in connection with an investment to which subsection 2 of section 212.3 of the Income Tax Act applies) resulting, after 31 March 1977,”.

(2) Subsection 1 has effect from 29 March 2012.

**181.** (1) The Act is amended by inserting the following section after section 539:

**“539.1.** For the purposes of the first paragraph of section 536 and sections 537 to 539, where a particular corporation issues shares (in this section referred to as “new shares”) of a class of its capital stock to a trust in accordance with a court-approved plan of arrangement, the issue is deemed to be an issue to a taxpayer referred to in the first paragraph of section 536, if the taxpayer disposes of exchanged shares traded on a designated stock exchange to the particular corporation for consideration that consists solely of new shares that are widely traded on a designated stock exchange immediately after and as part of completion of the plan of arrangement.”

(2) Subject to subsection 3, subsection 1 applies in respect of an exchange of shares made after 30 June 2005.

(3) Subsection 1 does not apply in respect of an exchange of shares of a taxpayer that occurs before 5 November 2010 if, within six months of receiving a notice from the Minister of National Revenue that subsection 2.2 of section 85.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applies in respect of the exchange, the taxpayer elects in writing, under subsection 5 of section 221 of the Act to amend the Income Tax Act, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the First Nations Goods and Services Tax Act and related legislation (Statutes of Canada, 2013, chapter 34), not to have that subsection 2.2 apply in respect of the exchange for the purposes of the Income Tax Act.

**182.** (1) Section 540.1 of the Act is replaced by the following section:

**“540.1.** Section 540 does not apply in respect of a disposition at any time by a taxpayer of a share of the capital stock of a particular foreign affiliate of the taxpayer to another foreign affiliate of the taxpayer if

(a) the following conditions are met:

i. all or substantially all of the property of the particular affiliate was, immediately before that time, excluded property, within the meaning of section 576.1, of the particular affiliate, and

ii. the disposition is part of a transaction or event or a series of transactions or events for the purpose of disposing of the share to a person or partnership that, immediately after the transaction, event or series, was a person or partnership with whom the taxpayer is dealing at arm’s length, other than a foreign affiliate of the taxpayer in respect of which the taxpayer has a qualifying interest, within the meaning of paragraph *m* of subsection 2 of section 95 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), at the time of the transaction or event or throughout the series, as the case may be; or

(b) the adjusted cost base to the taxpayer of the share at that time is greater than the amount that would, in the absence of section 540, be the taxpayer’s proceeds of disposition of the share in respect of the disposition.”

(2) Subsection 1 applies in respect of a disposition that occurs after 19 August 2011.

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

**183.** (1) Section 540.2 of the Act is amended by replacing the first paragraph by the following paragraph:

**“540.2.** Subject to section 540, and subsection 2 of section 95 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) when it has effect for the purposes of section 579, the rules set out in sections 540.3 and 540.4 apply where a corporation not resident in Canada (in this division referred to as the “foreign corporation”) issues a share of its capital stock to a taxpayer in exchange for capital property owned by the taxpayer that is a share (in this division referred to as the “exchanged foreign share”) of the capital stock of a second corporation not resident in Canada.”

(2) Subsection 1 has effect from 1 July 2005.

**184.** (1) The Act is amended by inserting the following section after section 540.4:

**“540.4.1.** For the purposes of the first paragraph of section 540.2 and sections 540.3 and 540.4, where a foreign corporation issues shares (in this section referred to as “new shares”) of a class of its capital stock to a trust in accordance with a court-approved plan of arrangement, the issue is deemed to be an issue to a taxpayer referred to in the first paragraph of section 540.2, if the taxpayer disposes of exchanged foreign shares traded on a designated stock exchange to the foreign corporation for consideration that consists solely of new shares that are widely traded on a designated stock exchange immediately after and as part of completion of the plan of arrangement.”

(2) Subject to subsection 3, subsection 1 applies in respect of an exchange of shares made after 30 June 2005.

(3) Subsection 1 does not apply in respect of an exchange of shares of a taxpayer that occurs before 5 November 2010 if, within six months of receiving a notice from the Minister of National Revenue that subsection 6.1 of section 85.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) applies in respect of the exchange, the taxpayer elects in writing, under subsection 5 of section 221 of the Act to amend the Income Tax Act, the Excise Tax Act, the Federal-Provincial Fiscal Arrangements Act, the First Nations Goods and Services Tax Act and related legislation (Statutes of Canada, 2013, chapter 34), not to have that subsection 6.1 apply in respect of the exchange for the purposes of the Income Tax Act.

**185.** (1) The Act is amended by inserting the following section after section 555.0.1:

**“555.0.2.** For the purposes of section 555.0.1, if there is a merger or combination, otherwise than as a result of the distribution of property to one corporation on the winding-up of another corporation, of two or more corporations not resident in Canada (each of which is referred to in this section as a “predecessor foreign corporation”), as a result of which one or more predecessor foreign corporations ceases to exist and, immediately after the merger or combination, another predecessor foreign corporation (referred to in this section as the “survivor corporation”) owns properties (except an amount receivable from, or shares of the capital stock of, any predecessor foreign corporation) representing all or substantially all of the fair market value of all such properties owned by each predecessor foreign corporation immediately before the merger or combination, the following rules apply:

(a) the merger or combination is deemed to be a merger or combination of the predecessor foreign corporations to form one corporation not resident in Canada;

(b) the survivor corporation is deemed to be the corporation not resident in Canada so formed;

(c) all of the properties of the survivor corporation immediately before the merger or combination that are properties of the survivor corporation immediately after the merger or combination are deemed to become properties of the survivor corporation as a consequence of the merger or combination;

(d) all of the liabilities of the survivor corporation immediately before the merger or combination that are liabilities of the survivor corporation immediately after the merger or combination are deemed to become liabilities of the survivor corporation as a consequence of the merger or combination;

(e) all of the shares of the capital stock of the survivor corporation that were outstanding immediately before the merger or combination and that are shares of the capital stock of the survivor corporation immediately after the merger or combination are deemed to become shares of the capital stock of the survivor corporation as a consequence of the merger or combination; and

(f) all of the shares of the capital stock of each predecessor foreign corporation (other than the survivor corporation) that were outstanding immediately before the merger or combination and that cease to exist as a consequence of the merger or combination are deemed to have been exchanged by the shareholders of each such predecessor foreign corporation for shares of the survivor corporation as a consequence of the merger or combination.”

(2) Subsection 1 applies in respect of a merger or combination in respect of a taxpayer that occurs after 31 December 1994. However, that subsection does not apply in respect of a merger or combination in respect of a taxpayer

that occurs before 20 August 2011 if the taxpayer has made a valid election to that effect under subsection 4 of section 64 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34).

(3) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election made under subsection 4 of section 64 of the Technical Tax Amendments Act, 2012. For the purposes of section 21.4.7 of the Taxation Act in respect of an election under that subsection 4, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

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

**186.** (1) The Act is amended by inserting the following section after section 560.1.2:

**“560.1.2.0.1.** For the purposes of subparagraph *b* of the first paragraph of section 560, where the particular capital property is an interest of a subsidiary in a partnership, the fair market value of the interest at the time the parent last acquired control of the subsidiary is deemed to be equal to the amount determined by the formula

$A - B.$

In the formula in the first paragraph,

(*a*) *A* is the fair market value (determined without reference to this section) of the interest of the subsidiary in the partnership at the time the parent last acquired control of the subsidiary; and

(*b*) *B* is the portion of the amount by which the fair market value (determined without reference to this section) of the interest of the subsidiary in the partnership at the time the parent last acquired control of the subsidiary exceeds its cost amount at that time as may reasonably be regarded as attributable at that time to the aggregate of all amounts each of which is

i. in the case of a depreciable property held directly by the partnership or held indirectly by the partnership through one or more other partnerships, the amount by which the fair market value (determined without reference to liabilities) of the property exceeds its cost amount,

ii. in the case of a Canadian resource property or a foreign resource property held directly by the partnership or held indirectly by the partnership through one or more other partnerships, the fair market value (determined without reference to liabilities) of the property, or

iii. in the case of a property that is not a capital property, a Canadian resource property or a foreign resource property and that is held directly by the partnership or held indirectly through one or more other partnerships, the amount by which the fair market value (determined without reference to liabilities) of the property exceeds its cost amount.

For the purposes of subparagraph *a* of the second paragraph, the fair market value of an interest of the subsidiary in a particular partnership at the time the parent last acquired control of the subsidiary is deemed not to include the amount that is the aggregate of all amounts each of which is equal to the fair market value of a property that would otherwise be included in computing the fair market value of the interest, if

(*a*) as part of the transaction or event or series of transactions or events in which control of the subsidiary is last acquired by the parent and on or before the acquisition of control,

i. the subsidiary disposes of the property to the particular partnership or any other partnership and the second paragraph of section 614 applies in respect of the disposition, or

ii. where the property is an interest in a partnership, the subsidiary acquires the interest in the particular partnership or any other partnership from a person or partnership with whom the subsidiary does not deal at arm's length (otherwise than because of a right referred to in paragraph *b* of section 20) and Divisions I to IV of Chapter IV apply in respect of the acquisition; and

(*b*) at the time of the acquisition of control, the particular partnership holds directly, or indirectly through one or more other partnerships, property described in any of subparagraphs i to iii of subparagraph *b* of the second paragraph.”

(2) Subsection 1, when it enacts the first and second paragraphs of section 560.1.2.0.1 of the Act, applies in respect of an amalgamation that occurs after 28 March 2012 or of a winding-up that begins after that date, other than — if a taxable Canadian corporation (in this subsection and subsection 4 referred to as the “parent corporation”) has acquired control of another taxable Canadian corporation (in this subsection and subsection 4 referred to as the “subsidiary corporation”) — an amalgamation of the parent corporation and the subsidiary corporation that occurs before 1 January 2013, or a winding-up of the subsidiary corporation into the parent corporation that begins before the latter date, if

(1) the parent corporation acquired control of the subsidiary corporation before 29 March 2012 or was obligated as evidenced in writing to acquire control of the subsidiary before that date; and

(2) the parent corporation had the intention as evidenced in writing to amalgamate with, or wind up, the subsidiary corporation before 29 March 2012.

(3) Subsection 1, when it enacts the third paragraph of section 560.1.2.0.1 of the Act, applies in respect of a disposition made after 13 August 2012 other



than a disposition made before 1 January 2013 pursuant to an obligation under a written agreement entered into before 14 August 2012 by parties that deal with each other at arm's length.

(4) For the purposes of paragraph 1 of subsection 2, the parent corporation is not considered to be obligated to acquire control of the subsidiary corporation, and for the purposes of subsection 3, the parties are not considered to be obligated to make a disposition if, as a result of amendments to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the parent corporation or any of the parties, as the case may be, may be excused from that obligation.

**187.** (1) Section 569 of the Act is replaced by the following section:

**“569.** Despite the second paragraph of section 424, if at any time a taxpayer receives a property (in this section referred to as the “distributed property”) from a foreign affiliate (in this section referred to as the “disposing affiliate”) of the taxpayer on a liquidation and dissolution of the disposing affiliate and the distributed property is received in respect of shares of the capital stock of the disposing affiliate that are disposed of on the liquidation and dissolution, the following rules apply:

(a) subject to sections 569.0.0.3 and 569.0.0.4, the distributed property is deemed to have been disposed of at that time by the disposing affiliate to the taxpayer for proceeds of disposition equal to the relevant cost base (within the meaning of subsection 4 of section 95 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)) to the disposing affiliate of the distributed property in respect of the taxpayer, immediately before that time, if

i. the liquidation and dissolution is a qualifying liquidation and dissolution of the disposing affiliate, or

ii. the distributed property is a share of the capital stock of another foreign affiliate of the taxpayer that was, immediately before that time, excluded property (within the meaning of section 576.1) of the disposing affiliate;

(b) if subparagraph *a* does not apply to the distributed property, the distributed property is deemed to have been disposed of at that time by the disposing affiliate to the taxpayer for proceeds of disposition equal to the distributed property's fair market value at that time;

(c) the distributed property is deemed to have been acquired, at that time, by the taxpayer at a cost equal to the amount determined under subparagraph *a* or *b* to be the disposing affiliate's proceeds of disposition of the distributed property;

(d) each share (in subparagraph *e* and section 569.0.0.3 referred to as a “disposed share”) of a class of the capital stock of the disposing affiliate that



is disposed of by the taxpayer on the liquidation and dissolution is deemed to have been disposed of for proceeds of disposition equal to the amount determined by

A/B; and

(e) if the liquidation and dissolution is a qualifying liquidation and dissolution of the disposing affiliate, any loss of the taxpayer in respect of the disposition of a disposed share is deemed to be nil.

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

(a) A is the aggregate of all amounts each of which is the net distribution amount in respect of a distribution of distributed property made, at any time, in respect of the class, and

(b) B is the total number of issued and outstanding shares of the class that are owned by the taxpayer during the liquidation and dissolution.”

(2) Subsection 1 applies in respect of a liquidation and dissolution of a foreign affiliate of a taxpayer that begins after 27 February 2004. In addition, if the taxpayer makes a valid election under subsection 2 of section 65 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34) in respect of all of its foreign affiliates, the following rules apply:

(1) subsection 1 applies in respect of property received by the taxpayer after 27 February 2004 and before 19 August 2011 on a redemption, acquisition or cancellation of a share of the capital stock of, on a payment of a dividend by, or on a reduction of the paid-up capital of, a foreign affiliate of the taxpayer; and

(2) in respect of property described in paragraph 1 and property received by the taxpayer on a liquidation and dissolution of a foreign affiliate of the taxpayer that began after 27 February 2004 and before 19 August 2011, section 569 of the Act is to be read as follows:

**“569.** Despite the second paragraph of section 424, if at any time a taxpayer receives a property (in this section referred to as the “distributed property”) from a foreign affiliate (in this section referred to as the “disposing affiliate”) of the taxpayer on a liquidation and dissolution of the disposing affiliate, on a redemption, acquisition or cancellation of a share of the capital stock of the disposing affiliate, on a payment of a dividend by the disposing affiliate, or on a reduction of the paid-up capital of the disposing affiliate, the following rules apply:

(a) subject to sections 569.0.0.3 and 569.0.0.4, the distributed property is deemed to have been disposed of at that time by the disposing affiliate to the taxpayer for proceeds of disposition equal to the relevant cost base (within the meaning of subsection 4 of section 95 of the Income Tax Act (Revised Statutes

of Canada, 1985, chapter 1, 5th Supplement)) to the disposing affiliate of the distributed property in respect of the taxpayer, immediately before that time, if the distributed property

i. was received on a liquidation and dissolution of the disposing affiliate that is a qualifying liquidation and dissolution of the disposing affiliate, or

ii. was a share of the capital stock of another foreign affiliate of the taxpayer that was, immediately before that time, excluded property (within the meaning of section 576.1) of the disposing affiliate;

(b) if subparagraph *a* does not apply to the distributed property, the distributed property is deemed to have been disposed of at that time by the disposing affiliate to the taxpayer for proceeds of disposition equal to the distributed property's fair market value at that time;

(c) the distributed property is deemed to have been acquired, at that time, by the taxpayer at a cost equal to the amount determined under subparagraph *a* or *b* to be the disposing affiliate's proceeds of disposition of the distributed property;

(d) if the taxpayer disposed of shares of the capital stock of the disposing affiliate on a liquidation and dissolution of the disposing affiliate (each such share being referred to in subparagraph *f* and section 569.0.0.3 as a "disposed share") or on a redemption, acquisition or cancellation of shares of the capital stock of the disposing affiliate, the taxpayer's proceeds of disposition of the shares are deemed to be the amount determined by the formula

$A - B$ ;

(e) if the taxpayer received the distributed property as a dividend or a reduction of paid-up capital, the amount of the dividend paid by the disposing affiliate or the amount of the reduction of the paid-up capital, as the case may be, is deemed to be equal to the amount determined by the formula

$A - C$ ; and

(f) if the distributed property was received on a liquidation and dissolution of the disposing affiliate that is a qualifying liquidation and dissolution of the disposing affiliate, any loss of the taxpayer in respect of the disposition of a disposed share is deemed to be nil.

In the formulas in subparagraphs *d* and *e* of the first paragraph,

(a) *A* is the aggregate of all amounts each of which is the cost to the taxpayer of a distributed property, as determined under subparagraph *c* of the first paragraph;

(b) *B* is the aggregate of all amounts each of which is an amount owing (other than an unpaid dividend) by, or an obligation of, the disposing affiliate

that was assumed or cancelled by the taxpayer because of the liquidation and dissolution or the redemption, acquisition or cancellation; and

(c) C is the aggregate of all amounts each of which is an amount owing (other than an unpaid dividend) by, or an obligation of, the disposing affiliate that was assumed or cancelled by the taxpayer because of the payment of the dividend or the reduction of paid-up capital.”

(3) However, where section 569 of the Act, enacted by subsection 1 and paragraph 2 of subsection 2, applies before 15 May 2009, it is to be read as if “the second paragraph of section 424” in the portion before subparagraph *a* of the first paragraph were replaced by “paragraphs 2 and 3 of section 424”.

(4) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election made under subsection 2 of section 65 of the Technical Tax Amendments Act, 2012. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

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

**188.** (1) The Act is amended by inserting the following sections after section 569:

**“569.0.0.1.** For the purposes of sections 569, 569.0.0.3 and 569.0.0.4, a qualifying liquidation and dissolution of a foreign affiliate (in this section referred to as the “disposing affiliate”) of a taxpayer means a liquidation and dissolution of the disposing affiliate in respect of which the taxpayer makes a valid election under subsection 3.1 of section 88 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 3.1 of section 88 of the Income Tax Act.

**“569.0.0.2.** For the purposes of subparagraph *a* of the second paragraph of section 569, net distribution amount in respect of a distribution of distributed property means the amount determined by the formula

A – B.

In the formula in the first paragraph,

(*a*) A is the cost to the taxpayer of the distributed property as determined under subparagraph *c* of the first paragraph of section 569; and

(b) B is the aggregate of all amounts each of which is an amount owing (other than an unpaid dividend) by, or an obligation of, the disposing affiliate that was assumed or cancelled by the taxpayer in consideration for the distribution of the distributed property.

**“569.0.0.3.** For the purposes of subparagraph *a* of the first paragraph of section 569, if a liquidation and dissolution is a qualifying liquidation and dissolution of a disposing affiliate, the taxpayer would, in the absence of this section and after taking into account an election referred to in section 589, where applicable, realize a capital gain from the disposition of a disposed share and the taxpayer makes a valid election under subsection 3.3 of section 88 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) for the purposes of that Act, the distributed property that was, immediately before the disposition, capital property of the disposing affiliate is deemed to have been disposed of by the disposing affiliate to the taxpayer for proceeds of disposition equal to the amount claimed by the taxpayer in the election.

Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 3.3 of section 88 of the Income Tax Act.

**“569.0.0.4.** For the purposes of subparagraph *a* of the first paragraph of section 569, a distributed property is deemed to have been disposed of by a disposing affiliate to a taxpayer for proceeds of disposition equal to the adjusted cost base of the distributed property to the disposing affiliate immediately before the time of its disposition, if

(a) the liquidation and dissolution is a qualifying liquidation and dissolution of the disposing affiliate;

(b) the distributed property is, at the time of its disposition, taxable Canadian property (other than treaty-protected property) of the disposing affiliate that is a share of the capital stock of a corporation resident in Canada; and

(c) the taxpayer and the disposing affiliate have made a valid joint election under paragraph *c* of subsection 3.5 of section 88 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

Chapter V.2 of Title II of Book I applies in relation to an election made under paragraph *c* of subsection 3.5 of section 88 of the Income Tax Act.”

(2) Subsection 1 applies in respect of a liquidation and dissolution of a foreign affiliate that begins after 27 February 2004. In addition, if the taxpayer has made a valid election under subsection 2 of section 65 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), in relation to all its foreign affiliates, subsection 1 is, in respect of property received by the taxpayer after 27 February 2004 and before 19 August 2011 on a redemption, acquisition or cancellation of a share of the capital stock of, on a payment of a dividend by, or on a reduction of the paid-up capital of, a foreign affiliate of the taxpayer and property received by the taxpayer on a liquidation and

dissolution of a foreign affiliate of the taxpayer that began after 27 February 2004 and before 19 August 2011, to be read without reference to section 569.0.0.2 of the Taxation Act.

(3) For the purposes of section 21.4.7 of the Act in respect of an election referred to in any of sections 569.0.0.1, 569.0.0.3 and 569.0.0.4 of the Act, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

(4) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election made under subsection 2 of section 65 of the Technical Tax Amendments Act, 2012. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

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

**189.** (1) Section 574 of the Act is amended by replacing the first paragraph by the following paragraph:

**“574.** For the purposes of this Title, the participating percentage of a share owned by a taxpayer of the capital stock of a corporation that, at the end of its taxation year, is a controlled foreign affiliate of the taxpayer, is equal to

(a) the percentage that would be the taxpayer's equity percentage in the affiliate at the end of that year on the assumption that the taxpayer owns no share other than that share, if

i. the affiliate and each other corporation that is relevant to the determination of the taxpayer's equity percentage in the affiliate have, at that time, only one class of issued shares, and

ii. no foreign affiliate (in this subparagraph referred to as the “upper-tier affiliate”) of the taxpayer that is relevant to the determination of the taxpayer's participating percentage in the affiliate has, at that time, a participating percentage in a foreign affiliate of the taxpayer that has a participating percentage in the upper-tier affiliate; and

(b) in any other case, the percentage determined in prescribed manner.”

(2) Subsection 1 applies in respect of a taxation year of a foreign affiliate of a taxpayer that begins after 19 August 2011.

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

**190.** (1) The Act is amended by inserting the following section after the heading of Chapter II of Title X of Book III of Part I:

**“576.2.** In this chapter,

“specified amount” in respect of a loan or indebtedness that is required by section 577.5 to be included in computing the income of a taxpayer for a taxation year means an amount equal to the amount that is required by subsection 6 of section 90 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) to be included in computing the income of the taxpayer for the year, in respect of the loan or indebtedness;

“specified debtor” at any time, in respect of a taxpayer resident in Canada, means

(a) the taxpayer;

(b) a person with which the taxpayer does not, at that time, deal at arm's length, other than a corporation not resident in Canada that is, at that time, a controlled foreign affiliate, within the meaning of section 127.1, of the taxpayer;

(c) a partnership a member of which is, at that time, a person or partnership that is a specified debtor in respect of the taxpayer because of paragraph *a* or *b*; and

(d) if the taxpayer is a partnership,

i. any member of the partnership that is a corporation resident in Canada if the creditor affiliate or a member of the creditor partnership, as the case may be, within the meaning assigned to those expressions in section 577.5, is, at that time, a foreign affiliate of the corporation,

ii. a person with which a corporation referred to in subparagraph i does not, at that time, deal at arm's length, other than a controlled foreign affiliate, within the meaning of section 127.1, of the partnership or of a member of the partnership that holds, directly or indirectly, an interest in the partnership representing at least 90% of the fair market value of all such interests, or

iii. a partnership a member of which is, at that time, a specified debtor in respect of the taxpayer because of subparagraph i or ii.”

(2) Subsection 1 applies in respect of a loan received or indebtedness incurred after 19 August 2011. In addition, subsection 1 applies in respect of

any portion of a particular loan received or a particular indebtedness incurred before 20 August 2011 that remains outstanding on 19 August 2014, as if that portion were a separate loan or indebtedness that was received or incurred, as the case may be, on 20 August 2014 in the same manner and on the same terms as the particular loan or indebtedness.

**191.** (1) The Act is amended by inserting the following sections after section 577.1:

**“577.2.** For the purposes of this Act, an amount is deemed to be a dividend paid or received, as the case may be, at any time on a share of a class of the capital stock of a corporation not resident in Canada that is a foreign affiliate of a taxpayer if the amount is the share’s portion of a pro rata distribution (other than a distribution made in the course of the liquidation and dissolution of the corporation, on a redemption, acquisition or cancellation of the share by the corporation, or on a qualifying return of capital in respect of the share) made at that time by the corporation in respect of all the shares of that class.

**“577.3.** For the purposes of section 577.2, a distribution made at any time by a foreign affiliate of a taxpayer in respect of a share of the capital stock of the affiliate that is a reduction of the paid-up capital of the affiliate in respect of the share and that would, in the absence of this section, be deemed under section 577.2 to be a dividend paid or received, at that time, on the share is a qualifying return of capital at that time in respect of the share if a valid election is made in respect of the distribution under subsection 3 of section 90 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 3 of section 90 of the Income Tax Act.

**“577.4.** For the purposes of this Act, no amount paid or received at any time is a dividend paid or received on a share of the capital stock of a corporation not resident in Canada that is a foreign affiliate of a taxpayer unless it is so deemed under this Part.

**“577.5.** Except where section 113 applies, if a person or partnership receives at any time a loan from, or becomes at that time indebted to, a creditor that is at that time a foreign affiliate of a taxpayer resident in Canada, or a partnership of which such an affiliate is a member, (in subparagraph i of paragraph *d* of the definition of “specified debtor” in section 576.2 referred to respectively as “creditor affiliate” and “creditor partnership”), and the person or partnership is at that time a specified debtor in respect of the taxpayer, the specified amount in respect of the loan or indebtedness is to be included in computing the income of the taxpayer for the taxpayer’s taxation year that includes that time.

**“577.6.** For the purposes of this section and sections 576.2, 577.5 and 577.7 to 577.11, if at any time a person or partnership (in this section referred



to as the “intermediate lender”) makes a loan to another person or partnership (in this section referred to as the “intended borrower”) because the intermediate lender received a loan from another person or partnership (in this section referred to as the “initial lender”), the following rules apply:

(a) the loan made by the intermediate lender to the intended borrower is deemed, at that time, to have been made by the initial lender to the intended borrower under the same terms and conditions and at the same time as it was made by the intermediate lender to the extent of the lesser of the amount of the loan made by the initial lender to the intermediate lender and the amount of the loan made by the intermediate lender to the intended borrower; and

(b) the loan made by the initial lender to the intermediate lender and the loan made by the intermediate lender to the intended borrower are deemed not to have been made to the extent of the amount of the loan deemed to have been made under paragraph *a*.

**“577.7.** Section 577.5 does not apply in respect of

(a) a loan or indebtedness that is repaid, other than as part of a series of loans or other transactions and repayments, within two years of the day the loan was made or the indebtedness arose;

(b) indebtedness that arose in the ordinary course of the business of the creditor or a loan made in the ordinary course of the creditor’s ordinary business of lending money if, at the time the indebtedness arose or the loan was made, bona fide arrangements were made for repayment of the indebtedness or loan within a reasonable time; and

(c) a loan that was made, or indebtedness that arose, in the ordinary course of carrying on a life insurance business outside Canada if

i. the loan or indebtedness is owed by the taxpayer or by a subsidiary wholly-owned corporation of the taxpayer,

ii. the taxpayer, or the subsidiary wholly-owned corporation, as the case may be, is a life insurance corporation resident in Canada,

iii. the loan or indebtedness directly relates to a business of the taxpayer, or of the subsidiary wholly-owned corporation, that is carried on outside Canada, and

iv. the interest on the loan or indebtedness is included in computing the active business income of the creditor, or if the creditor is a partnership, a member of the partnership, under clause A of subparagraph ii of paragraph *a* of subsection 2 of section 95 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), or would be so included if it were otherwise income from property within the meaning of subsection 1 of that section 95.



**“577.8.** A corporation resident in Canada may deduct in computing its income for a taxation year, in respect of a specified amount included in that computation under section 577.5 or in respect of an amount so included under section 577.9 in relation to a particular loan or indebtedness, a particular amount that is equal to the amount that the corporation deducts for the year in relation to the particular loan or indebtedness under subsection 9 of section 90 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

**“577.9.** A corporation resident in Canada is required in computing its income for a particular taxation year to include any amount deducted by the corporation under section 577.8 in computing its income for the taxation year preceding the particular year.

**“577.10.** A corporation may not claim a deduction for a taxation year under section 577.8 in respect of the same portion of a specified amount in respect of a loan or indebtedness for which a deduction is claimed for that year or a preceding taxation year by the corporation, or by the partnership of which the corporation is a member, under section 577.11.

**“577.11.** In computing a taxpayer’s income for a particular taxation year, there may be deducted the amount determined by the formula

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

In the formula in the first paragraph,

(a) A is the specified amount, in respect of a loan or indebtedness, that is included under section 577.5 in computing the taxpayer’s income for a preceding taxation year;

(b) B is the portion of the loan or indebtedness that is repaid in the particular year, to the extent it is established, having regard to subsequent events or otherwise, that the repayment is not part of a series of loans or other transactions and repayments; and

(c) C is the amount, in respect of the loan or indebtedness, that is referred to in the description of A in the formula in the definition of “specified amount” in subsection 15 of section 90 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).”

(2) Subsection 1, where it enacts sections 577.2 to 577.4 of the Act, has effect from 20 August 2011. In addition, if a taxpayer has made a valid election under paragraph *a* of subsection 2 of section 79 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), sections 577.2 and 577.4 of the Taxation Act, enacted by subsection 1, have effect from 21 December 2002 and before 20 August 2011 in relation to the taxpayer and, for that purpose, section 577.2 of the Act is to be read as follows:

**“577.2.** For the purposes of this Act, an amount is deemed to be a dividend paid or received, as the case may be, at any time on a share of a class of the capital stock of a corporation not resident in Canada that is a foreign affiliate of a taxpayer if the amount is the share’s portion of a pro rata distribution (other than a distribution made in the course of the liquidation and dissolution of the corporation, on a redemption, acquisition or cancellation of the share by the corporation, or on the reduction of the paid-up capital in relation to the share) made at that time by the corporation in respect of all the shares of that class.”

(3) Subsection 1, where it enacts sections 577.5 to 577.11 of the Act, applies in respect of a loan received or indebtedness incurred after 19 August 2011. In addition,

(1) subsection 1, where it enacts sections 577.5 to 577.11 of the Act, applies in respect of any portion of a particular loan received or a particular indebtedness incurred before 20 August 2011 that remains outstanding on 19 August 2014, as if that portion were a separate loan or indebtedness that was received or incurred, as the case may be, on 20 August 2014 in the same manner and on the same terms as the particular loan or indebtedness; and

(2) if the taxpayer has made a valid election under paragraph *b* of subsection 3 of section 66 of the Technical Tax Amendments Act, 2012, Chapter II of Title X of Book III of Part I of the Taxation Act is, in relation to the taxpayer, to be read without reference to section 577.6 in respect of all the loans and indebtedness received or incurred before 25 October 2012.

(4) For the purposes of section 21.4.7 of the Act in respect of an election referred to in section 577.3 of the Act, a taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

(5) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election made under paragraph *b* of subsection 3 of section 66 of the Technical Tax Amendments Act, 2012 and to an election made under paragraph *a* of subsection 2 of section 79 of that Act. For the purposes of section 21.4.7 of the Taxation Act in respect of an election referred to in either of those paragraphs, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

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

**192.** (1) Section 583 of the Act is replaced by the following section:

**“583.** A taxpayer who has included an amount under section 580 in respect of a share of a controlled foreign affiliate in computing the taxpayer’s income for a taxation year or for one of the five preceding taxation years may deduct in so computing for the year the lesser of

(a) the aggregate of any amount prescribed in respect of the affiliate that is attributable to the amount and any income or profits tax paid by the affiliate, or by another foreign affiliate of the taxpayer in respect of a dividend received from the affiliate, that is reasonably attributable to the amount, to the extent that the aggregate was not deductible under this section for a preceding year, multiplied by the taxpayer’s prescribed tax factor for the year; and

(b) the amount by which that amount exceeds the aggregate of the amounts deductible under this section in respect of the share for the five preceding taxation years.”

(2) Subsection 1 applies from the taxation year 2002.

**193.** (1) The Act is amended by inserting the following section after section 587:

**“587.1.** A taxpayer is required to add, in computing the adjusted cost base to the taxpayer of a share of the capital stock of a foreign affiliate of the taxpayer, any amount required by subparagraph *b* of the first paragraph of section 590 to be so added.”

(2) Subsection 1 has effect from 28 February 2004.

**194.** (1) Section 589 of the Act is amended

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

**“589.** If a corporation resident in Canada makes a valid election under subsection 1 of section 93 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), in respect of any share of the capital stock of a particular foreign affiliate of the corporation that is disposed of, at any time, by the corporation (in this section referred to as the “disposing corporation”) or by another foreign affiliate (in this section referred to as the “disposing affiliate”) of the corporation, the amount designated in the election, in accordance with paragraph *a* of that subsection 1, not exceeding the amount that would, in the absence of this section, be the gain of the disposing corporation or disposing affiliate, as the case may be, from the disposition of the share, is deemed, for the purposes of this Part,

(a) to have been a dividend received on the share from the particular foreign affiliate by the disposing corporation or disposing affiliate, as the case may be, immediately before that time; and

(b) not to have been received by the disposing corporation or disposing affiliate, as the case may be, as proceeds of disposition in respect of the disposition of the share.”;

(2) by striking out the second paragraph;

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

“Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 1 of section 93 of the Income Tax Act.”

(2) Subsection 1 applies in respect of an election in respect of a disposition that occurs after 19 August 2011. However, subsection 1 does not apply in respect of the determination of the income earned or realized by a foreign affiliate of a corporation under subparagraph *d* of the first paragraph of section 308.6 of the Act unless that subparagraph *d*, as enacted by section 155, applies in respect of that determination.

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

**195.** (1) The Act is amended by inserting the following section after section 589.1:

**“589.1.1.** The rules in the second paragraph apply if

(a) a particular foreign affiliate of a corporation resident in Canada disposes at any time of a share (in this subparagraph and the second paragraph referred to as the “disposed share”) of the capital stock of another foreign affiliate of the corporation and the particular foreign affiliate would, in the absence of section 589 and the second paragraph, have realized a capital gain from the disposition of the disposed share; or

(b) in the absence of section 589 and the second paragraph, a corporation resident in Canada would be deemed under section 261, because of a valid election under section 577.3 or subparagraph *i* of paragraph *b* of subsection 2 of section 5901 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), to have realized a gain, at any time, from the disposition of a share (in the second paragraph referred to as the “disposed share”) of the capital stock of a foreign affiliate of the corporation.

The rules to which the first paragraph refers are the following:

(a) the corporation resident in Canada is deemed to have made the election referred to in the first paragraph of section 589, at the time referred to in the first paragraph, in respect of the disposition of the disposed share; and

(b) the corporation resident in Canada is deemed to have designated, in the election, an amount equal to the amount that it is deemed, under paragraph *b* of subsection 1.11 of section 93 of the Income Tax Act, to have designated in the election in respect of the disposition of the disposed share.”

(2) Subsection 1 applies in respect of a disposition of shares of the capital stock of a foreign affiliate of a corporation that occurs after 19 August 2011. In addition,

(1) if the corporation has made a valid election under paragraph *a* of subsection 2 of section 79 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), subsection 1 applies in respect of dispositions of shares of the capital stock of all foreign affiliates of the corporation that occur after 20 December 2002 and before 20 August 2011, in which case subparagraph *b* of the first paragraph of section 589.1.1 of the Taxation Act is to be read as follows:

“(b) in the absence of section 589 and the second paragraph, a corporation resident in Canada would be deemed under section 261, because of a valid election under subparagraph *i* of paragraph *b* of subsection 2 of section 5901 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), to have realized a gain, at any time, from the disposition of a share (in the second paragraph referred to as the “disposed share”) of the capital stock of a foreign affiliate of the corporation.”; and

(2) if the corporation has not made an election under paragraph *a* of subsection 2 of section 79 of the Technical Tax Amendments Act, 2012 and has made a valid election under paragraph *b* of subsection 8 of section 68 of that Act, section 589.1.1 of the Taxation Act, enacted by subsection 1, applies in respect of any disposition of shares of the capital stock of a foreign affiliate of the corporation that occurs after 27 February 2004 and before 20 August 2011, in which case section 589.1.1 is to be read as follows:

“**589.1.1.** If at any time shares of the capital stock of a foreign affiliate of a corporation resident in Canada are disposed of by another foreign affiliate of the corporation, the corporation is deemed

(a) to have made, at that time, an election referred to in the first paragraph of section 589 in respect of each of those shares; and

(b) to have designated, in the election, an amount equal to the amount it is deemed, under paragraph *b* of subsection 1.1 of section 93 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), to have designated in respect of each of those shares.”

(3) Chapter V.2 of Title II of Book I of Part I of the Act applies in relation to an election made under paragraph *a* of subsection 2 of section 79 of the Technical Tax Amendments Act, 2012 and to an election made under paragraph *b* of subsection 8 of section 68 of that Act. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

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

**196.** (1) Sections 590 and 591 of the Act are replaced by the following sections:

**“590.** If a taxpayer resident in Canada or a foreign affiliate (which taxpayer or foreign affiliate is referred to in this section as the “transferee”) of the taxpayer acquires shares of the capital stock of one or more foreign affiliates (each referred to in this section as an “acquired affiliate”) of the taxpayer on a disposition of shares (such shares disposed of being referred to in this section as the “disposed shares”) of the capital stock of any other foreign affiliate of the taxpayer (other than, where the transferee is a foreign affiliate of the taxpayer, a disposition of shares that are, immediately before the disposition, excluded property of the transferee or a disposition to which section 238.1 applies), the following rules apply:

(a) the capital loss of the transferee from the disposition is deemed to be nil; and

(b) in computing the adjusted cost base to the transferee of a share of a particular class of the capital stock of an acquired affiliate that is owned by the transferee immediately after the disposition, there is to be added the amount determined by the formula

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

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

(a) *A* is the aggregate of all amounts each of which is the cost amount to the transferee, immediately before the disposition, of a disposed share;

(b) *B* is the total of

i. the aggregate of all amounts each of which is the proceeds of disposition of a disposed share, and

ii. the aggregate of all amounts in respect of the computation of losses of the transferee from the dispositions of the disposed shares, each of which is, in respect of the disposition of a disposed share, the amount by which the amount referred to in subparagraph *a* of the second paragraph of section 591 exceeds the amount determined by the formula in that second paragraph;

(*c*) C is the fair market value, immediately after the disposition, of all shares of the particular class owned, immediately after the disposition, by the transferee;

(*d*) D is the fair market value, immediately after the disposition, of all shares owned, immediately after the disposition, by the transferee of the capital stock of all acquired affiliates; and

(*e*) E is the number of shares of the particular class that are owned by the transferee immediately after the disposition.

**“591.** The amount of a particular loss sustained by a vendor that is a particular corporation resident in Canada or a foreign affiliate of the particular corporation is determined in accordance with the rules set out in the second paragraph where

(*a*) the particular corporation has a particular loss, determined without reference to this chapter, from the disposition by it at any time (in this section referred to as the “disposition time”) of a share (in this section referred to as the “affiliate share”) of the capital stock of a foreign affiliate of the particular corporation; or

(*b*) the foreign affiliate of the particular corporation has a particular loss, determined without reference to this chapter, from the disposition by it at any time (in this section referred to as the “disposition time”) of a share (in this section referred to as the “affiliate share”) of the capital stock of another foreign affiliate of the particular corporation that is not excluded property.

Where a particular loss is a loss referred to in subparagraph *a* or *b* of the first paragraph, the amount of the particular loss is deemed to be equal to the greater of

(*a*) the amount determined by the formula

$A - (B - C)$ ; and

(*b*) the lesser of

i. the portion of the particular loss, determined without reference to this chapter, that can reasonably be considered to be attributable to a fluctuation in the value of a currency other than Canadian currency relative to Canadian currency, and

ii. the amount determined in respect of the vendor that is

(1) if the particular loss is a capital loss, the amount of a gain (other than a specified gain) that was realized within 30 days before or after the disposition time by the vendor and that is described in the fourth paragraph, or that is a capital gain realized within 30 days before or after the disposition time by the vendor under an agreement described in the fifth paragraph, or

(2) in any other case, the amount of a gain (other than a specified gain or a capital gain) that was realized within 30 days before or after the disposition time by the vendor and that is included in computing the income of the vendor for the taxation year that includes the time the gain was realized, if the gain meets any of the conditions of the sixth paragraph.

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

(*a*) *A* is the amount of the particular loss determined without reference to this chapter;

(*b*) *B* is the aggregate of all amounts each of which is an amount received before the disposition time, in respect of a tax-exempt dividend on the affiliate share or on a share for which the affiliate share was substituted, by

i. the particular corporation,

ii. another corporation that is related to the particular corporation,

iii. a foreign affiliate of the particular corporation, or

iv. a foreign affiliate of another corporation that is related to the particular corporation; and

(*c*) *C* is the total of

i. the aggregate of all amounts each of which is the amount by which a loss (determined without reference to this chapter), from a previous disposition by a corporation, or a foreign affiliate described in subparagraph *b*, of the affiliate share or a share for which the affiliate share was substituted, was reduced under subparagraph *a* of the second paragraph in respect of tax-exempt dividends referred to in subparagraph *b*,

ii. the aggregate of all amounts each of which is twice the amount by which an allowable capital loss (determined without reference to this chapter) of a corporation or a foreign affiliate described in subparagraph *b*, from a previous disposition by a partnership of the affiliate share or a share for which the affiliate share was substituted, was reduced under subparagraph *a* of the second paragraph of section 591.1 in respect of tax-exempt dividends referred to in subparagraph *b*,



iii. the aggregate of all amounts each of which is the amount by which a loss (determined without reference to this chapter), from a previous disposition by a corporation, or a foreign affiliate described in subparagraph *b*, of an interest in a partnership, was reduced under subparagraph *a* of the second paragraph of section 591.2 in respect of tax-exempt dividends referred to in subparagraph *b*, and

iv. the aggregate of all amounts each of which is twice the amount by which an allowable capital loss (determined without reference to this chapter) of a corporation or a foreign affiliate described in subparagraph *b*, from a previous disposition by a partnership of an interest in another partnership, was reduced under subparagraph *a* of the second paragraph of section 591.3 in respect of tax-exempt dividends referred to in subparagraph *b*.

The gain to which subparagraph 1 of subparagraph ii of subparagraph *b* of the second paragraph refers is a gain that

(*a*) is deemed under section 262 to be a capital gain of the vendor for the taxation year that includes the time the gain was realized from the disposition of currency other than Canadian currency; and

(*b*) is in respect of the settlement or extinguishment of a foreign currency debt that

i. was issued or incurred by the vendor within 30 days before or after the acquisition of the affiliate share by the vendor,

ii. was, at all times at which it was a debt obligation of the vendor, owing to a person or partnership that dealt, at all times during which the foreign currency debt was outstanding, at arm's length with the particular corporation, and

iii. could reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate share.

The agreement to which subparagraph 1 of subparagraph ii of subparagraph *b* of the second paragraph refers is an agreement that

(*a*) was entered into by the vendor within 30 days before or after the acquisition of the affiliate share by the vendor with a person or partnership that dealt, at all times during which the agreement was in force, at arm's length with the particular corporation;

(*b*) provides for the purchase, sale or exchange of currency; and

(*c*) can reasonably be considered to have been entered into by the vendor for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate share.

The conditions to which subparagraph 2 of subparagraph ii of subparagraph *b* of the second paragraph refers in respect of a gain referred to in that subparagraph 2 are the following:

(a) the gain is in respect of the settlement or extinguishment of a foreign currency debt that

i. was issued or incurred by the vendor within 30 days before or after the acquisition of the affiliate share by the vendor,

ii. was, at all times at which it was a debt obligation of the vendor, owing to a person or partnership that dealt, at all times during which it was outstanding, at arm's length with the particular corporation, and

iii. can reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate share; and

(b) the gain is provided for in an agreement described in the fifth paragraph.”

(2) Subsection 1, where it replaces section 590 of the Act, applies in respect of an acquisition of shares of the capital stock of a foreign affiliate of a taxpayer that occurs after 27 February 2004. However, where section 590 of the Act applies in respect of an acquisition that occurs before 20 August 2011, it is to be read as if the portion before subparagraph *a* of the first paragraph were replaced by the following:

**“590.** If a taxpayer resident in Canada or a foreign affiliate (which taxpayer or foreign affiliate is referred to in this section as the “transferee”) of the taxpayer has acquired shares of the capital stock of one or more foreign affiliates (each referred to in this section as an “acquired affiliate”) of the taxpayer on a disposition of shares (such shares disposed of being referred to in this section as the “disposed shares”) of the capital stock of any other foreign affiliate of the taxpayer (other than a disposition to which section 238.1 applies), the following rules apply:”.

(3) In addition, if the taxpayer makes a valid election under paragraph *b* of subsection 8 of section 68 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), subsection 1, where it replaces section 590 of the Taxation Act, applies in respect of any acquisition of shares of the capital stock of all foreign affiliates of the taxpayer that occurs after 31 December 1994 as if the portion of the first paragraph of section 590 of the Act before subparagraph *a*, enacted by subsection 1, were read as provided in subsection 2.

(4) Subsection 1, where it replaces section 591 of the Act, applies in respect of a loss sustained by a corporation resident in Canada, or a foreign affiliate of the corporation, from a disposition (in paragraphs 1 and 3 referred to as a “relevant disposition”) of a share that occurs after 27 February 2004. However,

(1) subject to paragraph 3, in respect of a relevant disposition in respect of the corporation that occurs before 19 August 2012, the following rules apply:

(a) if the corporation does not make a valid election under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, subparagraph *b* of the second paragraph of section 591 of the Taxation Act is to be read as follows:

“(b) the total of the following amounts determined in respect of the particular corporation, or the foreign affiliate of the particular corporation that is a vendor, as the case may be:

i. the amount of the gain that is included in the determination made under section 262 of the capital gain or capital loss of the particular corporation or the foreign affiliate, as the case may be, for the taxation year that includes the time the gain was realized from the disposition of currency of a country other than Canada if the gain is in respect of

(1) the settlement or extinguishment of an obligation of the particular corporation or the foreign affiliate, as the case may be, that can reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate share by the particular corporation or the foreign affiliate, as the case may be, or

(2) if that taxation year began before 20 August 2011 (in the case of the particular corporation) or ended before 20 August 2011 (in the case of the foreign affiliate), the redemption, acquisition or cancellation of a share of the capital stock of the particular corporation or the foreign affiliate, as the case may be, that can reasonably be considered to have been issued in relation to the acquisition of the affiliate share by the particular corporation or the foreign affiliate, as the case may be, and

ii. the amount of any gain realized by the particular corporation or the foreign affiliate, as the case may be, under an agreement that provides for the purchase, sale or exchange of currency, or from the disposition of a currency, which agreement or currency, as the case may be, can reasonably be considered to have been entered into or acquired, by the particular corporation or the foreign affiliate, as the case may be, for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate share.”,

(b) if the corporation makes a valid election under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of any relevant disposition in respect of the corporation, the following rules apply:

i. the formula in subparagraph *a* of the second paragraph of section 591 of the Taxation Act is to be read as follows in respect of any relevant disposition in respect of the corporation:

“A – (B – C) + D; and”,

ii. section 591 of the Act is to be read, in respect of any relevant disposition in respect of the corporation, as if the following subparagraph were added after subparagraph *c* of the third paragraph:

“(d) D is the lesser of

i. the amount by which the amount determined under subparagraph *b* exceeds the amount determined under subparagraph *c*, and

ii. the total of the following amounts determined in respect of the particular corporation, or the foreign affiliate of the particular corporation that is a vendor, as the case may be:

(1) the amount of the gain that is included in the determination made under section 262 of the capital gain or capital loss of the particular corporation or the foreign affiliate, as the case may be, for the taxation year that includes the time the gain was realized from the disposition of currency of a country other than Canada if the gain is in respect of the settlement or extinguishment of an obligation of the particular corporation or the foreign affiliate, as the case may be, that can reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate share by the particular corporation or the foreign affiliate, as the case may be, or if that taxation year began before 20 August 2011 (in the case of the particular corporation) or ended before 20 August 2011 (in the case of the foreign affiliate), the redemption, acquisition or cancellation of a share of the capital stock of the particular corporation or the foreign affiliate, as the case may be, that can reasonably be considered to have been issued in relation to the acquisition of the affiliate share by the particular corporation or the foreign affiliate, as the case may be, and

(2) the amount of any gain realized by the particular corporation or the foreign affiliate, as the case may be, under an agreement that provides for the purchase, sale or exchange of currency, or from the disposition of a currency, which agreement or currency, as the case may be, can reasonably be considered to have been entered into or acquired, by the particular corporation or the foreign affiliate, as the case may be, for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate share.”,

iii. if the corporation makes a valid election under subsection 32 of section 70 of the Technical Tax Amendments Act, 2012, subparagraph 1 of subparagraph ii of subparagraph *d* of the third paragraph of section 591 of the Taxation Act, enacted by subparagraph ii, is to be read as if “20 August 2011” were replaced wherever it appears by “1 July 2011”, and

iv. subparagraph *b* of the second paragraph of section 591 of the Act is, in respect of any relevant disposition in respect of the corporation, to be read as follows:

“(b) nil.”;

(2) if the corporation makes a valid election under paragraph *b* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, in respect of all losses of the corporation and of all foreign affiliates of the corporation from dispositions (in this paragraph referred to as “pertinent dispositions”) of shares or partnership interests that occur before 28 February 2004, subsection 1, having regard to any modifications in paragraph 1, applies in respect of all pertinent dispositions that occur after 31 December 1994 and before 28 February 2004 and, in that respect, the following rules apply:

(a) for the corporation’s taxation years that end before 28 February 2000, section 591 of the Taxation Act is to be read as if “twice” were replaced wherever it appears by “4/3”,

(b) for the corporation’s taxation years that include 28 February 2000 or 17 October 2000 or that begin after 28 February 2000 and end before 17 October 2000, section 591 of the Act is to be read as if “twice” were replaced wherever it appears by “the fraction that is the reciprocal of the fraction that applies to the taxpayer for the year under section 231.0.1, multiplied by”; and

(3) if the corporation makes a valid election in respect of all relevant dispositions in respect of the corporation that occur before 19 August 2012 under paragraph *c* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, paragraph 1 does not apply in respect of all those relevant dispositions.

(5) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election made under any of the following provisions of the Technical Tax Amendments Act, 2012:

(1) paragraph *b* of subsection 8 of section 68;

(2) subparagraph ii of paragraph *a* of subsection 9 of section 68 and paragraph *b* or *c* of that subsection 9; and

(3) subsection 32 of section 70.

For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

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

**197.** (1) The Act is amended by inserting the following section after section 591:

**“591.0.1.** For the purposes of subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the second paragraph of section 591, “specified gain” means a gain in respect of the settlement or extinguishment of a foreign currency debt referred to in subparagraph *b* of the fourth paragraph of that section or in subparagraph *a* of the sixth paragraph of that section, or that arises under a particular agreement referred to in the fifth paragraph of that section, if the particular corporation, or any person or partnership with which the particular corporation was not—at any time during which the foreign currency debt was outstanding or the particular agreement was in force, as the case may be—dealing at arm’s length, entered into an agreement that may reasonably be considered to have been entered into for the principal purpose of hedging any foreign exchange exposure arising in connection with the foreign currency debt or the particular agreement.”

(2) Subsection 1 applies in respect of a loss sustained by a corporation resident in Canada, or a foreign affiliate of the corporation, from a disposition of a share that occurs after 18 August 2012, unless the corporation makes a valid election under paragraph *c* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), in which case subsection 1 applies in respect of a loss sustained by a corporation resident in Canada, or a foreign affiliate of the corporation, from a disposition of a share that occurs after 27 February 2004.

(3) In addition, if the corporation makes a valid election under paragraph *b* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of all losses of the corporation and of all foreign affiliates of the corporation, from dispositions (in this subsection referred to as “pertinent dispositions”) of shares or partnership interests that occur before 28 February 2004, subsection 1 applies in respect of all such dispositions that occur after 31 December 1994 and before 28 February 2004.

**198.** (1) Section 591.1 of the Act is replaced by the following section:

**“591.1.** The amount of a particular allowable capital loss sustained by a particular corporation resident in Canada or a foreign affiliate of the particular corporation is determined in accordance with the rules set out in the second paragraph where

(*a*) the particular corporation has a particular allowable capital loss, determined without reference to this chapter, from the disposition at any time (in this section referred to as the “disposition time”) by a partnership (in this section and section 591.1.1 referred to as the “disposing partnership”) of a share (in this section referred to as the “affiliate share”) of the capital stock of a foreign affiliate of the particular corporation; or

(b) the foreign affiliate of the particular corporation has a particular allowable capital loss, determined without reference to this chapter, from the disposition at any time (in this section referred to as the “disposition time”) by a partnership (in this section and section 591.1.1 referred to as the “disposing partnership”) of a share (in this section referred to as the “affiliate share”) of the capital stock of another foreign affiliate of the particular corporation that would not be excluded property of the affiliate if the affiliate had owned the share immediately before the disposition time.

Where a particular allowable capital loss is a loss referred to in subparagraph *a* or *b* of the first paragraph, the amount of the particular allowable capital loss is deemed to be equal to the greater of

(a) the amount determined by the formula

$A - (B - C)$ ; and

(b) the lesser of

i. the portion of the particular allowable capital loss, determined without reference to this chapter, that can reasonably be considered to be attributable to a fluctuation in the value of a currency other than Canadian currency relative to Canadian currency, and

ii. one-half of the amount determined in respect of the particular corporation, or the foreign affiliate of the particular corporation, that is the amount of a gain (other than a specified gain) that

(1) was realized within 30 days before or after the disposition time by the disposing partnership to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be, if the gain is described in the fourth paragraph, or

(2) is a capital gain (to the extent that the capital gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be) realized within 30 days before or after the disposition time by the disposing partnership under an agreement described in the fifth paragraph.

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

(a) *A* is the amount of the particular allowable capital loss determined without reference to this chapter,

(b) *B* is one-half of the aggregate of all amounts each of which is an amount received before the disposition time, in respect of a tax-exempt dividend on the affiliate share or on a share for which the affiliate share was substituted, by

i. the particular corporation,

- ii. another corporation that is related to the particular corporation,
- iii. a foreign affiliate of the particular corporation, or
- iv. a foreign affiliate of another corporation that is related to the particular corporation; and

(c) C is the total of

i. the aggregate of all amounts each of which is one-half of the amount by which a loss (determined without reference to this chapter), from a previous disposition by a corporation, or a foreign affiliate described in subparagraph *b*, of the affiliate share or a share for which the affiliate share was substituted, was reduced under subparagraph *a* of the second paragraph of section 591 in respect of tax-exempt dividends referred to in subparagraph *b*,

ii. the aggregate of all amounts each of which is the amount by which an allowable capital loss (determined without reference to this chapter), of a corporation or a foreign affiliate described in subparagraph *b*, from a previous disposition by a partnership of the affiliate share or a share for which the affiliate share was substituted, was reduced under subparagraph *a* of the second paragraph in respect of tax-exempt dividends referred to in subparagraph *b*,

iii. the aggregate of all amounts each of which is one-half of the amount by which a loss (determined without reference to this chapter), from a previous disposition by a corporation, or a foreign affiliate described in subparagraph *b*, of an interest in a partnership, was reduced under subparagraph *a* of the second paragraph of section 591.2 in respect of tax-exempt dividends referred to in subparagraph *b*, and

iv. the aggregate of all amounts each of which is the amount by which an allowable capital loss (determined without reference to this chapter), of a corporation, or a foreign affiliate described in subparagraph *b*, from a previous disposition by a partnership of an interest in another partnership, was reduced under subparagraph *a* of the second paragraph of section 591.3 in respect of tax-exempt dividends referred to in subparagraph *b*.

The gain to which subparagraph 1 of subparagraph ii of subparagraph *b* of the second paragraph refers is a gain that

(*a*) is deemed under section 262 to be a capital gain of the disposing partnership for the taxation year that includes the time the gain was realized from the disposition of currency other than Canadian currency; and

(*b*) is in respect of the settlement or extinguishment of a foreign currency debt that

i. was issued or incurred by the disposing partnership within 30 days before or after the acquisition of the affiliate share by the disposing partnership,



ii. was, at all times at which it was a debt obligation of the disposing partnership, owing to a person or partnership that dealt, at all times during which the foreign currency debt was outstanding, at arm's length with the particular corporation, and

iii. could reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate share.

The agreement to which subparagraph 2 of subparagraph ii of subparagraph *b* of the second paragraph refers is an agreement that

(*a*) was entered into by the disposing partnership, within 30 days before or after the acquisition of the affiliate share by the disposing partnership, with a person or partnership that dealt, at all times during which the agreement was in force, at arm's length with the particular corporation;

(*b*) provides for the purchase, sale or exchange of currency; and

(*c*) can reasonably be considered to have been entered into by the disposing partnership for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate share.”

(2) Subsection 1 applies in respect of a loss sustained by a corporation resident in Canada, or a foreign affiliate of the corporation, from a disposition (in paragraphs 1 and 3 referred to as the “relevant disposition”) of a share that occurs after 27 February 2004. However,

(1) subject to paragraph 3, in respect of a relevant disposition in respect of the corporation that occurs before 19 August 2012, the following rules apply:

(*a*) if the corporation does not make a valid election under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), subparagraph *b* of the second paragraph of section 591.1 of the Taxation Act is to be read as follows:

“(*b*) one-half of the total of the following amounts determined in respect of the particular corporation or the foreign affiliate of the particular corporation, as the case may be:

i. the amount of the gain of the particular corporation, the foreign affiliate or the disposing partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be) that is included in the determination made under section 262 of the capital gain or capital loss of the particular corporation, the foreign affiliate or the disposing partnership, as the case may be, for the taxation year that includes the time the gain was realized from the disposition of currency of a country other than Canada if the gain is in respect of

(1) the settlement or extinguishment of an obligation of the particular corporation, the foreign affiliate or the disposing partnership, as the case may

be, that can reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate share by the disposing partnership, or

(2) if that taxation year began before 20 August 2011 (in the case of the particular corporation) or ended before 20 August 2011 (in the case of the foreign affiliate), the redemption, acquisition or cancellation of a share of the capital stock of the particular corporation or the foreign affiliate, as the case may be, that can reasonably be considered to have been issued in relation to the acquisition of the affiliate share by the disposing partnership, and

ii. the amount of any gain realized by the disposing partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate), the particular corporation or the foreign affiliate, as the case may be, under an agreement that provides for the purchase, sale or exchange of currency, or from the disposition of a currency, which agreement or currency, as the case may be, can reasonably be considered to have been entered into or acquired, by the particular corporation, the foreign affiliate or the disposing partnership, as the case may be, for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate share.”, and

(b) if the corporation makes a valid election under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, in respect of any relevant disposition in respect of the corporation, the following rules apply:

i. the formula in subparagraph *a* of the second paragraph of section 591.1 of the Taxation Act is to be read as follows in respect of any relevant disposition in respect of the corporation:

“ $A - (B - C) + D$ ; and”,

ii. section 591.1 of the Act is to be read, in respect of any relevant disposition in respect of the corporation, as if the following subparagraph were added after subparagraph *c* of the third paragraph:

“(d) *D* is the lesser of

i. the amount by which the amount determined under subparagraph *b* exceeds the amount determined under subparagraph *c*, and

ii. one-half of the total of the following amounts determined in respect of the particular corporation, or the foreign affiliate of the particular corporation, as the case may be:

(1) the amount of the gain of the particular corporation, the foreign affiliate or the disposing partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be) that is included in the determination made under section 262 of the capital gain or capital loss of the particular corporation, the foreign affiliate or the disposing

partnership, as the case may be, for the taxation year that includes the time the gain was realized from the disposition of currency of a country other than Canada if the gain is in respect of the settlement or extinguishment of an obligation of the particular corporation, the foreign affiliate or the disposing partnership, as the case may be, that can reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate share by the disposing partnership, or, if that taxation year began before 20 August 2011 (in the case of the particular corporation) or ended before 20 August 2011 (in the case of the foreign affiliate), the redemption, acquisition or cancellation of a share of the capital stock of the particular corporation or the foreign affiliate, as the case may be, that can reasonably be considered to have been issued in relation to the acquisition of the affiliate share by the disposing partnership, and

(2) the amount of any gain realized by the disposing partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be), the particular corporation or the foreign affiliate, as the case may be, under an agreement that provides for the purchase, sale or exchange of currency, or from the disposition of a currency, which agreement or currency, as the case may be, can reasonably be considered to have been entered into or acquired, by the particular corporation, the foreign affiliate or the disposing partnership, as the case may be, for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate share.”,

iii. if the corporation makes a valid election under subsection 32 of section 70 of the Technical Tax Amendments Act, 2012, subparagraph 1 of subparagraph ii of subparagraph *d* of the third paragraph of section 591.1 of the Taxation Act, enacted by subparagraph ii, is to be read as if “20 August 2011” were replaced wherever it appears by “1 July 2011”, and

iv. subparagraph *b* of the second paragraph of section 591.1 of the Act is, in respect of any relevant disposition in respect of the corporation, to be read as follows:

“(b) nil.”;

(2) if the corporation makes a valid election under paragraph *b* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of all losses of the corporation and of all foreign affiliates of the corporation, from dispositions (in this paragraph referred to as “pertinent dispositions”) of shares or partnership interests that occur before 28 February 2004, subsection 1, having regard to any modifications in paragraph 1, applies in respect of all pertinent dispositions that occur after 30 November 1999 and before 28 February 2004 and, in that respect, the following rules apply:

(a) for the corporation’s taxation years that end before 28 February 2000, section 591.1 of the Taxation Act is to be read as if “one-half” were replaced wherever it appears by “three-quarters”, and

(b) for the corporation's taxation years that include 28 February 2000 or 17 October 2000 or that begin after 28 February 2000 and end before 17 October 2000, section 591.1 of the Act is to be read as if "one-half of" were replaced wherever it appears by "the fraction that applies to the taxpayer for the year under section 231.0.1, multiplied by"; and

(3) if the corporation makes a valid election in respect of all relevant dispositions in respect of the corporation that occur before 19 August 2012 under paragraph *c* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, paragraph 1 does not apply in respect of all those relevant dispositions.

(3) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election made under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, to an election made under paragraph *b* or *c* of that subsection 9 and to an election made under subsection 32 of section 70 of that Act. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

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

**199.** (1) The Act is amended by inserting the following section after section 591.1:

**"591.1.1.** For the purposes of subparagraph ii of subparagraph *b* of the second paragraph of section 591.1, "specified gain" means a gain in respect of the settlement or extinguishment of a foreign currency debt referred to in subparagraph *b* of the fourth paragraph of that section or that arises under a particular agreement referred to in the fifth paragraph of that section, if the disposing partnership, or any person or partnership with which the particular corporation was not—at any time during which the foreign currency debt was outstanding or the particular agreement was in force, as the case may be—dealing at arm's length, entered into an agreement that may reasonably be considered to have been entered into for the principal purpose of hedging any foreign exchange exposure arising in connection with the foreign currency debt or the particular agreement."

(2) Subsection 1 applies in respect of a loss sustained by a corporation resident in Canada, or a foreign affiliate of the corporation, from a disposition of a share that occurs after 18 August 2012, unless the corporation makes a valid election under paragraph *c* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), in which case subsection 1 applies in respect of a loss sustained by a corporation resident

in Canada, or a foreign affiliate of the corporation, from a disposition of a share that occurs after 27 February 2004.

(3) In addition, if the corporation makes a valid election under paragraph *b* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of all losses of the corporation and of all foreign affiliates of the corporation, from dispositions (in this subsection referred to as “pertinent dispositions”) of shares or partnership interests that occur before 28 February 2004, subsection 1 applies in respect of all pertinent dispositions that occur after 30 November 1999 and before 28 February 2004.

**200.** (1) Section 591.2 of the Act is replaced by the following section:

**“591.2.** The amount of a particular loss sustained by a vendor that is a particular corporation resident in Canada or a foreign affiliate of the particular corporation is determined in accordance with the rules set out in the second paragraph where

(*a*) the particular corporation has a particular loss, determined without reference to this chapter, from the disposition by it at any time (in this section referred to as the “disposition time”) of an interest in a partnership that has a direct or indirect right or interest in shares (in this section referred to as the “affiliate shares”) of the capital stock of a foreign affiliate of the particular corporation; or

(*b*) the foreign affiliate of the particular corporation has a particular loss, determined without reference to this chapter, from the disposition by it at any time (in this section referred to as the “disposition time”) of an interest in a partnership that has a direct or indirect right or interest in shares (in this section referred to as the “affiliate shares”) of the capital stock of another foreign affiliate of the particular corporation that would not be excluded property of the affiliate if the affiliate had owned the shares immediately before the disposition time.

Where a particular loss is a loss referred to in subparagraph *a* or *b* of the first paragraph, the amount of the particular loss is deemed to be equal to the greater of

(*a*) the amount determined by the formula

$A - (B - C)$ ; and

(*b*) the lesser of

i. the portion of the particular loss, determined without reference to this chapter, that can reasonably be considered to be attributable to a fluctuation in the value of a currency other than Canadian currency relative to Canadian currency, and

ii. the amount determined in respect of the vendor that is

(1) if the particular loss is a capital loss, the amount of a gain (other than a specified gain) that was realized within 30 days before or after the disposition time by the vendor and is described in the fourth paragraph or that is a capital gain realized within 30 days before or after the disposition time by the vendor under an agreement described in the fifth paragraph, or

(2) in any other case, the amount of a gain (other than a specified gain or a capital gain) that was realized within 30 days before or after the disposition time by the vendor and that is included in computing the income of the vendor for the taxation year that includes the time the gain was realized if the gain meets any of the conditions of the sixth paragraph.

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

(*a*) *A* is the amount of the particular loss determined without reference to this chapter;

(*b*) *B* is the aggregate of all amounts each of which is an amount received before the disposition time, in respect of a tax-exempt dividend on affiliate shares or on shares for which affiliate shares were substituted, by

i. the particular corporation,

ii. another corporation that is related to the particular corporation,

iii. a foreign affiliate of the particular corporation, or

iv. a foreign affiliate of another corporation that is related to the particular corporation; and

(*c*) *C* is the total of

i. the aggregate of all amounts each of which is the amount by which a loss (determined without reference to this chapter), from a previous disposition by a corporation, or a foreign affiliate described in subparagraph *b*, of the affiliate shares or shares for which the affiliate shares were substituted, was reduced under subparagraph *a* of the second paragraph of section 591 in respect of tax-exempt dividends referred to in subparagraph *b*,

ii. the aggregate of all amounts each of which is twice the amount by which an allowable capital loss (determined without reference to this chapter) of a corporation or a foreign affiliate described in subparagraph *b*, from a previous disposition by a partnership of the affiliate shares or shares for which the affiliate shares were substituted, was reduced under subparagraph *a* of the second paragraph of section 591.1 in respect of tax-exempt dividends referred to in subparagraph *b*,

iii. the aggregate of all amounts each of which is the amount by which a loss (determined without reference to this chapter), from a previous disposition by a corporation, or a foreign affiliate described in subparagraph *b*, of an interest in a partnership, was reduced under subparagraph *a* of the second paragraph in respect of tax-exempt dividends referred to subparagraph *b*, and

iv. the aggregate of all amounts each of which is twice the amount by which an allowable capital loss (determined without reference to this chapter) of a corporation or a foreign affiliate described in subparagraph *b*, from a previous disposition by a partnership of an interest in another partnership, was reduced under subparagraph *a* of the second paragraph of section 591.3 in respect of tax-exempt dividends referred to in subparagraph *b*.

The gain to which subparagraph 1 of subparagraph ii of subparagraph *b* of the second paragraph refers is a gain that

(*a*) is deemed under section 262 to be a capital gain of the vendor for the taxation year that includes the time the gain was realized from the disposition of currency other than Canadian currency; and

(*b*) is in respect of the settlement or extinguishment of a foreign currency debt that

i. was issued or incurred by the vendor within 30 days before or after the acquisition of a partnership interest by the vendor,

ii. was, at all times at which it was a debt obligation of the vendor, owing to a person or partnership that dealt, at all times during which the foreign currency debt was outstanding, at arm's length with the particular corporation, and

iii. could reasonably be considered to have been issued or incurred in relation to the acquisition of the partnership interest.

The agreement to which subparagraph 1 of subparagraph ii of subparagraph *b* of the second paragraph refers is an agreement that

(*a*) was entered into by the vendor within 30 days before or after the acquisition of the partnership interest by the vendor with a person or partnership that dealt, at all times during which the agreement was in force, at arm's length with the particular corporation;

(*b*) provides for the purchase, sale or exchange of currency; and

(*c*) can reasonably be considered to have been entered into by the vendor for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the partnership interest.

The conditions to which subparagraph 2 of subparagraph ii of subparagraph *b* of the second paragraph refers in respect of a gain described in that subparagraph 2 are the following:

(a) the gain is in respect of the settlement or extinguishment of a foreign currency debt that

i. was issued or incurred by the vendor within 30 days before or after the acquisition of the partnership interest by the vendor,

ii. was, at all times at which it was a debt obligation of the vendor, owing to a person or partnership that dealt, at all times during which it was outstanding, at arm's length with the particular corporation, and

iii. can reasonably be considered to have been issued or incurred in relation to the acquisition of the partnership interest; and

(b) the gain is provided for in an agreement described in the fifth paragraph.”

(2) Subsection 1 applies in respect of a loss sustained by a corporation resident in Canada or a foreign affiliate of the corporation, from a disposition (in paragraphs 1 and 3 referred to as a “relevant disposition”) of partnership interests that occurs after 27 February 2004. However,

(1) subject to paragraph 3, in respect of a relevant disposition in respect of the corporation that occurs before 19 August 2012, the following rules apply:

(a) if the corporation does not make a valid election under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), subparagraph *b* of the second paragraph of section 591.2 of the Taxation Act is to be read as follows:

“(b) the total of the following amounts determined in respect of the particular corporation, or the foreign affiliate of the particular corporation that is a vendor, as the case may be:

i. the amount of the gain of the particular corporation, the foreign affiliate or the partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be) that is included in the determination made under section 262 of the capital gain or capital loss of the particular corporation, the foreign affiliate or the partnership, as the case may be, for the taxation year that includes the time the gain was realized from the disposition of currency of a country other than Canada if the gain is in respect of

(1) the settlement or extinguishment of an obligation of the particular corporation, the foreign affiliate or the partnership, as the case may be, that can reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate shares, or



(2) if that taxation year began before 20 August 2011 (in the case of the particular corporation) or ended before 20 August 2011 (in the case of the foreign affiliate), the redemption, acquisition or cancellation of a share of the particular corporation or the foreign affiliate, as the case may be, or of a partnership interest that can reasonably be considered to have been issued in relation to the acquisition of the affiliate shares, and

ii. the amount of any gain realized by the particular corporation or the foreign affiliate, as the case may be, under an agreement that provides for the purchase, sale or exchange of currency, or from the disposition of a currency, which agreement or currency, as the case may be, can reasonably be considered to have been entered into or acquired by the particular corporation, the foreign affiliate or the partnership, as the case may be, for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate shares.”,

(b) if the corporation makes a valid election under subparagraph ii of paragraph a of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of any relevant disposition in respect of the corporation, the following rules apply:

i. the formula in subparagraph a of the second paragraph of section 591.2 of the Taxation Act is to be read as follows in respect of any relevant disposition in respect of the corporation:

“ $A - (B - C) + D$ ; and”,

ii. section 591.2 of the Act is to be read, in respect of any relevant disposition in respect of the corporation, as if the following subparagraph were added after subparagraph c of the third paragraph:

“(d) D is the lesser of

i. the amount by which the amount determined under subparagraph b exceeds the amount determined under subparagraph c, and

ii. the total of the following amounts determined in respect of the particular corporation, or the foreign affiliate of the particular corporation that is a vendor, as the case may be:

(1) the amount of the gain of the particular corporation, the foreign affiliate or the partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be) that is included in the determination made under section 262 of the capital gain or capital loss of the particular corporation, the foreign affiliate or the partnership, as the case may be, for the taxation year that includes the time the gain was realized from the disposition of currency of a country other than Canada if the gain is in respect of the settlement or extinguishment of an obligation of the particular corporation, the foreign affiliate or the partnership, as the case may be, that can reasonably be considered to have been issued or incurred in relation to the

acquisition of the affiliate shares, or, if that taxation year began before 20 August 2011 (in the case of the particular corporation) or ended before 20 August 2011 (in the case of the foreign affiliate), the redemption, acquisition or cancellation of a share of the particular corporation or the foreign affiliate, as the case may be, or of a partnership interest that can reasonably be considered to have been issued in relation to the acquisition of the affiliate shares, and

(2) the amount of any gain realized by the particular corporation or the foreign affiliate, as the case may be, under an agreement that provides for the purchase, sale or exchange of currency, or from the disposition of a currency, which agreement or currency, as the case may be, can reasonably be considered to have been entered into or acquired by the particular corporation, the foreign affiliate or the partnership, as the case may be, for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate shares.”,

iii. if the corporation makes a valid election under subsection 32 of section 70 of the Technical Tax Amendments Act, 2012, subparagraph 1 of subparagraph ii of subparagraph *d* of the third paragraph of section 591.2 of the Taxation Act, enacted by subparagraph ii, is to be read as if “20 August 2011” were replaced wherever it appears by “1 July 2011”, and

iv. subparagraph *b* of the second paragraph of section 591.2 of the Act is, in respect of any relevant disposition in respect of the corporation, to be read as follows:

“(b) nil.”;

(2) if the corporation makes a valid election under paragraph *b* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of all losses of the corporation and of all foreign affiliates of the corporation, from dispositions (in this paragraph referred to as “pertinent dispositions”) of shares and partnership interests that occur before 28 February 2004, subsection 1, having regard to any modifications in paragraph 1, applies in respect of all pertinent dispositions that occur after 30 November 1999 and before 28 February 2004 and, in that respect, the following rules apply:

(a) for the corporation’s taxation years that end before 28 February 2000, section 591.2 of the Taxation Act is to be read as if “twice” were replaced wherever it appears by “4/3”,

(b) for the corporation’s taxation years that include 28 February 2000 or 17 October 2000 or that begin after 28 February 2000 and end before 17 October 2000, section 591.2 of the Act is to be read as if “twice” were replaced wherever it appears by “the fraction that is the reciprocal of the fraction that applies to the taxpayer for the year under section 231.0.1, multiplied by”; and

(3) if the corporation makes a valid election in respect of all relevant dispositions in respect of the corporation that occur before 19 August 2012

under paragraph *c* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, paragraph 1 does not apply in respect of all those relevant dispositions.

(3) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election made under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, to an election made under paragraph *b* or *c* of that subsection 9 or to an election made under subsection 32 of section 70 of that Act. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

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

**201.** (1) The Act is amended by inserting the following section after section 591.2:

**“591.2.1.** For the purposes of subparagraphs 1 and 2 of subparagraph ii of subparagraph *b* of the second paragraph of section 591.2, “specified gain” means a gain in respect of the settlement or extinguishment of a foreign currency debt referred to in subparagraph *b* of the fourth paragraph of that section or in subparagraph *a* of the sixth paragraph of that section, or that arises under a particular agreement referred to in the fifth paragraph of that section, if the particular corporation, or any person or partnership with which the particular corporation was not—at any time during which the foreign currency debt was outstanding or the particular agreement was in force, as the case may be—dealing at arm's length, entered into an agreement that may reasonably be considered to have been entered into for the principal purpose of hedging any foreign exchange exposure arising in connection with the foreign currency debt or the particular agreement.”

(2) Subsection 1 applies in respect of a loss sustained by a corporation resident in Canada, or a foreign affiliate of the corporation, from a disposition of a partnership interest that occurs after 18 August 2012, unless the corporation makes a valid election under paragraph *c* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), in which case subsection 1 applies in respect of a loss sustained by a corporation resident in Canada, or a foreign affiliate of the corporation, from a disposition of a partnership interest that occurs after 27 February 2004.

(3) In addition, if the corporation makes a valid election under paragraph *b* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of all losses of the corporation and of all foreign affiliates of the corporation, from dispositions (in this subsection referred to as “pertinent

dispositions”) of shares or partnership interests that occur before 28 February 2004, subsection 1 applies in respect of all pertinent dispositions that occur after 30 November 1999 and before 28 February 2004.

**202.** (1) Section 591.3 of the Act is replaced by the following section:

**“591.3.** The amount of a particular allowable capital loss sustained by a particular corporation resident in Canada or a foreign affiliate of the particular corporation is determined in accordance with the rules set out in the second paragraph where

(a) the particular corporation has a particular allowable capital loss, determined without reference to this chapter, from the disposition at any time (in this section referred to as the “disposition time”) by a partnership (in this section and section 591.3.1 referred to as the “particular partnership”) of an interest in another partnership that has a direct or indirect right or interest in shares (in this section referred to as the “affiliate shares”) of the capital stock of a foreign affiliate of the particular corporation; or

(b) the foreign affiliate of the particular corporation has a particular allowable capital loss, determined without reference to this chapter, from the disposition at any time (in this section referred to as the “disposition time”) by a partnership (in this section and section 591.3.1 referred to as the “particular partnership”) of an interest in another partnership that has a direct or indirect right or interest in shares (in this section referred to as the “affiliate shares”) of the capital stock of a foreign affiliate of the particular corporation that would not be excluded property of the affiliate if the affiliate had owned the shares immediately before the disposition time.

Where a particular allowable capital loss is a loss referred to in subparagraph *a* or *b* of the first paragraph, the amount of the particular allowable capital loss is deemed to be equal to the greater of

(a) the amount determined by the formula

$A - (B - C)$ ; and

(b) the lesser of

i. the portion of the particular allowable capital loss, determined without reference to this chapter, that can reasonably be considered to be attributable to a fluctuation in the value of a currency other than Canadian currency relative to Canadian currency, and

ii. one-half of the amount determined in respect of the particular corporation or the foreign affiliate of the particular corporation that is the amount of a gain (other than a specified gain) that

(1) was realized within 30 days before or after the disposition time by the particular partnership to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be, if the gain is described in the fourth paragraph, or

(2) is a capital gain (to the extent that the capital gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be) realized within 30 days before or after the disposition time by the particular partnership under an agreement described in the fifth paragraph.

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

(a) A is the amount of the particular allowable capital loss determined without reference to this chapter;

(b) B is one-half of the aggregate of all amounts each of which is an amount received before the disposition time, in respect of a tax-exempt dividend on affiliate shares or on shares for which the affiliate shares were substituted, by

- i. the particular corporation,
- ii. another corporation that is related to the particular corporation,
- iii. a foreign affiliate of the particular corporation, or
- iv. a foreign affiliate of another corporation that is related to the particular corporation; and

(c) C is the total of

i. the aggregate of all amounts each of which is one-half of the amount by which a loss (determined without reference to this chapter), from a previous disposition by a corporation, or a foreign affiliate described in subparagraph *b*, of the affiliate shares or shares for which the affiliate shares were substituted, was reduced under subparagraph *a* of the second paragraph of section 591 in respect of tax-exempt dividends referred to in subparagraph *b*,

ii. the aggregate of all amounts each of which is the amount by which an allowable capital loss (determined without reference to this chapter), of a corporation or a foreign affiliate described in subparagraph *b*, from a previous disposition by a partnership of the affiliate shares or shares for which the affiliate shares were substituted, was reduced under subparagraph *a* of the second paragraph of section 591.1 in respect of tax-exempt dividends referred to in subparagraph *b*,

iii. the aggregate of all amounts each of which is one-half of the amount by which a loss (determined without reference to this chapter), of a corporation or a foreign affiliate described in subparagraph *b*, from a previous disposition by a corporation, or a foreign affiliate described in subparagraph *b*, of an interest in a partnership, was reduced under subparagraph *a* of the second paragraph

of section 591.2 in respect of tax-exempt dividends referred to in subparagraph *b*, and

iv. the aggregate of all amounts each of which is the amount by which an allowable capital loss (determined without reference to this chapter), of a corporation or a foreign affiliate described in subparagraph *b*, from a previous disposition by a partnership of an interest in another partnership, was reduced under subparagraph *a* of the second paragraph in respect of tax-exempt dividends referred to in subparagraph *b*.

The gain to which subparagraph 1 of subparagraph ii of subparagraph *b* of the second paragraph refers is a gain that

(*a*) is deemed under section 262 to be a capital gain of the particular partnership for the taxation year that includes the time the gain was realized from the disposition of currency other than Canadian currency; and

(*b*) is in respect of the settlement or extinguishment of a foreign currency debt that

i. was issued or incurred by the particular partnership within 30 days before or after the acquisition of the partnership interest by the partnership,

ii. was, at all times at which it was a debt obligation of the particular partnership, owing to a person or partnership that dealt, at all times during which the foreign currency debt was outstanding, at arm's length with the particular corporation, and

iii. could reasonably be considered to have been issued or incurred in relation to the acquisition of the partnership interest.

The agreement to which subparagraph 2 of subparagraph ii of subparagraph *b* of the second paragraph refers is an agreement that

(*a*) was entered into by the particular partnership, within 30 days before or after the acquisition of the partnership interest by the particular partnership, with a person or partnership that dealt, at all times during which the agreement was in force, at arm's length with the particular corporation;

(*b*) provides for the purchase, sale or exchange of currency; and

(*c*) can reasonably be considered to have been entered into by the particular partnership for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the partnership interest.”

(2) Subsection 1 applies in respect of a loss sustained by a corporation resident in Canada, or a foreign affiliate of the corporation, from a disposition (in paragraphs 1 and 3 referred to as the “relevant disposition”) of a partnership interest that occurs after 27 February 2004. However,

(1) subject to paragraph 3, in respect of a relevant disposition in respect of the corporation that occurs before 19 August 2012, the following rules apply:

(a) if the corporation does not make a valid election under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), subparagraph *b* of the second paragraph of section 591.3 of the Taxation Act is to be read as follows:

“(b) one-half of the total of the following amounts determined in respect of the particular corporation or the foreign affiliate of the particular corporation, as the case may be:

i. the amount of the gain of the particular corporation, the foreign affiliate or the particular partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be) that is included in the determination made under section 262 of the capital gain or capital loss of the particular corporation, the foreign affiliate or the particular partnership, as the case may be, for the taxation year that includes the time the gain was realized from the disposition of currency of a country other than Canada if the gain is in respect of

(1) the settlement or extinguishment of an obligation of the particular corporation, the foreign affiliate, the particular partnership or the other partnership, as the case may be, that can reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate shares, or

(2) if that taxation year began before 20 August 2011 (in the case of the particular corporation) or ended before 20 August 2011 (in the case of the foreign affiliate), the redemption, acquisition or cancellation of a share of the particular corporation or the foreign affiliate, as the case may be, or an interest in the particular partnership or the other partnership, as the case may be, that can reasonably be considered to have been issued in relation to the acquisition of the affiliate shares, and

ii. the amount of any gain realized by a partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be), by the particular corporation or the foreign affiliate, as the case may be, under an agreement that provides for the purchase, sale or exchange of currency, or from the disposition of a currency, which agreement or currency, as the case may be, can reasonably be considered to have been entered into or acquired by the particular corporation, the foreign affiliate or the partnership, as the case may be, for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate shares.”, and

(b) if the corporation makes a valid election under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of any relevant disposition of the corporation, the following rules apply:



i. the formula in subparagraph *a* of the second paragraph of section 591.3 of the Taxation Act is to be read as follows in respect of any relevant disposition of the corporation:

“ $A - (B - C) + D$ ; and”,

ii. section 591.3 of the Act is to be read, in respect of any relevant disposition of the corporation, as if the following subparagraph were added after subparagraph *c* of the third paragraph:

“(d) D is the lesser of

i. the amount by which the amount determined under subparagraph *b* exceeds the amount determined under subparagraph *c*, and

ii. one-half of the total of the following amounts determined in respect of the particular corporation or a foreign affiliate of the particular corporation, as the case may be:

(1) the amount of the gain of the particular corporation, the foreign affiliate or the particular partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be) that is included in the determination made under section 262 of the capital gain or capital loss of the particular corporation, the foreign affiliate or the particular partnership, as the case may be, for the taxation year that includes the time the gain was realized from the disposition of currency of a country other than Canada if the gain is in respect of the settlement or extinguishment of an obligation of the particular corporation, the foreign affiliate, the particular partnership or the other partnership, as the case may be, that can reasonably be considered to have been issued or incurred in relation to the acquisition of the affiliate shares, or, if that taxation year began before 20 August 2011 (in the case of the particular corporation) or ended before 20 August 2011 (in the case of the foreign affiliate), the redemption, acquisition or cancellation of a share of the particular corporation or the foreign affiliate, as the case may be, or an interest in the partnership or the other partnership, as the case may be, that can reasonably be considered to have been issued in relation to the acquisition of the shares, and

(2) the amount of any gain realized by a partnership (to the extent that the gain is reasonably attributable to the particular corporation or the foreign affiliate, as the case may be), by the particular corporation or the foreign affiliate, as the case may be, under an agreement that provides for the purchase, sale or exchange of currency, or from the disposition of a currency, which agreement or currency, as the case may be, can reasonably be considered to have been entered into or acquired by the particular corporation, the foreign affiliate or the partnership, as the case may be, for the principal purpose of hedging the foreign exchange exposure arising in connection with the acquisition of the affiliate shares.”,



iii. if the corporation makes a valid election under subsection 32 of section 70 of the Technical Tax Amendments Act, 2012, subparagraph 1 of subparagraph ii of subparagraph *d* of the third paragraph of section 591.3 of the Taxation Act, enacted by subparagraph ii, is to be read as if “20 August 2011” were replaced wherever it appears by “1 July 2011”, and

iv. subparagraph *b* of the second paragraph of section 591.3 of the Act is, in respect of any relevant disposition in respect of the corporation, to be read as follows:

“(b) nil.”;

(2) if the corporation makes a valid election under paragraph *b* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of all losses of the corporation and of all foreign affiliates of the corporation from dispositions of shares or partnership interests (in this paragraph referred to as “pertinent dispositions”), that occur before 28 February 2004, subsection 1, having regard to any modifications in paragraph 1, applies in respect of all pertinent dispositions that occur after 30 November 1999 and before 28 February 2004 and, in that respect, the following rules apply:

(a) for the corporation’s taxation years that end before 28 February 2000, section 591.3 of the Taxation Act is to be read as if “one-half” were replaced wherever it appears by “three-quarters”, and

(b) for the corporation’s taxation years that include 28 February 2000 or 17 October 2000 or that begin after 28 February 2000 and end before 17 October 2000, section 591.3 of the Taxation Act is to be read as if “one-half of” were replaced wherever it appears by “the fraction that applies to the taxpayer for the year under section 231.0.1, multiplied by”; and

(3) if the corporation makes a valid election in respect of all relevant dispositions in respect of the corporation that occur before 19 August 2012 under paragraph *c* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, paragraph 1 does not apply in respect of the relevant dispositions.

(3) Chapter V.2 of Title II of Book I of Part I of the Taxation Act applies in relation to an election made under subparagraph ii of paragraph *a* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012, to an election made under paragraph *b* or *c* of that subsection 9 and to an election made under subsection 32 of section 70 of that Act. For the purposes of section 21.4.7 of the Taxation Act in respect of such an election, the taxpayer is deemed to have complied with a requirement of section 21.4.6 of the Act if the taxpayer complies with it on or before 18 April 2016.

(4) Despite sections 1010 to 1011 of the Act, the Minister of Revenue shall, under Part I of the Act, make any assessments of a taxpayer’s tax, interest and penalties as are necessary for any taxation year to give effect to subsections 1

and 2. Sections 93.1.8 and 93.1.12 of the Tax Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

**203.** (1) The Act is amended by inserting the following section after section 591.3:

**“591.3.1.** For the purposes of subparagraph ii of subparagraph *b* of the second paragraph of section 591.3, “specified gain” means a gain in respect of the settlement or extinguishment of a foreign currency debt referred to in subparagraph *b* of the fourth paragraph of that section, or that arises under a particular agreement referred to in the fifth paragraph of that section, if the particular partnership, or any person or partnership with which the particular corporation was not—at any time during which the foreign currency debt was outstanding or the particular agreement was in force, as the case may be—dealing at arm’s length, entered into an agreement that may reasonably be considered to have been entered into for the principal purpose of hedging any foreign exchange exposure arising in connection with the foreign currency debt or the particular agreement.”

(2) Subsection 1 applies in respect of a loss sustained by a corporation resident in Canada, or a foreign affiliate of the corporation, from a disposition of a partnership interest that occurs after 18 August 2012, unless the corporation makes a valid election under paragraph *c* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), in which case subsection 1 applies in respect of a loss sustained by a corporation resident in Canada, or by a foreign affiliate of the corporation, from a disposition of a partnership interest that occurs after 27 February 2004.

(3) In addition, if the corporation makes a valid election under paragraph *b* of subsection 9 of section 68 of the Technical Tax Amendments Act, 2012 in respect of all losses of the corporation and of all foreign affiliates of the corporation, from dispositions (in this subsection referred to as “pertinent dispositions”) of shares or partnership interests that occur before 28 February 2004, subsection 1 applies in respect of all pertinent dispositions that occur after 30 November 1999 and before 28 February 2004.

**204.** (1) Section 592 of the Act is amended by replacing the portion before paragraph *b* by the following:

**“592.** For the purposes of sections 591, 591.1, 591.2 and 591.3, the following rules apply:

(*a*) a dividend received by a corporation resident in Canada is a tax-exempt dividend to the extent of the portion of the dividend that is deductible in computing its taxable income under any of paragraphs *a* to *c* of section 746; and”.

(2) Subsection 1 applies where section 591 of the Act, as enacted by section 196, applies. However,

(1) where section 591 of the Act applies, but section 591.1 of the Act, as enacted by section 198, does not apply, the portion of section 592 of the Act before paragraph *a* is to be read as follows:

**“592.** For the purposes of section 591, the following rules apply:”;

(2) in respect of a disposition that occurs before 20 August 2011, paragraph *a* of section 592 of the Act is to be read as follows:

“(a) a dividend received by a corporation resident in Canada is a tax-exempt dividend to the extent of the portion of the dividend that is deductible in computing its taxable income under any of paragraphs *a*, *b* and *c* of section 746; and”.

**205.** (1) Section 592.1 of the Act is replaced by the following section:

**“592.1.** For the purpose of determining whether a corporation not resident in Canada is a foreign affiliate of a corporation resident in Canada for the purposes of sections 146.1, 262.0.1, 576.2, 577, 577.2 to 577.11, 589 to 592, 592.2 and 746 to 749, paragraph *d* of section 785.1, any regulations made under those provisions, sections 571 to 576.1, 578 and 579, where those sections apply for the purposes of those provisions, and sections 772.2 to 772.13, the shares of a class of the capital stock of a corporation that, based on the assumptions contained in paragraph *c* of section 600, are owned at a particular time by a partnership or are deemed under this section to be owned at a particular time by the partnership, are deemed to be owned at that time by each member of the partnership in proportion to the number of all of those shares that the fair market value of the member’s interest in the partnership at that time is of the fair market value of all members’ interests in the partnership at that time.”

(2) Subsection 1 has effect from 20 August 2011.

**206.** (1) The Act is amended by inserting the following section after section 592.2:

**“592.3.** A person or partnership that is (or is deemed by this section to be) a member of a particular partnership that is a member of another partnership is deemed to be a member of the other partnership and to have, directly, rights to the income or capital of the other partnership to the extent of the person or partnership’s direct and indirect rights to that income or capital, for the purpose of applying

(a) except to the extent that the context requires otherwise, a provision of this Title; and

(b) section 262.0.1.”

(2) Subsection 1 applies to a taxation year of a foreign affiliate of a taxpayer that ends after 19 August 2011.

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

**207.** (1) Section 602.1 of the Act is amended

(1) by replacing “sections 7 to 7.0.6, 217.2 to 217.17” in paragraph *a* by “subparagraph *b* of the second paragraph of section 7, sections 217.2 to 217.9.1”;

(2) by inserting “, section 261.2” after “section 257” in the portion of paragraph *b* before subparagraph *i*.

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 22 March 2011.

(3) Paragraph 2 of subsection 1 applies to a taxation year that ends after 31 October 2011.

**208.** (1) Section 605.2 of the Act is replaced by the following section:

**“605.2.** For the purposes of section 605.1 and this section,

(*a*) where it can reasonably be considered that one of the main reasons that a member of a partnership is resident in Canada is to avoid the application of section 605.1, the member is deemed not to be resident in Canada; and

(*b*) where at any time a particular partnership is a member of another partnership, the following rules apply:

i. each person or partnership that is, at that time, a member of the particular partnership is deemed to be a member of the other partnership at that time,

ii. each person or partnership that becomes a member of the particular partnership at that time is deemed to become a member of the other partnership at that time, and

iii. each person or partnership that ceases to be a member of the particular partnership at that time is deemed to cease to be a member of the other partnership at that time.”

(2) Subsection 1 applies to a fiscal period that begins after 22 June 2000.

**209.** (1) Section 614 of the Act is amended

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

“Despite any other provision of this Part, other than section 93.3.1 and the third paragraph, where a taxpayer disposes of any property that is a capital property, Canadian resource property, foreign resource property, incorporeal capital property or inventory to a partnership that, immediately after the disposition, is a Canadian partnership of which the taxpayer is a member, and the taxpayer and all the other members of the partnership make a valid election for the purposes of subsection 2 of section 97 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in respect of the disposition or, where that election cannot be made because of subsection 21.2 of section 13 of that Act, make an election, in the prescribed form referred to in the first paragraph of section 520.1, the following rules apply:”;

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

“The second paragraph does not apply in respect of a disposition of a property by a taxpayer to a partnership if

(a) as part of a transaction or event or series of transactions or events that includes the disposition

i. control of a taxable Canadian corporation is acquired by another taxable Canadian corporation (in this paragraph referred to as the “subsidiary” and the “parent”, respectively),

ii. the subsidiary is amalgamated with one or more other corporations in the course of an amalgamation to which section 550.9 applies or is wound up in accordance with Chapter VII of Title IX, and

iii. the parent designates an amount in accordance with paragraph *d* of subsection 1 of section 88 of the Income Tax Act in respect of an interest in a partnership;

(b) the disposition of the property occurs after the acquisition of control of the subsidiary;

(c) the property is a capital property whose disposition may not be the subject of a valid election for the purposes of subsection 2 of section 97 of the Income Tax Act because of subsection 21.2 of section 13 of that Act but could, in the absence of this paragraph, be the subject of an election under the second paragraph given the inapplicability of section 93.3.1 in respect of the disposition; and

(d) the subsidiary is the taxpayer or has, before the disposition of the property, directly or indirectly in any manner whatever, an interest in the taxpayer.”

(2) Subsection 1 applies in respect of a disposition made after 28 March 2012.

**210.** (1) Section 637 of the Act is amended

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

**“637.** If, as part of a transaction or event or series of transactions or events, a taxpayer disposes of an interest in a particular partnership and an interest in the partnership is acquired by a person or partnership described in any of paragraphs *a* to *d* of section 637.1, the taxpayer’s taxable capital gain from the disposition of the interest is deemed, despite section 231, to be equal to the total of

(*a*) subject to the second paragraph, 1/2 of the portion of the taxpayer’s capital gain for the year from the disposition that can reasonably be attributed to the increase in the value of a property of the particular partnership that is capital property other than depreciable property held directly or indirectly by the particular partnership through one or more other partnerships; and”;

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

“However, where the taxation year of the taxpayer includes 28 February 2000 or 17 October 2000, or begins after 28 February 2000 and ends before 17 October 2000, the reference to the fraction “1/2” in subparagraph *a* of the first paragraph, as it read in respect of that taxation year, is to be read as a reference to the fraction in paragraphs *a* to *d* of section 231.0.1 that applies to the taxpayer for the year.”

(2) Subsection 1 applies in respect of a disposition made after 28 March 2012. However,

(1) when it applies in respect of a disposition made before 14 August 2012, the portion of the first paragraph of section 637 of the Act before subparagraph *b* is to be read as follows:

**“637.** If, as part of a transaction or event or series of transactions or events, a taxpayer disposes of an interest in a partnership and the interest is acquired by a person exempt from tax under sections 980 to 999.1 or by a person not resident in Canada, the taxpayer’s taxable capital gain from the disposition of the interest is deemed, despite section 231, to be equal to the total of

(*a*) 1/2 of the portion of the taxpayer’s capital gain for the year from the disposition that can reasonably be attributed to the increase in the value of any capital property of the partnership other than depreciable property; and”;

(2) it does not apply in respect of a disposition of an interest in a partnership made by a taxpayer before 1 January 2013 to a person with whom the taxpayer deals at arm’s length if the taxpayer was obligated to dispose of the interest to the person pursuant to a written agreement entered into before 29 March 2012; in that respect, a taxpayer is not considered to be obligated to dispose of an interest in a partnership if, as a result of amendments to the Income Tax Act

(Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), the taxpayer may be excused from the obligation.

**211.** (1) The Act is amended by inserting the following sections after section 637:

**“637.1.** Subject to section 637.2, section 637 applies in respect of a disposition of a partnership interest by a taxpayer if the interest is acquired by

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

(b) a person not resident in Canada;

(c) another partnership to the extent that the interest can reasonably be considered to be held, at the time of its acquisition by the other partnership, indirectly through one or more partnerships, by a person that is

i. a person exempt from tax under sections 980 to 999.1,

ii. a person not resident in Canada, or

iii. a trust resident in Canada (other than a mutual fund trust) if

(1) an interest as a beneficiary under the trust is held, directly or indirectly through one or more other partnerships, by a person exempt from tax under sections 980 to 999.1 or by a trust (other than a mutual fund trust), and

(2) the fair market value of all the interests as beneficiaries under the trust held by persons referred to in subparagraph 1 exceeds 10% of the fair market value of all the interests as beneficiaries under the trust; or

(d) a trust resident in Canada (other than a mutual fund trust) to the extent that the trust can reasonably be considered to have a beneficiary that is

i. a person exempt from tax under sections 980 to 999.1,

ii. a partnership, if

(1) an interest in the partnership is held, whether directly or indirectly through one or more other partnerships, by one or more persons exempt from tax under sections 980 to 999.1 or by one or more trusts (other than mutual fund trusts), and

(2) the fair market value of all the interests in the partnership held by persons referred to in subparagraph 1 exceeds 10% of the fair market value of all the interests in the partnership, or

iii. another trust (other than a mutual fund trust), if

(1) at least one beneficiary under the other trust is a person exempt from tax under sections 980 to 999.1, a partnership or a trust (other than a mutual fund trust), and

(2) the fair market value of all the interests as beneficiaries under the other trust held by the persons referred to in subparagraph 1 exceeds 10% of the fair market value of all the interests as beneficiaries under the other trust.

**“637.2.** Section 637 does not apply in respect of a taxpayer’s disposition of a partnership interest to a partnership or trust described in paragraph *c* or *d* of section 637.1 if the extent to which section 637 would, but for this section, apply to the taxpayer’s disposition of the interest because of that paragraph *c* or *d* does not exceed 10% of the taxpayer’s interest.

The first paragraph does not apply in respect of a disposition to a trust under which the amount of the income or capital to be distributed at any time in respect of any interest as a beneficiary under the trust depends on the exercise by any person or partnership of, or the failure by any person or partnership to exercise, a power to appoint.

**“637.3.** Section 637 does not apply in respect of a taxpayer’s disposition of a partnership interest to a person not resident in Canada if

(*a*) property of the partnership is used, immediately before and immediately after the acquisition of the interest by that person, in carrying on a business in an establishment situated in Canada; and

(*b*) the fair market value of all the property referred to in paragraph *a* is not less than 90% of the fair market value of all property of the partnership.

**“637.4.** The rules of the second paragraph apply in respect of a taxpayer’s particular interest in a partnership if

(*a*) it may be reasonable to conclude that one of the purposes of a dilution, reduction or alteration of the particular interest was to avoid the application of section 637 in respect of the particular interest; and

(*b*) as part of a transaction or event or series of transactions or events that includes the dilution, reduction or alteration of the particular interest, there is

i. an acquisition of an interest in the partnership by a person or partnership described in any of paragraphs *a* to *d* of section 637.1, or

ii. an increase in, or alteration of, an interest in the partnership held by a person or partnership described in any of paragraphs *a* to *d* of section 637.1.

For the purposes of section 637,



(a) the taxpayer is deemed to have disposed of an interest in the partnership at the time of the dilution, reduction or alteration;

(b) the taxpayer is deemed to have a capital gain from the disposition equal to the amount by which the fair market value of the particular interest immediately before the time of the dilution, reduction or alteration exceeds the fair market value of the particular interest immediately after that time; and

(c) the person or partnership referred to in subparagraph *b* of the first paragraph is deemed to have acquired an interest in the partnership as part of the transaction or event or series of transactions or events that includes the disposition referred to in subparagraph *a*.”

(2) Subsection 1, where it enacts sections 637.1, 637.2 and 637.4 of the Act, has effect from 14 August 2012, but does not apply in respect of a disposition, dilution, reduction or alteration of an interest in a partnership if the disposition, dilution, reduction or alteration is made before 1 January 2013 by persons that deal with each other at arm’s length and pursuant to an obligation resulting from a written agreement entered into before 14 August 2012 and if no party to the agreement may be exempted from the obligation as a result of amendments to the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).

(3) Subsection 1, when it enacts section 637.3 of the Act, has effect from 29 March 2012.

**212.** (1) Section 647 of the Act is amended

(1) by inserting “a pooled registered pension plan,” after “a registered pension plan,” in subparagraph *a* of the third paragraph;

(2) by replacing subparagraph *a.1* of the third paragraph by the following subparagraph:

“(a.1) a trust, other than a trust described in subparagraph *a* or *d*, a trust to which section 53 or 58 applies or a trust prescribed for the purposes of section 688, all or substantially all of the property of which is held for the purpose of providing benefits to individuals each of whom is provided with benefits in respect of, or because of, an office or employment or former office or employment of any individual;”;

(3) by striking out subparagraph *b* of the fourth paragraph.

(2) Paragraph 1 of subsection 1 has effect from 14 December 2012.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 31 December 2006.

(4) Paragraph 3 of subsection 1 applies to a taxation year that begins after 31 October 2011.

**213.** (1) Section 649 of the Act is amended by replacing subparagraphs 1 and 2 of subparagraph iv of paragraph *b* by the following subparagraphs:

“(1) not less than 95% of its income for the current year, determined without reference to sections 262 and 295.1 and paragraph *a* of section 657, is derived from, or from the disposition of, investments described in subparagraph iii, or

“(2) not less than 95% of its income for each of the relevant periods, determined without reference to sections 262 and 295.1 and paragraph *a* of section 657 and as though each of those periods were a taxation year, is derived from, or from the disposition of, investments described in subparagraph iii.”.

(2) Subsection 1 applies from the taxation year 2003.

**214.** (1) Section 651.1 of the Act is replaced by the following section:

“**651.1.** Except as otherwise provided in this Part and without restricting the application of sections 316.1, 456 to 458, 462.1 to 462.24, 467, 467.1, Division III of Chapter II.1 of Title I of Book V and section 1034.0.0.2, an amount included under any of sections 659 and 661 to 663 in computing the income for a taxation year of a beneficiary of a trust is deemed to be income of the beneficiary for the year from a property that is an interest in the trust and not from any other source, and an amount deductible in computing the amount that would, but for paragraphs *a* and *b* of section 657 and section 657.1, be the income of a trust for a taxation year is not to be deducted by a beneficiary of the trust in computing the beneficiary’s income for a taxation year.”

(2) Subsection 1 applies from the taxation year 2013.

**215.** (1) Sections 656.4 to 656.8 of the Act are repealed.

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

**216.** (1) Section 657 of the Act is amended by striking out paragraph *c*.

(2) Subsection 1 applies from the taxation year 2005.

**217.** (1) Section 668.0.1 of the Act is repealed.

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

**218.** (1) Section 668.3 of the Act is replaced by the following section:

“**668.3.** For the purposes of sections 668 to 668.2, the net taxable capital gains of a trust for a taxation year are the amount determined by the formula

$$A + B - C - D.$$

In the formula in the first paragraph,

(a) A is the aggregate of all amounts each of which is the taxable capital gain of the trust for the year from the disposition of a capital property that was held by the trust immediately before the disposition;

(b) B is the aggregate of all amounts each of which is an amount deemed under section 668 to be a taxable capital gain of the trust for the year;

(c) C is the aggregate of all amounts each of which is the allowable capital loss (other than an allowable business investment loss) of the trust for the year from the disposition of a capital property; and

(d) D is the net capital losses deducted by the trust under section 729 in computing its taxable income for the year.”

(2) Subsection 1 applies to a taxation year that begins after 31 October 2011. In addition, when section 668.3 of the Act applies to a taxation year that begins after 31 December 2000 and before 1 November 2011, it is to be read as follows:

**“668.3.** For the purposes of sections 668 to 668.2, the net taxable capital gains of a trust for a taxation year are the amount, if any, by which the aggregate of the taxable capital gains of the trust for the year exceeds the aggregate of its allowable capital losses (other than an allowable business investment loss) for the year and its net capital losses deducted under section 729 in computing its taxable income for the year.”

**219.** (1) Sections 668.5 to 668.8 of the Act are repealed.

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

**220.** (1) Section 677 of the Act is amended, in subparagraph *d* of the second paragraph,

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

“(2) in exchange for the payment and in full settlement of the debt or other obligation, the trust transfers property, the fair market value of which is not less than the principal amount of the debt or other obligation, to the specified party within 12 months after the payment was made or, if written application has been made to the Minister by the trust within that 12-month period, within any longer period that the Minister considers reasonable in the circumstances, and”;

(2) by adding the following subparagraph after subparagraph iii:

“iv. incurred by the trust before 24 October 2012 if, in full settlement of the debt or other obligation, the trust transfers property, the fair market value of which is not less than the principal amount of the debt or other obligation, to the person or partnership to whom the debt or other obligation is owed within 12 months after 26 June 2013 or, if written application has been made to the Minister by the trust within that 12-month period, within any longer period that the Minister considers reasonable in the circumstances.”

(2) Subsection 1 applies to a taxation year that ends after 20 December 2002. However, when a transfer is required to be made, under subparagraph 2 of subparagraph iii of subparagraph *d* of the second paragraph of section 677 of the Act, within 12 months of a payment, the transfer is deemed to have been made within the prescribed time if it is made on or before the day that is 12 months after 26 June 2013.

(3) In addition, for the taxation years that end before 26 June 2013, subparagraph 3 of subparagraph iii of subparagraph *d* of the second paragraph of section 677 of the Act is to be read as if “within the first 12 months after the individual’s death” were replaced by “after the individual’s death and on or before the day that is 12 months after 26 June 2013”.

**221.** (1) Section 688 of the Act is amended by replacing subparagraph *c* of the first paragraph by the following subparagraph:

“(c) the taxpayer’s proceeds of disposition of all or part, as the case may be, of the capital interest in the trust disposed of by the taxpayer on the distribution are deemed to be equal to the amount by which the cost at which the taxpayer would be deemed under paragraph *b* to acquire the property if the specified percentage referred to in that paragraph were 100% exceeds the aggregate of all amounts each of which is an eligible offset at that time of the taxpayer in respect of the capital interest or part thereof;”

(2) Subsection 1 applies in respect of a distribution made after 31 December 1999. However, when subparagraph *c* of the first paragraph of section 688 of the Act in the French text has effect before 15 May 2009, it is to be read as if “la distribution” were replaced by “l’attribution”.

**222.** (1) Section 688.1.1 of the Act is amended by replacing the first paragraph by the following paragraph:

“**688.1.1.** If a trust that is resident in Canada for a taxation year makes in the taxation year one or more distributions of property in circumstances in which section 688.1 applies, the following rules apply:

(a) the income of the trust for the year, determined without reference to paragraph *a* of section 657, is to be computed, for the purposes of that paragraph *a* and section 663, without regard to all of those distributions to persons not resident in Canada, including a partnership other than a Canadian partnership, except for distributions of cash denominated in Canadian currency,

if the trust makes a valid election under subsection 2.11 of section 107 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) after 19 December 2006 to have paragraph *a* of that subsection 2.11 apply in relation to all of those distributions; and

(*b*) the income of the trust for the year, determined without reference to paragraph *a* of section 657, is to be computed, for the purposes of that paragraph *a* and section 663, without regard to all of those distributions, except for distributions of cash denominated in Canadian currency, if the trust makes a valid election under subsection 2.11 of section 107 of the Income Tax Act after 19 December 2006 to have paragraph *b* of that subsection 2.11 apply in relation to all of those distributions.”

(2) Subsection 1 applies from the taxation year 2002. However, when section 688.1.1 of the Act has effect

(1) after 19 December 2006 and before 15 May 2009, the first paragraph is to be read as if “ces distributions”, “des distributions” and “de distributions” were replaced wherever they appear in the French text by “ces attributions”, “des attributions” and “d’attributions”, respectively; or

(2) before 20 December 2006, it is to be read as follows:

**“688.1.1.** If a trust that is resident in Canada for a taxation year makes in the taxation year one or more distributions of property in circumstances in which section 688.1 applies, the following rules apply:

(*a*) where the trust so elects, for the purposes of this paragraph, in the prescribed form filed with the Minister with the trust’s fiscal return for the year or a preceding taxation year, the income of the trust for the year, determined without reference to paragraph *a* of section 657 is to be computed, for the purposes of that paragraph *a* and section 663, without regard to all of those distributions to persons not resident in Canada, including a partnership other than a Canadian partnership, except for distributions of cash denominated in Canadian currency; and

(*b*) where the trust so elects, for the purposes of this paragraph, in the prescribed form filed with the Minister with the trust’s fiscal return for the year or a preceding taxation year, the income of the trust for the year, determined without reference to paragraph *a* of section 657 is to be computed, for the purposes of that paragraph *a* and section 663, without regard to all of those distributions, except for distributions of cash denominated in Canadian currency.”

(3) Subsection 1 also applies to the taxation years 2000 and 2001 of a trust that made a valid election under subsection 29 of section 233 of the Technical Tax Amendments Act, 2012 (Statutes of Canada, 2013, chapter 34), in which case section 688.1.1 of the Taxation Act is to be read as follows:

**“688.1.1.** If a trust that is resident in Canada for a taxation year makes in the taxation year one or more distributions of property in circumstances in which section 688.1 applies or, in the case of distributions made after 1 October 1996 and before 1 January 2000, in circumstances in which section 692 applied, the following rules apply:

(a) where the trust so elects, for the purposes of this paragraph, in the prescribed form filed with the Minister with the trust’s fiscal return for the year or a preceding taxation year, the income of the trust for the year, determined without reference to paragraph *a* of section 657 is to be computed, for the purposes of that paragraph *a* and section 663, without regard to all of those distributions to persons not resident in Canada, including a partnership other than a Canadian partnership, except for distributions of cash denominated in Canadian currency; and

(b) where the trust so elects, for the purposes of this paragraph, in the prescribed form filed with the Minister with the trust’s fiscal return for the year or a preceding taxation year, the income of the trust for the year, determined without reference to paragraph *a* of section 657 is to be computed, for the purposes of that paragraph *a* and section 663, without regard to all of those distributions, except for distributions of cash denominated in Canadian currency.”

**223.** (1) Section 690 of the Act is amended by replacing subparagraph *a.1* of the first paragraph by the following subparagraph:

“(a.1) where the particular time is immediately before the time that is immediately before the time of the taxpayer’s death and sections 653 to 656.1 deem the trust to dispose of property at the end of the day that includes the particular time, the amount that would be determined under subparagraph *b* if the taxpayer had died on a day that ended immediately before the time that is immediately before the particular time; and”.

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

**224.** (1) Section 690.0.1 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) the property or property for which it was substituted was held by a trust; and

“(b) either

i. the trust was not resident in Canada and the property or property for which it was substituted was not taxable Canadian property of the trust, or

ii. neither the vendor nor a person that would, but for the definition of “controlled” in section 21.0.1, be affiliated with the vendor had a capital interest in the trust.”

(2) Subsection 1 applies in respect of a disposition made after 31 October 2011.

**225.** (1) Section 691 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the property is distributed on or before the earlier of

i. a reacquisition, in respect of any property of the trust, that occurs immediately after the day described in subparagraph *a* of the first paragraph of section 653, and

ii. the cessation of the trust’s existence.”

(2) Subsection 1 applies in respect of a distribution made after 31 October 2011.

**226.** (1) Section 691.1 of the Act is amended by replacing the portion of paragraph *b* before subparagraph *i* by the following:

“(b) section 467 was applicable, or would have been applicable if it were read without reference to “while the transferor is resident in Canada”, at a particular time in respect of any property of”.

(2) Subsection 1 applies in respect of a distribution made after 31 October 2011.

**227.** (1) Section 692.0.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

“**692.0.1.** Where, solely by reason of the application of section 692, subparagraphs *a* to *c* of the first paragraph of section 688 do not apply to a distribution in a taxation year of taxable Canadian property by a trust, for the purposes of sections 1025, 1026 and 1026.0.2 to 1026.2, the first, second and third paragraphs of section 1038 and any regulations made under those provisions, the aggregate of the taxes payable by the trust under this Part for the year is deemed to be the lesser of”.

(2) Subsection 1 applies in respect of a distribution made after 31 October 2011.

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

“However, the taxpayer shall apply the provisions of this Book in the following order: Title I.0.0.1, sections 694.0.1, 694.0.2, 737.17, 737.18.12, 726.29 and 726.35, Titles V, VI.8, V.1, VI.1, VI.2, VI.3, VI.3.1, VI.3.2, VI.3.2.1, VI.3.2.2, VI.3.2.3, VII, VII.0.1, VI.5 and VI.5.1 and sections 725.1.2, 737.14 to 737.16.1, 737.18.10, 737.18.11, 737.18.17, 737.18.17.5, 737.18.26, 737.18.34, 737.21, 737.22.0.0.3, 737.22.0.0.7, 737.22.0.3, 737.22.0.4.7,

737.22.0.7, 737.22.0.10, 737.22.0.13, 737.25, 737.28, 726.28, 726.33 and 726.34.”

(2) Subsection 1 applies to a taxation year that ends after 20 November 2012.

**229.** The heading of Title V of Book IV of Part I of the Act is replaced by the following heading:

“CHARITABLE GIFTS AND OTHER DEDUCTIONS”.

**230.** Section 710.2.1 of the Act is amended by striking out “, the Conseil du patrimoine culturel du Québec”.

**231.** (1) The Act is amended by inserting the following section after section 710.2.1:

“**710.2.1.1.** Despite section 710.2.1, for the purposes of paragraph *a* of section 422, subparagraph ii of paragraph *c* of that section and sections 710 to 716.0.11, where the Minister of Culture and Communications determines an amount to be the fair market value of a property that is the subject of a gift made by a taxpayer on or before the day that is two years after the time that amount is determined and referred to in paragraph *a* of section 710, the following rules apply:

(*a*) the amount so determined is deemed to be the fair market value of the property at the time of the gift or, for the purposes of section 716, its fair market value otherwise determined at that time; and

(*b*) subject to section 716, the amount so determined is deemed to be the taxpayer’s proceeds of disposition of the property.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

**232.** (1) The Act is amended by inserting the following sections after section 710.2.5:

“**710.2.6.** A corporation may request, by notice in writing to the Minister of Culture and Communications, a determination of the fair market value of a property (other than a cultural property described in the third paragraph of section 232) it disposes of or proposes to dispose of and that would, if the disposition were made and the documents referred to in section 716.0.1.3 were issued by the Minister of Culture and Communications in respect of the property, be a gift described in subparagraph *b* of the second paragraph of section 716.0.1.1 or in section 716.0.1.2.

“**710.2.7.** The Minister of Culture and Communications shall with all due dispatch make a determination of the fair market value of a property that is the subject of a request referred to in section 710.2.6 and give notice of the



determination in writing to the corporation that has disposed of, or that proposes to dispose of, the property.

However, no such determination is made if the request is received by the Minister of Culture and Communications more than three years after the end of the corporation's taxation year in which the disposition occurred.

**“710.2.8.** Where the Minister of Culture and Communications has, in accordance with section 710.2.7, notified a corporation of the amount determined to be the fair market value of a property it has disposed of or proposes to dispose of, the following rules apply:

(a) on receipt of a written request made by the corporation on or before the day that is 90 days after the day that the corporation was so notified, the Minister of Culture and Communications shall with all due dispatch confirm or redetermine the fair market value;

(b) the Minister of Culture and Communications may, on that Minister's own initiative, at any time redetermine the fair market value;

(c) in the cases referred to in paragraphs *a* and *b*, the Minister of Culture and Communications shall notify the corporation in writing of the confirmation or redetermination; and

(d) any such redetermination is deemed to replace all preceding determinations and redeterminations of the fair market value of the property from the time at which the first such determination was made.

**“710.2.9.** Where the Minister of Culture and Communications determines the fair market value of a property in accordance with section 710.2.7, or redetermines that fair market value in accordance with section 710.2.8, and the property has been the subject of a gift described in subparagraph *b* of the second paragraph of section 716.0.1.1 or in section 716.0.1.2, that Minister shall issue to the corporation who made the disposition a certificate that states the fair market value of the property so determined or redetermined and send a copy of that certificate to the donee and the Minister.

Where the Minister of Culture and Communications has issued more than one certificate in respect of the same property, the last certificate is deemed to replace all preceding certificates from the time at which the first certificate was issued.”

(2) Subsection 1 has effect from 4 July 2013.

**233.** (1) Section 710.3 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) to a certificate issued under section 710.2.5 or 710.2.9 or to a decision of a court resulting from an appeal under section 93.1.15.2 or 93.1.15.3 of the Tax Administration Act (chapter A-6.002).”

(2) Subsection 1 has effect from 4 July 2013.

**234.** (1) Section 710.4 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the fair market value of a recognized gift with reserve of usufruct or use, in relation to a work of art or a cultural property described in the third paragraph of section 232, is deemed to be equal to the product obtained by multiplying the amount of the fair market value of the work of art or of the cultural property, as the case may be, otherwise determined with reference to sections 710.1, 710.2, 710.2.1, 710.2.1.1, 714.2 and 716 by the appropriate percentage determined in section 710.5.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

**235.** (1) Section 714.1 of the Act is amended

(1) by replacing “*réfère le premier alinéa*” in the second paragraph in the French text by “*le premier alinéa fait référence*”;

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

“This section does not apply where a corporation makes a gift of a work of art referred to in section 716.0.1.2 to a donee described in subparagraph *c* of the second paragraph of that section.”

(2) Paragraph 2 of subsection 1 applies in respect of a gift made after 3 July 2013.

**236.** (1) Section 716.0.1.1 of the Act is replaced by the following section:

“**716.0.1.1.** For the purpose of determining the amount that is deductible under paragraphs *a* and *d* of section 710 in computing the taxable income of a corporation for a taxation year, the eligible amount of a gift described in the second paragraph is to be increased by 1/4 of that amount.

The gift to which the first paragraph refers is

(a) a gift of a work of art to a Québec museum; or

(b) any of the following gifts if the fair market value of the property that is the subject of the gift is determined under any of sections 710.1, 710.2, 710.2.1 and 710.2.1.1:

i. unless it is described in subparagraph *a*, a gift of a work of public art that meets the following conditions:

(1) it is made to the State, except an educational institution that is a mandatary of the State, or

(2) a certificate has been issued by the Minister of Culture and Communications in respect of the work for the purposes of this section,

ii. a gift of an eligible immovable if a qualification certificate has been issued by the Minister of Culture and Communications in respect of the building for the purposes of this section, or

iii. a gift of an eligible immovable to any of the following entities that acquires the building with a view to carrying on all or part of its activities in it:

(1) a registered charity operating in Québec in the field of arts or culture,

(2) a registered cultural or communications organization, or

(3) a registered museum.

For the purposes of subparagraphs ii and iii of subparagraph *b* of the second paragraph, an eligible immovable means a building situated in Québec, including the land subjacent to it and such portion of any contiguous land as can reasonably be regarded as contributing to the use and enjoyment of the building.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

**237.** (1) The Act is amended by inserting the following sections after section 716.0.1.1:

“**716.0.1.2.** For the purpose of determining the amount that is deductible under paragraphs *a* and *d* of section 710 in computing the taxable income of a corporation for a taxation year, the eligible amount of a gift of a work of public art described in the second paragraph is to be increased by 1/2 of that amount if the fair market value of the work is determined under any of sections 710.1, 710.2, 710.2.1 and 710.2.1.1.

The gift to which the first paragraph refers is the gift of a work of public art in respect of which a certificate has been issued by the Minister of Culture and Communications for the purposes of this section and that is made to

(*a*) an educational institution that is a mandatary of the State;

(*b*) a school board governed by the Education Act (chapter I-13.3) or the Education Act for Cree, Inuit and Naskapi Native Persons (chapter I-14); or

- (c) a registered charity whose mission is teaching and that is
  - i. an educational institution established under an Act of the Parliament of Québec, other than an institution described in subparagraph *a*,
  - ii. a college governed by the General and Vocational Colleges Act (chapter C-29),
  - iii. a private educational institution accredited for subsidies purposes under the Act respecting private education (chapter E-9.1), or
  - iv. a university-level educational institution referred to in any of paragraphs 1 to 11 of section 1 of the Act respecting educational institutions at the university level (chapter E-14.1).

**“716.0.1.3.** No corporation is entitled to an increase of the eligible amount of a gift for a taxation year, in relation to a gift described in subparagraph *b* of the second paragraph of section 716.0.1.1 or in section 716.0.1.2, unless it files with the Minister, together with the fiscal return it is required to file under section 1000 for the year, the following documents issued by the Minister of Culture and Communications:

- (a) in relation to a gift of a work of public art,
  - i. in respect of which subparagraph 1 of subparagraph *i* of subparagraph *b* of the second paragraph of section 716.0.1.1 applies, a copy of any certificate relating to the fair market value of the work, or
  - ii. in respect of which subparagraph 2 of subparagraph *i* of subparagraph *b* of the second paragraph of section 716.0.1.1 or section 716.0.1.2 applies, a copy of the certificate relating to the work and of any certificate relating to the fair market value of the work; or
- (b) in relation to the gift of an eligible immovable,
  - i. in respect of which subparagraph *ii* of subparagraph *b* of the second paragraph of section 716.0.1.1 applies, a copy of the qualification certificate relating to the building and of any certificate relating to the fair market value of the immovable, or
  - ii. in respect of which subparagraph *iii* of subparagraph *b* of the second paragraph of section 716.0.1.1 applies, a copy of any certificate relating to the fair market value of the immovable.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

**238.** (1) Section 725 of the Act is amended by replacing “Department of Human Resources and Skills Development Act” in paragraph *c.2* by “Department of Employment and Social Development Act”.

(2) Subsection 1 has effect from 12 December 2013.

**239.** (1) Section 725.1.2 of the Act is amended, in the second paragraph,

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

“Le montant auquel le premier alinéa fait référence en est un reçu dans l’année au titre ou en paiement intégral ou partiel de l’un ou l’autre des montants suivants :”;

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

“(c.1) an earnings loss benefit, a supplementary retirement benefit or a permanent impairment allowance payable under Part 2 of the Canadian Forces Members and Veterans Re-establishment and Compensation Act (Statutes of Canada, 2005, chapter 21);”.

(2) Paragraph 2 of subsection 1 has effect from 1 April 2006.

**240.** (1) Section 725.7.2 of the Act is amended by replacing “as defined in” by “as defined in the first paragraph of”.

(2) Subsection 1 has effect from 1 January 2014.

**241.** (1) The Act is amended by inserting the following after section 726.4.0.1:

**“TITLE VI.3.0.2**

**“TAX-FREE RESERVE OF A QUALIFIED SHIPOWNER**

**“726.4.0.2.** A corporation may deduct for the year the amount provided for in section 979.38.”

(2) Subsection 1 has effect from 5 June 2014.

**242.** (1) The Act is amended by inserting the following section after section 726.4.10.3:

**“726.4.10.4.** Despite sections 726.4.10.1 to 726.4.10.3, if an expense referred to in subparagraph *i* of paragraph *a* of section 726.4.10 was incurred after 4 June 2014, the percentage of 33 1/3% mentioned in that paragraph *a* is to be replaced, in respect of the expense, by a percentage of 10%.

The first paragraph does not apply in respect of an expense incurred as a result of

(a) an investment made on or before 4 June 2014, in relation to a flow-through share issued after that date; or

(b) an application for a receipt for the preliminary prospectus or an application for an exemption from filing a prospectus, as the case may be, made on or before 4 June 2014, in relation to a flow-through share issued after that date.”

(2) Subsection 1 has effect from 5 June 2014.

**243.** (1) The Act is amended by inserting the following section after section 726.4.11.3:

“**726.4.11.4.** Despite sections 726.4.11.1 to 726.4.11.3, if an amount referred to in paragraph *b* of section 726.4.11 in respect of an individual is an amount in respect of which the consideration given by the individual was property or services the cost of which may reasonably be regarded as an expense in respect of which section 726.4.10.4 applied, the percentage of 33 1/3% mentioned in paragraph *b* of section 726.4.11 is to be replaced, in respect of that amount, by a percentage of 10%.”

(2) Subsection 1 has effect from 5 June 2014.

**244.** (1) Section 726.4.14 of the Act is amended

(1) by replacing “For the purposes of” in the portion before paragraph *a* by “In”;

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

“(b) none of its members is a member of an associated group, within the meaning of section 726.4.17.18.1, a member of which operates a mineral resource or an oil or gas well.”

(2) Subsection 1 applies in respect of expenses incurred as a consequence of the acquisition of a flow-through share issued after 31 December 2013.

**245.** (1) Section 726.4.15 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the corporation is not a member of an associated group, within the meaning of section 726.4.17.18.1, a member of which operates a mineral resource or an oil or gas well.”

(2) Subsection 1 applies in respect of expenses incurred as a consequence of the acquisition of a flow-through share issued after 31 December 2013.

**246.** (1) The Act is amended by inserting the following section after section 726.4.17.2.3:

**“726.4.17.2.4.** Despite sections 726.4.17.2.1 to 726.4.17.2.3, if an expense referred to in paragraph *a* of section 726.4.17.2 was incurred after 4 June 2014, the percentage of 33 1/3% mentioned in that section is to be replaced, in respect of the expense, by a percentage of 10%.

The first paragraph does not apply in respect of an expense incurred as a result of

(*a*) an investment made on or before 4 June 2014, in relation to a flow-through share issued after that date; or

(*b*) an application for a receipt for the preliminary prospectus or an application for an exemption from filing a prospectus, as the case may be, made on or before 4 June 2014, in relation to a flow-through share issued after that date.”

(2) Subsection 1 has effect from 5 June 2014.

**247.** (1) The Act is amended by inserting the following section after section 726.4.17.3.3:

**“726.4.17.3.4.** Despite sections 726.4.17.3.1 to 726.4.17.3.3, if an amount referred to in paragraph *b* of section 726.4.17.3 in respect of an individual is an amount in respect of which the consideration given by the individual was property or services the cost of which may reasonably be regarded as an expense in respect of which section 726.4.17.2.4 applied, the percentage of 33 1/3% mentioned in paragraph *b* of section 726.4.17.3 is to be replaced, in respect of that amount, by a percentage of 10%.”

(2) Subsection 1 has effect from 5 June 2014.

**248.** (1) Section 726.4.17.6 of the Act is amended

(1) by replacing “For the purposes of” in the portion before paragraph *a* by “In”;

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

“(b) none of its members is a member of an associated group, within the meaning of section 726.4.17.18.1, a member of which operates a mineral resource or an oil or gas well.”

(2) Subsection 1 applies in respect of expenses incurred as a consequence of the acquisition of a flow-through share issued after 31 December 2013.

**249.** (1) Section 726.4.17.7 of the Act is amended

(1) by replacing “For the purposes of” in the portion before paragraph *a* by “In”;

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

“(b) the corporation is not a member of an associated group, within the meaning of section 726.4.17.18.1, a member of which operates a mineral resource or an oil or gas well.”

(2) Subsection 1 applies in respect of expenses incurred as a consequence of the acquisition of a flow-through share issued after 31 December 2013.

**250.** (1) The Act is amended by inserting the following section after section 726.4.17.12:

“**726.4.17.12.1.** Where, after 4 June 2014, a corporation makes a public issue of shares referred to in the first paragraph of section 726.4.17.12, the percentage of 15% mentioned in subparagraph ii of subparagraph *a* of the second paragraph of that section is, in respect of the share issue, to be replaced by a percentage of 12%.

The first paragraph does not apply in respect of a public issue of shares following

(a) an investment made on or before 5 June 2014; or

(b) an application for a receipt for the preliminary prospectus or an application for an exemption from filing a prospectus, as the case may be, made on or before 4 June 2014.”

(2) Subsection 1 has effect from 5 June 2014.

**251.** (1) The Act is amended by inserting the following section after section 726.4.17.13:

“**726.4.17.13.1.** Where, after 4 June 2014, a partnership makes a public issue of securities referred to in the first paragraph of section 726.4.17.13, the percentage of 15% mentioned in subparagraph ii of subparagraph *a* of the second paragraph of that section is, in respect of the security issue, to be replaced by a percentage of 12%.

The first paragraph does not apply in respect of a public issue of securities following

(a) an investment made on or before 4 June 2014; or

(b) an application for a receipt for the preliminary prospectus or an application for an exemption from filing a prospectus, as the case may be, made on or before 4 June 2014.”

(2) Subsection 1 has effect from 5 June 2014.



**252.** (1) Section 726.4.17.18 of the Act is amended

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

““associated group” at any time has the meaning assigned by section 726.4.17.18.1;”;

(2) by replacing paragraph *b* of the definition of “qualified corporation” by the following paragraph:

“(b) the corporation is not a member of an associated group a member of which operates a mineral resource or an oil or gas well;”;

(3) by replacing paragraph *b* of the definition of “qualified partnership” by the following paragraph:

“(b) none of its members is a member of an associated group a member of which operates a mineral resource or an oil or gas well.”

(2) Subsection 1 applies in respect of expenses incurred as a consequence of the acquisition of a flow-through share issued after 31 December 2013.

**253.** (1) The Act is amended by inserting the following section after section 726.4.17.18:

**“726.4.17.18.1.** An associated group at any given time means all the corporations that are associated with each other at that time.

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

(a) a business carried on by an individual, other than a trust, is deemed to be carried on by a corporation all the voting shares in the capital stock of which are owned at the given time by the individual;

(b) a partnership is deemed to be a corporation whose taxation year corresponds to the partnership’s fiscal period and all the voting shares in the capital stock of which are owned at the given time by each member of the partnership in a proportion equal to the agreed proportion in respect of the member for the partnership’s fiscal period that includes that time; and

(c) a trust is deemed to be a corporation all the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries (in this subparagraph *c* referred to as the “distribution date”) and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) if such a beneficiary's share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and if the given time occurs before the distribution date, are owned at that time by the beneficiary, or

(2) if subparagraph 1 does not apply and the given time occurs before the distribution date, are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. if a beneficiary's share of the accumulating income or of the capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at the given time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at the given time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at the given time by the person referred to in that section from whom property of the trust or property for which property of the trust was substituted was directly or indirectly received.”

(2) Subsection 1 has effect from 1 January 2014.

**254.** (1) Section 726.6 of the Act is amended, in the first paragraph,

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

“i. an immovable that was used in the course of carrying on the business of farming in Canada by”;

(2) by replacing the portion of subparagraph i of subparagraph *a.0.1* before subparagraph 1 by the following:

“i. an immovable or a fishing boat that was used in the course of carrying on a fishing business in Canada by”;

(3) by inserting “, a pooled registered pension plan” after “a registered pension plan” in subparagraph 1 of subparagraph i of subparagraph *a.2*.

(2) Paragraphs 1 and 2 of subsection 1 apply in respect of a disposition of property that occurs after 1 May 2006.

(3) Paragraph 3 of subsection 1 has effect from 14 December 2012.

**255.** (1) Section 726.6.3 of the Act is amended, in the first paragraph,

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

“(a) the property or a property for which the property was substituted meets the following conditions:

i. throughout the period of at least 24 months preceding that time, the property was owned by any one or more of

(1) the individual or the spouse, a child or the father or mother of the individual,

(2) a partnership, an interest in which is an interest in a family farm partnership of the individual or of the individual’s spouse,

(3) if the individual is a personal trust, the individual from whom the trust acquired the property or the spouse, a child or the father or mother of the individual, or

(4) a personal trust from which the individual or a child or the father or mother of the individual acquired the property, and

ii. either

(1) in at least two years while the property was owned by one or more persons referred to in subparagraph i, the property was used principally in a farming business carried on in Canada in which an individual referred to in subparagraph i, or if the individual is a personal trust, a beneficiary under the trust, was actively engaged on a regular and continuous basis, and the gross revenue of a person referred to in subparagraph i (in this subparagraph 1 referred to as the “operator”) from such a business for the period during which the property was owned by a person referred to in subparagraph i exceeded the income of the operator from all other sources for that period, or

(2) throughout a period of at least 24 months while the property was owned by one or more persons or partnerships referred to in subparagraph i, the property was used by a corporation described in subparagraph 4 of subparagraph i of subparagraph *a* of the first paragraph of section 726.6 or by a partnership described in subparagraph 5 of that subparagraph i in a farming business in which an individual described in any of subparagraphs 1 to 3 of that subparagraph i was actively engaged on a regular and continuous basis; and”;

(2) by striking out subparagraph *b*.

(2) Subsection 1 applies in respect of the disposition of property that occurs after 5 November 2010.

**256.** (1) Section 726.11 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“726.11.** Despite sections 726.7 to 726.7.3, no amount may be deducted under this Title in respect of the capital gain of an individual for a particular taxation year in computing the individual’s taxable income for the particular year or any subsequent taxation year, if the individual knowingly or under circumstances amounting to gross negligence”.

(2) Subsection 1 applies in respect of a taxation year for which the fiscal return referred to in section 1000 of the Act was not filed before 31 October 2011, except in respect of gains realized in another taxation year for which a fiscal return referred to in that section was filed before that date.

**257.** (1) Section 726.19 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

**“726.19.** Despite any other provision of this Act, a trust described in subparagraph *a* of the first paragraph and the second paragraph of section 653 or in subparagraph *a.1* of that first paragraph, other than an alter ego trust or a joint spousal trust, may, in computing its taxable income for its taxation year that includes the day determined in respect of the trust under subparagraph *a* or *a.1* of the first paragraph of section 653, as the case may be, deduct under this Title an amount equal to the least of”.

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

**258.** (1) The Act is amended by inserting the following section after section 733.0.5:

**“733.0.5.1.** For the purpose of determining the amount of the non-capital loss, farm loss, net capital loss or limited partnership loss for a taxation year of a corporation that carries on a recognized business in the year or is a member of a partnership that carries on such a recognized business in a fiscal period of the partnership ending in the year, in relation to a large investment project of the corporation or partnership, as the case may be, in respect of which a certificate was issued for the corporation’s taxation year or the partnership’s fiscal period, the following rules apply:

(*a*) where, in respect of the corporation for the year, the amount determined under subparagraph *a* of the second paragraph of section 737.18.17.5 exceeds the amount determined under subparagraph *b* of that paragraph,

i. the amount that is the income or portion of the income, as the case may be, of the corporation for the year, determined under that subparagraph *a*, is, in the proportion determined in the second paragraph, deemed to be nil, and

ii. the amount that is the loss or portion of the loss, as the case may be, of the corporation for the year, determined under that subparagraph *b*, is, in the proportion determined in the second paragraph, deemed to be nil; and

(*b*) where, in respect of the partnership for the fiscal period, the amount determined under subparagraph *d* of the second paragraph of section 737.18.17.5 exceeds the amount determined under subparagraph *e* of that paragraph,

i. the corporation's share of the amount that is the income or portion of the income, as the case may be, determined under that subparagraph *d* in respect of the partnership for the fiscal period, is, in the proportion determined in the second paragraph, deemed to be nil, and

ii. the corporation's share of the amount that is the loss or portion of the loss, as the case may be, determined under that subparagraph *e* in respect of the partnership for the fiscal period, is, in the proportion determined in the second paragraph, deemed to be nil.

The proportion to which the first paragraph refers is the proportion that the amount that would be determined in respect of the corporation for the year under section 737.18.17.5 if, for the purposes of section 737.18.17.6, its taxable income for the year otherwise determined were equal to the particular amount that is the total of the amounts determined in accordance with subparagraphs *a* and *b* of the first paragraph of section 737.18.17.5, is of that particular amount.

For the purposes of the first paragraph, a corporation's share of an amount is equal to the agreed proportion of that amount in respect of the corporation for the partnership's fiscal period.

In this section, "certificate", "large investment project" and "recognized business" have the meaning assigned by the first paragraph of section 737.18.17.1."

(2) Subsection 1 applies to a taxation year that ends after 20 November 2012.

**259.** (1) Section 736.4 of the Act is amended by replacing "766.16" in subparagraph *b* of the first paragraph by "766.3.1".

(2) Subsection 1 applies from the taxation year 2013.

**260.** (1) The Act is amended by inserting the following after section 737.18.17:

**“TITLE VII.2.3.1****“DEDUCTION RELATING TO THE CARRYING OUT OF A LARGE INVESTMENT PROJECT****“CHAPTER I****“INTERPRETATION AND GENERAL RULES**

**“737.18.17.1.** In this Title, unless the context indicates otherwise,

“certificate” for a taxation year of a corporation or a fiscal period of a partnership, in relation to a large investment project, means the certificate that, for the purposes of this Title, is issued by the Minister of Finance, in relation to the large investment project for the corporation’s taxation year or the partnership’s fiscal period, as the case may be;

“date of the beginning of the tax-free period” in respect of a large investment project means the date that is specified as such in the first certificate in relation to the large investment project;

“eligible activities” of a corporation or a partnership, in relation to a large investment project, means, subject to section 737.18.17.4, the activities or part of the activities that are carried on by the corporation or partnership, as the case may be, in the course of carrying on its recognized business in relation to the large investment project and that arise from the project, except, in the case of a corporation, the activities that

(a) are carried on under a contract that is an eligible contract for the purposes of Division II.6.0.1.8 of Chapter III.1 of Title III of Book IX; or

(b) are eligible activities for the purposes of Division II.6.0.1.9 of Chapter III.1 of Title III of Book IX;

“large investment project” of a corporation or a partnership means an investment project in respect of which a qualification certificate has been issued to the corporation or partnership, as the case may be, by the Minister of Finance, for the purposes of this Title;

“prior loss attributable to eligible activities” of a corporation for a taxation year or of a partnership for a fiscal period means the amount determined by the formula

A – B;

“recognized business” of a corporation or a partnership in relation to a large investment project means a business or part of a business, carried on in Québec by the corporation or partnership, in connection with which the large investment project was carried out or is in the process of being carried out and in respect of which the corporation or partnership keeps separate accounts in relation to the eligible activities of the corporation or partnership, in relation to the project;

“tax-free period” of a corporation or a partnership, for a taxation year or a fiscal period, in relation to a large investment project, means the part of the taxation year or fiscal period that is both covered by a certificate issued to the corporation or partnership in respect of the large investment project and included in the 10-year period that begins on the date of the beginning of the tax-free period in respect of the project or, where the corporation or partnership acquired all or substantially all of the recognized business in relation to the project and the Minister of Finance authorized the transfer of the carrying out of the project to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in the part of that 10-year period that begins on the date of acquisition of the recognized business;

“total qualified capital investments”, at a particular date, of a corporation or a partnership, in relation to a large investment project, means the aggregate of the expenditures of a capital nature incurred by the corporation or partnership, as the case may be, from the beginning of the carrying out of the large investment project until that date, to obtain goods or services with a view to establishing, in Québec, the recognized business of the corporation or partnership, in relation to the project, or with a view to increasing or modernizing the production of such a business, except such expenditures that are related to the purchase or use of land or the acquisition of a business already carried on in Québec.

In the formula in the definition of “prior loss attributable to eligible activities” of a corporation for a particular taxation year or of a partnership for a particular fiscal period, in the first paragraph,

(a) A is

i. in relation to a corporation, the aggregate of all amounts each of which is the amount, in respect of the corporation, for a taxation year preceding the particular year, by which the amount determined under subparagraph *b* of the second paragraph of section 737.18.17.5 exceeds the amount determined under subparagraph *a* of that second paragraph, and

ii. in relation to a partnership, the aggregate of all amounts each of which is the amount, in respect of the partnership, for a fiscal period preceding the particular fiscal period, by which the amount determined under subparagraph *e* of the second paragraph of section 737.18.17.5 exceeds the amount determined under subparagraph *d* of that second paragraph; and

(b) B is

i. in relation to a corporation, the aggregate of all amounts each of which is the amount that reduced, because of C in the formula in subparagraph *a* of the first paragraph of section 737.18.17.5, the amount that would have been otherwise deductible by the corporation, under that section, for a taxation year preceding the particular year, and

ii. in relation to a partnership, the aggregate of all amounts each of which is the amount that reduced, because of F in the formula in subparagraph *b* of

the first paragraph of section 737.18.17.5, the amount of which a portion would have been otherwise deductible by a corporation that is a member of the partnership, under that section, for a taxation year in which a fiscal period preceding the particular fiscal period of the partnership ends.

**“737.18.17.2.** For the purposes of this Title, to determine the income or loss of a corporation for a taxation year, or of a partnership for a fiscal period, from its eligible activities in relation to a large investment project, the income or loss is to be computed as if

(a) the eligible activities were the carrying on of a separate business; and

(b) the corporation or partnership were deducting in computing its income for the taxation year or fiscal period and had deducted in computing its income for any preceding taxation year or fiscal period, in relation to the separate business, the maximum amount in respect of any reserve, allowance or other amount.

For the purposes of subparagraph *b* of the first paragraph, the following rules must be taken into consideration:

(a) the undepreciated capital cost, on the date described in the third paragraph for the corporation or partnership, in respect of the large investment project, of depreciable property of a prescribed class in relation to the separate business referred to in subparagraph *a* of the first paragraph, is deemed to include the amount that is the amount by which the total depreciation, within the meaning of paragraph *b* of section 93, allowed to the corporation or partnership, as the case may be, before that date, in respect of property of that class, exceeds the aggregate of all amounts each of which is an amount that the corporation or partnership, as the case may be, included, under section 94, in respect of property of that class, in computing its income for a taxation year or fiscal period ending before that date; and

(b) the eligible incorporeal capital amount of the corporation or partnership, in respect of the separate business referred to in subparagraph *a* of the first paragraph, on the date described in the third paragraph for the corporation or partnership, in relation to the large investment project, is deemed to include the amount that is the amount by which the aggregate of all amounts each of which is an amount that the corporation or partnership, as the case may be, deducted in computing its income from the separate business, under paragraph *b* of section 130, for a taxation year or fiscal period that ended before that date, exceeds the aggregate of all amounts each of which is an amount that the corporation or partnership, as the case may be, included in computing its income from the separate business under section 105 for such a taxation year or fiscal period.

The date to which subparagraphs *a* and *b* of the second paragraph refer is the date of the beginning of the tax-free period in respect of the large investment project, unless the corporation or partnership acquired all or substantially all



of the recognized business in relation to the large investment project and the Minister of Finance authorized the transfer of the carrying out of the project to the corporation or partnership, according to the qualification certificate issued to the corporation or partnership, in relation to the project, in which case it is the date of acquisition of the recognized business.

**“737.18.17.3.** Where, at any time, a corporation or a partnership (in this section referred to as the “acquirer”) acquired all or substantially all of a recognized business from another corporation or partnership (in this section referred to as the “vendor”), in relation to a large investment project, and the Minister of Finance previously authorized the transfer of the carrying out of the large investment project to the acquirer, according to a qualification certificate issued by that Minister to the acquirer in respect of the project,

(a) the following rules must be taken into consideration for the purposes of this Title:

i. for the purpose of computing the prior loss attributable to eligible activities of the acquirer for a taxation year or fiscal period that ends after that time, there shall be added to the amount otherwise represented by A in the formula in the definition of “prior loss attributable to eligible activities” in the first paragraph of section 737.18.17.1, unless it is otherwise included in that amount, the portion that is reasonably attributable to the recognized business of the amount by which the aggregate of the following amounts exceeds the amount represented by C or F in the formula in subparagraph *a* or *b* of the first paragraph of section 737.18.17.5, in respect of the vendor for that taxation year or fiscal period:

(1) the amount, in respect of the vendor for the taxation year or fiscal period, by which the amount determined under subparagraph *b* or *e* of the second paragraph of section 737.18.17.5 exceeds the amount determined under subparagraph *a* or *d* of that second paragraph, and

(2) the prior loss attributable to eligible activities of the vendor for that taxation year or fiscal period, and

ii. for the purpose of computing the prior loss attributable to eligible activities of the vendor for a taxation year or fiscal period that ends after that time, there shall be added to the amount otherwise represented by B in the formula in the definition of “prior loss attributable to eligible activities” in the first paragraph of section 737.18.17.1, the portion of the excess amount referred to in subparagraph i, in respect of the acquirer for such a taxation year or fiscal period; and

(b) the following rules must be taken into consideration when determining, for the purposes of subparagraphs *a* and *b* or *d* and *e* of the second paragraph of section 737.18.17.5, the amount referred to therein in relation to the large investment project:

- i. the taxation year or fiscal period of the vendor that includes that time is deemed to end immediately before that time, and
- ii. the taxation year or fiscal period of the acquirer that includes that time is deemed to begin at that time.

**“737.18.17.4.** If, at a particular time, the activities carried on in Québec by a person or a partnership in relation to a business diminish or cease and it may reasonably be considered that, as a result, a corporation or another partnership begins, after the particular time, to carry on similar activities in the course of carrying on a recognized business, in relation to a large investment project, or increases the scope of similar activities carried on in the course of carrying on such a business, those activities or portions of activities, as the case may be, are, subject to section 737.18.17.3, deemed not to be eligible activities of the corporation or of the other partnership carried on in the course of carrying on the recognized business.

## “CHAPTER II

### “DEDUCTION

**“737.18.17.5.** A corporation that, in a taxation year, carries on a recognized business in relation to a large investment project or is a member of a partnership that carries on such a recognized business in the partnership’s fiscal period ending in that year, may, subject to the third paragraph, deduct in computing its taxable income for the year, if a certificate has been issued for the year or fiscal period in relation to the large investment project, an amount not exceeding the portion of its income for the year that may reasonably be considered to be equal to the lesser of the amount determined in accordance with section 737.18.17.6, in respect of the corporation for the year, and the aggregate of

(a) the amount determined by the formula

$(A - B) - C$ ; and

(b) the aggregate of all amounts each of which is the corporation’s share of the amount determined, in respect of such a partnership of which the corporation is a member, by the formula

$(D - E) - F$ .

In the formulas in the first paragraph,

(a) A is the aggregate of all amounts each of which is equal to the amount obtained by multiplying the corporation’s income for the taxation year from its eligible activities, in relation to a large investment project, by the proportion that the number of days in the corporation’s tax-free period for the year, in relation to the large investment project, is of the number of days in the year;

(b) B is the aggregate of all amounts each of which is equal to the amount obtained by multiplying the corporation's loss for the taxation year from its eligible activities, in relation to a large investment project, by the proportion that the number of days in the corporation's tax-free period for the year, in relation to the large investment project, is of the number of days in the year;

(c) C is the prior loss attributable to eligible activities of the corporation for the year;

(d) D is the aggregate of all amounts each of which is equal to the amount obtained by multiplying the partnership's income for the fiscal period from its eligible activities, in relation to a large investment project, by the proportion that the number of days in the partnership's tax-free period for the fiscal period, in relation to the large investment project, is of the number of days in the fiscal period;

(e) E is the aggregate of all amounts each of which is equal to the amount obtained by multiplying the partnership's loss for the fiscal period from its eligible activities, in relation to a large investment project, by the proportion that the number of days in the partnership's tax-free period for the fiscal period, in relation to the large investment project, is of the number of days in the fiscal period; and

(f) F is the prior loss attributable to eligible activities of the partnership for the fiscal period.

A corporation may deduct an amount under the first paragraph in computing its taxable income for a taxation year only if it encloses, with the fiscal return it is required to file under section 1000 for the year,

(a) the prescribed form containing prescribed information; and

(b) in relation to each large investment project referred to in the first paragraph of the corporation or of a partnership of which the corporation is a member,

i. the financial statements relating to the eligible activities of the corporation or partnership, in relation to the large investment project, for the taxation year or fiscal period, as the case may be,

ii. a copy of the qualification certificate issued to the corporation or partnership in respect of the large investment project,

iii. a copy of the certificate issued for the corporation's taxation year or the partnership's fiscal period, as the case may be, in relation to the large investment project,

iv. where the large investment project is a project of the partnership, a copy of each agreement referred to in section 737.18.17.10 in respect of the fiscal

period of the partnership that ends in the taxation year or in a preceding taxation year, in relation to the project, unless it has already been filed, and

v. where the corporation or partnership acquired or sold all or substantially all of the recognized business in relation to the large investment project, a copy of the agreement referred to in section 737.18.17.12 in respect of the transfer, unless it has already been filed.

For the purposes of subparagraph *b* of the first paragraph, the corporation's share of an amount, for a fiscal period of a partnership, is equal to the agreed proportion of that amount in respect of the corporation for the partnership's fiscal period.

**“737.18.17.6.** The amount to which the first paragraph of section 737.18.17.5 refers in respect of a corporation for a taxation year is equal, subject to subparagraph *a* of the first paragraph of section 737.18.17.7, to the aggregate of the following amounts that is multiplied, if the corporation has an establishment situated outside Québec, by the reciprocal of the proportion that its business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771:

(*a*)  $100/11.9$  of the lesser of the aggregate of all amounts each of which is the corporation's tax exemption amount for the year in respect of a large investment project of the corporation, or of a partnership of which it is a member, that is referred to in the first paragraph of section 737.18.17.5 and the amount that is determined in its respect for the year under subparagraph ii of subparagraph *d* of the fifth paragraph; and

(*b*)  $100/8$  of the amount by which the aggregate of all amounts each of which is the corporation's tax exemption amount for the year in respect of a large investment project of the corporation, or of a partnership of which it is a member, that is referred to in the first paragraph of section 737.18.17.5 exceeds the amount that is determined in its respect for the year under subparagraph ii of subparagraph *d* of the fifth paragraph.

For the purposes of this section, a corporation's tax exemption amount for a taxation year in respect of a large investment project of the corporation, or of a partnership of which it is a member, is equal to the lesser of the amount that is determined under the fourth paragraph, for the year, in relation to the large investment project and the balance of the corporation's tax assistance limit for the year in respect of the project.

The balance of a corporation's tax assistance limit, for a particular taxation year, in respect of a large investment project, is equal to

(*a*) in the case of a large investment project of the corporation, the amount by which the corporation's tax assistance limit, in relation to the project, determined in accordance with section 737.18.17.8, exceeds the aggregate of

i. the aggregate of all amounts each of which is, for a preceding taxation year, in relation to the large investment project, equal to the amount determined by the formula

$$A \times B \times C,$$

ii. the aggregate of all amounts each of which is the corporation's contribution exemption amount, for the particular taxation year or a preceding taxation year, in respect of the large investment project, determined in accordance with the second paragraph of section 34.1.0.3 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5), and

iii. where, at any time in the particular taxation year, the corporation transfers its recognized business in relation to the large investment project to another corporation or a partnership, the amount that was transferred to the other corporation or the partnership pursuant to the agreement referred to in section 737.18.17.12 in respect of the transfer; or

(b) in the case of a large investment project of a partnership of which the corporation is a member, the amount by which the corporation's tax assistance limit for the particular year, in relation to the large investment project, determined in accordance with section 737.18.17.9 exceeds the aggregate of all amounts each of which is, for a preceding taxation year, in relation to the project, equal to the amount determined by the formula

$$A \times B \times C.$$

The amount to which the second paragraph refers, for a taxation year of the corporation, in relation to a large investment project, is determined by the formula

$$A \times D \times E.$$

In the formulas in the third and fourth paragraphs,

(a) A is 1, unless the corporation has an establishment situated outside Québec for the taxation year, in which case it is the proportion that the corporation's business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771 for the year;

(b) B is the aggregate of, subject to subparagraph b of the first paragraph of section 737.18.17.7,

i. 8% of the amount by which the amount that would be determined in respect of the corporation for the year under section 771.2.1.2 if no reference were made to section 771.2.5.1 and, for the purposes of paragraph b of section 771.2.1.2, its taxable income for the year were computed without reference to section 737.18.17.5, exceeds the amount determined in its respect for the year under section 771.2.1.2, and

ii. 11.9% of the amount by which the amount that is deducted by the corporation in computing its taxable income for the year under section 737.18.17.5 exceeds the excess amount determined under subparagraph i;

(c) C is the proportion that the corporation's tax exemption amount for the year in respect of the large investment project is of the aggregate of all amounts each of which is the corporation's tax exemption amount for the year in respect of a large investment project of the corporation, or of a partnership of which it is a member, that is referred to in the first paragraph of section 737.18.17.5 for the year;

(d) D is the aggregate of, subject to subparagraph *b* of the first paragraph of section 737.18.17.7,

i. 8% of the amount by which the amount that would be determined in respect of the corporation for the year under section 771.2.1.2 if no reference were made to section 771.2.5.1 and, for the purposes of paragraph *b* of section 771.2.1.2, its taxable income for the year were computed without reference to section 737.18.17.5, exceeds the amount that would be determined in its respect for the year under section 771.2.1.2 if the corporation were to deduct, in computing its taxable income, the amount that, but for this section, would be determined under section 737.18.17.5, and

ii. 11.9% of the amount by which the amount that could be deducted in computing the corporation's taxable income for the year under section 737.18.17.5 if no reference were made to this section exceeds the excess amount determined under subparagraph i; and

(e) E is

i. in the case of a large investment project of the corporation, the proportion that the amount that A would be in the formula in subparagraph *a* of the first paragraph of section 737.18.17.5, for the taxation year, in respect of the corporation, if the corporation's income referred to in subparagraph *a* of the second paragraph of that section were derived only from its eligible activities, in relation to the large investment project, is of the total of the amount that A is in that formula for the year, in respect of the corporation, and the aggregate of all amounts each of which is the corporation's share of the amount that D is in the formula in subparagraph *b* of that first paragraph for the fiscal period of a partnership of which the corporation is a member that ends in the year, or

ii. in the case of a large investment project of a partnership of which the corporation is a member, the proportion that the corporation's share of the amount that D would be in the formula in subparagraph *b* of the first paragraph of section 737.18.17.5, for the fiscal period of the partnership that ends in the taxation year, if the partnership's income referred to in subparagraph *d* of the second paragraph of that section were derived only from its eligible activities, in relation to the large investment project, is of the total of the amount that A is in the formula in subparagraph *a* of that first paragraph for the year, in respect of the corporation, and the aggregate of all amounts each of which is the

corporation's share of the amount that D is for the fiscal period of a partnership of which the corporation is a member that ends in the year.

For the purpose of determining the amount referred to in subparagraph *i* of subparagraph *a* of the third paragraph or in subparagraph *b* of that paragraph for any preceding taxation year for which section 733.0.5.1 applies to the corporation, subparagraph *b* of the fifth paragraph is to be read as if

(a) the amount that is deducted by the corporation in computing its taxable income for the year under section 737.18.17.5 were increased by the amount by which its non-capital loss for the year exceeds the amount that would be that loss if it were determined without reference to section 733.0.5.1; and

(b) the corporation's taxable income for the year, determined without reference to section 737.18.17.5, were equal to the amount that, but for this section, would be determined in its respect for the year under section 737.18.17.5.

For the purposes of subparagraph *e* of the fifth paragraph, the corporation's share of an amount for a partnership's fiscal period is equal to the agreed proportion of that amount in respect of the corporation for the partnership's fiscal period.

**“737.18.17.7.** Where the corporation described in section 737.18.17.5 for a taxation year is a manufacturing corporation, within the meaning assigned by the first paragraph of section 771.1, to which paragraph *d.3* of subsection 1 of section 771 applies for the year, section 737.18.17.6 is to be read

(a) as if “100/8” in subparagraph *b* of the first paragraph were replaced by,

i. if subparagraph *ii* of subparagraph *a* of the first paragraph of section 771.0.2.5 applies to the corporation, “100/4”,

ii. if subparagraph *i* of subparagraph *a* of the first paragraph of section 771.0.2.5 applies to the corporation, the ratio determined by the formula

$$100/\{8 - [(A \times 100) + (B \times 100)]\}, \text{ or}$$

iii. if subparagraph *b* of the first paragraph of section 771.0.2.5 applies to the corporation, the ratio obtained by dividing 100 by the amount by which 8 exceeds the aggregate of

(1) the number determined by the formula

$$[A \times (C - 25\%)/25\%] \times 100, \text{ and}$$

(2) the number determined by the formula

$$[B \times (C - 25\%)/25\%] \times 100; \text{ and}$$

(b) as if “8%” in subparagraph i of subparagraphs *b* and *d* of the fifth paragraph were replaced by,

i. if subparagraph ii of subparagraph *a* of the first paragraph of section 771.0.2.5 applies to the corporation, “4%”,

ii. if subparagraph i of subparagraph *a* of the first paragraph of section 771.0.2.5 applies to the corporation, the percentage determined by the formula

$$8\% - (A + B), \text{ or}$$

iii. if subparagraph *b* of the first paragraph of section 771.0.2.5 applies to the corporation, the amount by which 8% exceeds the aggregate of

(1) the percentage determined by the formula

$$A \times (C - 25\%) / 25\%, \text{ and}$$

(2) the percentage determined by the formula

$$B \times (C - 25\%) / 25\%.$$

In the formulas in the first paragraph,

(a) *A* is the proportion of 2% that the number of days in the taxation year that follow 4 June 2014 but precede 1 April 2015 is of the number of days in the taxation year;

(b) *B* is the proportion of 4% that the number of days in the taxation year that follow 31 March 2015 is of the number of days in the taxation year; and

(c) *C* is the proportion of the manufacturing or processing activities, within the meaning assigned by the first paragraph of section 771.1, of the corporation for the taxation year.

**“737.18.17.8.** A corporation’s tax assistance limit in relation to a large investment project is 15% of its total qualified capital investments on the date of the beginning of the tax-free period in respect of the large investment project, unless the corporation acquired all or substantially all of the recognized business in relation to the project, in which case it is the amount that was transferred to the corporation pursuant to the agreement referred to in section 737.18.17.12 in respect of the acquisition.

**“737.18.17.9.** A corporation’s tax assistance limit, in relation to a large investment project of a partnership of which the corporation is a member, for a particular taxation year in which a fiscal period of the partnership ends is



(a) the aggregate of all amounts each of which is an amount allocated to the corporation, for the particular year or for a preceding taxation year, pursuant to the agreement referred to in section 737.18.17.10 in respect of the fiscal period of the partnership that ends in that year, in relation to the large investment project; or

(b) zero, if in respect of any fiscal period of the partnership that ends in the particular taxation year or in a preceding taxation year, no such agreement has been entered into in relation to the large investment project.

**“737.18.17.10.** The agreement to which section 737.18.17.9 refers in respect of a particular fiscal period of a partnership, in relation to a large investment project of the partnership, is the agreement under which the partnership and all its members agree on an amount in respect of the partnership’s tax assistance limit in relation to the large investment project, for the purpose of allocating to each corporation that is a member of the partnership, for the taxation year in which the particular fiscal period ends, its share of the agreed amount, which amount must not be greater than the amount by which the amount described in the second paragraph exceeds the aggregate of

(a) the aggregate of all amounts each of which is the amount so agreed on, in respect of a preceding fiscal period of the partnership, in relation to the particular large investment project;

(b) the aggregate of all amounts each of which is the partnership’s contribution exemption amount for a preceding fiscal period, in respect of the large investment project, determined in accordance with the second paragraph of section 34.1.0.3 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5); and

(c) where, at any time in the particular fiscal period, the partnership transfers its recognized business in relation to the large investment project to a corporation or another partnership, the amount that was transferred to the corporation or the other partnership pursuant to the agreement referred to in section 737.18.17.12 in respect of the transfer.

The amount to which the portion of the first paragraph before subparagraph *a* refers is 15% of the total qualified capital investments of the partnership on the date of the beginning of the tax-free period in respect of the large investment project, unless the partnership acquired all or substantially all of the recognized business in relation to the project, in which case it is the amount that is transferred to the partnership pursuant to the agreement referred to in section 737.18.17.12 in respect of the acquisition.

The share of a corporation that is a member of the partnership of the amount agreed on under an agreement referred to in the first paragraph, in respect of a fiscal period, is the agreed proportion of that amount in respect of the corporation for the partnership’s fiscal period.

**“737.18.17.11.** Where the amount agreed on, in respect of a particular fiscal period of a partnership, in relation to a large investment project, pursuant to an agreement referred to in section 737.18.17.10, is greater than the excess amount referred to in the first paragraph of that section, the agreed amount is, for the purposes of this Title and section 34.1.0.3 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5), deemed to be equal to that excess amount.

**“737.18.17.12.** Where, at any time in a particular taxation year or fiscal period, a corporation or a partnership, as the case may be, (in this section referred to as the “acquirer”), acquired all or substantially all of a recognized business from another corporation or partnership (in this section referred to as the “vendor”) in relation to a large investment project, and the Minister of Finance previously authorized the transfer of the carrying out of the large investment project to the acquirer, according to a qualification certificate issued by that Minister to the acquirer in respect of the project, the vendor and the acquirer shall enter into an agreement under which an amount in respect of the vendor’s tax assistance limit in relation to the project is transferred to the acquirer, which amount must not be greater than the amount by which the amount described in the second paragraph exceeds,

(a) where the vendor is a corporation, the total of

i. the aggregate of all amounts each of which is, for a preceding taxation year, equal to the amount determined by the formula

$A \times B \times C$ , and

ii. the aggregate of all amounts each of which is the vendor’s contribution exemption amount, for a preceding taxation year, in respect of the large investment project, determined in accordance with the second paragraph of section 34.1.0.3 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5); or

(b) where the vendor is a partnership, the total of

i. the aggregate of all amounts each of which is the amount agreed on, in respect of a preceding fiscal period of the vendor, in relation to the large investment project, pursuant to an agreement referred to in section 737.18.17.10 in respect of the fiscal period, and

ii. the aggregate of all amounts each of which is the vendor’s contribution exemption amount, for a preceding fiscal period, in respect of the large investment project, determined in accordance with the second paragraph of section 34.1.0.3 of the Act respecting the Régie de l’assurance maladie du Québec.

The amount to which the portion of the first paragraph before subparagraph *a* refers is 15% of the total qualified capital investments of the vendor on the date

of the beginning of the tax-free period in respect of the large investment project, unless the vendor acquired all or substantially all of the recognized business in relation to the project following a previous transfer, in which case it is the amount that was transferred to the vendor pursuant to the agreement referred to in this section in respect of the acquisition.

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

(*a*) *A* is 1, unless the vendor has an establishment situated outside Québec for the preceding year, in which case it is the proportion that the vendor's business carried on in Québec is of the aggregate of its business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771 for that preceding year;

(*b*) *B* is, subject to the fifth paragraph, the aggregate of

*i.* 8% of the amount by which the amount that would be determined in respect of the vendor for the preceding year under section 771.2.1.2 if no reference were made to section 771.2.5.1 and if, for the purposes of paragraph *b* of section 771.2.1.2, its taxable income for the preceding year were computed without reference to section 737.18.17.5, exceeds the amount determined in its respect for the preceding year under section 771.2.1.2, and

*ii.* 11.9% of the amount by which the amount that the vendor deducts in computing its taxable income for the preceding year under section 737.18.17.5 exceeds the excess amount determined under subparagraph *i*; and

(*c*) *C* is the proportion that the vendor's tax exemption amount for the preceding year in respect of the large investment project, determined in accordance with the second paragraph of section 737.18.17.6, is of the aggregate of all amounts each of which is the vendor's tax exemption amount for the preceding year, determined in accordance with that second paragraph, in respect of a large investment project of the vendor, or of a partnership of which it is a member, that is referred to in the first paragraph of section 737.18.17.5 for that preceding year.

For the purpose of determining the amount referred to in subparagraph *i* of subparagraph *a* of the first paragraph for any preceding taxation year for which section 733.0.5.1 applies to the vendor, subparagraph *b* of the third paragraph is to be read as if

(*a*) the amount that is deducted by the vendor in computing its taxable income for the preceding year under section 737.18.17.5 were increased by the amount by which its non-capital loss for the preceding year exceeds the amount that would be that loss if it were determined without reference to section 733.0.5.1; and

(*b*) the vendor's taxable income for the preceding year, determined without reference to section 737.18.17.5, were equal to the amount that, but for

section 737.18.17.6, would be determined in its respect for the preceding year under section 737.18.17.5.

Where the corporation is a manufacturing corporation, within the meaning assigned by the first paragraph of section 771.1, to which paragraph *d.3* of subsection 1 of section 771 applies for the taxation year, the reference to “8%” in subparagraph *i* of subparagraph *b* of the third paragraph is to be read

(*a*) as a reference to “4%”, where subparagraph *ii* of subparagraph *a* of the first paragraph of section 771.0.2.5 applies to the corporation;

(*b*) as a reference to the percentage determined by the following formula, where subparagraph *i* of subparagraph *a* of the first paragraph of section 771.0.2.5 applies to the corporation:

$8\% - (D + E)$ ; and

(*c*) as a reference to the amount by which 8% exceeds the aggregate of the following percentages, where subparagraph *b* of the first paragraph of section 771.0.2.5 applies to the corporation:

*i.* the percentage determined by the formula

$D \times (F - 25\%) / 25\%$ , and

*ii.* the percentage determined by the formula

$E \times (F - 25\%) / 25\%$ .

In the formulas in the fifth paragraph,

(*a*) *D* is the proportion of 2% that the number of days in the taxation year that follow 4 June 2014 but precede 1 April 2015 is of the number of days in the taxation year;

(*b*) *E* is the proportion of 4% that the number of days in the taxation year that follow 31 March 2015 is of the number of days in the taxation year; and

(*c*) *F* is the proportion of the manufacturing or processing activities, within the meaning assigned by the first paragraph of section 771.1, of the corporation for the taxation year.

**“737.18.17.13.** Where the amount that was transferred to a corporation or a partnership, in relation to a large investment project, pursuant to an agreement referred to in section 737.18.17.12 is greater than the excess amount referred to in the first paragraph of that section, the amount transferred to the corporation or partnership is, for the purposes of this Title and sections 34.1.0.3 and 34.1.0.4 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5), deemed to be equal to the excess amount.”

(2) Subsection 1 applies to a taxation year that ends after 20 November 2012. However, where Title VII.2.3.1 of Book IV of Part I of the Act applies to a taxation year that ends before 5 June 2014, the following rules apply:

(1) the portion of the first paragraph of section 737.18.17.6 of the Act before subparagraph *a* is to be read without reference to “, subject to subparagraph *a* of the first paragraph of section 737.18.17.7.”;

(2) the portion of subparagraph *b* of the fifth paragraph of section 737.18.17.6 of the Act before subparagraph *i* and the portion of subparagraph *d* of the fifth paragraph of section 737.18.17.6 of the Act before subparagraph *i* are to be read without reference to “, subject to subparagraph *b* of the first paragraph of section 737.18.17.7.”;

(3) that Title VII.2.3.1 is to be read without reference to section 737.18.17.7;

(4) the portion of subparagraph *b* of the third paragraph of section 737.18.17.12 of the Act before subparagraph *i* is to be read without reference to “, subject to the fifth paragraph.”; and

(5) section 737.18.17.12 of the Act is to be read without reference to its fifth and sixth paragraphs.

**261.** (1) Section 737.25 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

**“737.25.** An individual resident in Québec in a taxation year who, throughout a period of not less than 30 consecutive days that commenced in the year or a preceding taxation year, performed substantially all the duties of the individual’s employment outside Canada may deduct, in computing the individual’s taxable income for the year, the product obtained by multiplying the amount determined in respect of the individual for the year under section 737.26 in respect of that period by the percentage specified in respect of the individual for the year under section 737.26.1 where”.

(2) Subsection 1 applies from the taxation year 2013.

**262.** (1) Section 737.26 of the Act is amended by replacing the second paragraph by the following paragraph:

“For the purposes of the first paragraph and despite the definition of “basic income” in section 737.24, no amount may be included in computing an individual’s basic income or regarded as an out-of-Canada living allowance for a taxation year in respect of the individual’s employment by an employer

(*a*) if

i. the employer carries on a business of providing services and does not employ in the business throughout the year more than five full-time employees,

ii. the individual does not deal at arm's length with the employer, or is a specified shareholder of the employer, or, where the employer is a partnership, does not deal at arm's length with a member of the partnership, or is a specified shareholder of a member of the partnership, and

iii. but for the existence of the employer, the individual would reasonably be regarded as an employee of a person or partnership that is not a specified employer; or

(b) if at any time in that portion of the period described in the first paragraph of section 737.25 that is in the year

i. the employer provides the services of the individual to a corporation, trust or partnership with which the employer does not deal at arm's length, and

ii. the fair market value of all the issued shares of the capital stock of the corporation or of all interests in the trust or partnership, as the case may be, that are held, directly or indirectly, by persons who are resident in Canada is less than 10% of the fair market value of all those shares or interests, as the case may be.”

(2) Subsection 1 applies to a taxation year that begins after 26 June 2013.

**263.** (1) The Act is amended by inserting the following section after section 737.26:

**“737.26.1.** The percentage referred to in the first paragraph of section 737.25 in respect of an individual for a taxation year is equal to

(a) 75%, where the taxation year is the year 2013;

(b) 50%, where the taxation year is the year 2014;

(c) 25%, where the taxation year is the year 2015; and

(d) 0%, for a taxation year subsequent to the year 2015.

For the purposes of the first paragraph, the percentage specified in any of subparagraphs *a* to *c* of that paragraph in respect of an individual is to be replaced by a percentage of 100% where the duties of the individual's employment outside Canada are in connection with a contract that was committed to in writing before 1 January 2013 by a specified employer of the individual.”

(2) Subsection 1 applies from the taxation year 2013.

**264.** Section 740 of the Act is replaced by the following section:

**“740.** Where a corporation has in a taxation year received a taxable dividend from a corporation not resident in Canada that is not a foreign affiliate of the corporation and that carried on a business in Canada, through an establishment, throughout the period from 18 June 1971 to the time when the dividend was received, the receiving corporation may deduct in computing its income an amount equal to the part of the dividend determined in accordance with subsection 2 of section 112 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement).”

**265.** Section 744.6 of the Act is amended by replacing subparagraph 1 of subparagraph ii of subparagraph *b* of the third paragraph by the following subparagraph:

“(1) where the taxpayer is a corporation, a taxable dividend received by the taxpayer on the share, to the extent of the amount of the dividend that was deductible under any of sections 738 to 745 and 845 in computing the taxpayer’s taxable income for any taxation year.”

**266.** (1) Section 746 of the Act is amended

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

“(a.1) an amount equal to the total of

i. one-half of the portion of the dividend that is prescribed to have been paid out of the hybrid surplus of the affiliate, and

ii. the lesser of the amount determined under subparagraph i and the total of

(1) the product obtained when the foreign tax prescribed to be applicable to the portion of the dividend referred to in subparagraph i is multiplied by the amount by which the corporation’s tax factor for the year exceeds one-half, and

(2) the product obtained when the non-business-income tax, within the meaning of section 772.2, paid by the corporation and applicable to the portion of the dividend referred to in subparagraph i is multiplied by the corporation’s tax factor for the year;”;

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

“(b) the product obtained when the amount by which the corporation’s tax factor for the year exceeds one is multiplied by the foreign tax prescribed to be applicable to the portion of the dividend prescribed to have been paid out of the taxable surplus of the affiliate, without exceeding that portion of the dividend;

“(c) the lesser of the product obtained when the corporation’s tax factor for the year is multiplied by the non-business-income tax, within the meaning of section 772.2, paid by the corporation and applicable to the portion of the dividend prescribed to have been paid out of the taxable surplus of the affiliate, and the amount by which that portion of the dividend exceeds the amount deductible in respect of the dividend under subparagraph *b*.”;

(3) by replacing “aux fins” in the French text of the second paragraph by “pour l’application”.

(2) Paragraph 1 of subsection 1 applies in respect of a dividend received after 19 August 2011.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2001.

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

**267.** (1) Section 747 of the Act is replaced by the following section:

“**747.** For the purposes of section 746, “exempt surplus”, “hybrid surplus”, “pre-acquisition surplus”, “taxable surplus” and “tax factor” have the meaning assigned to those definitions by regulation.”

(2) Subsection 1 has effect from 20 August 2011.

**268.** (1) Section 749 of the Act is amended

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

“**749.** Where, in the case referred to in section 746, the dividend is received by the corporation at a particular time in a taxation year ending after 31 December 1975 on a share it owned at the end of its taxation year 1975, it may deduct from its income for the year, in respect of the dividend, the lesser of the amount by which the dividend exceeds the deductions permitted in its respect for the year under sections 584 and 746 and the amount by which the adjusted cost base to the corporation of the share at the end of its taxation year 1975 exceeds the aggregate of”;

(2) by replacing paragraphs *b* to *d* by the following paragraphs:

“(b) the amounts that the corporation may deduct under subparagraph *d* of the first paragraph of section 746 for a taxation year ending after 31 December 1975 in respect of the dividends received by it on the share after its taxation year 1975 but before that time;



“(c) the amounts received by the corporation on the share after its 1975 taxation year but before that time

i. on a reduction, before 20 August 2011, of the paid-up capital of the foreign affiliate in respect of the share, or

ii. on a reduction, after 19 August 2011, of the paid-up capital of the foreign affiliate in respect of the share that is a qualifying return of capital, within the meaning of section 577.3, in respect of the share; and

“(d) the amounts deducted under this section in respect of the dividends received by it on the share before that time.”

(2) Subsection 1 has effect from 20 August 2011.

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

**269.** (1) Section 750 of the Act is amended

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

“(c) 24% of the amount by which the lesser of \$100,000 and the individual's taxable income for that year exceeds \$75,000; and”;

(2) by adding the following paragraph:

“(d) 25.75% of the amount by which the individual's taxable income for that year exceeds \$100,000.”

(2) Subsection 1 applies from the taxation year 2013.

(3) In addition,

(1) in applying section 1025 of the Act to compute the amount of a payment that an individual referred to in that section is required to make for the taxation year 2013, and in applying section 1038 of the Act for the purpose of computing the interest, if any, that the individual is required to pay under that section in respect of the payment, subsection 1 is deemed to have also been in force for the taxation year 2012; and

(2) in applying section 1026 of the Act to compute the amount of a payment that an individual referred to in that section is required to make for a particular year that is the taxation year 2013 or 2014, and in applying section 1038 of the Act for the purpose of computing the interest, if any, that the individual is required to pay under that section in respect of the payment,

(a) if the particular year is the taxation year 2013, subsection 1 is deemed to have also been in force for the taxation years 2011 and 2012; or

(b) if the particular year is the taxation year 2014, subsection 1 is deemed to have also been in force for the taxation year 2012.

**270.** (1) Section 750.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“750.1.** The percentage to which sections 752.0.0.1, 752.0.0.4 to 752.0.0.6, 752.0.1, 752.0.7.4, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.14, 752.0.18.3, 752.0.18.8, 752.0.18.15, 776.41.14 and 1015.3 refer is”.

(2) Subsection 1 applies from the taxation year 2013.

**271.** (1) Section 750.1.1 of the Act is replaced by the following section:

**“750.1.1.** The percentage to which sections 768 and 770 refer is

(a) 24%, where the taxation year ends after 19 March 2012 and before 1 January 2013; or

(b) 25.75%, where the taxation year is the year 2013 or a subsequent year.”

(2) Subsection 1 applies from the taxation year 2013.

(3) In addition,

(1) in applying section 1025 of the Act for the purpose of computing the amount of a payment that an inter vivos trust is required to make for the taxation year 2013, and in applying section 1038 of the Act for the purpose of computing the interest, if any, that the trust is required to pay under that section in respect of that payment, subsection 1 is deemed to have also been in force for the taxation year 2012 and, for that purpose, section 750.1.1 of the Act, enacted by subsection 1, is to be read without reference to its paragraph *a* and as if “2013” in its paragraph *b* were replaced by “2012”; and

(2) in applying section 1026 of the Act for the purpose of computing the amount of a payment that an inter vivos trust is required to make for a particular year that is the taxation year 2013 or 2014, and in applying section 1038 of the Act for the purpose of computing the interest, if any, that the trust is required to pay under that section in respect of that payment,

(a) if the particular year is the taxation year 2013, subsection 1 is deemed to have also been in force for the taxation years 2011 and 2012 and, for that purpose, section 750.1.1 of the Act, enacted by subsection 1, is to be read without reference to its paragraph *a* and as if “2013” in its paragraph *b* were replaced by “2011”; or

(b) if the particular year is the taxation year 2014, subsection 1 is deemed to have also been in force for the taxation year 2012 and, for that purpose, section 750.1.1 of the Act, enacted by subsection 1, is to be read without reference to its paragraph *a* and as if “2013” in its paragraph *b* were replaced by “2012”.

**272.** (1) Section 750.2 of the Act is amended by replacing subparagraph *a* of the fourth paragraph by the following subparagraph:

“(a) the amounts of \$37,500, \$75,000 and \$100,000, wherever they are mentioned in section 750;”.

(2) Subsection 1 applies from the taxation year 2014.

**273.** Section 752.0.0.3 of the Act is amended by replacing the portion of the second paragraph before subparagraph *a* by the following:

“In the first paragraph and sections 752.0.0.4 to 752.0.0.6, “covered benefit” attributable to a taxation year means an amount that is an income replacement indemnity, or a compensation for the loss of financial support, determined in that year under a public compensation plan and established on the basis of net income following an accident, employment injury, bodily injury or death or in order to prevent bodily injury, other than”.

**274.** (1) Section 752.0.8 of the Act is amended

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

“i. a payment in respect of a life annuity out of or under a pension plan (other than a pooled registered pension plan) or a specified pension plan;”;

(2) by inserting the following subparagraph after subparagraph *iii.1* of paragraph *a*:

“iii.2. an amount included under Title VI.0.2 of Book VII.”.

(2) Subsection 1 has effect from 14 December 2012.

**275.** (1) Section 752.0.10.0.2 of the Act is amended

(1) by replacing the definition of “excess work income limit” by the following definition:

““excess work income limit” applicable for a taxation year means an amount equal to

(a) \$3,000, for any of the taxation years 2012 to 2014; and

(b) \$4,000, for a taxation year subsequent to the taxation year 2014;”;

(2) by replacing paragraph *a* of the definition of “excluded work income” by the following paragraph:

“(a) an amount included in computing the individual’s income for the year from a previous office or employment, if each of the amounts that make up the income is the value of a benefit received or enjoyed by the individual in the year because of that office or employment;”;

(3) by replacing paragraph *c* of the definition of “excluded work income” by the following paragraph:

“(c) an amount attributable to a period in which the individual is under 65 years of age.”

(2) Paragraph 1 of subsection 1 applies from the taxation year 2013.

(3) Paragraph 3 of subsection 1 applies from the taxation year 2012.

**276.** (1) The heading of Chapter I.0.2.1 of Title I of Book V of Part I of the Act is replaced by the following heading:

“TAX CREDITS FOR GIFTS”.

(2) Subsection 1 has effect from 4 July 2013.

**277.** (1) Section 752.0.10.1 of the Act is amended, in the first paragraph,

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

““eligible cultural donee” means

(a) a registered charity operating in Québec in the field of arts or culture;

(b) a registered cultural or communications organization;

(c) a registered museum;

(d) a museum established under the National Museums Act (chapter M-44);  
or

(e) a museum situated in Québec and established under the Museums Act (Statutes of Canada, 1990, chapter 3);

““patronage gift” of an individual, other than a trust, means a gift of money made by the individual in the same taxation year and after 3 July 2013, to an eligible cultural donee if the eligible amount of the gift is

(a) at least \$25,000, where the gift is made in satisfaction of a registered pledge; or

(b) at least \$250,000, in any other case;”;

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

““major cultural gift” of an individual, other than a trust, for a taxation year means the eligible amount of a gift of money, up to \$25,000, made by the individual after 3 July 2013 but before 1 January 2018 in the year or in any of the four preceding taxation years, to an eligible cultural donee if

(a) the eligible amount of the gift is at least \$5,000; and

(b) the conditions set out in section 752.0.10.2.1 are met in respect of that amount;

““registered pledge” means a pledge recorded by the Minister of Culture and Communications in the register created by that Minister under section 752.0.10.15.4;”;

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

““qualified total major cultural gift” of an individual, other than a trust, for a taxation year means

(a) where the individual dies in the year or in the following taxation year, the lesser of the major cultural gift of the individual for the year and the individual’s income for the year; and

(b) in any other case, the lesser of the major cultural gift of the individual for the year and 75% of the individual’s income for the year;

““qualified total patronage gifts” of an individual, other than a trust, for a taxation year means

(a) where the individual dies in the year or in the following taxation year, the lesser of the total patronage gifts of the individual for the year and the amount by which the individual’s income for the year exceeds the qualified total charitable gifts of the individual for the year; and

(b) in any other case, the lesser of the total patronage gifts of the individual for the year and the amount by which 75% of the individual’s income for the year exceeds the qualified total charitable gifts of the individual for the year;”;

(4) by replacing the definition of “total charitable gifts” by the following definition:

““total charitable gifts” of an individual for a taxation year means the aggregate of all amounts each of which is the eligible amount of a gift (other than a gift described in any of the definitions of “total Crown gifts” of the individual for the year, “total cultural gifts” of the individual for the year, “total gifts of qualified property” of the individual for the year and “total musical

instrument gifts” of the individual for the year, or a gift the eligible amount of which is taken into account in computing the amount deducted by the individual under section 752.0.10.6.2 for the year or for a preceding taxation year) made by the individual in the year or in any of the five preceding taxation years to a qualified donee, if the conditions set out in section 752.0.10.2 are met in respect of that amount;”;

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

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

(6) by striking out “(chapter M-44)” in paragraph *b* of the definition of “total cultural gifts”;

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

““total patronage gifts” of an individual, other than a trust, for a taxation year means the aggregate of all amounts each of which is the eligible amount of a patronage gift (other than a gift the eligible amount of which was taken into account in computing the amount deducted by the individual for the year or for a preceding taxation year under section 752.0.10.6 or 752.0.10.6.1) made by the individual in the year or in any of the five preceding taxation years, if the conditions set out in section 752.0.10.2.2 are met in respect of that amount;”.

(2) Paragraphs 1 to 4, 6 and 7 of subsection 1 apply from the taxation year 2013.

**278.** (1) The Act is amended by inserting the following section after section 752.0.10.1:

**“752.0.10.1.1.** For the purposes of the definitions of “patronage gift” and “major cultural gift” in the first paragraph of section 752.0.10.1, where an individual, other than a trust, makes several gifts of money in a taxation year to the same eligible cultural donee, the aggregate of the gifts is deemed to be a single gift, in the year to that donee, the eligible amount of which is equal to the aggregate of all amounts each of which is the eligible amount of each of the gifts.”

(2) Subsection 1 applies from the taxation year 2013.

**279.** (1) Section 752.0.10.2 of the Act is amended

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

**“752.0.10.2.** The conditions to which the definitions of “total charitable gifts”, “total Crown gifts”, “total cultural gifts”, “total gifts of qualified property” and “total musical instrument gifts” in the first paragraph of section 752.0.10.1 refer in respect of an amount for a taxation year in relation to an individual are as follows:”;

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

“(b) the amount was not taken into account in determining an amount that was deducted under section 752.0.10.6 in computing the individual’s tax payable under this Part for a preceding taxation year, or in determining an amount that was deducted under section 118.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing the individual’s tax payable under that Act for a preceding taxation year in respect of which the individual was not subject to tax under this Part.”

(2) Subsection 1 applies from the taxation year 2013.

**280.** (1) The Act is amended by inserting the following sections after section 752.0.10.2:

**“752.0.10.2.1.** The conditions to which the definition of “major cultural gift” in the first paragraph of section 752.0.10.1 refers in respect of an amount for a taxation year in relation to an individual, other than a trust, are as follows:

(a) the amount was not taken into account in determining an amount that was deducted under section 752.0.10.6.1 in computing the individual’s tax payable under this Part for a preceding taxation year; and

(b) the amount was not taken into account in determining an amount that was deducted under section 118.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) in computing the individual’s tax payable under that Act for a preceding taxation year in respect of which the individual was not subject to tax under this Part.

**“752.0.10.2.2.** The conditions to which the definition of “total patronage gifts” in the first paragraph of section 752.0.10.1 refers in respect of an amount for a taxation year in relation to an individual, other than a trust, are as follows:

(a) the amount was not taken into account in determining an amount that was deducted under section 752.0.10.6.2 in computing the individual’s tax payable under this Part for a preceding taxation year; and

(b) the amount was not taken into account in determining an amount that was deducted under section 118.1 of the Income Tax Act (Revised Statutes of

Canada, 1985, chapter 1, 5th Supplement) in computing the individual's tax payable under that Act for a preceding taxation year in respect of which the individual was not subject to tax under this Part.”

(2) Subsection 1 applies from the taxation year 2013.

**281.** (1) Section 752.0.10.3 of the Act is amended

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

“**752.0.10.3.** The amount that is the eligible amount of a gift may not be considered to be a major cultural gift for a taxation year or included in the total charitable gifts, total Crown gifts, total cultural gifts, total gifts of qualified property, total musical instrument gifts or total patronage gifts of an individual for a taxation year, unless the making of the gift is proven by”;

(2) by adding the following paragraph:

“If a patronage gift is made in satisfaction of a pledge made by an individual, the amount that is the eligible amount of the gift may not be included in the total patronage gifts of the individual for a taxation year unless the individual provides the registration number of the pledge.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013. In addition, where section 752.0.10.3 of the Act applies to the taxation year 2013,

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

“(a) subject to the third paragraph, a receipt for the gift filed with the Minister that meets the prescribed requirement and contains in a clear and unalterable manner the prescribed statement and the prescribed information; and”;

(2) it is to be read as if the following paragraph were added after the second paragraph:

“The receipt evidencing a major cultural gift or a patronage gift need not be filed with the Minister, but must be kept by the individual for six years after the year to which it relates.”

**282.** Section 752.0.10.4.0.1 of the Act is amended by striking out “, the Conseil du patrimoine culturel du Québec”.

**283.** (1) The Act is amended by inserting the following section after section 752.0.10.4.0.1:

“**752.0.10.4.0.1.1.** Despite section 752.0.10.4.0.1, for the purposes of paragraph *a* of section 422, subparagraph ii of paragraph *c* of that section,



section 436 and this chapter, where the Minister of Culture and Communications determines an amount to be the fair market value of a property that is the subject of a gift made by an individual on or before the day that is two years after the time that amount is determined and referred to in the definition of “total charitable gifts” in the first paragraph of section 752.0.10.1, the following rules apply:

(a) the amount so determined is deemed to be the fair market value of the property at the time of the gift or, for the purposes of sections 752.0.10.12 and 752.0.10.13, its fair market value otherwise determined at that time; and

(b) subject to sections 752.0.10.12 and 752.0.10.13, the amount so determined is deemed to be the individual’s proceeds of disposition of the property.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

**284.** (1) The Act is amended by inserting the following sections after section 752.0.10.4.0.5:

**“752.0.10.4.0.6.** An individual may request, by notice in writing to the Minister of Culture and Communications, a determination of the fair market value of a property (other than a cultural property described in the third paragraph of section 232) the individual disposes of or proposes to dispose of and that would, if the disposition were made and the documents referred to in section 752.0.10.15.3 were issued by the Minister of Culture and Communications in respect of the property, be a gift described in subparagraph *b* of the second paragraph of section 752.0.10.15.1 or in section 752.0.10.15.2.

**“752.0.10.4.0.7.** The Minister of Culture and Communications shall with all due dispatch make a determination of the fair market value of a property that is the subject of a request referred to in section 752.0.10.4.0.6 and give notice of the determination in writing to the individual who has disposed of, or who proposes to dispose of, the property.

However, no such determination is made if the request is received by the Minister of Culture and Communications more than three years after the end of the individual’s taxation year in which the disposition occurred.

**“752.0.10.4.0.8.** Where the Minister of Culture and Communications has, in accordance with section 752.0.10.4.0.7, notified an individual of the amount determined to be the fair market value of a property the individual has disposed of or proposes to dispose of, the following rules apply:

(a) on receipt of a written request made by the individual on or before the day that is 90 days after the day that the individual was so notified, the Minister of Culture and Communications shall with all due dispatch confirm or redetermine the fair market value;

(b) the Minister of Culture and Communications may, on that Minister's own initiative, at any time redetermine the fair market value;

(c) in the cases referred to in paragraphs *a* and *b*, the Minister of Culture and Communications shall notify the individual in writing of the confirmation or redetermination; and

(d) any such redetermination is deemed to replace all preceding determinations and redeterminations of the fair market value of the property from the time at which the first such determination was made.

**“752.0.10.4.0.9.** Where the Minister of Culture and Communications determines the fair market value of a property in accordance with section 752.0.10.4.0.7, or redetermines that fair market value in accordance with section 752.0.10.4.0.8, and the property has been the subject of a gift described in subparagraph *b* of the second paragraph of section 752.0.10.15.1 or in section 752.0.10.15.2, that Minister shall issue to the individual who made the disposition a certificate that states the fair market value of the property so determined or redetermined and send a copy of that certificate to the donee and the Minister.

Where the Minister of Culture and Communications has issued more than one certificate in respect of the same property, the last certificate is deemed to replace all preceding certificates from the time at which the first certificate was issued.”

(2) Subsection 1 has effect from 4 July 2013.

**285.** (1) Section 752.0.10.4.1 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) to a certificate issued under section 752.0.10.4.0.5 or 752.0.10.4.0.9 or to a decision of a court resulting from an appeal under section 93.1.15.2 or 93.1.15.3 of the Tax Administration Act (chapter A-6.002).”

(2) Subsection 1 has effect from 4 July 2013.

**286.** (1) Section 752.0.10.4.2 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) the fair market value of a recognized gift with reserve of usufruct or use, in relation to a work of art or a cultural property described in the third paragraph of section 232, is deemed to be equal to the product obtained by multiplying the amount of the fair market value of the work of art or of the cultural property, as the case may be, otherwise determined with reference to sections 752.0.10.4, 752.0.10.4.0.1, 752.0.10.4.0.1.1, 752.0.10.11.2 and 752.0.10.18 by the appropriate percentage determined in section 752.0.10.4.3.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

**287.** (1) The Act is amended by inserting the following section after section 752.0.10.5.1:

**“752.0.10.5.2.** For the purpose of determining the total patronage gifts, no amount in respect of a patronage gift made in a particular taxation year by an individual may be taken into account in determining an amount that is deducted under section 752.0.10.6.2 in computing the tax payable under this Part by the individual for a taxation year until all amounts in respect of such a gift made in a taxation year preceding the particular year that can be so taken into account are so taken into account.”

(2) Subsection 1 applies from the taxation year 2013.

**288.** (1) The Act is amended by inserting the following sections after section 752.0.10.6:

**“752.0.10.6.1.** An individual, other than a trust, may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to 25% of the qualified total major cultural gift of the individual for the year.

No individual may benefit from the deduction provided for in the first paragraph for more than one major cultural gift.

**“752.0.10.6.2.** An individual, other than a trust, may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to 30% of the qualified total patronage gifts of the individual for the year.”

(2) Subsection 1 applies from the taxation year 2013.

**289.** (1) Section 752.0.10.9 of the Act is replaced by the following section:

**“752.0.10.9.** Subject to section 752.0.10.16, a gift made by an individual in the taxation year in which the individual dies and in respect of which there may be deducted an amount in computing the individual’s tax payable for that taxation year under any of sections 752.0.10.6 to 752.0.10.6.2 (in this section referred to as the “particular provision”), including a gift deemed by any of sections 752.0.10.10, 752.0.10.10.1, 752.0.10.10.3, 752.0.10.10.5, 752.0.10.13, 752.0.10.14 and 752.0.10.16 to have been so made, is deemed, for the purposes of the particular provision, to have been made by the individual in the preceding taxation year to the extent that an amount in respect of the gift is not deducted under the particular provision for the taxation year in which the individual dies.”

(2) Subsection 1 applies in respect of a death that occurs after 31 December 2013.

**290.** (1) Section 752.0.10.11.1 of the Act is amended by adding the following paragraph after the second paragraph:

“This section does not apply if an individual makes a gift of a work of art referred to in section 752.0.10.15.2 to a donee referred to in subparagraph *c* of the second paragraph of that section.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

**291.** (1) Section 752.0.10.15.1 of the Act is replaced by the following section:

**“752.0.10.15.1.** For the purposes of the definition of “total charitable gifts” of an individual for a taxation year and of “total cultural gifts” of an individual for a taxation year in the first paragraph of section 752.0.10.1, the eligible amount of a gift described in the second paragraph is to be increased by 1/4 of that amount.

The gift to which the first paragraph refers is

(a) a gift of a work of art to a Québec museum; or

(b) any of the following gifts if the fair market value of the property that is the subject of the gift is determined under any of sections 752.0.10.4, 752.0.10.4.0.1 and 752.0.10.4.0.1.1:

i. unless it is described in subparagraph *a*, a gift of a work of public art that meets the following conditions:

(1) it is made to the State, except an educational institution that is a mandatary of the State, or

(2) a certificate has been issued by the Minister of Culture and Communications in respect of the work for the purposes of this section,

ii. a gift of an eligible immovable if a qualification certificate has been issued by the Minister of Culture and Communications in respect of the building for the purposes of this section, or

iii. a gift of an eligible immovable to any of the following entities that acquires the building with a view to carrying on all or part of its activities in it:

(1) a registered charity operating in Québec in the field of arts or culture,

(2) a registered cultural or communications organization, or

(3) a registered museum.

For the purposes of subparagraphs ii and iii of subparagraph *b* of the second paragraph, an eligible immovable means a building situated in Québec, including the land subjacent to it and such portion of any contiguous land as can reasonably be regarded as contributing to the use and enjoyment of the building.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

**292.** (1) The Act is amended by inserting the following sections after section 752.0.10.15.1:

**“752.0.10.15.2.** For the purposes of the definition of “total charitable gifts” of an individual for a taxation year and of “total cultural gifts” of an individual for a taxation year in the first paragraph of section 752.0.10.1, the eligible amount of a gift of a work of public art described in the second paragraph is to be increased by 1/2 of that amount if the fair market value of the work is determined under any of sections 752.0.10.4, 752.0.10.4.0.1 and 752.0.10.4.0.1.1.

The gift to which the first paragraph refers is the gift of a work of public art in respect of which a certificate has been issued by the Minister of Culture and Communications for the purposes of this section and that is made to

- (a) an educational institution that is a mandatary of the State;
- (b) a school board governed by the Education Act (chapter I-13.3) or the Education Act for Cree, Inuit and Naskapi Native Persons (chapter I-14); or
- (c) a registered charity whose mission is teaching and that is
  - i. an educational institution established under an Act of the Parliament of Québec, other than an institution described in subparagraph *a*,
  - ii. a college governed by the General and Vocational Colleges Act (chapter C-29),
  - iii. a private educational institution accredited for subsidies purposes under the Act respecting private education (chapter E-9.1), or
  - iv. a university-level educational institution referred to in any of paragraphs 1 to 11 of section 1 of the Act respecting educational institutions at the university level (chapter E-14.1).

**“752.0.10.15.3.** No individual is entitled to an increase of the eligible amount of a gift for a taxation year, in relation to a gift described in subparagraph *b* of the second paragraph of section 752.0.10.15.1 or in section 752.0.10.15.2, unless the individual files with the Minister, together with the fiscal return the individual is required to file under section 1000 for

the year, the following documents issued by the Minister of Culture and Communications:

(a) in relation to a gift of a work of public art,

i. in respect of which subparagraph 1 of subparagraph i of subparagraph *b* of the second paragraph of section 752.0.10.15.1 applies, a copy of any certificate relating to the fair market value of the work, or

ii. in respect of which subparagraph 2 of subparagraph i of subparagraph *b* of the second paragraph of section 752.0.10.15.1 or section 752.0.10.15.2 applies, a copy of the certificate relating to the work and of any certificate relating to the fair market value of the work; or

(b) in relation to the gift of an eligible immovable,

i. in respect of which subparagraph ii of subparagraph *b* of the second paragraph of section 752.0.10.15.1 applies, a copy of the qualification certificate relating to the building and of any certificate relating to the fair market value of the immovable, or

ii. in respect of which subparagraph iii of subparagraph *b* of the second paragraph of section 752.0.10.15.1 applies, a copy of any certificate relating to the fair market value of the immovable.

**“752.0.10.15.4.** For the purposes of this chapter, the Minister of Culture and Communications shall create a register in which that Minister records the pledges in respect of which an individual (other than a trust) may deduct an amount in computing tax payable for a taxation year under section 752.0.10.6.2.

The Minister of Culture and Communications shall record in the register, at a donor’s request, the pledge made by the donor after 3 July 2013 to an eligible cultural donee and assigns a registration number in respect of that pledge if

(a) the pledge stipulates that the donor undertakes to make a gift to the donee of an eligible amount of at least \$250,000 over a period of no more than 10 years, at the rate of a gift of an eligible amount of at least \$25,000 in each of the years covered by the pledge; and

(b) the donor provides the Minister of Culture and Communications with a document, signed by an individual authorized by the donee to acknowledge receipt of gifts, attesting the eligible amount of the gift that is the subject of the pledge.

On or before the last day of the month of February of each year, the Minister of Culture and Communications shall send the Minister a document stating which pledges were recorded in the register before the end of the preceding year.

**“752.0.10.15.5.** For the purposes of this chapter, if an individual who makes a registered pledge in respect of a donee does not make a gift of money to the donee in a particular taxation year covered by the pledge, or makes a gift of money in the particular year, in satisfaction of the pledge, whose eligible amount is less than \$25,000, the pledge is deemed

(a) to cease to be, from the particular year, a registered pledge if

i. at the end of the preceding taxation year, the aggregate of all amounts each of which is the eligible amount of a gift made, at or before that time, by the individual in satisfaction of the pledge was at least \$250,000, or

ii. the particular year is included in the calendar year in which the individual became a bankrupt; or

(b) never to have been registered if

i. at the end of the preceding taxation year, the aggregate of all amounts each of which is the eligible amount of a gift made, at or before that time, by the individual in satisfaction of the pledge is less than \$250,000, unless the individual dies in the particular year, or

ii. the particular year is the first year covered by the pledge.”

(2) Subsection 1, when it enacts sections 752.0.10.15.2 and 752.0.10.15.3 of the Act, applies in respect of a gift made after 3 July 2013.

(3) Subsection 1, when it enacts sections 752.0.10.15.4 and 752.0.10.15.5 of the Act, has effect from 4 July 2013.

**293.** (1) Section 752.0.18 of the Act is amended

(1) by striking out “or sexologist” in subparagraph *c* of the first paragraph;

(2) by striking out subparagraph *d* of the first paragraph;

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

“(c) the profession of vocational guidance counsellor or psychoeducator, in respect of psychotherapy services; and”;

(4) by adding the following subparagraph after subparagraph *c* of the second paragraph:

“(d) the profession of sexologist or marriage and family therapist, in respect of therapy services.”

(2) Paragraph 1 of subsection 1 has effect from 25 September 2013.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 21 June 2012. In addition, where subparagraph *c* of the second paragraph of section 752.0.18 of the Act applies after 7 December 2010 and before 21 June 2012, it is to be read as if “et des psychoéducateurs et psychoéducatrices du Québec” were replaced by “or the Ordre des psychoéducateurs et psychoéducatrices du Québec, as the case may be”.

(4) Paragraph 4 of subsection 1 applies from the taxation year 2005. However, where subparagraph *d* of the second paragraph of section 752.0.18 of the Act applies before 25 September 2013, it is to be read as if “sexologist or” were struck out.

**294.** (1) Section 752.0.18.3 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“752.0.18.3.** An individual who, in a taxation year, performs the duties of an office or employment may deduct from the individual’s tax otherwise payable for the year under this Part an amount equal to the amount obtained by multiplying the percentage specified in section 750.1 for the year by the aggregate of all amounts each of which is an amount paid by the individual in the year, to the extent that the individual has not been reimbursed, and is not entitled to be reimbursed, in respect of the amount by the entity to which it is paid, or an amount paid on behalf of the individual in the year, if the amount is required to be included in computing the individual’s income for the year, as any of the following dues or contributions, provided the amount may reasonably be regarded as relating to the office or employment:”.

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

**295.** (1) Section 752.0.18.10 of the Act is replaced by the following section:

**“752.0.18.10.** An individual may deduct from the individual’s tax otherwise payable for a taxation year under this Part an amount equal to the aggregate of

(*a*) the amount obtained by multiplying 8% by the amount by which the amount determined for the year under subparagraph *a* of the first paragraph of section 752.0.18.13.1 is exceeded by the aggregate of

i. the amount of the individual’s tuition fees paid in respect of the year or a preceding year if that year is subsequent to the taxation year 2013, where the conditions set out in section 752.0.18.13 are met in respect of that amount and where the individual was, in the year in respect of which those fees are paid, an enrolled student and the fees are paid to one of the following educational institutions:

(1) an educational institution in Canada that is a university, college or other institution providing post-secondary education, if the fees are paid in respect of an instructional program at the post-secondary school level,



(2) an educational institution in Canada recognized by the Minister to be an institution providing courses, other than courses designed for university credit, that furnish a person with skills for, or improve a person's skills in, an occupation,

(3) an educational institution in the United States that is a university, college or other institution providing post-secondary education, if the individual resided in Canada throughout the year near the boundary between Canada and the United States, commuted between the individual's residence and the educational institution and paid the fees in respect of an instructional program at the post-secondary school level, or

(4) a university outside Canada if the individual pursued full-time studies leading to a degree, for a period of at least three consecutive weeks,

ii. the amount of the individual's examination fees paid in respect of the year or a preceding year if that year is subsequent to the taxation year 2013 to a professional order mentioned in Schedule I to the Professional Code (chapter C-26) where the examination is required to allow the individual to become a member of the order and the conditions set out in section 752.0.18.13 are met in respect of that amount,

iii. the amount of the individual's examination fees paid in respect of the year or a preceding year if that year is subsequent to the taxation year 2013 to a professional organization in Canada or the United States, where the conditions set out in section 752.0.18.13 are met in respect of that amount and the individual must pass the examination in order to

(1) be issued a licence or permit to practise by a professional order mentioned in Schedule I to the Professional Code,

(2) be granted a title by the Canadian Institute of Actuaries, or

(3) be permitted to take another examination of that professional organization which the individual must pass in order to be issued a licence or permit referred to in subparagraph 1 or be granted a title referred to in subparagraph 2,

iv. the amount of the individual's examination fees paid in respect of the year or a preceding year if that year is subsequent to the taxation year 2013 to an educational institution referred to in subparagraph 1 or 2 of subparagraph i, a professional association, a provincial government department or other similar institution, in relation to an examination the individual has taken in the year if

(1) the conditions set out in section 752.0.18.13 are met in respect of that amount, and

(2) the examination is required to obtain a professional status recognized under a law of Canada or of a province, or a licence or certification in respect of a trade, where that status, licence or certification allows the individual to practise the profession or trade in Canada,

v. the amount of the individual's tuition fees paid in respect of the taxation year 2013 to an educational institution referred to in any of subparagraphs 1, 3 and 4 of subparagraph i if

(1) the conditions set out in section 752.0.18.13 are met in respect of that amount, and

(2) the fees are attributable to a term of study that began after 27 March 2013 and in respect of which the individual was an enrolled student,

vi. the amount of the individual's tuition fees paid in respect of the taxation year 2013 to an educational institution referred to in subparagraph 2 of subparagraph i if

(1) the conditions set out in section 752.0.18.13 are met in respect of that amount, and

(2) the fees are attributable to training, other than training that is part of an instructional program at the post-secondary school level, in which the individual enrolled after 28 March 2013, and

vii. the amount of the individual's examination fees paid in respect of the taxation year 2013, in relation to an examination the individual has taken in the year and after 30 April 2013 if

(1) the conditions set out in section 752.0.18.13 are met in respect of that amount, and

(2) the examination fees would be referred to in any of subparagraphs ii to iv if that subparagraph were read without reference to "in respect of the year or a preceding year if that year is subsequent to the taxation year 2013"; and

(b) the amount obtained by multiplying 20% by the amount by which the amount determined for the year under subparagraph *b* of the first paragraph of section 752.0.18.13.1 is exceeded by the aggregate of

i. the amount of the individual's tuition fees that would be referred to in subparagraph i of paragraph *a* if

(1) the portion of that subparagraph i before subparagraph 1 were read as if "if that year is subsequent to the taxation year 2013" were replaced by "if that year is subsequent to the taxation year 1996 and precedes the taxation year 2013", and

(2) subparagraph 4 of that subparagraph i were read as if "three consecutive weeks" were replaced by "thirteen consecutive weeks" in respect of fees referred to in that subparagraph 4 and paid for a taxation year preceding the taxation year 2011,

ii. the amount of the individual's examination fees that would be referred to in subparagraph ii of paragraph *a* if that subparagraph ii were read as if "if that year is subsequent to the taxation year 2013" were replaced by "if that year is subsequent to the taxation year 1996 and precedes the taxation year 2013",

iii. the amount of the individual's examination fees that would be referred to in subparagraph iii of paragraph *a* if the portion of that subparagraph iii before subparagraph 1 were read as if "if that year is subsequent to the taxation year 2013" were replaced by "if that year is subsequent to the taxation year 2004 and precedes the taxation year 2013",

iv. the amount of the individual's examination fees that would be referred to in subparagraph iv of paragraph *a* if the portion of that subparagraph iv before subparagraph 1 were read as if "if that year is subsequent to the taxation year 2013" were replaced by "if that year is subsequent to the taxation year 2010 and precedes the taxation year 2013",

v. the amount of the individual's tuition fees that would be referred to in subparagraph v of paragraph *a* if subparagraph 2 of that subparagraph v were read as if "after 27 March 2013" were replaced by "before 28 March 2013",

vi. the amount of the individual's tuition fees that would be referred to in subparagraph vi of paragraph *a* if subparagraph 2 of that subparagraph vi were read as if "after 28 March 2013" were replaced by "before 29 March 2013", and

vii. the amount of the individual's examination fees that would be referred to in subparagraph vii of paragraph *a* if the portion of that subparagraph vii before subparagraph 1 were read as if "after 30 April 2013" were replaced by "before 1 May 2013".

(2) Subsection 1 applies from the taxation year 2013.

**296.** (1) Section 752.0.18.10.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

**"752.0.18.10.1.** For the purposes of section 752.0.18.10, the tuition fees of an individual include ancillary fees and charges that are paid to an educational institution referred to in subparagraph 1 of subparagraph i of paragraph *a* of section 752.0.18.10 in respect of the individual's enrolment in a program at a post-secondary school level, but do not include".

(2) Subsection 1 applies from the taxation year 2013.

**297.** (1) Section 752.0.18.10.2 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“752.0.18.10.2.** For the purposes of section 752.0.18.10, the examination fees of an individual include ancillary fees and charges, other than fees and charges included in section 752.0.18.10.1, that are paid to an educational institution referred to in subparagraph 1 of subparagraph i of paragraph *a* of section 752.0.18.10, a professional order referred to in subparagraph ii of that paragraph, a professional organization referred to in subparagraph iii of that paragraph, or a professional association, a provincial government department or other similar institution referred to in subparagraph iv of that paragraph, in relation to an examination taken by the individual, but do not include any fee or charge to the extent that it is levied in respect of”.

(2) Subsection 1 applies from the taxation year 2013.

**298.** (1) Section 752.0.18.12 of the Act is amended

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

“(a) an amount paid for one of those purposes on the individual’s behalf by the individual’s employer or by an employer of the individual’s father or mother, or an amount reimbursed for one of those purposes to the individual or the individual’s father or mother by such an employer, unless the amount is included in computing the individual’s income or that of the individual’s father or mother, as the case may be;”;

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

“(b) where the tuition fees are paid to an educational institution referred to in subparagraph 1 or 2 of subparagraph i of paragraph *a* of section 752.0.18.10;”;

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

“(c) the fees paid to an educational institution referred to in subparagraph 2 of subparagraph i of paragraph *a* of section 752.0.18.10 if;”.

(2) Paragraph 1 of subsection 1 has effect from 26 June 2013.

(3) Paragraphs 2 and 3 of subsection 1 apply from the taxation year 2013.

**299.** (1) Section 752.0.18.13.1 of the Act is replaced by the following section:

**“752.0.18.13.1.** For the purpose of determining the amount that an individual may deduct from the individual’s tax otherwise payable for a taxation year under section 752.0.18.10, the following rules apply:

(a) the amount referred to in the portion of paragraph *a* of section 752.0.18.10 before subparagraph *i* is equal to the aggregate of all amounts each of which is, subject to subparagraph *a* of the third paragraph, determined by the formula

$A/8\%$ ; and

(b) the amount referred to in the portion of paragraph *b* of section 752.0.18.10 before subparagraph *i* is equal to the aggregate of all amounts each of which is, subject to subparagraph *b* of the third paragraph, determined by the formula

$B/20\%$ .

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

(a) *A* is an amount transferred by the individual to another individual, in accordance with section 776.41.21, for the year or a preceding taxation year in respect of fees referred to in any of subparagraphs *i* to *iv* of paragraph *a* of section 752.0.18.10; and

(b) *B* is an amount transferred by the individual to another individual, in accordance with section 776.41.21, for the year or a preceding taxation year in respect of fees referred to in any of subparagraphs *i* to *iv* of paragraph *b* of section 752.0.18.10.

For the purposes of the first paragraph, if the individual has transferred a particular amount to another individual, in accordance with section 776.41.21, for the taxation year 2013, the following rules apply:

(a) the amount determined by the formula in subparagraph *a* of the first paragraph in respect of fees referred to in any of subparagraphs *v* to *vii* of paragraph *a* of section 752.0.18.10 is deemed to be equal to the aggregate of those fees multiplied by the proportion that the particular amount is of the total of

i. the amount obtained by multiplying 8% by the aggregate of the fees referred to in any of subparagraphs *v* to *vii* of paragraph *a* of section 752.0.18.10, and

ii. the amount obtained by multiplying 20% by the aggregate of the fees referred to in any of subparagraphs *v* to *vii* of paragraph *b* of section 752.0.18.10; and

(b) the amount determined by the formula in subparagraph *b* of the first paragraph in respect of fees referred to in any of subparagraphs *v* to *vii* of paragraph *b* of section 752.0.18.10 is deemed to be equal to the aggregate of those fees multiplied by the proportion that the particular amount is of the total of

i. the amount obtained by multiplying 8% by the aggregate of the fees referred to in any of subparagraphs v to vii of paragraph *a* of section 752.0.18.10, and

ii. the amount obtained by multiplying 20% by the aggregate of the fees referred to in any of subparagraphs v to vii of paragraph *b* of section 752.0.18.10.”

(2) Subsection 1 applies from the taxation year 2013.

**300.** (1) Section 752.0.18.14 of the Act is replaced by the following section:

**“752.0.18.14.** Where an individual is absent from Canada but resident in Québec for all or part of a taxation year in respect of which tuition fees are paid, subparagraphs 1 and 2 of subparagraph i of paragraph *a* of section 752.0.18.10 are to be read, in relation to fees paid in respect of that year, without reference to “in Canada”.”

(2) Subsection 1 applies from the taxation year 2013.

**301.** (1) Section 752.0.22 of the Act is replaced by the following section:

**“752.0.22.** For the purpose of computing the tax payable under this Part by an individual, the following provisions are to be applied in the following order: sections 752.0.0.1, 752.0.1, 776.41.14, 752.0.7.4, 752.0.10.0.3, 752.0.18.3, 752.0.18.8, 776.1.5.0.17, 776.1.5.0.18, 752.0.10.0.5, 752.0.14, 752.0.11 to 752.0.13.1.1, 776.41.21, 752.0.10.6.1, 752.0.10.6, 752.0.10.6.2, 752.0.18.10, 752.0.18.15, 767 and 776.41.5.”

(2) Subsection 1 applies from the taxation year 2013.

**302.** (1) Section 752.0.24 of the Act is amended by replacing subparagraph i of subparagraph *a* of the first paragraph by the following subparagraph:

“i. such of the amounts deductible under any of sections 752.0.10.0.2 to 752.0.10.0.5, 752.0.10.6 to 752.0.10.6.2, 752.0.11 to 752.0.13.3, 752.0.18.3, 752.0.18.8, 752.0.18.10 and 752.0.18.15 as can reasonably be considered wholly applicable to such a period, computed as though that period were a whole taxation year, and”.

(2) Subsection 1 applies from the taxation year 2013.

**303.** (1) Section 752.12 of the Act is amended by replacing “766.6” in the portion before paragraph *a* and in paragraph *b* by “766.3.4”.

(2) Subsection 1 applies from the taxation year 2013.

**304.** (1) The heading of Chapter II.1 of Title I of Book V of Part I of the Act is replaced by the following:

“TAX ADJUSTMENT RELATING TO CERTAIN AMOUNTS

“DIVISION I

“RETROACTIVE PAYMENTS”.

(2) Subsection 1 applies from the taxation year 2013.

**305.** (1) Section 766.2 of the Act is amended, in the sixth paragraph,

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

“(a) an amount that is not otherwise deducted in computing an individual’s taxable income or tax payable under this Part for a taxation year to which the averaging applies, but that is deducted for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*, *c* and *d* of the fourth paragraph for that taxation year, is deemed, for the application of this Part to any taxation year, to have been deducted in computing the individual’s taxable income or tax payable under this Part for the taxation year to which the averaging applies, including when establishing the amount determined in respect of the individual for another taxation year under any of subparagraphs *a*, *c* and *d* of the fourth paragraph or under subparagraph *a* or *d* of the second paragraph of section 766.3.2 or subparagraph *b* of the third paragraph of that section;”;

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

“(c) an amount that, under subparagraph *a* of the sixth paragraph of section 766.3.2, is deemed deducted in computing an individual’s taxable income or tax payable under this Part for a taxation year to which the averaging applies, because it is deducted in that computation for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *d* of the second paragraph of section 766.3.2 or subparagraph *b* of the third paragraph of that section for the taxation year to which the averaging applies, may not be taken into account for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*, *c* and *d* of the fourth paragraph for that taxation year.”

(2) Subsection 1 applies from the taxation year 2013.

**306.** (1) The Act is amended by inserting the following after section 766.3:

“DIVISION II

“RETROACTIVELY DETERMINED COVERED BENEFIT

“**766.3.1.** In this division, “covered benefit attributable to a preceding taxation year” means an amount determined in a particular taxation year that is attributable to a taxation year preceding the particular year but subsequent to the taxation year 2003, and that is

(a) if the preceding taxation year is the year 2004, an amount referred to in any of subparagraphs *a* to *c* of the first paragraph of section 766.8, other than an amount that replaces income described in paragraph *e* of section 725; and

(b) in any other case, an amount that is an income replacement indemnity or a compensation for the loss of financial support, determined under a public compensation plan and established on the basis of net income following an accident, employment injury, bodily injury or death or in order to prevent bodily injury, other than

i. an amount that is the net salary or wages paid by an employer, in accordance with the Act respecting industrial accidents and occupational diseases (chapter A-3.001), for each day or part of a day when a worker must be absent from work to receive care or undergo medical examinations in connection with the worker's injury, or to take part in a personal rehabilitation program, or

ii. an amount that replaces income described in paragraph *e* of section 725.

**“766.3.2.** If an individual is resident in Québec at the end of a particular taxation year and is the beneficiary of a covered benefit attributable to a preceding taxation year, the individual is required to add to the individual's tax otherwise payable, for the particular year, the amount determined by the formula

$$A - B + C + D + E - F.$$

In the formula in the first paragraph,

(a) *A* is the tax that would have been payable by the individual under this Part for the preceding year if the covered benefit attributable to the preceding year had been determined in that preceding year;

(b) *B* is the tax payable by the individual under this Part for that preceding year;

(c) *C* is the amount determined without reference to section 7.5 by the formula

$$G - H;$$

(d) *D* is the aggregate of

i. if the preceding year is subsequent to 2009, the amount by which the amount that a person, other than the individual, deducted under section 776.41.14 in computing the person's tax otherwise payable for that preceding year exceeds the amount that the person could have deducted under section 776.41.14 in computing the person's tax otherwise payable for that preceding year, if the



covered benefit attributable to the preceding year had been determined in that year, and

ii. the amount by which the amount that a person, other than the individual, deducted under section 776.41.21 in computing the person's tax otherwise payable for that preceding year exceeds the amount that the person could have deducted under section 776.41.21 in computing the person's tax otherwise payable for that preceding year, if the covered benefit attributable to the preceding year had been determined in that year;

(e) E is the aggregate of all amounts each of which is an amount deemed to have been paid to the Minister under section 1029.8.50.3 on account of the individual's tax payable under this Part for a preceding taxation year because of the application of this section in respect of a covered benefit attributable to the preceding year; and

(f) F is the aggregate of all amounts each of which is an amount that the individual is required to add to the individual's tax otherwise payable under this Part for a preceding taxation year because of the application of this section in respect of a covered benefit attributable to the preceding year.

In the formula in subparagraph *c* of the second paragraph:

(a) G is the amount deducted by the individual's eligible spouse for the preceding taxation year under section 776.78, as it read before being repealed, or section 776.41.5 in computing the tax otherwise payable for that preceding year; and

(b) H is the amount that could have been deducted by the individual's eligible spouse for the preceding taxation year under section 776.78, as it read before being repealed, or section 776.41.5 in computing the tax otherwise payable for that preceding year, computed without reference to section 776.41.5, if the covered benefit attributable to the preceding year had been determined in that year, without however exceeding the tax otherwise payable for that preceding year.

In subparagraphs *c* and *d* of the second paragraph, the individual's eligible spouse for the preceding taxation year means a person who would be the individual's eligible spouse for that year, within the meaning of sections 776.41.1 to 776.41.4, if the portion of section 776.41.1 before paragraph *a* were read as if "for a taxation year" were replaced by "for a preceding taxation year".

For the purposes of this section, if an individual dies or ceases to be resident in Canada in the particular taxation year, the last day of that taxation year is the day on which the individual died or the last day on which the individual was resident in Canada.

For the purpose of applying this Part to any taxation year,

(a) an amount that is not otherwise deducted in computing an individual's taxable income or tax payable under this Part for a taxation year (in this subparagraph referred to as the "preceding year"), but that is deducted for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *d* of the second paragraph or subparagraph *b* of the third paragraph for the preceding year, is deemed, for the application of this Part to any taxation year, to have been deducted in computing the individual's taxable income or tax payable, as the case may be, under this Part for the preceding year, including when establishing the amount determined in respect of the individual under subparagraph *a* or *d* of the second paragraph or subparagraph *b* of the third paragraph or under any of subparagraphs *a*, *c* and *d* of the fourth paragraph of section 766.2 for another taxation year;

(b) an amount that is otherwise deducted in computing an individual's taxable income or tax payable under this Part for a taxation year subsequent to a particular taxation year may not be taken into account for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *d* of the second paragraph or subparagraph *b* of the third paragraph for the particular taxation year;

(c) an amount that, under subparagraph *a* of the sixth paragraph of section 766.2, is deemed to be deducted in computing an individual's taxable income or tax payable under this Part for a particular taxation year, because it is deducted in that computation for the purpose of establishing the amount determined in respect of the individual under any of subparagraphs *a*, *c* and *d* of the fourth paragraph of section 766.2 for the particular year, may not be taken into account for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *d* of the second paragraph or subparagraph *b* of the third paragraph for the particular year; and

(d) an amount that is otherwise deducted in computing an individual's taxable income or tax payable under this Part for a particular taxation year, but that is not deducted for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *d* of the second paragraph or subparagraph *b* of the third paragraph for the particular year, is deemed, for the application of this Part to any other taxation year, not to have been deducted in computing the individual's taxable income or tax payable, as the case may be, under this Part for the particular year.

This section does not apply in respect of an individual's separate fiscal return filed under the second paragraph of section 429 or section 681 or 1003.

### “DIVISION III

#### “TAX ON SPLIT INCOME

“**766.3.3.** In this division,

“excluded amount”, in respect of an individual for a taxation year, means an amount that is an income from, or the taxable capital gain from the disposition of, a property acquired by or for the benefit of the individual as a consequence of the death of

(a) the individual’s father or mother; or

(b) any other person, if the individual is enrolled as a full-time student during the year at a prescribed educational institution for the purposes of paragraph *d* of the definition of “trust” in section 890.15, or an individual in respect of whom subparagraphs *a* to *c* of the first paragraph of section 752.0.14 apply for the year;

“specified individual”, in relation to a taxation year, means an individual

(a) who had not attained the age of 17 years before the year;

(b) who was resident in Canada throughout the year; and

(c) whose father or mother was resident in Canada in the year;

“split income” of a specified individual for a taxation year means the aggregate of all amounts, other than excluded amounts, each of which is

(a) an amount required to be included in computing the individual’s income for the year in respect of taxable dividends received by the individual in respect of shares of the capital stock of a corporation, other than shares listed on a designated stock exchange or shares of a mutual fund corporation, or because of the application of Division IV of Chapter II of Title III of Book III in respect of the ownership by any person of shares of the capital stock of a corporation, other than shares listed on such a stock exchange;

(b) a portion of an amount included in accordance with paragraph *f* of section 600 in computing the individual’s income for the year, to the extent that the portion

i. is not included in an amount described in paragraph *a*, and

ii. can reasonably be considered to be income derived from the provision of property or services by a partnership or trust to or in support of a business carried on by

(1) a person who is related to the individual at any time in the year,

(2) a corporation of which a person related to the individual is a specified shareholder at any time in the year, or

(3) a professional corporation of which a person related to the individual is a shareholder at any time in the year; or

(c) a portion of an amount included because of section 662 or 663 in respect of a trust, other than a mutual fund trust, in computing the individual's income for the year, to the extent that the portion

i. is not included in an amount described in paragraph *a*, and

ii. can reasonably be considered to be in respect of taxable dividends received in respect of shares of the capital stock of a corporation, other than shares listed on a designated stock exchange or shares of a mutual fund corporation, to arise because of the application of Division IV of Chapter II of Title III of Book III in respect of the ownership by any person of shares of the capital stock of a corporation, other than shares listed on such a stock exchange, or to be income derived from the provision of property or services by a partnership or trust to or in support of a business carried on by

(1) a person who is related to the individual at any time in the year,

(2) a corporation of which a person related to the individual is a specified shareholder at any time in the year, or

(3) a professional corporation of which a person related to the individual is a shareholder at any time in the year.

**“766.3.4.** A specified individual shall add to the specified individual's tax otherwise payable for a taxation year under this Part an amount equal to 25.75% of the specified individual's split income for the year.

In addition, the proportion referred to for the year in the second paragraph of section 22 or 25, as the case may be, in respect of the individual applies to the amount otherwise determined for the year in respect of the individual under the first paragraph.

**“766.3.5.** If a specified individual would have for a taxation year, but for this division, a taxable capital gain (other than an excluded amount) from a disposition of shares (other than shares listed on a designated stock exchange or shares of a mutual fund corporation) that are transferred, either directly or indirectly, in any manner whatever, to a person with whom the specified individual does not deal at arm's length, the amount of the taxable capital gain is deemed not to be a taxable capital gain and twice the amount is deemed to be received by the specified individual in the year as a taxable dividend that is not an eligible dividend.

**“766.3.6.** If a specified individual would be, but for this division, required under section 662 or paragraph *a* of section 663 to include an amount in computing the specified individual's income for a taxation year, to the extent that the amount can reasonably be considered to be attributable to a taxable capital gain (other than an excluded amount) of a trust from a disposition of shares (other than shares listed on a designated stock exchange or shares of a mutual fund corporation) that are transferred, either directly or indirectly, in

any manner whatever, to a person with whom the specified individual does not deal at arm's length, section 662 and paragraph *a* of section 663 do not apply in respect of the amount and twice the amount is deemed to be received by the specified individual in the year as a taxable dividend that is not an eligible dividend.

#### “DIVISION IV

#### “MINIMUM TAX

“**766.3.7.** Despite any other provision of this Act, the tax otherwise payable under this Part, for a particular taxation year, by an individual in respect of the year may not be less than the amount determined by the formula

$$A + B + C.$$

In the formula in the first paragraph,

(a) A is the aggregate of all amounts each of which is an amount added in computing the individual's tax otherwise payable for the particular year under sections 766.2 and 766.2.1;

(b) B is the aggregate of all amounts each of which is an amount added in computing the individual's tax otherwise payable for the particular year under section 766.3.2; and

(c) C is the amount by which the amount added in computing the individual's tax otherwise payable for the year under section 766.3.4 exceeds the aggregate of all amounts each of which is an amount that is deductible under section 767 or sections 772.2 to 772.13 in computing the individual's tax payable for the year and can reasonably be considered to be in respect of an amount included in computing the individual's split income, within the meaning of section 766.3.3, for the year.”

(2) Subsection 1 applies from the taxation year 2013.

**307.** (1) Chapter II.3 of Title I of Book V of Part I of the Act, comprising sections 766.5 to 766.7.2, is repealed.

(2) Subsection 1 applies from the taxation year 2013.

**308.** (1) Chapter II.5 of Title I of Book V of Part I of the Act, comprising sections 766.16 and 766.17, is repealed.

(2) Subsection 1 applies from the taxation year 2013.

**309.** (1) Section 767 of the Act is amended by replacing “2/5” in subparagraph *a* of the first paragraph by “8.319/18”.

(2) Subsection 1 applies in respect of a dividend paid after 31 December 2013.

**310.** (1) Section 771 of the Act is amended by inserting the following paragraph after paragraph *d.2* of subsection 1:

“(d.3) 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 the corporation is a manufacturing corporation, 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, if the corporation has been throughout the year a Canadian-controlled private corporation, the amount obtained by applying the percentage determined in its respect for the year under section 771.0.2.5 to the amount determined in its respect for the year under section 771.2.1.2;”.

(2) Subsection 1 applies to a taxation year that ends after 4 June 2014.

**311.** (1) The Act is amended by inserting the following section after section 771.0.2.4:

“**771.0.2.5.** The percentage that is required to be determined for a taxation year for the purposes of paragraph *d.3* of subsection 1 of section 771 in respect of a manufacturing corporation is equal,

(a) if the proportion of the manufacturing or processing activities of the manufacturing corporation for the taxation year is 50% or more and

i. the taxation year begins before 1 April 2015, to the total of

(1) 3.9%,

(2) the proportion of 2% that the number of days in the taxation year that follow 4 June 2014 but precede 1 April 2015 is of the number of days in the taxation year, and

(3) the proportion of 4% that the number of days in the taxation year that follow 31 March 2015 is of the number of days in the taxation year, or

ii. the taxation year begins after 31 March 2015, to 7.9%; and

(b) if the proportion of the manufacturing or processing activities of the manufacturing corporation for the taxation year is less than 50% and

i. the taxation year begins before 1 April 2015, to the total of

(1) 3.9%,

(2) the percentage determined by the formula

$A \times (C - 25\%)/25\%$ , and

(3) the percentage determined by the formula

$B \times (C - 25\%)/25\%$ , or

ii. the taxation year begins after 31 March 2015, to the total of

(1) 3.9%, and

(2) the percentage determined by the formula

$4\% \times (C - 25\%)/25\%$ .

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

(*a*) *A* is the proportion of 2% that the number of days in the taxation year that follow 4 June 2014 but precede 1 April 2015 is of the number of days in the taxation year;

(*b*) *B* is the proportion of 4% that the number of days in the taxation year that follow 31 March 2015 is of the number of days in the taxation year; and

(*c*) *C* is the proportion of the manufacturing or processing activities of the manufacturing corporation for the taxation year.”

(2) Subsection 1 applies to a taxation year that ends after 4 June 2014.

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

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

““proportion of the manufacturing or processing activities” of a corporation for a taxation year means the proportion that the amount determined in respect of the corporation for the year under paragraph *a* of section 5200 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) is of the amount determined in respect of the corporation for the year under paragraph *b* of section 5200 of those Regulations;”;

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

““manufacturing corporation” for a taxation year means a corporation the proportion of the manufacturing or processing activities of which for the taxation year is not less than 25%;”.

(2) Subsection 1 has effect from 5 June 2014.

**313.** (1) Section 771.2.1.2 of the Act is amended by replacing “*d.2* and *h*” in the portion before paragraph *a* by “*d.2*, *d.3* and *h*”.

(2) Subsection 1 applies to a taxation year that ends after 4 June 2014.

**314.** (1) Section 771.2.1.10 of the Act is replaced by the following section:

**“771.2.1.10.** If in a taxation year a corporation is a member of a particular partnership and the corporation or a corporation with which it is associated in the year is a member of one or more other partnerships in the year and it may reasonably be considered that one of the main reasons for the separate existence of the partnerships is to increase for a corporation the amount of the deduction determined in respect of a Canadian-controlled private corporation under paragraph *d.2* or *d.3* of subsection 1 of section 771, the specified partnership income of the corporation for the year is, for the purposes of this Title, to be computed in respect of those partnerships as if all amounts each of which is the income of one of the partnerships for a fiscal period that ends in the year from an eligible business carried on by it in Canada were equal to zero except for the greatest of those amounts.”

(2) Subsection 1 applies to a taxation year that begins after 20 February 2007. However, where section 771.2.1.10 of the Act applies to a taxation year that ends before 5 June 2014, it is to be read as if “paragraph *d.2* or *d.3*” were replaced by “paragraph *d.2*”.

**315.** (1) The Act is amended by inserting the following section after section 771.2.5:

**“771.2.5.1.** For the purposes of section 771.2.1.2, the amount by which a corporation’s income for a taxation year from a qualified business it carries on exceeds its loss for the year from such a business must be computed as if the amounts determined under subparagraphs *a* and *b* of the second paragraph of section 737.18.17.5 in respect of the corporation for the year and the amounts determined in respect of a partnership of which it is a member at the end of a fiscal year of the partnership that ends in the year, in accordance with subparagraphs *d* and *e* of that paragraph, in relation to a large investment project of the corporation or partnership, as the case may be, within the meaning of the first paragraph of section 737.18.17.1, in respect of which the Minister of Finance issued a certificate for the corporation’s taxation year or the partnership’s fiscal period, were, in the proportion determined in the second paragraph, nil.

The proportion to which the first paragraph refers is determined by the formula

A/B.

In the formula in the second paragraph,

(*a*) A is 1, unless the amount that would be deductible in computing the corporation’s taxable income for the year under section 737.18.17.5 if no reference were made to section 737.18.17.6 exceeds the particular amount that



is deductible in computing that taxable income under section 737.18.17.5, in which case it is the particular amount; and

(b) B is 1, unless the particular amount that would be deductible in computing the corporation's taxable income for the year under section 737.18.17.5 if no reference were made to section 737.18.17.6 exceeds the amount that is deductible in computing that taxable income under section 737.18.17.5, in which case it is the particular amount."

(2) Subsection 1 applies to a taxation year that ends after 20 November 2012.

**316.** (1) Section 772.2 of the Act is amended by replacing the definition of "tax otherwise payable" by the following definition:

"“tax otherwise payable” under this Part by a taxpayer for a taxation year means the tax payable by the taxpayer for the year under this Part, computed without reference to this chapter, sections 766.2 to 766.3, 767, 772.13.2, 776 to 776.1.18, 776.17, 1183 and 1184, subparagraphs i and ii.1 of paragraph *h* of subsection 1 of section 771, subparagraphs i and iii of paragraph *j* of that subsection 1 and subparagraphs i and ii of paragraph *j.1* of that subsection 1, and, in paragraphs *d.2* and *d.3* of that subsection 1, the deduction provided for in respect of a Canadian-controlled private corporation;”.

(2) Subsection 1 has effect from 5 June 2014.

**317.** (1) Section 776.1.5.0.10.1 of the Act is amended, in the first paragraph,

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

“(d) a period that begins on 1 March of a year after 2007 and before 2014 and ends on the last day of the month of February of the following year; or”;

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

“(e) a period that begins on 1 March of a year after 2013 and ends on the last day of the month of February of the following year.”

(2) Subsection 1 has effect from 1 March 2014.

**318.** (1) Section 776.1.5.0.11 of the Act is amended

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

“The percentage to which the first paragraph refers is

(a) 35%, if the acquisition period referred to in that paragraph is described in subparagraph *a* or *b* of the first paragraph of section 776.1.5.0.10.1;

(b) 50%, if the acquisition period referred to in that paragraph is described in subparagraph *c* or *d* of the first paragraph of section 776.1.5.0.10.1; and

(c) 45%, if the acquisition period referred to in that paragraph is described in subparagraph *e* of the first paragraph of section 776.1.5.0.10.1.”;

(2) by replacing “subparagraph *d*” in subparagraph *c* of the third paragraph by “subparagraph *d* or *e*”.

(2) Subsection 1 applies in respect of an amount paid after 28 February 2014.

**319.** (1) Section 776.41.5 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) A is the aggregate of all amounts each of which is an amount that the individual’s eligible spouse for the taxation year may deduct under this Book in computing the eligible spouse’s tax otherwise payable for the year under this Part, other than an amount deductible under any of sections 752.0.10.0.3, 752.0.10.6.1, 752.12, 776.1.5.0.17 and 776.1.5.0.18; and

“(b) B is the tax otherwise payable of the individual’s eligible spouse for the taxation year, computed without reference to the deductions provided for in this Book, except those provided for in sections 752.0.10.0.3, 752.0.10.6.1, 752.12, 776.1.5.0.17 and 776.1.5.0.18.”;

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

“(b) if the eligible spouse of an individual for a taxation year may deduct, for the year, an amount under any of sections 752.0.10.6, 752.0.10.6.2, 752.0.11, 752.0.18.10, 752.0.18.15, 772.8, 776.1.1 and 776.1.2 (in this subparagraph referred to as the “deductible amount”), the individual may, in respect of the deductible amount, include in the aggregate described in subparagraph *a* of the second paragraph only the portion of the deductible amount claimed as a deduction by the eligible spouse in the fiscal return the eligible spouse files for the year.”

(2) Subsection 1 applies from the taxation year 2013.

**320.** (1) Section 776.41.11 of the Act is amended by replacing the second paragraph by the following paragraph:

“The provisions to which the first paragraph refers are sections 752.0.10.6, 752.0.10.6.2, 752.0.11, 752.0.18.10, 752.0.18.15, 772.8, 776.1.1 and 776.1.2.”

(2) Subsection 1 applies from the taxation year 2013.

**321.** (1) Section 776.41.21 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the second paragraph by the following subparagraphs:

“(a) A is

i. for a taxation year subsequent to the taxation year 2013, the amount obtained by multiplying 8% by the aggregate of all amounts each of which is either the amount of the person’s tuition fees that are paid in respect of the year and referred to in subparagraph i of paragraph *a* of section 752.0.18.10 or the amount of the person’s examination fees that are paid in respect of the year and referred to in any of subparagraphs ii to iv of that paragraph *a*, or

ii. for the taxation year 2013, the aggregate of

(1) the amount obtained by multiplying 8% by the aggregate of all amounts each of which is either the amount of the person’s tuition fees that are referred to in subparagraph v or vi of paragraph *a* of section 752.0.18.10 or the amount of the person’s examination fees that are referred to in subparagraph vii of that paragraph *a*, and

(2) the amount obtained by multiplying 20% by the aggregate of all amounts each of which is either the amount of the person’s tuition fees that are referred to in subparagraph v or vi of paragraph *b* of section 752.0.18.10 or the amount of the person’s examination fees that are referred to in subparagraph vii of that paragraph *b*; and

“(b) B is the person’s tax otherwise payable for the year under this Part, computed by taking into account only the amounts that the person may deduct under sections 752.0.0.1, 752.0.1, 752.0.7.4, 752.0.10.0.3, 752.0.10.0.5, 752.0.10.6 to 752.0.10.6.2, 752.0.11, 752.0.13.1, 752.0.13.1.1, 752.0.14, 752.0.18.3, 752.0.18.8, 776.1.5.0.17, 776.1.5.0.18 and 776.41.14.”;

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

“For the purposes of subparagraph *b* of the second paragraph, the amount that a person may, if applicable, deduct, for a taxation year, under any of sections 752.0.10.6 to 752.0.10.6.2 and 752.0.11 is deemed to be equal to the portion of that amount that the person claims as a deduction in the person’s fiscal return that the person files for the year under this Part.”

(2) Subsection 1 applies from the taxation year 2013.

**322.** (1) Section 776.42 of the Act is amended by replacing “766.7” by “766.3.7”.

(2) Subsection 1 applies from the taxation year 2013.

**323.** (1) Section 776.43 of the Act is amended by replacing the third paragraph by the following paragraph:

“The proportion referred to in the second paragraph of the said sections applies in respect of the amount determined by the formula in the first paragraph of section 776.46, in relation to the minimum tax applicable to the individual for the year.”

(2) Subsection 1 applies from the taxation year 2013.

**324.** (1) Section 776.46 of the Act is amended

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

“**776.46.** An individual’s minimum tax for a taxation year is equal to the aggregate of the amount that the individual is required to add to the individual’s tax payable for the year under this Part in accordance with section 766.3.2 and the amount determined by the formula

$A \times (B - C) - D$ .”;

(2) by striking out subparagraph *e* of the second paragraph.

(2) Subsection 1 applies from the taxation year 2013.

**325.** (1) Section 776.56 of the Act is amended

(1) by replacing “3/4” in paragraphs *a* and *b* by “80%”;

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

“(c) each amount that is designated by a trust for a particular taxation year of the trust in respect of the individual and deemed by section 668 to be a taxable capital gain for the year of the individual is deemed to be equal to 80% of the quotient obtained when that amount is divided by the fraction provided for the purposes of section 231 in respect of the trust for the particular taxation year.”;

(3) by striking out paragraph *d*.

(2) Paragraph 1 of subsection 1 applies from the taxation year 2013.

(3) Paragraphs 2 and 3 of subsection 1 apply to a taxation year that begins after 31 October 2011. However, when section 776.56 of the Act applies to a taxation year preceding the taxation year 2013, it is to be read as if “80%” in paragraph *c* were replaced by “3/4”.

**326.** (1) Section 776.57 of the Act is amended

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

**“776.57.** Pour l’application de l’article 776.51, l’ensemble des montants déductibles par le particulier dans le calcul de son revenu ou de son revenu imposable, selon le cas, pour l’année, en vertu des articles 359 à 418.12, 419.1 à 419.4, 419.6, 600.1, 600.2 et 726.4.17.10 ou de l’article 88.4 de la Loi concernant l’application de la Loi sur les impôts (chapitre I-4), dans la mesure où cet article fait référence aux paragraphes 10 et 12 de l’article 29 des Règles concernant l’application de l’impôt sur le revenu (Lois révisées du Canada (1985), chapitre 2, 5<sup>e</sup> supplément), doit être établi comme s’il était égal au moindre :”;

(2) by replacing “admissibles par ailleurs en déduction” in paragraph *a* in the French text by “déductibles par ailleurs”;

(3) by inserting the following subparagraph after subparagraph *i* of paragraph *b*:

“i.1. his income for the year from property, or from the business of selling the product of property, described in Class 43.1 or 43.2 in Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1), determined before deducting the amounts referred to in paragraph *a*, and”.

(2) Paragraph 3 of subsection 1 applies to a taxation year that ends after 31 December 2008.

**327.** (1) Section 779 of the Act is replaced by the following section:

**“779.** Except for the purposes of sections 752.0.2, 752.0.7.1 to 752.0.10 and 752.0.11 to 752.0.13.0.1, Division II of Chapter II.1 of Title I of Book V, Chapter V of Title III of Book V, the second paragraph of sections 776.41.14 and 776.41.21, sections 935.4 and 935.15 and Divisions II.8.3, II.11.1, II.11.3 to II.11.9 and II.12.1 to II.20 of Chapter III.1 of Title III of Book IX, the taxation year of a bankrupt is deemed to begin on the date of the bankruptcy and the current taxation year is deemed, if the bankrupt is an individual other than a testamentary trust, to end on the day immediately before the date of the bankruptcy.”

(2) Subsection 1 applies from the taxation year 2013.

**328.** (1) Section 785.1 of the Act is amended by replacing subparagraph *ii* of paragraph *d* by the following subparagraph:

“ii. the amount prescribed is to be included in the foreign accrual property income of the taxpayer for the taxpayer’s taxation year ending immediately before the particular time.”

(2) Subsection 1 applies to a taxation year that begins after 31 December 2006.

**329.** (1) Section 785.2.8 of the Act is amended by replacing “12%” in subparagraph *a* of the first paragraph by “12.875%”.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2012.

**330.** (1) Section 851.19 of the Act is amended by inserting “or pooled registered pension plan” after “registered pension plan”.

(2) Subsection 1 has effect from 14 December 2012.

**331.** (1) Section 890.1 of the Act is amended, in the second paragraph,

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

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

“(a.1) a pooled registered pension plan;”.

(2) Subsection 1 has effect from 14 December 2012.

**332.** (1) Section 890.16.1 of the Act is replaced by the following section:

“**890.16.1.** For the purposes of this Title and Chapter III of Title XXXV of the Regulation respecting the Taxation Act (chapter I-3, r. 1), “education at the post-secondary school level” or “program at a post-secondary school level” includes a program of studies of an educational institution described in subparagraph 2 of subparagraph *i* of paragraph *a* of section 752.0.18.10 that furnishes a person with skills for, or improves a person’s skills in, an occupation.”

(2) Subsection 1 applies from the taxation year 2013.

**333.** (1) The Act is amended by inserting the following section before section 895:

“**894.1.** If a valid election is made under subsection 1.1 of section 146.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), an accumulated income payment under the registered education savings plan may be made to the registered disability savings plan, despite paragraph *c.1* of section 895 and any terms of the plan required by that paragraph.

Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 1.1 of section 146.1 of the Income Tax Act.”

(2) Subsection 1 has effect from 1 January 2014.

**334.** (1) Section 895 of the Act is amended by replacing paragraph *h.1* by the following paragraph:

“(h.1) where the plan allows accumulated income payments, the plan provides that it must be terminated before 1 March of the year following the year in which the first such payment is made under the plan;”.

(2) Subsection 1 has effect from 1 January 2014.

**335.** (1) Section 904.1 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) any accumulated income payment (other than an accumulated income payment made under section 894.1) received in the year by the taxpayer under a registered education savings plan; and”.

(2) Subsection 1 has effect from 1 January 2014.

**336.** (1) Section 905.0.3 of the Act is amended

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

““specified maximum amount”, for a calendar year in respect of a disability savings plan, means the amount that is the greater of

(a) the amount determined by the formula in subparagraph *l* of the first paragraph of section 905.0.6 in respect of the plan for the calendar year; and

(b) the amount determined by the formula

$A + B$ ”;

(2) by adding the following paragraph:

“In the formula in paragraph *b* of the definition of “specified maximum amount” in the first paragraph,

(a) *A* is 10% of the fair market value of the property held by the plan trust at the beginning of the calendar year (other than annuity contracts that, at the beginning of the calendar year, are not described in paragraph *b* of the definition of “qualified investment” in subsection 1 of section 205 of the Income Tax Act); and

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

i. a periodic payment under an annuity contract held by the plan trust at the beginning of the calendar year (other than an annuity contract described at the beginning of the calendar year in paragraph *b* of the definition of “qualified

investment” in subsection 1 of section 205 of the Income Tax Act) that is paid to the plan trust in the calendar year, or

ii. if the periodic payment under an annuity contract described in subparagraph i is not made to the plan trust because the plan trust disposed of the right to that payment in the calendar year, an amount that is a reasonable estimate of that payment on the assumption that the annuity contract had been held by the plan trust throughout the calendar year and no rights under the contract were disposed of in the calendar year.”

(2) Subsection 1 has effect from 1 January 2014.

**337.** (1) Section 905.0.3.1 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“905.0.3.1.** Any holder of a disability savings plan who was a qualifying person in relation to the beneficiary under the plan at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of the application of paragraph *c* of the definition of “qualifying person” in the first paragraph of section 905.0.3 ceases to be a holder of the plan and the beneficiary becomes the holder of the plan if”.

(2) Subsection 1 has effect from 29 June 2012. However, when section 905.0.3.1 of the Act applies before 1 January 2014, it is to be read as if “the first paragraph of” in the portion before paragraph *a* were struck out.

**338.** (1) Section 905.0.3.2 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“905.0.3.2.** If a particular person described in subparagraph ii or iii of paragraph *a* of the definition of “qualifying person” in the first paragraph of section 905.0.3 is appointed in respect of a beneficiary of a disability savings plan and a holder of the plan was a qualifying person in relation to the beneficiary at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of the application of paragraph *c* of that definition, the following rules apply:”.

(2) Subsection 1 has effect from 29 June 2012. However, when section 905.0.3.2 of the Act applies before 1 January 2014, it is to be read as if “the first paragraph of” in the portion before paragraph *a* were struck out.

**339.** (1) Section 905.0.3.3 of the Act is replaced by the following section:

**“905.0.3.3.** If a dispute arises as a result of a disability savings plan issuer’s acceptance of a qualifying family member who was a qualifying person in relation to the beneficiary at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of the application of paragraph *c* of the definition of “qualifying person” in the first paragraph of section 905.0.3 as a holder of the plan, from the time the dispute



arises until the time that the dispute is resolved or a person becomes the holder of the plan under section 905.0.3.1 or 905.0.3.2, the holder of the plan shall make every effort to avoid any reduction in the fair market value of the property held by the plan trust, having regard to the reasonable needs of the beneficiary under the plan.”

(2) Subsection 1 has effect from 29 June 2012. However, when section 905.0.3.3 of the Act applies before 1 January 2014, it is to be read as if “the first paragraph of” were struck out.

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

**“905.0.3.4.** If, after reasonable inquiry, an issuer of a disability savings plan is of the opinion that an individual’s contractual competence to enter into a disability savings plan is in doubt, no judicial recourse may be exercised against the issuer for entering into a disability savings plan, under which the individual is the beneficiary, with a qualifying family member who was a qualifying person in relation to the beneficiary at the time the plan (or another registered disability savings plan of the beneficiary) was entered into solely because of the application of paragraph *c* of the definition of “qualifying person” in the first paragraph of section 905.0.3.”

(2) Subsection 1 has effect from 29 June 2012. However, when section 905.0.3.4 of the Act applies before 1 January 2014, it is to be read as if “the first paragraph of” were struck out.

**341.** (1) Section 905.0.4 of the Act is amended

(1) by replacing “in section” in the portion before paragraph *a* and in paragraph *b* by “in the first paragraph of section”;

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

“(d) other than for the purposes of subparagraphs *f* to *h* and *n* of the first paragraph of section 905.0.6,

i. an amount that is a specified RDSP payment as defined in subsection 1 of section 60.02 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), and

ii. an amount that is an accumulated income payment made to the plan under section 894.1.”

(2) Subsection 1 has effect from 1 January 2014.

**342.** (1) Section 905.0.4.2 of the Act is amended

(1) by replacing subparagraphs *b* to *d* of the first paragraph by the following subparagraphs:

“(b) the time that is immediately before the earliest time in a calendar year when the total disability assistance payments, other than non-taxable portions, made under the plan in the year and while it was a specified disability savings plan exceeds \$10,000 or such greater amount as is required to satisfy the condition of subparagraph i of subparagraph d;

“(c) the time that is immediately before the time that

- i. a contribution is made to the plan,
- ii. an amount described in paragraph *a* or *b* of section 905.0.4 or subparagraph ii of paragraph *d* of that section is paid into the plan,
- iii. the plan is terminated,
- iv. the plan ceases to be a registered disability savings plan as a result of the application of subparagraph *a* of the first paragraph of section 905.0.20, or
- v. is the beginning of the first calendar year throughout which the beneficiary under the plan has no severe and prolonged impairment in mental or physical functions the effects of which are described in paragraph *a.1* of subsection 1 of section 118.3 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); and

“(d) the time immediately following the end of a calendar year if

- i. the total amount of disability assistance payments made from the plan in the year is less than the amount determined by the formula in subparagraph *l* of the first paragraph of section 905.0.6 in respect of the plan for the same year or such a lesser amount as is supported by the property of the plan trust, and
- ii. the year is not the year in which the plan became a specified disability savings plan;”;

(2) by striking out subparagraphs *e* and *f* of the first paragraph;

(3) by striking out “(R.S.C. 1985, c. 1 (5th Suppl.))” in the second paragraph.

(2) Subsection 1 has effect from 1 January 2014.

**343.** (1) Section 905.0.6 of the Act is amended

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

“(c) the plan provides that, if a person, other than a qualifying family member in relation to the beneficiary under the plan, who is a holder of the plan ceases to be a qualifying person in relation to the beneficiary under the plan at any time, the person ceases at that time to be a holder of the plan;”;

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

“*i.* if the calendar year is not a specified year for the plan, the total amount of disability assistance payments made to the beneficiary under the plan in the year must not exceed the specified maximum amount for the year, except that, in calculating that total amount, a payment made following a transfer in the year from another plan in accordance with section 905.0.16 is to be disregarded if it is made”;

(3) by striking out subparagraph *ii* of subparagraph *n* of the first paragraph;

(4) by inserting the following subparagraph after subparagraph *n* of the first paragraph:

“(n.1) the plan provides that, if the beneficiary under the plan reached 59 years of age before a calendar year, the total amount of disability assistance payments made to the beneficiary in the calendar year must not be less than the amount determined by the formula in subparagraph *l* in respect of the plan for the year or such lesser amount as is supported by the property of the plan trust;”;

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

“(o) the plan provides that, at the direction of the holders of the plan, the issuer shall transfer all of the property held by the plan trust or an amount equal to its value to another registered disability savings plan of the beneficiary, together with all information in its possession (other than information provided to the issuer of the other plan by the Minister responsible for the administration of the Canada Disability Savings Act) that may reasonably be considered necessary for compliance, in respect of the other plan, with the requirements of this Part and with any conditions and obligations under that Act; and”;

(6) by replacing subparagraph *p* of the first paragraph by the following subparagraph:

“(p) the plan provides for any amounts remaining in the plan, after taking into consideration any repayments under the Canada Disability Savings Act or a designated provincial program, to be paid to the beneficiary under the plan or the beneficiary’s succession, and for the plan to cease to exist, at or before the end of the calendar year following the earlier of

- i. the calendar year in which the beneficiary under the plan dies, and
- ii. the first calendar year

(1) if a valid election is made under subsection 4.1 of section 146.4 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement),

that includes the time that the election ceases because of paragraph *b* of subsection 4.2 of section 146.4 of that Act to be valid, or

(2) throughout which the beneficiary has no severe and prolonged impairment in mental or physical functions the effects of which are described in paragraph *a.1* of subsection 1 of section 118.3 of the Income Tax Act.”;

(7) by adding the following paragraphs after the second paragraph:

“Chapter V.2 of Title II of Book I applies in relation to an election made under subsection 4.1 of section 146.4 of the Income Tax Act.

Where the calendar year 2011 or 2012 is the first calendar year throughout which the beneficiary of a registered disability savings plan has no severe and prolonged impairment in mental or physical functions the effects of which are described in paragraph *a.1* of subsection 1 of section 118.3 of the Income Tax Act and the plan has not been terminated, the plan must, despite subparagraph *p* of the first paragraph, as it read on 28 March 2012 and any terms of the plan required by that subparagraph, be terminated on or before 31 December 2014, unless a valid election is made under subsection 4.1 of section 146.4 of the Income Tax Act.”

(2) Paragraph 1 of subsection 1 has effect from 29 June 2012.

(3) Paragraphs 2 to 4 and 6 of subsection 1 and paragraph 7 of subsection 1, when it enacts the third paragraph of section 905.0.6 of the Act, have effect from 1 January 2014.

(4) Paragraph 5 of subsection 1 has effect from 14 December 2012.

(5) Paragraph 7 of subsection 1, when it enacts the fourth paragraph of section 905.0.6 of the Act, has effect from 29 March 2012. However, when the fourth paragraph of that section applies before 1 January 2014, it is to be read as if “, unless a valid election is made under subsection 4.1 of section 146.4 of the Income Tax Act” were struck out.

**344.** (1) Section 905.0.7 of the Act is amended

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

**“905.0.7.** A disability savings plan is deemed never to have been a registered disability savings plan unless

(*a*) the issuer of the plan provides without delay notification of the plan’s establishment in the prescribed form containing prescribed information to the Minister; and

(b) if the beneficiary is the beneficiary under another registered disability savings plan at the time the plan is established, that other plan is terminated without delay.”;

(2) by replacing “in the manner and within the time specified” in the second paragraph by “in the manner specified”.

(2) Subsection 1 has effect from 14 December 2012.

**345.** (1) Section 905.0.16 of the Act is amended by replacing paragraph *c* by the following paragraph:

“(c) the issuer of the prior plan provides the issuer of the new plan with all information in its possession concerning the prior plan (other than information provided to the issuer of the new plan by the Minister responsible for the administration of the Canada Disability Savings Act (Statutes of Canada, 2007, chapter 35)) as may reasonably be considered necessary for compliance, in respect of the new plan, with the requirements of this Part and the issuer of the new plan confirms that it has in its possession all information provided by the issuer of the prior plan and by that Minister that is necessary for the purposes of paragraph *c* of subsection 8 of section 146.4 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement); and”.

(2) Subsection 1 has effect from 14 December 2012.

**346.** (1) Section 905.0.21 of the Act is amended by replacing the portion of subparagraph *e* of the first paragraph before subparagraph *i* by the following:

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

(2) Subsection 1 has effect from 29 June 2012. However, when section 905.0.21 of the Act applies before 1 January 2014, it is to be read as if “the first paragraph of” in the portion of subparagraph *e* of the first paragraph before subparagraph *i* were struck out.

**347.** (1) Section 905.1.2 of the Act is replaced by the following section:

“**905.1.2.** For the purposes of section 133.4, subparagraph *i* of paragraph *a* of the definition of “excluded right or interest” in section 785.0.1, subparagraph *d* of the first paragraph of section 890.0.1, sections 913 and 924.0.1, paragraph *b* of the definition of “excluded premium” in the first paragraph of section 935.1, paragraph *c* of the definition of “excluded premium” in the first paragraph of section 935.12, subparagraph *b* of the second paragraph of section 961.17, Chapter III of Title VI.0.1 and paragraph *c* of section 965.0.35,

an individual's account under a specified pension plan is deemed to be a registered retirement savings plan under which the individual is the annuitant.”

(2) Subsection 1 has effect from 14 December 2012.

**348.** (1) Section 961.17 of the Act is amended by inserting the following subparagraph after subparagraph *b* of the second paragraph:

“(b.1) an amount transferred at the direction of the annuitant directly to an account of the annuitant under a pooled registered pension plan; or”.

(2) Subsection 1 has effect from 14 December 2012.

**349.** (1) Section 965.0.2 of the Act is replaced by the following section:

“**965.0.2.** There may be deducted in computing an employer's income for a taxation year ending after 31 December 1990, the amount that, by virtue of paragraph *q* of subsection 1 of section 20 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), is allowed as a deduction for the year in computing the employer's income for the purposes of that Act in respect of a contribution made to a registered pension plan.”

(2) Subsection 1 has effect from 14 December 2012.

**350.** (1) Section 965.0.10 of the Act is amended

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

“(b) the amount is transferred on behalf of a member who is entitled to the amount as a return of contributions made (or deemed to have been made) by the member under a defined benefit provision of the plan before 1 January 1991, or as interest, computed at a reasonable rate, in respect of those contributions, and”;

(2) by adding the following paragraph:

“For the purposes of subparagraph *b* of the first paragraph, if an amount is transferred in accordance with section 965.0.7 to a defined benefit provision (in this paragraph referred to as the “current provision”) of a registered pension plan from a defined benefit provision (in this paragraph referred to as the “former provision”) of another registered pension plan on behalf of all or a significant number of members whose benefits under the former provision are replaced by benefits under the current provision, each current service contribution made at a particular time under the former provision by a member whose benefits are so replaced is deemed to be a current service contribution made at that particular time under the current provision by the member.”

(2) Paragraph 1 of subsection 1 applies in respect of a transfer that occurs after 31 December 1999.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2000.

**351.** (1) The Act is amended by inserting the following before Title VI.1 of Book VII of Part I:

**“TITLE VI.0.2**

**“POOLED REGISTERED PENSION PLANS**

**“CHAPTER I**

**“DEFINITIONS**

**“965.0.19.** In this Title,

“administrator”, of a pooled pension plan, means

(a) a corporation resident in Canada that is responsible for the administration of the plan and that is authorized under the Pooled Registered Pension Plans Act (Statutes of Canada, 2012, chapter 16) or a similar law of a province to act as an administrator for one or more pooled pension plans; or

(b) an entity designated in respect of the plan under section 21 of the Pooled Registered Pension Plans Act or any provision of a law of a province that is similar to that section;

“member”, of a pooled pension plan, means an individual (other than a trust) who holds an account under the plan;

“pooled pension plan” means a plan that is registered under the Pooled Registered Pension Plans Act or a similar law of a province;

“qualifying annuity”, for an individual, means a life annuity that

(a) is payable to the individual or, where the annuity is constituted for the benefit of the individual and the individual’s spouse jointly, is payable to the individual and, on the individual’s death, to the individual’s spouse;

(b) is payable beginning no later than the later of the end of the calendar year in which the annuity is acquired and the end of the calendar year in which the individual attains 71 years of age;

(c) unless the annuity is subsequently commuted into a single payment, is payable

i. at least annually, and

ii. in equal amounts, except for an amount that is not so payable solely because of an adjustment that would, if the annuity were an annuity under a retirement savings plan, be in accordance with any of subparagraphs iii to v of

paragraph *b* of subsection 3 of section 146 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement);

(*d*) if the annuity includes a guaranteed period, requires that

i. the guaranteed period not exceed 15 years, and

ii. in the event of the death of the individual and that of the individual's spouse during the guaranteed period, any remaining amounts otherwise payable be commuted into a single payment as soon as practicable after the later death; and

(*e*) does not permit any premiums to be paid, other than the premium paid from the PRPP to acquire the annuity;

“qualifying survivor”, in relation to a member of a PRPP, means an individual who, immediately before the death of the member

(*a*) was a spouse of the member; or

(*b*) was a child or grandchild of the member who was financially dependent on the member for support;

“single amount” means an amount that is not part of a series of periodic payments;

“successor member” means an individual who was the spouse of a member of a PRPP immediately before the death of the member and who acquires, as a consequence of the death, all of the member's rights in respect of the member's account under the PRPP.

For the purposes of the definition of “qualifying survivor” in the first paragraph, a child or grandchild of the member is presumed not to be financially dependent on the member at the time of the death of the member if the child's or grandchild's income, for the taxation year preceding the taxation year in which the member died, was greater than the amount determined by the formula in subsection 1.1 of section 146 of the Income Tax Act for that preceding year.

## “CHAPTER II

### “TAX

**“965.0.20.** No tax is payable under this Part by a trust governed by a PRPP on its taxable income for a taxation year.

**“965.0.21.** Despite section 965.0.20, a trust governed by a PRPP that carries on a business in a taxation year shall pay tax under this Part on the amount that would be its taxable income for the year if it had no incomes or losses from sources other than that business.



**“965.0.22.** For the purposes of section 965.0.21, the following rules apply:

(a) a capital gain or capital loss from the disposition of a property held in connection with a business is deemed to be income or a loss, as the case may be, from carrying on the business; and

(b) the trust’s income is to be computed without reference to paragraph *a* of section 657 and sections 666 and 668.

### “CHAPTER III

### “DEDUCTIONS

**“965.0.23.** There may be deducted in computing an employer’s income for a taxation year, the amount that, by virtue of paragraph *q* of subsection 1 of section 20 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), is allowed as a deduction for the year in computing the employer’s income for the purposes of that Act in respect of a contribution made to a PRPP.

**“965.0.24.** For the purposes of Title IV (other than sections 924.1, 931.1, 931.3 and 931.5), and paragraph *a* of sections 935.3 and 935.14, a contribution made to a pooled registered pension plan by a member of such a plan is deemed to be a premium paid by the member to a registered retirement savings plan under which the member is the annuitant, within the meaning of paragraph *b* of section 905.1.

**“965.0.25.** There may be deducted in computing the income of a member of a PRPP for the taxation year in which the member dies, an amount not exceeding the amount determined, after all amounts payable from the member’s account under the PRPP have been distributed, by the formula

$$A - B.$$

In the formula in the first paragraph,

(a) *A* is the aggregate of all amounts each of which is an amount in respect of the member’s account

i. included in computing the member’s income under section 965.0.28 because of the application of section 965.0.30,

ii. included in computing the income of another taxpayer under section 965.0.32 or 965.0.34, or

iii. transferred in accordance with section 965.0.35 in circumstances described in subparagraph iii of paragraph *b* of that section; and

(b) B is the aggregate of all distributions made from the member's account after the member's death.

**“965.0.26.** Unless the Minister has waived in writing the application of this section with respect to all or any portion of the amount determined under section 965.0.25, that section does not apply in respect of a member's account under a PRPP if the last distribution from the account was made after the end of the calendar year following the year in which the member died.

**“965.0.27.** For the purposes of section 133.4, subparagraph i of paragraph *a* of the definition of “excluded right or interest” in section 785.0.1, subparagraph *d* of the first paragraph of section 890.0.1, sections 890.0.2, 913 and 924.0.1, paragraph *b* of the definition of “excluded premium” in the first paragraph of section 935.1, paragraph *c* of the definition of “excluded premium” in the first paragraph of section 935.12, the second paragraph of section 961.17 and Chapter III of Title VI.0.1, a member's account under a pooled registered pension plan is deemed to be a registered retirement savings plan under which the member is the annuitant, within the meaning of paragraph *b* of section 905.1.

#### “CHAPTER IV

#### “AMOUNTS TO BE INCLUDED

**“965.0.28.** If a taxpayer is a member of a PRPP, the taxpayer shall include, in computing income for a taxation year, the aggregate of all amounts each of which is a distribution made in the year from the member's account under the PRPP, other than an amount that is

(a) included in computing the income of another taxpayer under section 965.0.29;

(b) referred to in section 965.0.36; or

(c) distributed after the death of the member.

**“965.0.29.** If a taxpayer is the employer of a member of a PRPP, the taxpayer shall include, in computing income for a taxation year, the aggregate of all amounts each of which is a return of contributions that is described in clause A of subparagraph ii of paragraph *d* of subsection 3 of section 147.5 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement) and that is made to the taxpayer in the year.

**“965.0.30.** If a member of a PRPP dies and there is no successor member in respect of the deceased member's account under the PRPP, an amount, equal to the amount by which the fair market value of all property held in connection with the account immediately before the death exceeds the total of all amounts distributed from the account that are described in section 965.0.32, is deemed to have been distributed from the account immediately before the death.

**“965.0.31.** If a member of a PRPP dies and there is a successor member in respect of the deceased member’s account under the PRPP, the following rules apply:

(a) the account ceases to be an account of the deceased member at the time of the death;

(b) the successor member is, after the time of the death, deemed to hold the account as a member of the PRPP; and

(c) the successor member is deemed to be a separate member in respect of any other account under the PRPP that the successor member holds.

**“965.0.32.** If, as a consequence of the death of a member of a PRPP, an amount is distributed in a taxation year from the member’s account under the PRPP to, or on behalf of, a qualifying survivor in relation to the member, the amount must be included in computing the qualifying survivor’s income for the year, except to the extent that the amount is referred to in section 965.0.36.

**“965.0.33.** If an amount is distributed at a particular time from a deceased member’s account under a PRPP to the member’s legal representative and a qualifying survivor of the member is entitled to all or a portion of the amount in full or partial satisfaction of the qualifying survivor’s rights as a beneficiary under the deceased’s succession, then, for the purposes of section 965.0.32, the amount or portion of the amount, as the case may be, is deemed to have been distributed at that time from the member’s account to the qualifying survivor (and not to the legal representative) to the extent that it is so designated jointly by the legal representative and the qualifying survivor in the prescribed form filed with the Minister.

**“965.0.34.** A taxpayer who is not a qualifying survivor in relation to a member of a PRPP shall include, in computing income for a taxation year, the aggregate of all amounts each of which is an amount determined by the formula

$A - B$ .

In the formula in the first paragraph,

(a) A is the amount of a distribution made in the year from the member’s account under the PRPP as a consequence of the member’s death to, or on behalf of, the taxpayer; and

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

i. the amount of the distribution, and

ii. the amount by which the fair market value of all property held in connection with the account immediately before the death of the member exceeds the total of

(1) the amount designated in accordance with this paragraph in respect of any prior distribution made from the account, and

(2) an amount included under section 965.0.32 in computing the income of a qualifying survivor in relation to the member.

## “CHAPTER V

### “TRANSFERS

“**965.0.35.** An amount is transferred from a member’s account under a pooled registered pension plan in accordance with this section if

(a) the amount is a single amount;

(b) the amount is transferred on behalf of an individual

i. who is the member,

ii. who is a spouse or former spouse of the member and who is entitled to the amount under a decree, order or judgment of a competent tribunal, or under a written separation agreement, relating to a partition of property between the member and the individual, in settlement of rights arising out of, or on the breakdown of, their marriage, or

iii. who is entitled to the amount as a consequence of the death of the member and was a spouse of the member immediately before the death; and

(c) the amount is transferred directly to

i. the individual’s account under the plan,

ii. another pooled registered pension plan in respect of the individual,

iii. a registered pension plan for the benefit of the individual,

iv. a registered retirement savings plan or registered retirement income fund under which the individual is the annuitant, within the meaning of paragraph *b* of section 905.1 or paragraph *d* of section 961.1.5, as the case may be, or

v. a licensed annuities provider, within the meaning of section 965.0.1, to acquire a qualifying annuity for the individual.

**“965.0.36.** Where an amount is transferred in accordance with section 965.0.35 from a member’s account under a PRPP on behalf of an individual, the following rules apply:

(a) the amount must not, by reason only of that transfer, be included in computing the income of the individual; and

(b) no deduction may be made in respect of the amount in computing the income of any taxpayer.

**“965.0.37.** If an amount is transferred in accordance with section 965.0.35 to acquire a qualifying annuity, an individual shall include, in computing income for a taxation year under this Title and not under any other provision of this Act, any amount received by the individual during the year out of or under the annuity or as proceeds from the disposition of the annuity.”

(2) Subsection 1 has effect from 14 December 2012.

**352.** (1) Section 968 of the Act is amended by inserting “a pooled registered pension plan,” after “a registered pension plan,” in the second paragraph.

(2) Subsection 1 has effect from 14 December 2012.

**353.** (1) The Act is amended by inserting the following after section 979.23:

## “TITLE X

### “TAX-FREE RESERVE OF A QUALIFIED SHIPOWER

#### “CHAPTER I

##### “DEFINITIONS

**“979.24.** In this Title,

“eligible addition” to a tax-free reserve of a qualified shipowner means qualified property that is allocated by the shipowner to the reserve and does not include an interest or dividend amount attributable to such qualified property or to a capital gain from the disposition of such property;

“eligible withdrawal” from a tax-free reserve of a qualified shipowner means an amount withdrawn by the shipowner from the reserve

(a) to pay the cost of work to maintain or renovate the shipowner’s qualified vessel fleet, or the cost of qualified vessel shipbuilding work awarded by the shipowner to the operator of a qualified shipyard; or

(b) to meet the consequences of exceptional and unpredictable events, including financial difficulties likely to jeopardize continuation of the shipowner's activities, to the extent the amount is reasonable in the circumstances;

“excluded property” of a qualified shipowner means

(a) depreciable property;

(b) property, other than depreciable property, used by the qualified shipowner in the course of carrying on its business; and

(c) a debt obligation, a bond, a debenture, a share of the capital stock of a corporation or another similar obligation issued by a person with whom the qualified shipowner is not dealing at arm's length;

“qualification certificate” means a certificate issued under section 11.3 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1);

“qualified property” of a qualified shipowner means property other than excluded property;

“qualified shipyard” means a shipyard operated in Québec by a corporation and that meets the conditions set out in paragraphs 1 to 3 and 5 of section 9.4 of Schedule C to the Act respecting the sectoral parameters of certain fiscal measures;

“qualified shipowner” means a shipowner that is a corporation carrying on a business in Québec and having an establishment in Québec;

“qualified vessel” of a taxpayer means a scow or a vessel described in section 130R165 of the Regulation respecting the Taxation Act (chapter I-3, r. 1) or in paragraph *c* of class 7 of Schedule B to that Regulation.

## “CHAPTER II

### “GENERAL RULES

**“979.25.** All the qualified property of a qualified shipowner within a reserve created by the shipowner with a view to accumulating the capital necessary to have work carried out by the operator of a qualified shipyard so as to maintain or renovate qualified vessels in the shipowner's fleet or to have a qualified vessel built constitutes a tax-free reserve of the shipowner.

**“979.26.** A tax-free reserve of a qualified shipowner may be created only after the shipowner has obtained a qualification certificate.

**“979.27.** A tax-free reserve of a qualified shipowner begins on the day on which, for the first time, the shipowner sends the notice required by section 979.28 to the Minister.

A qualified shipowner must file a copy of the qualification certificate with the fiscal return the shipowner is required to file under section 1000 for the taxation year in which a tax-free reserve was created by the shipowner.

**“979.28.** Qualified property is considered to be an eligible addition to the tax-free reserve of a qualified shipowner as of the day on which the shipowner informs the Minister, in the prescribed form containing prescribed information, that the property has been allocated to the shipowner’s tax-free reserve.

**“979.29.** The first eligible addition to a tax-free reserve of a qualified shipowner must be made on or before 31 December 2023.

Despite the first paragraph, a shipowner who obtains a qualification certificate from the Minister of the Economy, Innovation and Exports after 31 December 2023 may make an initial eligible addition to the tax-free reserve after that date within a reasonable time following the date on which the qualification certificate is issued.

**“979.30.** The amount that consists of the interest and dividends attributable to qualified property within the tax-free reserve of a qualified shipowner, and the amount by which the proceeds received by the shipowner from the disposition of such property exceed the expenses incurred by the shipowner to dispose of the property, must be retained in the tax-free reserve, except the part of the amount or excess amount that is withdrawn as an eligible withdrawal or is used to pay tax or settle an obligation of the same nature required to be paid or settled in relation to the amount or excess amount under a law of a jurisdiction other than Québec or a regulation made under such a law.

**“979.31.** A tax-free reserve of a qualified shipowner ends at the latest on 31 December 2033.

**“979.32.** A tax-free reserve of a qualified shipowner is deemed to end on the first day of the taxation year

(a) for which the shipowner fails to file the documents required under section 979.37; or

(b) in which the shipowner makes a withdrawal other than an eligible withdrawal.

**“979.33.** A tax-free reserve of a qualified shipowner is deemed never to have existed if it is reasonable to consider that the ultimate purpose sought by the qualified shipowner in creating the tax-free reserve was to obtain a tax

benefit and not to have work carried out by the operator of a qualified shipyard in such a shipyard to maintain or renovate the shipowner's fleet of qualified vessels or to have such a shipyard build qualified vessels.

**“979.34.** Despite sections 1010 to 1011, the Minister shall make any assessments, reassessments or additional assessments of tax, interest and penalties and any determinations and redeterminations as are necessary for a taxation year to take into account the application of section 979.33.

### “CHAPTER III

#### “ADMINISTRATION

**“979.35.** A qualified shipowner is required for a taxation year to keep separate accounting for the tax-free reserve that must state

(a) the total value of the qualified property within the reserve at the beginning of the year or, if later, on the day on which the reserve was created;

(b) all eligible additions to the reserve made in the year and all eligible withdrawals from the reserve made in the year;

(c) the interest and dividend income received in the year that is attributable to qualified property within the reserve;

(d) in relation to the disposition in the year of qualified property within the reserve, the amount by which the proceeds of disposition of the property exceeds the expenditures made for the purpose of making the disposition; and

(e) the total value of the qualified property in the reserve at the end of the year.

**“979.36.** For each taxation year, a qualified shipowner must specify, in the prescribed form containing prescribed information, the amount of dividends and interest attributable to qualified property within its tax-free reserve and the amount of any gain realized or loss sustained from the disposition of qualified property within the tax-free reserve.

**“979.37.** A qualified shipowner must file, along with the fiscal return the shipowner is required to file under section 1000 for a taxation year in which it has a tax-free reserve, documents showing the separate accounting for the reserve as well as the form prescribed for the purposes of section 979.36.

### “CHAPTER IV

#### “DEDUCTION

**“979.38.** An amount may be deducted in computing a qualified shipowner's taxable income for a taxation year that is equal to the part of the



amount included in computing that income for the year as interest and dividends attributable to qualified property within the shipowner's tax-free reserve, if the amount is not otherwise deductible in computing the shipowner's taxable income for the year.

## “CHAPTER V

### “CAPITAL GAINS AND CAPITAL LOSSES

“**979.39.** For the purpose of computing a qualified shipowner's income for a taxation year, the following rules apply:

(a) the amount of any taxable capital gain for the year from the disposition of qualified property within the shipowner's tax-free reserve is deemed to be nil; and

(b) the amount of any allowable capital loss for the year from the disposition of qualified property within the shipowner's tax-free reserve is deemed to be nil.

“**979.40.** A qualified shipowner's allowable capital loss from the disposition of particular qualified property not within its tax-free reserve immediately before the disposition time is deemed to be nil if, in the period that includes the 90 days following that time, the particular qualified property or property identical to it is allocated to the qualified shipowner's tax-free reserve as a result of an eligible addition to the reserve.

For the purposes of the first paragraph, the right to acquire qualified property is deemed to be property identical to the qualified property, other than a right, as security only, derived from a hypothec, mortgage, agreement of sale or similar obligation.”

(2) Subsection 1 has effect from 5 June 2014.

**354.** (1) Section 991 of the Act is amended, in the first paragraph,

(1) by replacing “subparagraph *d* of the first paragraph” in subparagraph *a* by “paragraph *a*”;

(2) by replacing “paragraphs *a* and *b*” in subparagraph *b* by “subparagraphs *i* and *ii* of paragraph *d*”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2014.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2013.

**355.** (1) Section 998 of the Act is amended by inserting the following paragraph after paragraph *j*:

“(j.0.1) a trust governed by a pooled registered pension plan to the extent provided in Title VI.0.2 of Book VII;”

(2) Subsection 1 has effect from 14 December 2012.

**356.** (1) Section 999.4 of the Act is amended by replacing paragraph *b* by the following paragraph:

“(b) if the donee is, during that period, offered a gift from any person, the donee shall, before accepting the gift, inform that person that it has received the notice that no deduction under any of sections 710 and 752.0.10.6 to 752.0.10.6.2 may be claimed in respect of a gift made to it in the period, and that a gift made in the period is not a gift to a qualified donee.”

(2) Subsection 1 has effect from 4 July 2013.

**357.** (1) Section 1000 of the Act is amended

(1) by inserting the following paragraphs after paragraph *c.1* of subsection 1:

“(c.2) for which, as a trust, other than an excluded trust for the year, the individual deducts an amount in computing income under paragraph *a* or *b* of section 657;

“(c.3) on the last day of which the individual is a trust, other than an excluded trust for the year, that is resident in Québec and at any time of which the individual owns property the total of the cost amounts of which is greater than \$250,000;

“(c.4) on the last day of which the individual is a trust, other than an excluded trust for the year, that is not resident in Québec and at any time of which the individual owns property the individual uses in the operation of a business in Québec the total of the cost amounts of which is greater than \$250,000;”;

(2) by replacing subsection 2.1 by the following subsection:

“(2.1) For the purposes of paragraph *c.1* of subsection 1,

(a) “specified immovable” and “specified trust” have the meaning assigned by section 1129.77; and

(b) each member of a partnership, at any time, is deemed to be a member of another partnership of which the first partnership is a member at that time.”;

(3) by inserting the following subsection after subsection 2.1:

“(2.2) For the purposes of paragraphs *c.2* to *c.4* of subsection 1, “excluded trust” for a taxation year means

(a) a succession;

(b) a testamentary trust that is resident in Québec on the last day of the year and that owns property the total of the cost amounts of which is, throughout the year, less than \$1,000,000;

(c) a testamentary trust that is not resident in Québec on the last day of the year and that owns property situated in Québec the total of the cost amounts of which is, throughout the year, less than \$1,000,000;

(d) a unit trust;

(e) an insurer's segregated fund trust;

(f) a mutual fund trust;

(g) a SIFT trust; or

(h) a tax-exempt trust.”

(2) Paragraphs 1 and 3 of subsection 1 apply to a taxation year that begins after 20 November 2012.

(3) Paragraph 2 of subsection 1 applies to a taxation year that ends after 19 March 2012.

**358.** Section 1001 of the Act is replaced by the following section:

“**1001.** Every person, whether or not the person is liable to pay tax and whether or not a fiscal return has been filed, shall, on demand from the Minister, file with the Minister in the prescribed form containing prescribed information a fiscal return for the taxation year within such time as may be designated in the demand.”

**359.** (1) Section 1012.1 of the Act is amended by replacing paragraph *d.1.0.2* by the following paragraph:

“(d.1.0.2) the second paragraph of section 915.2, section 924.2, the second paragraph of section 961.17.1 or any of sections 961.21.0.1, 965.0.25 and 965.0.30, in respect of a registered retirement savings plan, a registered retirement income fund or a pooled registered pension plan, 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;”.

(2) Subsection 1 has effect from 14 December 2012.

**360.** (1) Section 1012.2 of the Act is amended by replacing the second paragraph by the following paragraph:

“The reduction to which the first paragraph refers is the reduction in the foreign accrual property income of a foreign affiliate of the taxpayer for a taxation year (in this paragraph referred to as the “claim year”) of the foreign affiliate that ends in the particular taxation year, if

(a) the reduction is

i. attributable to the amount of the foreign accrual property loss (within the meaning assigned by subsection 3 of section 5903 of the Income Tax Regulations made under the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)) of the foreign affiliate for a taxation year of the foreign affiliate that ends in a subsequent taxation year of the taxpayer, and

ii. included in the value of F of the formula in the definition of “foreign accrual property income” in subsection 1 of section 95 of the Income Tax Act in relation to the foreign affiliate for the claim year; or

(b) the reduction is

i. attributable to the amount of the foreign accrual capital loss (within the meaning assigned by subsection 3 of section 5903.1 of the Income Tax Regulations made under the Income Tax Act) of the foreign affiliate for a taxation year of the foreign affiliate that ends in a subsequent taxation year of the taxpayer, and

ii. included in the value of F.1 of the formula in the definition of “foreign accrual property income” in subsection 1 of section 95 of the Income Tax Act in relation to the foreign affiliate for the claim year.”

(2) Subsection 1 applies in respect of a taxation year that ends after 19 August 2011.

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

**361.** (1) Section 1015 of the Act is amended

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

“(b) an amount described in section 313.13 or 317;”;

(2) by inserting the following subparagraph after subparagraph *e.2* of the second paragraph:

“(e.3) an amount paid under the program referred to in paragraph k.0.2 of section 311;”;

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

“Where the Minister considers that the aggregate of the amounts a person referred to in the first paragraph is required to pay under this section, under sections 34 and 37.21 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5), if section 37.21 of that Act refers to this section, under section 63 of the Act respecting the Québec Pension Plan (chapter R-9) and under section 62 of the Act respecting parental insurance (chapter A-29.011), for a particular calendar year or for the calendar year prior to that particular year, does not exceed \$2,400, the Minister may authorize the person, in respect of an amount referred to in the first paragraph and equal to an amount deducted or withheld in respect of remuneration paid by that person during that particular year, to pay that amount on or before the day on which the person would be required, but for this paragraph, to make the last payment required by this section in respect of that remuneration.”;

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

“The tables determining the amount to be deducted or withheld from a particular amount that is paid, allocated, granted or awarded in a taxation year are posted on the Revenu Québec website. The amount specified in the tables includes the amount to be deducted or withheld from the particular amount because of section 37.21 of the Act respecting the Régie de l’assurance maladie du Québec, if that section refers to this section.”

(2) Paragraph 1 of subsection 1 has effect from 14 December 2012.

(3) Paragraph 2 of subsection 1 has effect from 1 January 2013.

(4) Paragraphs 3 and 4 of subsection 1 apply from the taxation year 2013.

**362.** (1) Section 1026.0.2 of the Act is amended by replacing the definition of “net tax owing” in the first paragraph by the following definition:

““net tax owing” by an individual for a taxation year means the amount by which the tax payable by the individual for the year under this Part and Parts III.15 and III.15.2, determined without reference to the specified tax consequences for the year, section 313.11 and Chapter II.1 of Title VI of Book III, exceeds the amount described in the second paragraph.”

(2) Subsection 1 applies from the taxation year 2012.

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

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

“For the purposes of Divisions II.4 to II.5.2, II.6 to II.6.0.8, II.6.0.10, II.6.0.11, II.6.2, II.6.4.2, II.6.5, II.6.5.3, II.6.5.6, II.6.5.7, II.6.6.1 to II.6.15 and II.22 to II.24, the following rules apply:

(a) in the case of Division II.4, government assistance or non-government assistance does not include

i. an amount deemed to have been paid to the Minister for a taxation year under Divisions II to II.4, or

ii. an amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), other than the portion of the amount that may reasonably be attributed to an amount that is a qualified expenditure, within the meaning of subsection 9 of section 127 of that Act, and that, for the purposes of that definition, is an expenditure made before 1 May 1987;”;

(2) by replacing, in subparagraph *b*,

(a) “to II.6.0.1.9” by “, II.6.0.1.8”;

(b) “II.6.4.2” by “II.6.2, II.6.4.2, II.6.5”;

(c) “II.6.5.6” by “II.6.5.6, II.6.5.7”;

(3) by replacing subparagraph *b.1* by the following subparagraph:

“(b.1) in the case of Division II.5.1, government assistance or non-government assistance does not include

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

ii. an amount deducted or deductible under subsection 5 or 6 of section 127 of the Income Tax Act that may reasonably be attributed to an amount that is an apprenticeship expenditure, within the meaning of subsection 9 of section 127 of that Act;”;

(4) by inserting “, II.6.0.1.9” after “II.6.0.1.6” in the portion of subparagraph *h* before subparagraph *i*;

(5) by adding the following subparagraphs after subparagraph *k*:

“(l) in the case of Division II.23, government assistance or non-government assistance does not include

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

ii. the amount of financial assistance granted by the Ministère des Ressources naturelles et de la Faune under the Rénoclimat program; and

“(m) in the case of Division II.24, government assistance or non-government assistance does not include

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

ii. the amount of financial assistance granted by the Ministère des Ressources naturelles et de la Faune under the Rénoclimat program, or

iii. the portion of any amount deducted or deductible under the Income Tax Act that may reasonably be attributed to an expenditure described in the definition of “home renovation expenditure” in section 1029.8.159.”

(2) Paragraphs 1 and 3 of subsection 1 and subparagraph *b* of paragraph 2 of that subsection apply for the purpose of determining an amount deemed to be paid to the Minister for a taxation year that begins after 20 November 2012. However, where the portion of the second paragraph of section 1029.6.0.0.1 of the Act before subparagraph *a* applies

(1) before 1 January 2013, it is to be read without reference to “II.6.5.7.”;

(2) before 8 October 2013, it is to be read without reference to “II.24”; or

(3) after 7 October 2013 and for the purpose of determining an amount deemed to be paid to the Minister for a taxation year that begins before 1 January 2014, it is to be read as if “and II.22 to II.24” were replaced by “, II.22 and II.23”.

(3) Subparagraph *a* of paragraph 2 of subsection 1 and paragraph 4 of that subsection have effect from 14 March 2008.

(4) Subparagraph *c* of paragraph 2 of subsection 1 has effect from 1 January 2013.

(5) Paragraph 5 of subsection 1, where it enacts subparagraph *l* of the second paragraph of section 1029.6.0.0.1 of the Act, has effect from 8 October 2013.

(6) Paragraph 5 of subsection 1, where it enacts subparagraph *m* of the second paragraph of section 1029.6.0.0.1 of the Act, applies for the purpose of determining an amount deemed to be paid to the Minister for a taxation year that begins after 31 December 2013.

(7) Despite sections 1010 to 1011 of the Act, the Minister shall, under Part I of the Act, on application by a corporation, make any assessments of the corporation’s tax, interest and penalties as are necessary for any taxation year to give effect to subparagraph *a* of paragraph 2 of subsection 1, paragraph 4 of that subsection and subsection 3. Sections 93.1.8 and 93.1.12 of the Tax

Administration Act (chapter A-6.002) apply to such assessments, with the necessary modifications.

**364.** (1) Section 1029.6.0.1 of the Act is amended

(1) by inserting “, II.6.5.7” after “II.6.5.3” in paragraphs *a* and *b*;

(2) by adding the following paragraph:

“Despite subparagraph *b* of the first paragraph, where a person or a member of a partnership may, for a taxation year, be deemed to have paid an amount to the Minister under Division II.6.14.2.2, in respect of costs relating to a particular contract, another taxpayer may, for any taxation year, be deemed to have paid an amount to the Minister under Division II.6.0.1.9, in respect of an expenditure, incurred in performing the particular contract, that may reasonably be considered to relate to those costs.”

(2) Paragraph 1 of subsection 1 has effect from 1 January 2013.

(3) Paragraph 2 of subsection 1 has effect from 8 October 2013.

**365.** (1) Section 1029.6.0.1.2.1 of the Act is replaced by the following section:

**“1029.6.0.1.2.1.** For the purposes of subparagraphs *a* and *b* of the first paragraph of section 1029.6.0.1, a particular expenditure or particular costs, in respect of which a particular amount is or may be deemed under any of Divisions II to II.6.0.1.6, II.6.0.1.8 to II.6.2, II.6.4.2, II.6.5, II.6.5.3, II.6.5.7 and II.6.14.2 to II.6.15 to have been paid to the Minister by a taxpayer, or by a person or a member of a partnership, as the case may be, for a taxation year, or is deemed under section 34.1.9 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) to have been an overpayment to the Minister by the taxpayer, include the aggregate of the expenditures and costs taken into account, or to be taken into account, as the case may be, in computing the amount used as a basis for computing the particular amount.”

(2) Subsection 1 has effect from 1 January 2013. However, when section 1029.6.0.1.2.1 of the Act applies before 8 October 2013, it is to be read as if “subparagraphs *a* and *b* of the first paragraph” were replaced by “paragraphs *a* and *b*”.

**366.** (1) Section 1029.6.0.1.2.2 of the Act is amended, in the first paragraph,

(1) by replacing subparagraph *i* of subparagraph *a* by the following subparagraph:

“*i.* by reason of subparagraph *b* of the first paragraph of section 1029.6.0.1, no amount may, in respect of all or part of a cost, an expenditure or costs that constitute only a portion of the initial expenditure, in this section referred to



as the “portion not qualifying for a tax credit”, be deemed under any of Divisions II to II.6.0.1.6, II.6.0.1.8 to II.6.2, II.6.4.2, II.6.5, II.6.5.3, II.6.5.7 and II.6.14.2 to II.6.15 to have been paid to the Minister by a taxpayer for a taxation year, or be deemed under section 34.1.9 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) to have been an overpayment to the Minister by the taxpayer, or”;

(2) by inserting “, II.6.5.7” after “II.6.5.3” in subparagraph *b*.

(2) Subsection 1 has effect from 1 January 2013. However, when section 1029.6.0.1.2.2 of the Act applies before 8 October 2013, it is to be read as if “subparagraph *b* of the first paragraph” in subparagraph *i* of subparagraph *a* of the first paragraph were replaced by “paragraph *b*”.

**367.** (1) Section 1029.6.0.1.2.3 of the Act is amended

(1) by inserting “, II.6.5.7” after “II.6.5.3” in subparagraph *b* of the first paragraph;

(2) by replacing “paragraph *b*” in the portion of the second paragraph before subparagraph *a* by “subparagraph *b* of the first paragraph”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2013.

(3) Paragraph 2 of subsection 1 has effect from 8 October 2013.

**368.** (1) Section 1029.6.0.1.2.4 of the Act is amended by replacing “paragraph *b*” in subparagraph *a* of the first paragraph by “subparagraph *b* of the first paragraph”.

(2) Subsection 1 has effect from 8 October 2013.

**369.** (1) Section 1029.6.0.1.4 of the Act is amended

(1) by replacing “Notwithstanding paragraph *b*” in the first paragraph by “Despite subparagraph *b* of the first paragraph”;

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

(3) by replacing the portion of the third paragraph before subparagraph *a* in the French text by the following:

“Pour l’application du paragraphe *a* du deuxième alinéa, une attestation donnée désigne, selon le cas :”.

(2) Paragraph 1 of subsection 1 has effect from 8 October 2013.

**370.** (1) Section 1029.6.0.6 of the Act, amended by section 98 of chapter 10 of the statutes of 2013, is again amended, in the fourth paragraph,

(1) by inserting the following subparagraphs after subparagraph *b.5*:

“(b.6) the amount of \$130,000 mentioned in section 1029.8.66.6;

“(b.7) the amount of \$40,000 mentioned in section 1029.8.66.11;”;

(2) by replacing subparagraphs *h.1* and *h.2* by the following subparagraphs:

“(h.1) the amounts of \$114, \$132, \$275, \$350, \$533, \$647 and \$1,620, wherever they are mentioned in section 1029.8.116.16;

“(h.2) the amount of \$32,795 mentioned in section 1029.8.116.16;”;

(3) by inserting the following subparagraph after subparagraph *h.2*:

“(h.3) the amount of \$20,000 mentioned in section 1029.8.116.34;”.

(2) Paragraph 1 of subsection 1, where it enacts subparagraph *b.6* of the fourth paragraph of section 1029.6.0.6 of the Act, applies from the taxation year 2014.

(3) Paragraph 1 of subsection 1, where it enacts paragraph *b.7* of the fourth paragraph of section 1029.6.0.6 of the Act, and paragraphs 2 and 3 of subsection 1 apply from the taxation year 2015. In addition, where section 1029.6.0.6 of the Act applies to the taxation year 2014, it is to be read without reference to subparagraphs *h.1* and *h.2* of that fourth paragraph, except for the purposes of the third paragraph of section 1029.8.116.25 of the Act.

(4) In addition, for the purposes of the third paragraph of section 1029.8.116.25 of the Act to the taxation year 2014, section 1029.6.0.6 of the Act is to be read

(1) as if “\$790” in subparagraph *h.1* of the fourth paragraph were replaced by “\$1,604”; and

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

“For the purposes of the first paragraph, the amount of \$1,604 referred to in subparagraph *h.1* of the fourth paragraph is deemed to be the amount used for the taxation year 2013.”

**371.** (1) Section 1029.6.0.7 of the Act, amended by section 99 of chapter 10 of the statutes of 2013, is again amended by replacing the first paragraph by the following paragraph:

“**1029.6.0.7.** If the amount that results from the adjustment provided for in section 1029.6.0.6, in respect of the amounts mentioned in subparagraphs *a*,

*b, b.1, b.3, b.6, b.7, c to f, h.2, h.3, j, l and m* of the fourth paragraph of that section, is not a multiple of \$5, it is to be rounded to the nearest multiple of \$5 or, if it is equidistant from two such multiples, to the higher multiple.”

(2) Subsection 1 applies from the taxation year 2014. However, where the first paragraph of section 1029.6.0.7 of the Act applies for the taxation year 2014, it is to be read without reference to “*b.7,*” and “*h.3,*”.

**372.** (1) Section 1029.7 of the Act is amended

(1) by replacing “17.5%” in the portion of the first paragraph before subparagraph *a* by “14%”;

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

“(a) constitute, for the taxpayer, an expenditure referred to in subsection 1 of section 222, determined, in the case of subparagraphs *c, e, g* and *i* of that first paragraph, without reference to section 230.0.0.5.1; and”;

(3) by striking out subparagraphs *ix* and *x* of subparagraph *b* of the third paragraph;

(4) by replacing the portion of subparagraph *xiii* of subparagraph *b* of the third paragraph before subparagraph 1 by the following:

“*xiii.* an expenditure, to the extent that the taxpayer having incurred it or, where applicable, the person or partnership having incurred it on the taxpayer’s behalf has received or is entitled to receive a reimbursement in respect of the expenditure from a person resident in Canada, other than”;

(5) by replacing subparagraph *xiv* of subparagraph *b* of the third paragraph by the following subparagraph:

“*xiv.* an expenditure, to the extent that the taxpayer having incurred it or, where applicable, the person or partnership having incurred it on the taxpayer’s behalf has received or is entitled to receive a reimbursement in respect of the expenditure from a person not resident in Canada and to the extent that the reimbursement is deductible in computing the person’s taxable income earned in Canada for a taxation year.”

(2) Paragraph 1 of subsection 1 applies in respect of an expenditure incurred after 4 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into after 3 June 2014.

(3) Paragraphs 2 to 5 of subsection 1 apply in respect of an expenditure incurred after 31 December 2013.

**373.** (1) The Act is amended by inserting the following section after section 1029.7:

**“1029.7.0.1.** Where the taxpayer referred to in section 1029.7 is a biopharmaceutical corporation that holds, for the taxation year referred to in that section, a certificate issued in accordance with Chapter XV of Schedule A to the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) and the taxpayer encloses, with the fiscal return the taxpayer is required to file for the year under section 1000, a copy of that certificate, the percentage of 14% mentioned in section 1029.7 is to be replaced by a percentage of 22%, to the extent that the percentage is applied to the aggregate determined under the second paragraph.

The aggregate to which the first paragraph refers is equal to the aggregate referred to in the first paragraph of section 1029.7 for the year, to the extent that the aggregate includes only the amount of the wages or of a portion of a consideration paid after 20 November 2012 and before 4 June 2015 for scientific research and experimental development work carried on in that period.”

(2) Subsection 1 has effect from 21 November 2012. However, where section 1029.7.0.1 of the Act applies in respect of an expenditure incurred before 5 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into before 4 June 2014, the first paragraph of that section is to be read as if “the percentage of 14%” and “a percentage of 22%” were replaced by “the percentage of 17.5%” and “a percentage of 27.5%”, respectively.

**374.** (1) Section 1029.7.2 of the Act is amended by replacing the first paragraph by the following paragraph:

**“1029.7.2.** Subject to section 1029.7.2.1, where the taxpayer referred to in section 1029.7 is a corporation that has been, throughout the taxation year referred to in that section, a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and the assets shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than \$75,000,000, the percentage of 14% mentioned in the first paragraph of that section is to be replaced by the percentage determined by the following formula, to the extent that the percentage is applied to the aggregate referred to in the first paragraph of section 1029.7 which does not exceed the expenditure limit of the corporation for the year:

$$30\% - \{[(A - \$50,000,000) \times 16\%] / \$25,000,000\}.”$$

(2) Subsection 1 has effect from 21 November 2012. However, where section 1029.7.2 of the Act applies in respect of an expenditure incurred before 5 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into before 4 June 2014, the first paragraph of that section 1029.7.2 is to be read as if the rates of 14%, 30% and 16% were replaced by the rates of 17.5%, 37.5% and 20%, respectively.

**375.** (1) The Act is amended by inserting the following section after section 1029.7.2:

**“1029.7.2.1.** Where the taxpayer referred to in section 1029.7 is a corporation referred to in section 1029.7.0.1 that has been, throughout the taxation year referred to in section 1029.7, a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and the assets shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than \$75,000,000, the percentage of 22% mentioned in the first paragraph of section 1029.7.0.1 is to be replaced by the percentage determined by the following formula, to the extent that the percentage is applied to the aggregate determined under the second paragraph of section 1029.7.0.1 which does not exceed the expenditure limit of the corporation for the year:

$$30\% - \{[(A - \$50,000,000) \times 8\%] / \$25,000,000\}.$$

In the formula in the first paragraph, A is the greater of \$50,000,000 and the assets of the corporation determined as provided in this division.

Where the corporation referred to in the first paragraph is a cooperative, the first paragraph is to be read as if “submitted to the shareholders” were replaced by “submitted to the members”.

(2) Subsection 1 has effect from 21 November 2012. However, where the first paragraph of section 1029.7.2.1 of the Act applies in respect of an expenditure incurred before 5 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into before 4 June 2014, that paragraph is to be read as follows:

**“1029.7.2.1.** Where the taxpayer referred to in section 1029.7 is a corporation referred to in section 1029.7.0.1 that has been, throughout the taxation year referred to in section 1029.7, a corporation that is not controlled, directly or indirectly in any manner whatever, by one or more persons not resident in Canada and the assets shown in its financial statements submitted to the shareholders or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting

principles, that would be shown if such financial statements had been prepared in accordance with generally accepted accounting principles, for its preceding taxation year or, where the corporation is in its first fiscal period, at the beginning of its first fiscal period, were less than \$75,000,000, the percentage of 27.5% mentioned in the first paragraph of section 1029.7.0.1 is to be replaced by the percentage determined by the following formula, to the extent that the percentage is applied to the aggregate determined under the second paragraph of section 1029.7.0.1 which does not exceed the expenditure limit of the corporation for the year:

$$37.5\% - \{[(A - \$50,000,000) \times 10\%] / \$25,000,000\}."$$

**376.** (1) Section 1029.7.3 of the Act is amended by replacing “For the purposes of section 1029.7.2” in the first paragraph by “For the purposes of sections 1029.7.2 and 1029.7.2.1”.

(2) Subsection 1 has effect from 21 November 2012.

**377.** (1) Section 1029.7.4 of the Act is amended by replacing “For the purposes of section 1029.7.2” and “sections 1029.7.2 and 1029.7.3” by “For the purposes of sections 1029.7.2 and 1029.7.2.1” and “sections 1029.7.2 to 1029.7.3”, respectively.

(2) Subsection 1 has effect from 21 November 2012.

**378.** (1) Section 1029.7.6 of the Act is amended by replacing “contemplated in section 1029.7.2” by “referred to in section 1029.7.2 or 1029.7.2.1”.

(2) Subsection 1 has effect from 21 November 2012.

**379.** (1) Section 1029.7.7 of the Act is amended by replacing “For the purposes of section 1029.7.2” by “For the purposes of sections 1029.7.2 and 1029.7.2.1”.

(2) Subsection 1 has effect from 21 November 2012.

**380.** (1) Section 1029.7.8 of the Act is amended by replacing “for the purposes of section 1029.7.2” by “for the purposes of sections 1029.7.2 and 1029.7.2.1”.

(2) Subsection 1 has effect from 21 November 2012.

**381.** (1) Section 1029.7.9 of the Act is amended by replacing “for the purposes of section 1029.7.2” by “for the purposes of sections 1029.7.2 and 1029.7.2.1”.

(2) Subsection 1 has effect from 21 November 2012.

**382.** (1) The Act is amended by inserting the following section after section 1029.7.9.1:

**“1029.7.9.2.** For the purpose of determining the amount deemed to have been paid to the Minister by a biopharmaceutical corporation referred to in section 1029.7.0.1 under the first paragraph of section 1029.7, in respect of the amount of wages or a portion of a consideration referred to in that first paragraph (in this section referred to as the “particular remuneration”) that is paid by the corporation in a taxation year,

(a) the corporation’s expenditure limit for its taxation year that includes 20 November 2012 is deemed to be equal,

i. in respect of the portion of the particular remuneration paid by the corporation in the taxation year but after that date, to the amount obtained by multiplying the corporation’s expenditure limit, determined without reference to this section, by the proportion that the portion of the particular remuneration paid by the corporation in the taxation year but after 20 November 2012 is of the particular remuneration paid by the corporation in the taxation year, and

ii. in respect of the portion of the particular remuneration paid by the corporation in the taxation year but before 21 November 2012, to the amount by which the corporation’s expenditure limit, determined without reference to this section, exceeds the amount determined under subparagraph i; and

(b) the corporation’s expenditure limit for its taxation year that includes 4 June 2014 is deemed to be equal, in respect of the portion of the particular remuneration paid by the corporation in the taxation year but after that date, to the amount by which the corporation’s expenditure limit, determined without reference to this section, exceeds the portion of the particular remuneration paid by the corporation in the taxation year but before 5 June 2014 and that, for the purpose of determining the portion of the amount deemed to have been paid to the Minister under the first paragraph of section 1029.7 in its respect, is referred to in that first paragraph.”

(2) Subsection 1 has effect from 21 November 2012.

**383.** (1) Section 1029.8 of the Act is amended

(1) by replacing “17.5%” in the portion of the first paragraph before subparagraph *a* by “14%”;

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

“(a) constitute, for the partnership, an expenditure referred to in subsection 1 of section 222, determined, in the case of subparagraphs *c*, *e*, *g* and *i* of that first paragraph, without reference to section 230.0.0.5.1; and”;

(3) by striking out subparagraphs viii and ix of subparagraph *b* of the third paragraph;

(4) by replacing the portion of subparagraph xii of subparagraph *b* of the third paragraph before subparagraph 1 by the following:

“xii. an expenditure, to the extent that the partnership having incurred it or, where applicable, the person or another partnership having incurred it on the partnership’s behalf has received or is entitled to receive a reimbursement in respect of the expenditure from a person resident in Canada, other than”;

(5) by replacing subparagraph xiii of subparagraph *b* of the third paragraph by the following subparagraph:

“xiii. an expenditure, to the extent that the partnership having incurred it or, where applicable, the person or another partnership having incurred it on the partnership’s behalf has received or is entitled to receive a reimbursement in respect of the expenditure from a person not resident in Canada and to the extent that the reimbursement is deductible by the person in computing taxable income earned in Canada for a taxation year.”

(2) Paragraph 1 of subsection 1 applies in respect of an expenditure incurred after 4 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into after 3 June 2014.

(3) Paragraphs 2 to 5 of subsection 1 apply in respect of an expenditure incurred after 31 December 2013.

**384.** (1) Section 1029.8.1 of the Act is amended

(1) by striking out “or in paragraph *a* of section 223” in paragraph *d.1*;

(2) by striking out subparagraph *i* of paragraph *g.1*;

(3) by replacing subparagraph *ii* of paragraph *g.1* by the following subparagraph:

“*ii.* an expenditure of a current nature in respect of the prosecution of scientific research and experimental development in Canada directly undertaken on behalf of the taxpayer or partnership, as the case may be,”;

(4) by striking out subparagraphs *iii* and *vi* of paragraph *g.1*.

(2) Paragraph 1 of subsection 1 applies in respect of an expenditure made after 31 December 2013.

(3) Paragraphs 2 to 4 of subsection 1 apply in respect of an expenditure made after 31 December 2013 and in respect of an expenditure that is deemed, under section 223.0.1 of the Act, not to have been made before 1 January 2014.



**385.** (1) Section 1029.8.1.2 of the Act is replaced by the following section:

**“1029.8.1.2.** Subject to Division II.4, for the purposes of subparagraph *a* of the first paragraph of sections 1029.8.6 and 1029.8.7, all or any part of the amount of a qualified expenditure paid by a taxpayer or a partnership under an eligible research contract or university research contract that can reasonably be considered to be attributable to expenditures for scientific research and experimental development that an eligible public research centre, eligible research consortium or eligible university entity, as the case may be, has made in Québec under the contract in a taxation year of the taxpayer or a fiscal period of the partnership, is deemed not to exceed the amount that would represent the amount of a qualified expenditure of the taxpayer or partnership in respect of the scientific research and experimental development, if each expenditure (in this section referred to as a “particular expenditure”), for the scientific research and experimental development, that is made in Québec in that year or period as part of the contract by the eligible public research centre, eligible research consortium or eligible university entity, as the case may be, were made by the taxpayer or partnership, in the same circumstances and under the same conditions and were referred to in subsection 1 of section 222 and if the aggregate of the amount of each particular expenditure, which constitutes an overhead expenditure, were limited to 55% of the aggregate of the amount of each particular expenditure which constitutes incurred wages.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2012. However, when section 1029.8.1.2 of the Act applies

(1) to a taxation year that begins before 1 January 2014, the percentage of 55% provided for in that section is to be replaced by the percentage that is the total of

(a) 65% multiplied by the proportion that the number of days in the taxation year that precede 1 January 2013 is of the total number of days in the taxation year;

(b) 60% multiplied by the proportion that the number of days in the taxation year that are in 2013 is of the total number of days in the taxation year; and

(c) 55% multiplied by the proportion that the number of days in the taxation year that follow 31 December 2013 is of the total number of days in the taxation year; or

(2) in respect of an expenditure made before 1 January 2014, it is to be read as if “or paragraph *a* of section 223” were inserted after “in subsection 1 of section 222”.

**386.** (1) Section 1029.8.5.1 of the Act is amended

(1) by striking out paragraph *c*;

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

“(d) an expenditure incurred by an eligible public research centre, an eligible research consortium or an eligible university entity to acquire property if such property has been used, or acquired for use or lease, for any purpose whatever before it was acquired;”;

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

“(g) an expenditure, to the extent that the eligible public research centre, the eligible research consortium or the eligible university entity having incurred it has received or is entitled to receive a reimbursement in respect of the expenditure from a person resident in Canada, other than”;

(4) by replacing paragraph *h* by the following paragraph:

“(h) an expenditure, to the extent that the eligible public research centre, the eligible research consortium or the eligible university entity having incurred it has received or is entitled to receive a reimbursement in respect of the expenditure from a person not resident in Canada and to the extent that the reimbursement is deductible by the person in computing taxable income earned in Canada for a taxation year;”.

(2) Subsection 1 applies in respect of an expenditure incurred after 31 December 2013.

**387.** (1) Section 1029.8.6 of the Act is amended by replacing “35%” in the portion of the first paragraph before subparagraph *a* by “28%”.

(2) Subsection 1 applies in respect of an expenditure incurred after 4 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**388.** (1) Section 1029.8.7 of the Act is amended by replacing “35%” in the portion of the first paragraph before subparagraph *a* by “28%”.

(2) Subsection 1 applies in respect of an expenditure incurred after 4 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**389.** (1) Section 1029.8.9.0.2.1 of the Act is amended by striking out “or paragraph *a* of section 223” in paragraph *a*.

(2) Subsection 1 applies in respect of an expenditure made after 31 December 2013.

**390.** (1) Section 1029.8.9.0.2.2 of the Act is amended

(1) by striking out paragraph *c*;

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

“(d) an expenditure incurred by an eligible research consortium to acquire property if such property has been used, or acquired for use or lease, for any purpose whatsoever before it was acquired;”;

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

“(g) an expenditure, to the extent that the eligible research consortium having incurred it has received or is entitled to receive a reimbursement in respect of the expenditure from a person resident in Canada, other than”;

(4) by replacing paragraph *h* by the following paragraph:

“(h) an expenditure, to the extent that the eligible research consortium having incurred it has received or is entitled to receive a reimbursement in respect of the expenditure from a person not resident in Canada and to the extent that the reimbursement is deductible by the person in computing taxable income earned in Canada for a taxation year;”.

(2) Subsection 1 applies in respect of an expenditure incurred after 31 December 2013.

**391.** (1) Section 1029.8.9.0.3 of the Act is amended by replacing “35%” in the first paragraph by “28%”.

(2) Subsection 1 applies in respect of an expenditure incurred after 4 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**392.** (1) Section 1029.8.9.0.4 of the Act is amended by replacing “35%” in the first paragraph by “28%”.

(2) Subsection 1 applies in respect of an expenditure incurred after 4 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**393.** (1) Section 1029.8.9.1 of the Act is amended

(1) by striking out “or in paragraph *a* of section 223” in the definition of “qualified expenditure”;

(2) by striking out paragraph *a* of the definition of “overhead expenditure”;

(3) by replacing paragraph *b* of the definition of “overhead expenditure” by the following paragraph:

“(b) an expenditure of a current nature in respect of the prosecution of scientific research and experimental development in Canada directly undertaken on behalf of the taxpayer or partnership, as the case may be;”;

(4) by striking out paragraphs *c* and *f* of the definition of “overhead expenditure”.

(2) Paragraph 1 of subsection 1 applies in respect of an expenditure made after 31 December 2013.

(3) Paragraphs 2 to 4 of subsection 1 apply in respect of an expenditure made after 31 December 2013 and in respect of an expenditure that is deemed, under section 223.0.1 of the Act, not to have been made before 1 January 2014.

**394.** (1) Section 1029.8.9.1.2 of the Act is replaced by the following section:

“**1029.8.9.1.2.** Subject to Division II.4, for the purposes of subparagraphs *a* and *b* of the first paragraph of sections 1029.8.10 and 1029.8.11, all or any part of the amount of a qualified expenditure made in Québec by a taxpayer or a partnership as part of a pre-competitive research project that can reasonably be considered to be attributable to scientific research and experimental development undertaken in Québec as part of such a project in a taxation year of the taxpayer or a fiscal period of the partnership, is deemed not to exceed the amount that would represent the aggregate of the qualified expenditures of the taxpayer or partnership that are made in Québec in that year or period as part of that project if each expenditure (in this section referred to as a “particular expenditure”) that is made in Québec either by the taxpayer or partnership for scientific research and experimental development directly undertaken by the taxpayer or partnership, or by another person for scientific research and experimental development directly undertaken by that other person on behalf of the taxpayer or partnership, in that year or period as part of that project, were made by the taxpayer or partnership in the same circumstances and under the same conditions and were referred to in subsection 1 of section 222 and if the aggregate of the amount of each particular expenditure, which constitutes an overhead expenditure, were limited to 55% of the aggregate of the amount of each particular expenditure which constitutes incurred wages.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2012. However, when section 1029.8.9.1.2 of the Act applies

(1) to a taxation year that begins before 1 January 2014, the percentage of 55% provided for in that section is to be replaced by the percentage that is the total of

(a) 65% multiplied by the proportion that the number of days in the taxation year that precede 1 January 2013 is of the total number of days in the taxation year;

(b) 60% multiplied by the proportion that the number of days in the taxation year that are in 2013 is of the total number of days in the taxation year; and

(c) 55% multiplied by the proportion that the number of days in the taxation year that follow 31 December 2013 is of the total number of days in the taxation year; or

(2) in respect of an expenditure made before 1 January 2014, it is to be read as if “or in paragraph *a* of section 223” were inserted after “in subsection 1 of section 222”.

**395.** (1) Section 1029.8.15.1 of the Act is amended

(1) by striking out paragraph *c*;

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

“(d) an expenditure incurred by or on behalf of a taxpayer or partnership to acquire property if such property has been used, or acquired for use or lease, for any purpose whatever before it was acquired;”;

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

“(g) an expenditure, to the extent that the taxpayer or partnership having incurred it or, where applicable, the person or another partnership having incurred it on behalf of the taxpayer or partnership has received or is entitled to receive a reimbursement in respect of the expenditure from a person resident in Canada, other than”;

(4) by replacing paragraph *h* by the following paragraph:

“(h) an expenditure, to the extent that the taxpayer or partnership having incurred it or, where applicable, the person or another partnership having incurred it on behalf of the taxpayer or partnership has received or is entitled to receive a reimbursement in respect of the expenditure from a person not resident in Canada and to the extent that the reimbursement is deductible by the person in computing taxable income earned in Canada for a taxation year;”.

(2) Subsection 1 applies in respect of an expenditure incurred after 31 December 2013.

**396.** (1) Section 1029.8.16.1.1 of the Act is amended, in the first paragraph,

(1) by striking out “or in paragraph *a* of section 223” in the definition of “qualified expenditure”;

(2) by striking out paragraph *a* of the definition of “overhead expenditure”;

(3) by replacing paragraph *b* of the definition of “overhead expenditure” by the following paragraph:

“(b) an expenditure of a current nature for the prosecution of scientific research and experimental development in Canada directly undertaken on behalf of the taxpayer or partnership, as the case may be;”;

(4) by striking out paragraphs *c* and *f* of the definition of “overhead expenditure”.

(2) Paragraph 1 of subsection 1 applies in respect of an expenditure made after 31 December 2013.

(3) Paragraphs 2 to 4 of subsection 1 apply in respect of an expenditure made after 31 December 2013 and in respect of an expenditure that is deemed, under section 223.0.1 of the Act, not to have been made before 1 January 2014.

**397.** (1) Section 1029.8.16.1.3 of the Act is replaced by the following section:

**“1029.8.16.1.3.** Subject to Division II.4, for the purposes of subparagraphs *a* and *b* of the first paragraph of sections 1029.8.16.1.4 and 1029.8.16.1.5, all or part of the amount of a qualified expenditure made in Québec by a taxpayer or partnership under an agreement referred to in the first paragraph of either of those sections that can reasonably be considered to be attributable to scientific research and experimental development undertaken in Québec under such an agreement in a taxation year of the taxpayer or a fiscal period of the partnership, is deemed not to exceed the amount that would represent the aggregate of the qualified expenditures of the taxpayer or partnership that are made in Québec in that year or period under the agreement if each expenditure (in this section referred to as a “particular expenditure”) that is made in Québec either by the taxpayer or partnership for scientific research and experimental development directly undertaken by the taxpayer or partnership, or by another person for scientific research and experimental development directly undertaken by that other person on behalf of the taxpayer or partnership, in that year or period under the agreement, were made by the taxpayer or partnership in the same circumstances and under the same conditions and were referred to in subsection 1 of section 222 and if the aggregate of the amount of each particular expenditure, which constitutes an overhead expenditure, were limited to 55% of the aggregate of the amount of each particular expenditure which constitutes incurred wages.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2012. However, when section 1029.8.16.1.3 of the Act applies

(1) to a taxation year that begins before 1 January 2014, the percentage of 55% provided for in that section is to be replaced by the percentage that is the total of

(a) 65% multiplied by the proportion that the number of days in the taxation year that precede 1 January 2013 is of the total number of days in the taxation year;

(b) 60% multiplied by the proportion that the number of days in the taxation year that are in 2013 is of the total number of days in the taxation year; and

(c) 55% multiplied by the proportion that the number of days in the taxation year that follow 31 December 2013 is of the total number of days in the taxation year; or

(2) in respect of an expenditure made before 1 January 2014, it is to be read as if “or in paragraph *a* of section 223” were inserted after “in subsection 1 of section 222”.

**398.** (1) Section 1029.8.16.1.4 of the Act is amended by replacing “35%” in the portion of the first paragraph before subparagraph *a* by “28%”.

(2) Subsection 1 applies in respect of an expenditure incurred after 4 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**399.** (1) Section 1029.8.16.1.5 of the Act is amended by replacing “35%” in the portion of the first paragraph before subparagraph *a* by “28%”.

(2) Subsection 1 applies in respect of an expenditure incurred after 4 June 2014 or, if applicable, in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**400.** (1) Section 1029.8.16.1.6 of the Act is amended

(1) by striking out paragraph *c*;

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

“(d) an expenditure incurred by or on behalf of a taxpayer or partnership to acquire property if the property has been used, or acquired for use or lease, for any purpose whatever before it was acquired;”;

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

“(g) an expenditure, to the extent that the taxpayer or partnership having incurred it or, where applicable, the person or another partnership having incurred it on behalf of the taxpayer or partnership has received or is entitled to receive a reimbursement in respect of the expenditure from a person resident in Canada, other than”;

(4) by replacing paragraph *h* by the following paragraph:

“(h) an expenditure, to the extent that the taxpayer or partnership having incurred it or, where applicable, the person or another partnership having incurred it on behalf of the taxpayer or partnership has received or is entitled to receive a reimbursement in respect of the expenditure from a person not resident in Canada and to the extent that the reimbursement is deductible by the person in computing taxable income earned in Canada for a taxation year; and”.

(2) Subsection 1 applies in respect of an expenditure incurred after 31 December 2013.

**401.** (1) Section 1029.8.17 of the Act is amended by replacing subparagraphs i and ii of paragraph *c* by the following subparagraphs:

“i. an amount paid or payable by a taxable supplier in respect of the amount, for scientific research and experimental development to the extent that the research and development has been undertaken for, or on behalf of, a person or partnership entitled to a deduction or a person or partnership that is carrying on a business in Canada and that would be entitled to a deduction if the person or partnership had an establishment in Québec, in respect of the amount under paragraph *b* or *c* of subsection 1 of section 222, or

“ii. an amount in respect of an expenditure of a current nature (within the meaning of section 230.0.0.1.1) of a taxpayer, other than a prescribed amount, payable by the Government of Canada or a provincial government, a municipality or other Canadian public authority or by a person exempt from tax under this Part by virtue of sections 980 to 985 and 985.23 to 999.1 for scientific research and experimental development to be performed for the authority or person, or on behalf of the authority or person,”.

(2) Subsection 1, when it replaces subparagraph i of paragraph *c* of section 1029.8.17 of the Act, applies in respect of an expenditure made after 31 December 2012.

(3) Subsection 1, when it replaces subparagraph ii of paragraph *c* of section 1029.8.17 of the Act, applies in respect of an expenditure made after 31 December 2013.

**402.** (1) Section 1029.8.21.2 of the Act is repealed.

(2) Subsection 1 applies in respect of an amount deemed to be paid to the Minister for a taxation year that begins after 20 November 2012, except in respect of an amount deemed to be paid to the Minister by a taxpayer for such a taxation year under any of Divisions II to II.3.0.1 of Chapter III.1 of Title III of Book IX of Part I of the Act,

(1) because of any of sections 1029.8.18.1 to 1029.8.18.3 of the Act, where those sections apply in respect of an amount paid, or deemed to be paid, as repayment of an amount of assistance that reduced the amount used as a basis



for computing the amount that the taxpayer is deemed to have paid to the Minister under any of those divisions for a taxation year that ended before 21 November 2012; or

(2) because of section 1029.6.0.1.8.1 of the Act, where that section applies in respect of an amount paid as repayment of a benefit or advantage that reduced the amount used as a basis for computing the amount that the taxpayer is deemed to have paid to the Minister under any of those divisions for a taxation year that ended before 21 November 2012.

**403.** (1) Section 1029.8.21.17 of the Act is amended

(1) by striking out the definition of “eligible competitive intelligence centre” in the first paragraph;

(2) by replacing the definition of “qualified expenditure” in the first paragraph by the following definition:

““qualified expenditure” of a qualified corporation for a taxation year or of a qualified partnership for a fiscal period means an amount incurred by the qualified corporation in the year or by the qualified partnership in the fiscal period, as the case may be, under a contract entered into with an eligible liaison and transfer centre or an eligible college centre for the transfer of technology, that is, to the extent that that amount is paid, the aggregate of

(a) 80% of the fees relating to an eligible liaison and transfer service provided by the eligible liaison and transfer centre or the eligible college centre for the transfer of technology, as the case may be; and

(b) the fees for training and information activities in relation to an eligible liaison and transfer service offered by the eligible liaison and transfer centre or the eligible college centre for the transfer of technology, as the case may be;”;

(3) by striking out the definitions of “eligible competitive intelligence service”, “expenditure in respect of an eligible competitive intelligence service” and “expenditure in respect of an eligible liaison and transfer service” in the first paragraph;

(4) by replacing the portion of the second paragraph before subparagraph *i* of subparagraph *c* by the following:

“For the purposes of the definition of “qualified expenditure” in the first paragraph, the following rules apply:

(a) only the fees for occasional appreciation training activities, otherwise than as part of a regular training program, may be taken into account as fees for training activities referred to in paragraph *b* of that definition;

(b) the aggregate of the expenditures referred to in paragraph *a* or *b* of that definition is to be reduced by the aggregate of all amounts each of which is the amount of government assistance or non-government assistance, to the extent that the amount of that assistance is attributable to the expenditure to which it relates, that the corporation or partnership has received, is entitled to receive or may reasonably expect to receive, on or before, in the case of the corporation, the corporation's filing-due date for the year and, in the case of the partnership, the day that is six months after the end of the fiscal period; and

(c) no expenditure may be taken into account if it is".

(2) Subsection 1 applies in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**404.** (1) Section 1029.8.21.22 of the Act is amended by replacing the first paragraph by the following paragraph:

**"1029.8.21.22.** A qualified corporation that, in a taxation year, incurs a qualified expenditure is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to 40% of the qualified expenditure, if it encloses, with its fiscal return it is required to file for the year under section 1000, the prescribed form containing the prescribed information and a copy of the receipt issued by the eligible college centre for the transfer of technology or the eligible liaison and transfer centre, as the case may be, in respect of the expenditure."

(2) Subsection 1 applies in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**405.** (1) Section 1029.8.21.23 of the Act is amended by replacing the first paragraph by the following paragraph:

**"1029.8.21.23.** Where a qualified partnership incurs a qualified expenditure in a fiscal period, each qualified corporation that is a member of the partnership at the end of that fiscal period is deemed, subject to the second paragraph, to have paid to the Minister on the corporation's balance-due day for the corporation's taxation year in which that fiscal period ends, on account of the corporation's tax payable for that year under this Part, an amount equal to 40% of the corporation's share, for that fiscal period, of the expenditure, if it encloses, with its fiscal return it is required to file for the taxation year under section 1000, the prescribed form containing the prescribed information and a copy of the receipt issued by the eligible college centre for the transfer of technology or the eligible liaison and transfer centre, as the case may be, in respect of the expenditure."

(2) Subsection 1 applies in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**406.** (1) Section 1029.8.33.6 of the Act is amended by replacing “15%” in the first paragraph by “12%”.

(2) Subsection 1 applies in respect of an expenditure incurred after 4 June 2014 in relation to a training period that begins after that date.

**407.** (1) Section 1029.8.33.7 of the Act is amended by replacing “15%” in the first paragraph by “12%”.

(2) Subsection 1 applies in respect of an expenditure incurred after 4 June 2014 in relation to a training period that begins after that date.

**408.** (1) Section 1029.8.33.7.2 of the Act is amended by replacing paragraphs *a* and *b* by the following paragraphs:

“(a) if the eligible taxpayer referred to in either of those sections is a qualified corporation, the percentage of “12%” mentioned in the first paragraph of that section is to be replaced,

i. if the qualified expenditure is made in respect of an eligible trainee who is an immigrant or a disabled person, by a percentage of “32%” in respect of that expenditure, and

ii. in any other case, by a percentage of “24%”; and

“(b) if the eligible taxpayer referred to in either of those sections is an individual (other than a tax-exempt individual) and the qualified expenditure is made in respect of an eligible trainee who is an immigrant or a disabled person, the percentage of “12%” mentioned in the first paragraph of that section is to be replaced, in respect of that expenditure, by a percentage of “16%”.”

(2) Subsection 1 applies in respect of an expenditure incurred after 4 June 2014 in relation to a training period that begins after that date.

**409.** (1) Section 1029.8.33.9 of the Act is repealed.

(2) Subsection 1 applies in respect of an amount deemed to be paid to the Minister for a taxation year that begins after 20 November 2012, except in respect of an amount deemed to be paid to the Minister by a taxpayer for such a taxation year under section 1029.8.33.6 or 1029.8.33.7 of the Act,

(1) because of any of sections 1029.8.33.2.1 to 1029.8.33.2.3 of the Act, where those sections apply in respect of an amount paid, or deemed to be paid, as repayment of an amount of assistance that reduced the amount used as a basis for computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.33.6 or 1029.8.33.7 of the Act for a taxation year that ended before 21 November 2012; or

(2) because of section 1029.6.0.1.8.1 of the Act, where that section applies in respect of an amount paid as repayment of a benefit or advantage that reduced the amount used as a basis for computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.33.6 or 1029.8.33.7 of the Act for a taxation year that ended before 21 November 2012.

**410.** (1) Section 1029.8.33.11.3 of the Act is amended by replacing “30%” in the first paragraph by “24%”.

(2) Subsection 1 applies in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**411.** (1) Section 1029.8.33.11.4 of the Act is amended by replacing “30%” in the first paragraph by “24%”.

(2) Subsection 1 applies in respect of an expenditure incurred under a contract entered into after 3 June 2014.

**412.** (1) Section 1029.8.34 of the Act is amended

(1) by replacing “100/10 or 100/20” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “25/2 or 25/4”;

(2) by replacing “100/10” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “25/2”;

(3) by replacing subparagraphs ii and iii of paragraph *b* of the definition of “labour expenditure” in the first paragraph by the following subparagraphs:

“ii. a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation referred to in subparagraph iv, a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is associated with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation’s eligible employees who rendered services as part of the production of the property,

“iii. despite subparagraph ii, a particular corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is associated with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation’s eligible employees who rendered services exclusively at the post-production stage of the property,”;

(4) by replacing subparagraphs ii and iii of paragraph *b.1* of the definition of “labour expenditure” in the first paragraph by the following subparagraphs:

“ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is associated with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

“iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is associated with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or”;

(5) by replacing subparagraphs ii and iii of paragraph *b.2* of the definition of “labour expenditure” in the first paragraph by the following subparagraphs:

“ii. a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is not a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that is associated with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to services rendered as part of the production of the property,

“iii. despite subparagraph ii, a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is associated with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, to the extent that that portion of the remuneration is reasonably attributable to services rendered exclusively at the post-production stage of the property, or”;

(6) by replacing “20/9 or 20/7” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “25/9 or 25/7”;

(7) by replacing paragraph *a.3* of the definition of “qualified corporation” in the first paragraph by the following paragraph:

“(a.3) a corporation that, at any time in the year or during the 24 months preceding the year, is associated with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission unless the corporation holds, for that year, a qualification certificate issued by the Société de développement des entreprises culturelles for the purposes of this division; or”;

(8) by replacing subparagraph 4 of subparagraph i of subparagraph c.1 of the second paragraph by the following subparagraph:

“(4) by a corporation that has an establishment in Québec and that, at the time that portion of the remuneration is incurred, is associated with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered at a stage of production of the property that is not the post-production stage;”;

(9) by replacing subparagraph v of subparagraph c.1 of the second paragraph by the following subparagraph:

“v. the aggregate of all amounts each of which is equal to 65% of the portion of the remuneration paid to a corporation that has an establishment in Québec, that is a party to a subcontract arising from the particular contract and that, at the time that portion of the remuneration is incurred, is associated with a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission for services rendered at a stage of production of the property that is not the post-production stage;”;

(10) by replacing the ninth paragraph by the following paragraph:

“For the purpose of determining, for a taxation year, the qualified expenditure for services rendered outside the Montréal area, the qualified computer-aided special effects and animation expenditure and the qualified labour expenditure of a corporation in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, the following rules apply:

(a) the definition of “qualified expenditure for services rendered outside the Montréal area” in the first paragraph is to be read, in respect of the property, as if “25/2 or 25/4” were replaced wherever it appears by,

i. where the taxation year of 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 ends before 1 January 2009, “100/9.1875 or 100/19.3958”, or

ii. where the taxation year of 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 ends after 31 December 2008, “100/10 or 100/20”;

(b) the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph is to be read, in respect of the property, as if “25/2” were replaced wherever it appears by,

i. where 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 ii of subparagraph *b* of the first paragraph of section 1029.8.35, “100/10.2083”, or

ii. where 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 ii of subparagraph *b* of the first paragraph of section 1029.8.35, “100/10”; and

(c) the definition of “qualified labour expenditure” in the first paragraph is to be read, in respect of the property, as if “25/9 or 25/7” were replaced wherever it appears by,

i. where the taxation year of the qualified labour expenditure in respect of which tax under Part III.1 is to be paid in respect of the property ends before 1 January 2009, “100/39.375 or 100/29.1667”, or

ii. where the taxation year of the qualified labour expenditure in respect of which tax under Part III.1 is to be paid in respect of the property ends after 31 December 2008,

(1) “20/11 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.3 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted in its respect, or

(2) “20/9 or 20/7”, in other cases.”;

(11) by replacing the portion of the tenth paragraph before subparagraph *a* by the following:

“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 for which an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate is filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, the amount of a labour expenditure incurred by the corporation in respect of the property before 1 January 2009 is to be multiplied by”;

(12) by adding the following paragraph after the tenth paragraph:

“Where a property to which the ninth paragraph does not apply 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.3 of subparagraph *c* of the second paragraph of



section 1029.6.0.0.1 is granted in its respect, the definition of “qualified labour expenditure” in the first paragraph is to be read, in respect of the property, as if “25/9 or 25/7” were replaced wherever it appears by “25/11 or 25/9”.

(2) Paragraphs 1, 2, 6 and 10 to 12 of subsection 1 have effect from 5 June 2014.

(3) Paragraphs 3 to 5, 8 and 9 of subsection 1 apply in respect of a labour expenditure incurred in a taxation year that ends after 28 February 2014.

(4) Paragraph 7 of subsection 1 applies to a taxation year that ends after 28 February 2014.

**413.** (1) The Act is amended by inserting the following sections after section 1029.8.34:

**“1029.8.34.1.** Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014, a particular corporation would, but for this paragraph, be related to another corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission (in this section and section 1029.8.34.2 referred to as the “television broadcaster”) as a consequence of the particular corporation and the television broadcaster being controlled at that time by a specified entity, within the meaning of section 1029.8.34.3, no right referred to in paragraph *b* of section 20 that is held by the specified entity in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm’s length with the television broadcaster for the purposes of the following provisions:

(a) subparagraphs ii and iii of paragraphs *b* to *b.2* of the definition of “labour expenditure” in the first paragraph of section 1029.8.34;

(b) paragraph *a.3* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34; and

(c) subparagraph 4 of subparagraph i of subparagraph *c.1* of the second paragraph of section 1029.8.34.

Despite Chapter IV of Title II of Book I, if, at any time, a particular corporation would, but for this paragraph, be deemed to be related to a television broadcaster under subsection 2 of section 19 as a consequence of the particular corporation and the television broadcaster being related at that time to the same corporation (in this paragraph referred to as the “third corporation”), no right referred to in paragraph *b* of section 20 that is held by a specified entity in relation to shares of the capital stock of the particular corporation, the television broadcaster and the third corporation is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that



time, not dealing at arm's length with the television broadcaster for the purposes of the provisions referred to in subparagraphs *a* to *c* of the first paragraph.

**“1029.8.34.2.** Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014, a particular corporation would, but for this paragraph, be related to a television broadcaster as a consequence of the particular corporation and the television broadcaster being controlled at that time by the same group of persons that includes one or more specified entities, within the meaning of section 1029.8.34.3, neither the shares of the capital stock of the particular corporation and the television broadcaster owned by any specified entity that is a member of that group, nor any right referred to in paragraph *b* of section 20 that is held by any specified entity that is a member of that group in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm's length with the television broadcaster for the purposes of the following provisions:

(*a*) subparagraphs ii and iii of paragraphs *b* to *b.2* of the definition of “labour expenditure” in the first paragraph of section 1029.8.34;

(*b*) paragraph *a.3* of the definition of “qualified corporation” in the first paragraph of section 1029.8.34; and

(*c*) subparagraph 4 of subparagraph i of subparagraph *c.1* of the second paragraph of section 1029.8.34.

However, the first paragraph does not apply if a specified entity is a member at a particular time of a group of persons that controls several corporations, including the particular corporation and the television broadcaster, and if, at that time, the specified entity acts in concert with one or more members of that group to control those corporations.

**“1029.8.34.3.** In sections 1029.8.34.1 and 1029.8.34.2, “specified entity” means

(*a*) the Caisse de dépôt et placement du Québec;

(*b*) Capital régional et coopératif Desjardins;

(*c*) the Financière des entreprises culturelles;

(*d*) Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi;

(*e*) the Fonds Capital Culture Québec;

(*f*) the Fonds de solidarité des travailleurs du Québec (F.T.Q.);

(g) the Fonds d'investissement de la culture et des communications;

(h) Investissement Québec;

(i) the Société de développement des entreprises culturelles; or

(j) a corporation all the issued capital stock of which, except directors' qualifying shares, belongs to one or more entities described in any of paragraphs *a* to *i* or in this paragraph."

(2) Subsection 1 has effect from 12 July 2013. However, when sections 1029.8.34.1 and 1029.8.34.2 of the Act apply

(1) to a taxation year that begins before 12 July 2013, they are to be read without reference to subparagraphs *a* and *c* of their first paragraph; or

(2) 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 before 12 July 2013, they are to be read without reference to subparagraph *b* of their first paragraph.

**414.** (1) Section 1029.8.35 of the Act is amended, in the first paragraph,

(1) by replacing subparagraphs *i* and *ii* of subparagraph *a* by the following subparagraphs:

"*i.* where the property is a property 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 property qualifies for the increase applicable to certain French-language productions or to giant-screen films, the amount of the corporation's qualified labour expenditure for the year in respect of the property by,

(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 36%, or

(2) in other cases, 39.375% if the taxation year ends before 1 January 2009, or 45% if it ends after 31 December 2008, or

"*ii.* where the property is a property in respect of which the Société de développement des entreprises culturelles has not issued the certificate referred to in subparagraph *i*, the amount of the corporation's qualified labour expenditure for the year in respect of the property by,

(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 28%, or

(2) in other cases, 29.1667% if the taxation year ends before 1 January 2009, or 35% if it ends after 31 December 2008;”;

(2) by replacing subparagraphs *a.1* to *c* by the following subparagraphs:

“(a.1) 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 for the year by the Société de développement des entreprises culturelles certifying that it qualifies for the year as a regional corporation, and a copy of the document enclosed with the advance ruling given or the certificate issued in relation to the property and respecting the amount of the corporation’s expenditure for services rendered outside the Montréal area in respect of the property, the amount obtained by multiplying,

i. where subparagraph i of subparagraph *a* applies in respect of the property, the amount of the corporation’s qualified expenditure for services rendered outside the Montréal area for the year in respect of the property by,

(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 8%, or

(2) in other cases, 9.1875% if the taxation year ends before 1 January 2009, or 10% if it ends after 31 December 2008, or

ii. where subparagraph ii of subparagraph *a* applies in respect of the property, the amount of the corporation’s qualified expenditure for services rendered outside the Montréal area for the year in respect of the property by,

(1) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 16%, or

(2) in other cases, 19.3958% if the taxation year ends before 1 January 2009, or 20% if it ends after 31 December 2008;

“(b) where the corporation encloses with the fiscal return it is required to file for the year a copy of the document that is enclosed with the advance ruling given or the certificate issued in relation to the property concerning the amount of the corporation’s computer-aided special effects and animation expenditure in respect of the property, and the property is a property referred to in subparagraph ii of subparagraph *a*, the amount obtained by multiplying the corporation’s computer-aided special effects and animation expenditure for the year in respect of the property by,

i. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 8%, or

ii. in other cases,

(1) if an amount included in computing the corporation’s qualified computer-aided special effects and animation expenditure for the year in respect of the property was incurred before 1 January 2009, 10.2083%, or

(2) if subparagraph 1 does not apply, 10%; and

“(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 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.3 of subparagraph *c* of the second paragraph of section 1029.6.0.0.1 is granted as part of the production of the property,

i. where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 8% of the corporation’s qualified labour expenditure for the year in respect of the property, or

ii. in other cases, 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) Subsection 1 has effect from 5 June 2014.

**415.** (1) Section 1029.8.35.3 of the Act is replaced by the following section:

**“1029.8.35.3.** Where, for a taxation year, all or part of an expenditure of a corporation is a qualified expenditure for services rendered outside the Montréal area for the year in respect of a property and a qualified computer-aided special effects and animation expenditure for the year in respect of the property, the amount that the corporation is deemed to have paid to the Minister, under section 1029.8.35, on account of its tax payable for the taxation year under this Part in respect of the property, must not exceed the amount obtained by multiplying the amount of the qualified labour expenditure for the year in respect of the property by

(a) where an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles in respect of the property after 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, 52%; or

(b) in other cases,

- i. 48.5625%, if the taxation year ends before 1 January 2009, or
- ii. 65%, if the taxation year ends after 31 December 2008.”

(2) Subsection 1 has effect from 5 June 2014.

**416.** (1) Section 1029.8.36.0.0.1 of the Act is amended

(1) by replacing “285.71%” in subparagraph 3 of subparagraph i of paragraph *a* of the definition of “qualified film dubbing expenditure” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “25/7”;

(2) by replacing subparagraphs i and ii of subparagraph *a* of the fifth paragraph by the following subparagraphs:

“i. “25/7” were replaced wherever it appears by “20/7”, in the case of a production referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.0.0.2,

“ii. “25/7” were replaced wherever it appears by “10/3”, in the case of a production referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.2, and”;

(3) by adding the following subparagraph after subparagraph ii of subparagraph *a* of the fifth paragraph:

“iii. “25/7” were replaced wherever it appears by “100/29.1667”, in the case of a production referred to in subparagraph *b* of the first paragraph of section 1029.8.36.0.0.2; and”.

(2) Subsection 1 has effect from 1 September 2014.

**417.** (1) Section 1029.8.36.0.0.2 of the Act is amended by replacing subparagraph *a* of the first paragraph by the following subparagraph:

“(a) in the case of a production for which an application for a certificate is filed with the Société de développement des entreprises culturelles after 30 March 2010,

i. 35% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production, if the dubbing is completed before 1 September 2014, or

ii. 28% of its qualified film dubbing expenditure for the year in respect of the production of that qualified production, if the dubbing is completed after 31 August 2014;”.

(2) Subsection 1 has effect from 1 September 2014.

**418.** (1) Section 1029.8.36.0.0.4 of the Act is amended

(1) by replacing “500%” in paragraph *c* of the definition of “qualified labour cost attributable to computer-aided special effects and animation” in the first paragraph by “625%”;

(2) by replacing “500%” in subparagraph iii of paragraph *a* of the definition of “qualified computer-aided special effects and animation expenditure” in the first paragraph by “625%”;

(3) by replacing subparagraph ii of paragraph *b* of the definition of “labour expenditure” in the first paragraph by the following subparagraph:

“ii. to a particular corporation having an establishment in Québec, other than a corporation referred to in subparagraph iii, a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or a corporation that is associated with a corporation holding such a licence, to the extent that that portion of the remuneration is reasonably attributable to the wages of the particular corporation’s eligible employees that relate to services rendered in Québec by the eligible employees as part of the production of the property;”;

(4) by replacing “400%” in paragraph *c* of the definition of “eligible production costs” in the first paragraph by “500%”;

(5) by replacing paragraph *f* of the definition of “excluded corporation” in the first paragraph by the following paragraph:

“(f) at any time in the year or during the 24 months preceding the year, associated with another corporation holding a broadcasting licence issued by

the Canadian Radio-television and Telecommunications Commission unless the corporation holds, for that year, a qualification certificate issued by the Société de développement des entreprises culturelles for the purposes of this division;”;

(6) by replacing subparagraphs i and ii of subparagraph *e* of the third paragraph by the following subparagraphs:

“i. the portion of the cost of a contract that may reasonably be considered to be the consideration for services rendered as part of the production of the property by a corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or by a particular corporation that is associated with a corporation holding such a licence, except to the extent that the portion relates to services rendered by the particular corporation exclusively at the post-production stage of the property, or

“ii. the cost incurred by the corporation in respect of the acquisition, rental or leasing of a corporeal property, including software, used as part of the production of the property with a corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission or with a particular corporation that is associated with a corporation holding such a licence, except to the extent that the cost is incurred with the particular corporation in respect of a corporeal property used exclusively at the post-production stage of the property;”;

(7) by adding the following paragraph after the tenth paragraph:

“For the purpose of determining, for a taxation year, the qualified labour cost attributable to computer-aided special effects and animation, the qualified computer-aided special effects and animation expenditure and the eligible production costs of a corporation in respect of a property for which an application for an approval certificate is filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on or before 31 August 2014, the following rules apply:

(a) the definitions of “qualified labour cost attributable to computer-aided special effects and animation” and “qualified computer-aided special effects and animation expenditure” in the first paragraph are to be read, in respect of the property, as if “625%” were replaced by “500%”; and

(b) the definition of “eligible production costs” in the first paragraph is to be read, in respect of the property, as if “500%” were replaced by “400%.”

(2) Paragraphs 1, 2, 4 and 7 of subsection 1 have effect from 5 June 2014.

(3) Paragraph 3 of subsection 1 applies in respect of a labour expenditure incurred in a taxation year that ends after 28 February 2014.



(4) Paragraph 5 of subsection 1 applies to a taxation year that ends after 28 February 2014.

(5) Paragraph 6 of subsection 1 applies in respect of production costs incurred in a taxation year that ends after 28 February 2014.

**419.** (1) The Act is amended by inserting the following sections after section 1029.8.36.0.0.4:

**“1029.8.36.0.0.4.1.** Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014, a particular corporation would, but for this paragraph, be related to another corporation holding a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission (in this section and section 1029.8.36.0.0.4.2 referred to as the “television broadcaster”) as a consequence of the particular corporation and the television broadcaster being controlled at that time by a specified entity, within the meaning of section 1029.8.36.0.0.4.3, no right referred to in paragraph *b* of section 20 that is held by the specified entity in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation

(*a*) is, at that time, not dealing at arm’s length with the television broadcaster for the purposes of subparagraph ii of paragraph *b* of the definition of “labour expenditure” in the first paragraph of section 1029.8.36.0.0.4 and subparagraphs i and ii of subparagraph *e* of the third paragraph of that section; or

(*b*) is, at that time, related to the television broadcaster for the purposes of paragraph *f* of the definition of “excluded corporation” in the first paragraph of section 1029.8.36.0.0.4.

Despite Chapter IV of Title II of Book I, if, at any time, a particular corporation would, but for this paragraph, be deemed to be related to a television broadcaster under subsection 2 of section 19 as a consequence of the particular corporation and the television broadcaster being related at that time to the same corporation (in this paragraph referred to as the “third corporation”), no right referred to in paragraph *b* of section 20 that is held by a specified entity in relation to shares of the capital stock of the particular corporation, the television broadcaster and the third corporation is to be taken into account at that time, for the purpose of determining whether the particular corporation is, at that time, not dealing at arm’s length with the television broadcaster for the purposes of the provisions referred to in subparagraph *a* of the first paragraph, or is, at that time, related to the television broadcaster for the purposes of the provision referred to in subparagraph *b* of the first paragraph.

**“1029.8.36.0.0.4.2.** Despite Chapter IV of Title II of Book I, if, at any time in a taxation year that ends before 1 March 2014, a particular corporation would, but for this paragraph, be related to a television broadcaster as a consequence of the particular corporation and the television broadcaster



being controlled at that time by the same group of persons that includes one or more specified entities, within the meaning of section 1029.8.36.0.0.4.3, neither the shares of the capital stock of the particular corporation and the television broadcaster owned by any specified entity that is a member of that group, nor any right referred to in paragraph *b* of section 20 that is held by any specified entity that is a member of that group in relation to shares of the capital stock of the particular corporation and the television broadcaster is to be taken into account at that time, for the purpose of determining whether the particular corporation

(*a*) is, at that time, not dealing at arm's length with the television broadcaster for the purposes of subparagraph ii of paragraph *b* of the definition of "labour expenditure" in the first paragraph of section 1029.8.36.0.0.4 and subparagraphs i and ii of subparagraph *e* of the third paragraph of section 1029.8.36.0.0.4; or

(*b*) is, at that time, related to the television broadcaster for the purposes of paragraph *f* of the definition of "excluded corporation" in the first paragraph of section 1029.8.36.0.0.4.

However, the first paragraph does not apply if a specified entity is a member at a particular time of a group of persons that controls several corporations, including the particular corporation and the television broadcaster, and if, at that time, the specified entity acts in concert with one or more members of that group to control those corporations.

**"1029.8.36.0.0.4.3.** In sections 1029.8.36.0.0.4.1 and 1029.8.36.0.0.4.2, "specified entity" means

(*a*) the Caisse de dépôt et placement du Québec;

(*b*) Capital régional et coopératif Desjardins;

(*c*) the Financière des entreprises culturelles;

(*d*) Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi;

(*e*) the Fonds Capital Culture Québec;

(*f*) the Fonds de solidarité des travailleurs du Québec (F.T.Q.);

(*g*) the Fonds d'investissement de la culture et des communications;

(*h*) Investissement Québec;

(*i*) the Société de développement des entreprises culturelles; or

(*j*) a corporation all the issued capital stock of which, except directors' qualifying shares, belongs to one or more entities described in any of paragraphs *a* to *i* or in this paragraph."

(2) Subsection 1 has effect from 12 July 2013. However, when sections 1029.8.36.0.0.4.1 and 1029.8.36.0.0.4.2 of the Act apply

(1) to a taxation year that begins before 12 July 2013, they are to be read without reference to subparagraph *a* of their first paragraph; or

(2) in respect of a property for which an application for an approval certificate is filed with the Société de développement des entreprises culturelles before 12 July 2013, they are to be read without reference to subparagraph *b* of their first paragraph.

**420.** (1) Section 1029.8.36.0.0.5 of the Act is amended by replacing subparagraphs *a.1* and *b* of the first paragraph by the following subparagraphs:

“(a.1) where the property is a qualified production in respect of which the Société de développement des entreprises culturelles specifies in the favourable advance ruling given in respect of the property that the main filming or taping in Québec in respect of the property is carried out after 12 June 2009,

i. if an application for an approval certificate is filed with the Société de développement des entreprises culturelles in respect of the property on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, the aggregate of

(1) 20% of the corporation’s qualified labour cost attributable to computer-aided special effects and animation for the year in respect of the property, and

(2) 25% of its eligible production costs for the year in respect of the property,  
or

ii. in other cases, the aggregate of

(1) 16% of the corporation’s qualified labour cost attributable to computer-aided special effects and animation for the year in respect of the property, and

(2) 20% of its eligible production costs for the year in respect of the property;  
and

“(b) where the property is a qualified low-budget production,

i. if an application for an approval certificate is filed with the Société de développement des entreprises culturelles in respect of the property on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, 20% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property, or

ii. in other cases, 16% of its qualified computer-aided special effects and animation expenditure for the year in respect of the property.”

(2) Subsection 1 has effect from 5 June 2014.

**421.** (1) Section 1029.8.36.0.0.7 of the Act is amended

(1) by replacing “300%” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “25/7”;

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

“Where the definition of “qualified labour expenditure” in the first paragraph 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 on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, it is to be read in respect of the property as if “25/7” were replaced wherever it appears by

(a) “100/29.1667”, if the property is a property to which subparagraph i of any of subparagraphs *a* to *a.2* of the first paragraph of section 1029.8.36.0.0.8 applies;

(b) “20/7”, if the property is a property to which subparagraph ii of any of subparagraphs *a* to *a.2* of the first paragraph of section 1029.8.36.0.0.8 applies; or

(c) “300%”, if the property is a property to which subparagraph *b* of the first paragraph of section 1029.8.36.0.0.8 applies.”

(2) Subsection 1 has effect from 5 June 2014.

**422.** (1) Section 1029.8.36.0.0.8 of the Act is amended

(1) by replacing subparagraphs i and ii of subparagraph *a* of the first paragraph by the following subparagraphs:

“i. 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 on the property was not sufficiently advanced on 12 June 2003,

“ii. 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 on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, 31 August 2014; and”;

(2) by adding the following subparagraph after subparagraph ii of subparagraph *a* of the first paragraph:

“iii. 28% 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 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date;”;

(3) by replacing subparagraphs i and ii of subparagraph *a.1* of the first paragraph by the following subparagraphs:

“i. 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,

“ii. 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 on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, 31 August 2014; and”;

(4) by adding the following subparagraph after subparagraph ii of subparagraph *a.1* of the first paragraph:

“iii. 28% 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 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date;”;

(5) by replacing subparagraphs i and ii of subparagraph *a.2* of the first paragraph by the following subparagraphs:

“i. 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,

“ii. 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 on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, 31 August 2014; and”;

(6) by adding the following subparagraph after subparagraph ii of subparagraph *a.2* of the first paragraph:

“iii. 28% 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 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date;”;

(7) by replacing “subparagraph ii” in the fourth and fifth paragraphs by “subparagraph i”;

(8) by replacing “in subparagraph i” in the sixth paragraph by “in subparagraph ii or iii”.

(2) Subsection 1 has effect from 5 June 2014.

**423.** (1) Section 1029.8.36.0.0.10 of the Act is amended

(1) by replacing “300%” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “25/7”;

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

“Where, 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 for the period referred to in paragraph *a* of the definition of “qualified performance” in the first paragraph has been filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the

Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, 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 i of 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 “25/7” were replaced wherever it appears by “100/29.1667”; and

(b) in relation to the portion of a qualified labour expenditure referred to in subparagraph ii of 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 “25/7” were replaced wherever it appears by “20/7”.

(2) Subsection 1 has effect from 5 June 2014.

**424.** (1) Section 1029.8.36.0.0.11 of the Act is amended

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

**“1029.8.36.0.0.11.** A corporation that encloses with the fiscal return it is required to file for a taxation year under section 1000 the prescribed form containing the prescribed information and a copy of the valid favourable advance ruling given or valid certificate issued by the Société de développement des entreprises culturelles in respect of a property that is a qualified performance for any of the periods provided for in the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10 that is in whole or in part within the year, is deemed, subject to the second paragraph, where an application for an advance ruling has been filed or, in the absence of such an application, where an application for a certificate 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 corresponding to,

(a) where the application for an advance ruling or, in the absence of such an application, the application for a certificate, in respect of the property for the period described in paragraph *a* of the definition of “qualified performance” in the first paragraph of section 1029.8.36.0.0.10, has been filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, an amount equal to

i. 29.1667% 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 and to which subparagraph ii does not apply, or

ii. 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

(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 that begins after 19 March 2009, or

(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 that begins before 20 March 2009, if the first performance before an audience, in relation to that period, occurs after 19 March 2009; or

(*b*) in other cases, 28% of its qualified labour expenditure for the year in respect of the property.”;

(2) by replacing “\$1,250,000” in subparagraph *a* of the third paragraph by “\$1,000,000”;

(3) by replacing “\$750,000” in subparagraph *b* of the third paragraph by “\$600,000”;

(4) by replacing “\$1,250,000” wherever it appears in subparagraph *a* of the fourth paragraph by “\$1,000,000”;

(5) by replacing “\$750,000” wherever it appears in subparagraph *b* of the fourth paragraph by “\$600,000”;

(6) by adding the following paragraph after the fourth paragraph:

“Where a property is referred to in subparagraph *a* of the first paragraph, the third and fourth paragraphs are to be read, in respect of the property, as if

(*a*) “\$1,000,000” were replaced wherever it appears in their subparagraph *a* by “\$1,250,000”; and

(*b*) “\$600,000” were replaced wherever it appears in their subparagraph *b* by “\$750,000”.”

(2) Subsection 1 has effect from 5 June 2014.

**425.** (1) Section 1029.8.36.0.0.12.1 of the Act is amended

(1) by replacing “20/7” in subparagraphs 2 and 3 of subparagraph *i* of paragraph *a* of the definition of “qualified labour expenditure” in the first paragraph and in subparagraph *ii* of paragraph *b* of that definition by “25/7”;

(2) by adding the following paragraph after the fifth paragraph:



“Where the definition of “qualified labour expenditure” in the first paragraph 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 on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, it is to be read as if “25/7” were replaced wherever it appears by “20/7”.”

(2) Subsection 1 has effect from 5 June 2014.

**426.** (1) Section 1029.8.36.0.0.12.2 of the Act is amended

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

**“1029.8.36.0.0.12.2.** 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 and a copy of the favourable advance ruling given or qualification certificate issued by the Société de développement des entreprises culturelles in respect of a property that is a qualified production, is deemed, subject to the second paragraph, where an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate 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 that year, on account of its tax payable for that year under this Part, an amount equal to the amount obtained by multiplying the amount of its qualified labour expenditure for the year in respect of the property by

(a) 35%, where an application for an advance ruling or, in the absence of such an application, an application for a qualification certificate in respect of the property is filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014; and

(b) 28%, in other cases.”;

(2) by replacing “\$350,000” wherever it appears in the third paragraph by “\$280,000”;

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

“In the case of a property referred to in subparagraph *a* of the first paragraph, the third paragraph is to be read as if “\$280,000” were replaced wherever it appears by “\$350,000”.”

(2) Subsection 1 has effect from 5 June 2014.



**427.** (1) Section 1029.8.36.0.0.13 of the Act is amended

(1) by replacing “333 1/3%” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure attributable to printing and reprinting costs” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “100/21.6”;

(2) by replacing “250%” in subparagraphs 2 and 3 of subparagraph i of paragraph *a* of the definition of “qualified labour expenditure attributable to preparation costs and digital version publishing costs” in the first paragraph and in subparagraph ii of paragraph *b* of that definition by “25/7”;

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

“Where the definitions of “qualified labour expenditure attributable to printing and reprinting costs” and “qualified labour expenditure attributable to preparation costs and digital version publishing costs” in the first paragraph apply in respect of a property for which an application for an advance ruling or, in the absence of such an application, an application for a certificate is filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, they are to be read, in respect of the property, as if “100/21.6” and “25/7” were replaced wherever they appear by

(a) “100/26.25” and “20/7”, respectively, if the property is referred to in subparagraph *a* of the first paragraph of section 1029.8.36.0.0.14;

(b) “100/27” and “20/7”, respectively, if the property is referred to in subparagraph *a.1* of the first paragraph of section 1029.8.36.0.0.14; and

(c) “10/3” and “5/2”, respectively, if the property is referred to in subparagraph *b* of the first paragraph of section 1029.8.36.0.0.14.”

(2) Subsection 1 has effect from 5 June 2014.

**428.** (1) Section 1029.8.36.0.0.14 of the Act is amended

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

“(a) 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 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 on the property was not sufficiently advanced on 12 June 2003, the aggregate of”;

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

“(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 and on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, 31 August 2014, the aggregate of”;

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

“(a.2) 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 31 August 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was not sufficiently advanced on 4 June 2014, after that date, the aggregate of

i. an amount equal to 28% of its qualified labour expenditure attributable to preparation costs and digital version publishing costs for the year in respect of the property, and

ii. an amount equal to 21.6% of its qualified labour expenditure attributable to printing and reprinting costs for the year in respect of the property; and”;

(4) by replacing “\$500,000” in subparagraphs *a* and *b* of the fourth paragraph by “\$350,000”;

(5) by replacing the fifth paragraph by the following paragraph:

“However, where an application for an advance ruling or, in the absence of such an application, an application for a certificate in respect of the property is filed with the Société de développement des entreprises culturelles on or before 4 June 2014 or, if the Société de développement des entreprises culturelles considers that the work on the property was sufficiently advanced on that date, on or before 31 August 2014, the fourth paragraph is to be read, in respect of the property, as if “\$350,000” were replaced wherever it appears by

(a) “\$437,500”, if the property is referred to in subparagraph *a* or *a.1* of the first paragraph; and

(b) “\$500,000”, if the property is referred to in subparagraph *b* of the first paragraph.”

(2) Subsection 1 has effect from 5 June 2014.

**429.** (1) Section 1029.8.36.0.3.8 of the Act is amended

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

“(d) a salary, wages or a consideration does not include remuneration based on the profits or revenues derived from the operation of a property that is a multimedia title.”;

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

“For the purposes of subparagraph *d* of the second paragraph, the following is not considered remuneration based on the profits or revenues derived from the operation of a property that is a multimedia title:

(a) remuneration that

i. is determined in particular by reference to the type of use projected for the property, and

ii. may not be reimbursed if the property is not used as first anticipated; and

(b) remuneration that is not computed by reference to an amount of profit or revenue derived from the operation of the property.”

(2) Subsection 1 applies to a taxation year of a corporation that ends after 22 March 2006.

**430.** (1) Section 1029.8.36.0.3.9 of the Act is amended

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

“The percentage to which the first paragraph refers in relation to a property that is a multimedia title for a taxation year is, as the case may be,

(a) if an application for a qualification certificate in respect of the property is filed before 21 March 2012, or after 20 March 2012 but in respect of a taxation year that ended before 21 March 2012, the percentage that corresponds to”;

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

“(b) if an application for a qualification certificate in respect of the property is filed after 20 March 2012 in respect of a taxation year that ends after that date, the percentage that corresponds, subject to the fifth paragraph, to

i. 30%, where it is certified that the property is to be commercialized and is available in a French version, and is not a vocational training title,

- ii. 24%, where it is certified that the property is to be commercialized and is not available in a French version, and is not a vocational training title, and
- iii. 21%, in any other case.”;

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

“Where this section applies in respect of all or part of a qualified labour expenditure that consists of salaries or wages incurred before 5 June 2014 or of amounts each of which is a portion of the consideration or one-half of the portion of the consideration that is paid under a contract entered into before 4 June 2014, the percentages of 30%, 24% and 21% in subparagraph *b* of the third paragraph are to be replaced by the percentages of 37.5%, 30% and 26.25%, respectively, in respect of all or part of the qualified labour expenditure.”

(2) Subsection 1 has effect from 4 June 2014.

**431.** (1) Section 1029.8.36.0.3.18 of the Act is amended

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

“(*e*) a salary, wages or a consideration does not include remuneration based on the profits or revenues derived from the operation of an eligible multimedia title.”;

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

“For the purposes of subparagraph *e* of the second paragraph, the following is not considered remuneration based on the profits or revenues derived from the operation of an eligible multimedia title:

(*a*) remuneration that

i. is determined in particular by reference to the type of use projected for the title, and

ii. may not be reimbursed if the title is not used as first anticipated; and

(*b*) remuneration that is not computed by reference to an amount of profit or revenue derived from the operation of the title.”

(2) Subsection 1 applies to a taxation year of a corporation that ends after 22 March 2006.

**432.** (1) Section 1029.8.36.0.3.19 of the Act is amended

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

“The percentage to which the first paragraph refers for a taxation year is, as the case may be,

(a) if an application for a qualification certificate is filed for the year before 21 March 2012, or after 20 March 2012 but in respect of a taxation year that ended before 21 March 2012, the percentage that corresponds to”;

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

“(b) if an application for a qualification certificate is filed after 20 March 2012 in respect of a taxation year that ends after that date, the percentage that corresponds, subject to the fifth paragraph, to

i. 30%, where the valid qualification certificate issued to the corporation for the year certifies that at least 75% of the eligible multimedia titles produced by the corporation in the year are to be commercialized, are available in a French version and are not vocational training titles, or that at least 75% of its gross revenue for the year is derived from such eligible multimedia titles,

ii. 24%, where subparagraph i does not apply and the valid qualification certificate issued to the corporation for the year certifies that at least 75% of the eligible multimedia titles produced by the corporation in the year are to be commercialized and are not vocational training titles, or that at least 75% of its gross revenue for the year is derived from such eligible multimedia titles, and

iii. 21%, in any other case.”;

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

“Where this section applies in respect of all or part of a qualified labour expenditure that consists of salaries or wages incurred before 5 June 2014 or of amounts each of which is a portion of the consideration or one-half of the portion of the consideration that is paid under a contract entered into before 4 June 2014, the percentages of 30%, 24% and 21% in subparagraph *b* of the third paragraph are to be replaced by the percentages of 37.5%, 30% and 26.25%, respectively, in respect of all or part of the qualified labour expenditure.”

(2) Subsection 1 has effect from 4 June 2014.

**433.** (1) Section 1029.8.36.0.3.73 of the Act is amended by replacing “25%” in the first paragraph by “20%”.

(2) Subsection 1 applies in respect of the portion of qualified wages that is incurred after 4 June 2014 under an eligible contract. However, where section 1029.8.36.0.3.73 of the Act applies to a taxation year that ends after 4 June 2014 and that includes that date, and the amount of qualified wages that a qualified corporation incurs in the year in respect of an eligible employee for

all or part of the year is, because of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.72 of the Act, limited to the amount obtained under paragraph *a* of that definition, the portion of qualified wages that is incurred after 4 June 2014 is deemed to be equal to the amount by which the amount of the qualified wages exceeding the portion of the expenditure incurred as wages by the qualified corporation, in respect of the employee, in the year and before 5 June 2014 while the employee qualified as an eligible employee of the qualified corporation, exceeds the aggregate of

(1) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to the expenditure that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before the qualified corporation’s filing-due date for the taxation year; and

(2) the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of the expenditure, other than a benefit or advantage that may reasonably be attributed to the work carried out by the eligible employee under an eligible contract of the qualified corporation for the taxation year, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation’s filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner.

**434.** (1) Section 1029.8.36.0.3.79 of the Act is amended, in the first paragraph,

(1) by replacing “2015” in the definition of “eligibility period” by “2025”;

(2) by replacing “\$66,667” in paragraph *a* of the definition of “qualified wages” by “\$83,333”.

(2) Paragraph 2 of subsection 1 applies in respect of wages incurred after 4 June 2014. However, where section 1029.8.36.0.3.79 of the Act applies in respect of wages incurred in the taxation year of a corporation that ends after 4 June 2014 and that includes that date, paragraph *a* of the definition of “qualified wages” in the first paragraph of section 1029.8.36.0.3.79 of the Act is to be read as follows:

“(a) the aggregate of

i. the amount obtained by multiplying \$66,667 by the proportion that the number of days in the qualified corporation’s eligibility period for the year that precede 5 June 2014 and during which the employee qualifies as an eligible employee of the qualified corporation is of 365, and

ii. the amount obtained by multiplying \$83,333 by the proportion that the number of days in the qualified corporation’s eligibility period for the year that

follow 4 June 2014 and during which the employee qualifies as an eligible employee of the qualified corporation is of 365; and”.

**435.** (1) Section 1029.8.36.0.3.80 of the Act is amended by replacing “30%” in the first paragraph by “24%”.

(2) Subsection 1 applies in respect of wages incurred after 4 June 2014.

**436.** Section 1029.8.36.0.3.82 of the Act is amended by replacing “2018” in the portion before paragraph *a* by “2028”.

**437.** (1) Section 1029.8.36.0.23 of the Act is amended

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

“**1029.8.36.0.23.** Le montant auquel le premier alinéa de chacun des articles 1029.8.36.0.19 et 1029.8.36.0.20 fait référence, relativement à un salaire admissible versé dans une année d’imposition par une société à un employé admissible, est égal à l’excédent, sur le montant établi conformément au deuxième alinéa à l’égard de ce salaire, de l’ensemble des montants suivants :”;

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

“(b) the aggregate of all amounts that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year, each of which is an amount of government assistance relating to the wages paid by the corporation to the employee, while the employee qualified as an eligible employee of the corporation, for a pay period ending at a time in the taxation year that is within the eligibility period of the corporation.”;

(3) by replacing the portion of the second paragraph before subparagraph *a* in the French text by the following:

“Le montant auquel le premier alinéa fait référence relativement au salaire admissible versé dans l’année d’imposition par la société à l’employé admissible est égal au moindre des montants suivants :”.

(2) Subsection 1 applies to a taxation year that begins after 20 November 2012.

**438.** (1) Section 1029.8.36.0.24 of the Act is amended

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

“**1029.8.36.0.24.** Le montant auquel le premier alinéa de l’article 1029.8.36.0.22 fait référence, relativement à un salaire déterminé

engagé dans une année d'imposition par une société à l'égard d'un employé déterminé d'un site désigné, est égal à l'excédent, sur le montant établi conformément au deuxième alinéa à l'égard de ce salaire, de l'ensemble des montants suivants :”;

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

“(b) the aggregate of all amounts that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year, each of which is an amount of government assistance relating to the wages incurred by the corporation in respect of the employee, in the specified period of the corporation for the year in respect of the designated site, while the employee qualified as a specified employee of the corporation, to the extent that the wages are paid and that they may reasonably be considered to relate to the carrying on in the year of a specified activity in relation to that site having regard to the time spent on that activity by the employee.”;

(3) by replacing the portion of the second paragraph before subparagraph *a* in the French text by the following:

“Le montant auquel le premier alinéa fait référence relativement au salaire déterminé engagé dans l’année d’imposition par la société à l’égard de l’employé déterminé est égal au moindre des montants suivants :”;

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

“For the purposes of subparagraph *b* of the first paragraph and of subparagraph *a* of the second paragraph, a specified employee who spends 90% or more of working time on a specified activity is deemed to spend all working time on that activity.”

(2) Subsection 1 applies to a taxation year that begins after 20 November 2012.

**439.** (1) Section 1029.8.36.0.107 of the Act is amended by inserting the following definition in alphabetical order in the first paragraph:

““balance of the threshold of the qualified expenditures” of a corporation for a taxation year means an amount equal to the amount by which \$50,000 exceeds the amount determined in its respect for the year under section 1029.8.36.0.107.1;”.

(2) Subsection 1 applies to a taxation year that ends after 31 December 2013.

**440.** (1) The Act is amended by inserting the following section after section 1029.8.36.0.107:



**“1029.8.36.0.107.1.** The amount to which the definition of “balance of the threshold of the qualified expenditures” in the first paragraph of section 1029.8.36.0.107 refers in respect of a corporation for a particular taxation year means the amount determined by the formula

A – B.

In the formula in the first paragraph

(a) A is the aggregate of

i. the amount by which the aggregate of all amounts each of which is the lesser of the amounts determined for a taxation year preceding the particular year in respect of the corporation under subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.109, taking into account subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.115, exceeds the portion of that aggregate in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.0.109 for a taxation year preceding the particular year, and

ii. the aggregate of all amounts each of which is the lesser of the amounts determined under subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.117.1 for the particular year or a preceding taxation year; and

(b) B is the aggregate of all amounts each of which is the amount of government assistance or non-government assistance received by the corporation in the particular year or a preceding taxation year in respect of a corporation’s qualified expenditure for a preceding taxation year, the corporation’s share of the amount of government assistance or non-government assistance received by a qualified partnership in a fiscal period of the qualified partnership that ends in the particular taxation year or a preceding taxation year and at the end of which the corporation is a member of the partnership, in respect of the corporation’s share of the partnership’s qualified expenditure for a fiscal period of the partnership that ends in a taxation year preceding the particular year and at the end of which the corporation is a member of the partnership, or the amount of government assistance or non-government assistance received by the corporation in the particular year or a preceding taxation year in respect of a qualified expenditure of a partnership for a fiscal period of the partnership that ends in a taxation year preceding the particular year and at the end of which the corporation is a member of the partnership, in relation to a qualified tourist accommodation establishment, where neither section 1029.8.36.0.115 nor Part III.10.1.10 applies or applied, in relation to the corporation, in respect of the amount of the government assistance or non-government assistance so received.

For the purposes of subparagraph *b* of the second paragraph, a corporation’s share of a particular amount, in relation to a qualified partnership of which the

corporation is a member at the end of a fiscal period, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2013.

**441.** (1) Section 1029.8.36.0.109 of the Act is amended

(1) by replacing “25% of the amount by which the lesser of the following amounts exceeds \$50,000” in the portion of the first paragraph before subparagraph *a* by “20% of the amount by which the lesser of the following amounts exceeds the balance of the threshold of the corporation’s qualified expenditures for that year.”;

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

“ii. if the corporation is a member of a qualified partnership at the end of a fiscal period of the partnership ending in the year and the corporation meets the conditions of paragraphs *a* and *b* of the definition of “qualified corporation” in the first paragraph of section 1029.8.36.0.107, the aggregate of all amounts each of which is the corporation’s share of the lesser of”;

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

“For the purposes of the first paragraph, the amount that is the balance of the threshold of a corporation’s qualified expenditures for a taxation year is to be replaced by,

(*a*) if the taxation year of the corporation has fewer than 51 weeks, except in cases where subparagraph *c* applies, the proportion of that amount that the number of days in the taxation year of the corporation is of 365; or”;

(4) by striking out subparagraph *b* of the third paragraph.

(2) Paragraphs 1, 3 and 4 of subsection 1 apply to a taxation year that ends after 31 December 2013. However, where section 1029.8.36.0.109 of the Act applies for the purpose of determining the amount deemed to be paid by a corporation to the Minister under the first paragraph of that section,

(1) for a particular taxation year, in respect of the portion of the qualified expenditure incurred by the corporation in the particular year and before 5 June 2014, or before 1 July 2015 under an eligible contract entered into before 4 June 2014, in this subsection referred to as the “portion of the particular expenditure”, to the extent that it is paid or, if the corporation is a member of a qualified partnership at the end of the qualified partnership’s fiscal period that ends in the particular year, in respect of the corporation’s share of the portion of the particular expenditure incurred by the partnership to the extent that it is paid, the rate of 20% specified in the first paragraph of that section 1029.8.36.0.109 is to be replaced by a rate of 25% in respect of the

aggregate of the portion of the particular expenditure incurred by the qualified corporation for the particular year and its share of the portion of the particular expenditure incurred by the qualified partnership for the fiscal period, to the extent that the aggregate exceeds the balance of the threshold of the corporation's qualified expenditures for the particular year; and

(2) in respect of the portion of the qualified expenditure incurred by the corporation, other than the portion of the particular expenditure, in a particular taxation year that ends after 31 December 2013, and in respect of the corporation's share of the portion of the qualified expenditure, other than the portion of the particular expenditure, incurred by a partnership of which the corporation is a member at the end of a fiscal period of the partnership that ends in the particular year, the corporation's qualified expenditure limit for the particular year referred to in subparagraph *b* of the first paragraph of that section 1029.8.36.0.109 is to be replaced by the amount by which that limit exceeds the aggregate of all amounts each of which is the portion of the particular expenditure incurred by the corporation for the particular year or the corporation's share of the portion of the particular expenditure incurred by the qualified partnership for the fiscal period that, for the purpose of determining the portion of the amount deemed to have been paid to the Minister under that first paragraph in its respect, is referred to in subparagraph *a* of that first paragraph.

(3) Paragraph 2 of subsection 1 has effect from 21 March 2012.

**442.** (1) Section 1029.8.36.0.110 of the Act is amended by replacing the second paragraph by the following paragraph:

“For the purposes of this section and sections 1029.8.36.0.111 to 1029.8.36.0.113, an associated group in a taxation year means all the corporations that, in the year, carry on a business in Québec and have an establishment in Québec, are not excluded corporations for the year, are associated with each other in the year and each of which is a qualified corporation for the year or a corporation that is a member of a qualified partnership at the end of a fiscal period of the qualified partnership ending in the year and that meets the conditions of paragraphs *a* and *b* of the definition of “qualified corporation” in the first paragraph of section 1029.8.36.0.107.”

(2) Subsection 1 has effect from 21 March 2012.

**443.** (1) The Act is amended by inserting the following section after section 1029.8.36.0.117:

**“1029.8.36.0.117.1.** Where an amount of government assistance or non-government assistance or a corporation's share of an amount of government assistance or non-government assistance that reduced, in accordance with subparagraph *a* or *b* of the first paragraph of section 1029.8.36.0.115, the corporation's qualified expenditure for a particular taxation year or the corporation's share of the qualified expenditure of a partnership of which the corporation is a member at the end of a particular fiscal period of the partnership

that ends in the particular taxation year, as the case may be, in respect of a qualified tourist accommodation establishment, is repaid before 1 January 2018 pursuant to a legal obligation by the corporation in a taxation year (in this section referred to as the “repayment year”) or by the partnership in a fiscal period (in this section referred to as the “fiscal period of repayment”), and the amount that is the lesser of the amounts determined under subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.109 in respect of the corporation for the particular year, with reference to subparagraphs *a* and *b* of the first paragraph of section 1029.8.36.0.115, does not exceed the balance of the threshold of the corporation’s qualified expenditures for the particular year, the corporation is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000 for the repayment year and, in the case of a repayment made by the partnership, if it is a member of the partnership at the end of the fiscal period of repayment, to have paid to the Minister on the corporation’s balance-due day for the repayment year on account of its tax payable for the year under this Part, an amount equal to the product obtained by multiplying the percentage described in the second paragraph by the amount by which the lesser of the following amounts exceeds the amount that would be the balance of the threshold of the corporation’s qualified expenditures for the repayment year if section 1029.8.36.0.107.1 were read without taking into account the application of this section in respect of the repayment year:

(*a*) the amount by which the lesser of the aggregate of all amounts each of which is the amount of government assistance or non-government assistance relating to the corporation’s qualified expenditure, or the corporation’s share of the amount of government assistance or non-government assistance relating to the partnership’s qualified expenditure, if applicable, and the amount determined under subparagraph *b* of the first paragraph of section 1029.8.36.0.109 in respect of the corporation for the particular year exceeds the aggregate of all amounts each of which is the amount of a repayment of the government assistance or non-government assistance by the corporation in a taxation year preceding the repayment year, or the corporation’s share of the amount of the repayment of the government assistance or non-government assistance by the partnership in a fiscal period preceding the fiscal period of repayment, if applicable; and

(*b*) the aggregate of all amounts each of which is the amount of repayment by the corporation in the repayment year, or the corporation’s share of the amount of repayment by the partnership in the fiscal period of repayment, if applicable.

The percentage to which the first paragraph refers is the percentage that would apply under section 1029.8.36.0.109 in respect of the qualified expenditure if the corporation had been deemed to have paid an amount to the Minister under that section for the particular taxation year.

For the purposes of the first paragraph, a corporation’s share of a particular amount, in relation to a qualified partnership of which it is a member at the

end of a fiscal period, is equal to the agreed proportion of the amount, in respect of the corporation for the fiscal period.”

(2) Subsection 1 applies to a taxation year that ends after 31 December 2013.

**444.** (1) Section 1029.8.36.0.120 of the Act is amended by replacing “30%” in the first paragraph by “24%”.

(2) Subsection 1 applies in respect of costs incurred under a contract entered into after 3 June 2014.

**445.** (1) Section 1029.8.36.0.121 of the Act is amended by replacing “\$45,000” by “\$36,000”.

(2) Subsection 1 applies to a taxation year that begins after 4 June 2014.

**446.** (1) Section 1029.8.36.5 of the Act is amended by replacing “15%” in the portion of the first paragraph before subparagraph *a* by “12%”.

(2) Subsection 1 applies in respect of a design activity carried out after 3 June 2014 under an outside consulting contract entered into after that date.

**447.** (1) Section 1029.8.36.6 of the Act is amended by replacing “15%” in the portion of the first paragraph before subparagraph *a* by “12%”.

(2) Subsection 1 applies in respect of a design activity carried out after 3 June 2014 under an outside consulting contract entered into after that date.

**448.** (1) Section 1029.8.36.7 of the Act is amended by replacing “15%” in the portion of the first paragraph before subparagraph *a* by “12%”.

(2) Subsection 1 applies in respect of wages incurred after 4 June 2014.

(3) However, where the period referred to in the first paragraph of section 1029.8.36.7 of the Act is within a taxation year that ends after 4 June 2014 and that includes that date, for the purpose of determining the portion of the amount deemed to have been paid to the Minister under that first paragraph in respect of wages incurred after that date in respect of an individual, the amount of \$60,000 or \$40,000 referred to in subparagraph ii of subparagraph *a* or *b*, as the case may be, of that paragraph, or the lesser amount replacing it because of the application of the fifth paragraph of that section, is to be replaced by the amount by which that amount exceeds the particular wages that are incurred in respect of the individual before 5 June 2014 and that, for the purpose of determining the portion of the amount deemed to have been paid to the Minister under that first paragraph in respect of the particular wages, are referred to in subparagraph i of that subparagraph *a* or *b*, as the case may be.

(4) For the purpose of determining the amount deemed to have been paid to the Minister under the first paragraph of section 1029.8.36.7 of the Act for

the taxation year described in subsection 3, each amount of wages that corresponds to the wages referred to in subparagraph i of subparagraph *a* or *b*, as the case may be, of that first paragraph that are incurred in respect of an individual for the portion of the taxation year that is before 5 June 2014, or to the wages referred to in that subparagraph i that are incurred in respect of the individual for the portion of the year that is after 4 June 2014, is reduced, under subparagraph *a* of the first paragraph of section 1029.8.36.18.3 of the Act, by the amount of any benefit or advantage in respect of the employment for which the wages were incurred, only to the extent that the amount of the benefit or advantage may reasonably be considered to relate to the wages.

**449.** (1) Section 1029.8.36.7.1 of the Act is amended by replacing “15%” in the portion of the first paragraph before subparagraph *a* by “12%”.

(2) Subsection 1 applies in respect of wages incurred after 4 June 2014.

(3) However, where the period referred to in the first paragraph of section 1029.8.36.7.1 of the Act is within a fiscal period that ends after 4 June 2014 and that includes that date, for the purpose of determining the portion of the amount deemed to have been paid by a corporation to the Minister under that first paragraph, in respect of wages incurred after that date in respect of an individual by a partnership of which the corporation is a member, the amount of \$60,000 or \$40,000 referred to in subparagraph ii of subparagraph *a* or *b*, as the case may be, of that paragraph, or the lesser amount replacing it because of the application of the fifth paragraph of that section, is to be replaced by the amount by which that amount exceeds the particular wages that are incurred in respect of the individual before 5 June 2014 by the partnership and that, for the purpose of determining the portion of the amount deemed to have been paid by the corporation to the Minister under that first paragraph in respect of the particular wages, are referred to in subparagraph i of that subparagraph *a* or *b*, as the case may be.

(4) For the purpose of determining the amount deemed to have been paid by a corporation to the Minister under the first paragraph of section 1029.8.36.7.1 of the Act for the taxation year in which the fiscal period referred to in subsection 3 of a partnership of which the corporation is a member ends, each amount of wages that corresponds to the wages referred to in subparagraph i of subparagraph *a* or *b*, as the case may be, of that first paragraph that are incurred by the partnership in respect of an individual for the portion of the fiscal period that is before 5 June 2014, or to the wages referred to in that subparagraph i that are incurred in respect of the individual for the portion of the fiscal period that is after 4 June 2014, is reduced, under subparagraph *b* of the first paragraph of section 1029.8.36.18.3 of the Act, by the amount of any benefit or advantage in respect of the employment for which the wages were incurred, only to the extent that the amount of the benefit or advantage may reasonably be considered to relate to the wages.

**450.** (1) Section 1029.8.36.10 of the Act is amended

(1) by replacing “15%” in the portion before the formula in the first paragraph by “12%”;

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

“ $24\% - \{[(A - \$50,000,000)/\$25,000,000] \times 12\% \}$ ”.

(2) Subsection 1 applies in respect of a design activity carried out after 3 June 2014 under an outside consulting contract entered into after that date or in respect of wages incurred after 4 June 2014, as the case may be.

**451.** (1) Section 1029.8.36.28 of the Act is repealed.

(2) Subsection 1 applies in respect of an amount deemed to be paid to the Minister for a taxation year that begins after 20 November 2012, except in respect of an amount deemed to be paid to the Minister by a taxpayer for such a taxation year under any of sections 1029.8.36.5 to 1029.8.36.7.1 of the Act,

(1) under any of sections 1029.8.36.20 to 1029.8.36.25 of the Act, where those sections apply in respect of an amount paid, or deemed to be paid, as repayment of an amount of assistance that reduced the amount used as a basis for computing the amount that the taxpayer is deemed to have paid to the Minister under any of sections 1029.8.36.5 to 1029.8.36.7.1 of the Act for a taxation year that ended before 21 November 2012; or

(2) under section 1029.6.0.1.8.1 of the Act, where that section applies in respect of an amount paid as repayment of a benefit or advantage that reduced the amount used as a basis for computing the amount that the taxpayer is deemed to have paid to the Minister under any of sections 1029.8.36.5 to 1029.8.36.7.1 of the Act for a taxation year that ended before 21 November 2012.

**452.** (1) Section 1029.8.36.59 of the Act is repealed.

(2) Subsection 1 applies in respect of an amount deemed to be paid to the Minister for a taxation year that begins after 20 November 2012, except in respect of an amount deemed to be paid to the Minister by a taxpayer for such a taxation year under section 1029.8.36.55 or 1029.8.36.55.1 of the Act,

(1) because of subparagraph ii of paragraph *a* of the definitions of “qualified construction expenditure” and “qualified conversion expenditure” in the first paragraph of section 1029.8.36.54 of the Act and the fourth paragraph of that section, where those provisions apply in respect of an amount paid, or deemed to be paid, as repayment of an amount of assistance that reduced the amount used as a basis for computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.55 or 1029.8.36.55.1 of the Act for a taxation year that ended before 21 November 2012; or

(2) because of section 1029.6.0.1.8.1 of the Act, where that section applies in respect of an amount paid as repayment of a benefit or advantage that reduced



the amount used as a basis for computing the amount that the taxpayer is deemed to have paid to the Minister under section 1029.8.36.55 or 1029.8.36.55.1 of the Act for a taxation year that ended before 21 November 2012.

**453.** (1) The Act is amended by inserting the following section after section 1029.8.36.59.14.1:

**“1029.8.36.59.14.2.** For the purposes of this division, no amount may be deemed to have been paid to the Minister by a corporation under section 1029.8.36.59.13 or 1029.8.36.59.14, in relation to expenses incurred by the corporation or by a partnership of which the corporation is a member, in respect of an access road or a bridge for which a certificate was issued for the purposes of this division if the expenses were incurred before the beginning, or after the end, of the period for which the certificate was issued.”

(2) Subsection 1 has effect from 1 January 2011.

**454.** (1) The Act is amended by inserting the following after section 1029.8.36.59.41:

**“DIVISION II.6.5.7**

**“CREDIT FOR DAMAGE INSURANCE FIRMS**

**“§1.—*Interpretation and general rules***

**“1029.8.36.59.42.** In this division,

“excluded corporation” for a taxation year means

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

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

“qualified corporation” for a particular taxation year means a corporation, other than an excluded corporation for the particular year, that carried on damage insurance activities in Québec during its last taxation year ended before 1 January 2013 and that

(a) is a person

i. that is referred to for the particular year in subparagraph *f* of the first paragraph of section 1159.3, enacted by subparagraph *e* of the first paragraph of section 1159.3.2, or

ii. that would be referred to for the particular year in subparagraph *f* of the first paragraph of section 1159.3, enacted by subparagraph *e* of the first paragraph of section 1159.3.2, if subparagraph *e* of the first paragraph of



section 1159.3, enacted by subparagraph *d* of the first paragraph of section 1159.3.2, were read as if “in the year” were replaced by “throughout the year”; and

(*b*) is registered, at any time in the particular year, with the Autorité des marchés financiers under Title II of the Act respecting the distribution of financial products and services (chapter D-9.2) to act as a damage insurance firm;

“qualified expenditure” of a corporation means the aggregate of all amounts each of which is an expenditure of a current nature that is incurred by the corporation in its last taxation year ended before 1 January 2013 and that is reasonably attributable to its damage insurance activities in Québec, other than an expenditure consisting of

- (*a*) wages or an employer contribution;
- (*b*) interest charges;
- (*c*) a non-deductible entertainment expense;
- (*d*) a fine or penalty; or
- (*e*) municipal or school property taxes;

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

**“1029.8.36.59.43.** If the last taxation year of a corporation ended before 1 January 2013 has fewer than 365 days, the corporation’s qualified expenditure is deemed to be equal to the proportion of the corporation’s qualified expenditure otherwise determined that 365 is of the number of days included in that taxation year.

“§2. — *Credit*

**“1029.8.36.59.44.** A qualified corporation for a taxation year that encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the second and third paragraphs, to have paid to the Minister on the corporation’s balance-due day for that year, on account of its tax payable for that year under this Part, an amount equal to

(*a*) if the taxation year ends in the calendar year 2013, the proportion of 7.5% of its qualified expenditure that the number of days in the taxation year that follow 31 December 2012 during which it carried on damage insurance activities in Québec is of 365;

(*b*) if the taxation year ends in the calendar year 2014, the aggregate of

i. the proportion of 7.5% of its qualified expenditure that the number of days in the taxation year that follow 31 December 2012 and that precede 1 January 2014 during which it carried on damage insurance activities in Québec is of 365, and

ii. the proportion of 5% of its qualified expenditure that the number of days in the taxation year that follow 31 December 2013 during which it carried on damage insurance activities in Québec is of 365;

(c) if the taxation year ends in the calendar year 2015, the aggregate of

i. the proportion of 7.5% of its qualified expenditure that the number of days in the taxation year that precede 1 January 2014 during which it carried on damage insurance activities in Québec is of 365,

ii. the proportion of 5% of its qualified expenditure that the number of days in the taxation year that follow 31 December 2013 and that precede 1 January 2015 during which it carried on damage insurance activities in Québec is of 365, and

iii. the proportion of 2.5% of its qualified expenditure that the number of days in the taxation year that follow 31 December 2014 during which it carried on damage insurance activities in Québec is of 365; or

(d) if the taxation year ends after 31 December 2015, the aggregate of

i. the proportion of 5% of its qualified expenditure that the number of days in the taxation year that precede 1 January 2015 during which it carried on damage insurance activities in Québec is of 365, and

ii. the proportion of 2.5% of its qualified expenditure that the number of days in the taxation year that follow 31 December 2014 and that precede 1 January 2016 during which it carried on damage insurance activities in Québec is of 365.

If the corporation is a qualified corporation for the year under subparagraph ii of paragraph *a* of the definition of “qualified corporation” in section 1029.8.36.59.42, whichever of subparagraphs *a* to *d* of the first paragraph applies to the corporation for the year is to be read as if “during which it carried on damage insurance activities in Québec”, wherever it appears, were replaced by “during which it carried on damage insurance activities in Québec and the election referred to in subparagraph *e* of the first paragraph of section 1159.3, enacted by subparagraph *d* of the first paragraph of section 1159.3.2, is not in effect.”.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027, or under section 1159.7 if it refers to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and of its tax payable for the year under Part IV.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.

“§3. — *Government assistance, non-government assistance and other particulars*

**“1029.8.36.59.45.** For the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year by a corporation under section 1029.8.36.59.44, the amount of the qualified expenditure of the corporation referred to in the first paragraph of that section is to be reduced, if applicable, by the amount of any government assistance or non-government assistance, attributable to that expenditure, that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year.

**“1029.8.36.59.46.** If, in respect of a qualified expenditure of a qualified corporation, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the qualified expenditure, whether in the form of a repayment, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the amount of the qualified expenditure of the qualified corporation for a taxation year is to be reduced, for the purpose of computing the amount that is deemed to have been paid to the Minister for that year by the qualified corporation under section 1029.8.36.59.44, by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation’s filing-due date for the taxation year.

**“1029.8.36.59.47.** If, before 1 January 2018, a corporation pays, in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that was taken into account for the purpose of computing the corporation’s qualified expenditure in respect of which it is deemed to have paid an amount to the Minister under section 1029.8.36.59.44, the corporation is deemed, if it encloses the prescribed form with the fiscal return it is required to file for the repayment

year under section 1000, to have paid to the Minister on its balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount determined under the second paragraph is exceeded by the aggregate of all amounts each of which is equal to the amount by which the amount that it would be deemed to have paid to the Minister for a particular taxation year, in respect of the qualified expenditure, under section 1029.8.36.59.44, if any amount of assistance so repaid at or before the end of the repayment year had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in section 1029.8.36.59.45, exceeds the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.59.44 for the particular year in respect of the qualified expenditure.

The amount to which the first paragraph refers is equal to the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under this section in respect of an amount of assistance that is repaid.

**“1029.8.36.59.48.** For the purposes of section 1029.8.36.59.47, an amount of assistance is deemed to be repaid at a particular time by a corporation, pursuant to a legal obligation, if that amount

(a) reduced, because of section 1029.8.36.59.45, a qualified expenditure for the purpose of computing the amount that the corporation is deemed to have paid to the Minister for a taxation year under section 1029.8.36.59.44;

(b) was not received by the corporation; and

(c) ceased at the particular time to be an amount that the corporation could reasonably expect to receive.”

(2) Subsection 1 has effect from 1 January 2013.

**455.** (1) Section 1029.8.36.72.82.3.2 of the Act is amended

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

**“1029.8.36.72.82.3.2.** A qualified corporation that is not associated with any other corporation at the end of a calendar year within the qualified corporation’s eligibility period and that encloses the documents described in the fifth paragraph with the fiscal return it is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the fourth paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal, if the calendar year is the year 2010 or a subsequent year, to the aggregate of

(a) the result obtained by multiplying the percentage specified in subparagraph *a* of the second paragraph by the particular amount that is the amount by which the lesser of the following amounts exceeds the particular amount that would be determined for the calendar year in accordance with subparagraph *a.1* if that subparagraph were read without reference to the balance of the qualified corporation's tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4:";

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

"(a.1) the lesser of the balance of the qualified corporation's tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4, and the result obtained by multiplying the percentage specified in subparagraph *b* of the second paragraph by the particular amount that is the least of";

(3) by replacing subparagraphs *i* and *ii* of subparagraph *b* of the first paragraph by the following subparagraphs:

"i. the result obtained by multiplying the percentage specified in subparagraph *b* of the second paragraph by the portion of the qualified corporation's eligible repayment of assistance for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount, other than an amount described in the third paragraph, that is referred to in any of paragraphs *g* to *i*, *m.1*, *n.1* and *o.1* of the definition of "eligible repayment of assistance" in the first paragraph of section 1029.8.36.72.82.1, or in any of paragraphs *j*, *k* and *l* of that definition, to the extent that the assistance related to the carrying on of a recognized business in a resource region, and

"ii. the result obtained by multiplying the percentage specified in subparagraph *a* of the second paragraph by the amount by which the portion of the qualified corporation's eligible repayment of assistance for the taxation year that concerns assistance that may reasonably be considered to relate to a business carried on in a designated region exceeds the portion of the qualified corporation's eligible repayment of assistance for the taxation year determined in accordance with subparagraph *i*.";

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

"The percentages to which the following provisions of the first paragraph refer are the following, as applicable:

(a) for the portion of subparagraph *a* before subparagraph *i* and for subparagraph *ii* of subparagraph *b*:

i. 18% for the taxation year in which the calendar year 2014 ends,

ii. 16% for the taxation year in which the calendar year 2015 ends, and

iii. 20% for any other taxation year; and

(b) for the portion of subparagraph *a.1* before subparagraph *i* and for subparagraph *i* of subparagraph *b*:

i. 20% for the taxation year in which the calendar year 2010 ends,

ii. 9% for the taxation year in which the calendar year 2014 ends,

iii. 8% for the taxation year in which the calendar year 2015 ends, and

iv. 10% for any other taxation year.”

(2) Subsection 1 has effect from 4 June 2014.

**456.** (1) Section 1029.8.36.72.82.3.3 of the Act is amended

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

**“1029.8.36.72.82.3.3.** A qualified corporation that is associated with one or more other corporations at the end of a calendar year within the qualified corporation’s eligibility period and that encloses the documents described in the sixth paragraph with the fiscal return it is required to file under section 1000 for the taxation year in which the calendar year ends, is deemed, subject to the fifth paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for that taxation year, on account of its tax payable for that taxation year under this Part, an amount equal, if the calendar year is the year 2010 or a subsequent year, to the aggregate of

(a) subject to the second paragraph, the result obtained by multiplying the percentage specified in subparagraph *a* of the third paragraph by the particular amount that is the amount by which the lesser of the following amounts exceeds the particular amount that would be determined for the calendar year in accordance with subparagraph *a.1* if that subparagraph were read without reference to the balance of the qualified corporation’s tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4.”;

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

“(a.1) subject to the second paragraph, the lesser of the balance of the qualified corporation’s tax assistance limit for the year, within the meaning of section 1029.8.36.72.82.3.4, and the result obtained by multiplying the percentage specified in subparagraph *b* of the third paragraph by the particular amount that is the least of”;

(3) by replacing subparagraphs *i* and *ii* of subparagraph *b* of the first paragraph by the following subparagraphs:

“i. the result obtained by multiplying the percentage specified in subparagraph *b* of the third paragraph by the portion of the qualified corporation’s eligible repayment of assistance for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount, other than an amount described in the fourth paragraph, that is referred to in any of paragraphs *g* to *i*, *m.1*, *n.1* and *o.1* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.1, or in any of paragraphs *j*, *k* and *l* of that definition, to the extent that the assistance related to the carrying on of a recognized business in a resource region, and

“ii. the result obtained by multiplying the percentage specified in subparagraph *a* of the third paragraph by the amount by which the portion of the qualified corporation’s eligible repayment of assistance for the taxation year that concerns assistance that may reasonably be considered to relate to a business carried on in a designated region exceeds the portion of the qualified corporation’s eligible repayment of assistance for the taxation year determined in accordance with subparagraph *i*.”;

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

“The percentages to which the following provisions of the first paragraph refer are the following, as applicable:

(*a*) for the portion of subparagraph *a* before subparagraph *i* and for subparagraph *ii* of subparagraph *b*:

- i. 18% for the taxation year in which the calendar year 2014 ends,
- ii. 16% for the taxation year in which the calendar year 2015 ends, and
- iii. 20% for any other taxation year; and

(*b*) for the portion of subparagraph *a.1* before subparagraph *i* and for subparagraph *i* of subparagraph *b*:

- i. 20% for the taxation year in which the calendar year 2010 ends,
- ii. 9% for the taxation year in which the calendar year 2014 ends,
- iii. 8% for the taxation year in which the calendar year 2015 ends, and
- iv. 10% for any other taxation year.”

(2) Subsection 1 has effect from 4 June 2014.

**457.** (1) Section 1029.8.36.72.82.14 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 result obtained by multiplying the percentage specified in subparagraph *a* of the fourth paragraph by the particular amount that is the amount by which the lesser of the following amounts exceeds the particular amount determined for the calendar year in accordance with subparagraph *a.1*.”;

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

“(a.1) the result obtained by multiplying the percentage in subparagraph *b* of the fourth paragraph by the particular amount that is the least of”;

(3) by replacing subparagraphs *i* and *ii* of subparagraph *b* of the first paragraph by the following subparagraphs:

“i. the result obtained by multiplying the percentage specified in subparagraph *b* of the fourth paragraph by the portion of the qualified corporation’s eligible repayment of assistance for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount referred to in any of paragraphs *a.1*, *b.1* and *d* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.13, and

“ii. the result obtained by multiplying the percentage specified in subparagraph *a* of the fourth paragraph by the amount by which the qualified corporation’s eligible repayment of assistance for the taxation year exceeds the portion of the qualified corporation’s eligible repayment of assistance for the taxation year determined in accordance with subparagraph *i*.”;

(4) by adding the following paragraph after the third paragraph:

“The percentages to which the following provisions of the first paragraph refer are the following, as applicable:

(a) for the portion of subparagraph *a* before subparagraph *i* and for subparagraph *ii* of subparagraph *b*:

- i. 36% for the taxation year in which the calendar year 2014 ends,
- ii. 32% for the taxation year in which the calendar year 2015 ends, and
- iii. 40% for any other taxation year; and

(b) for the portion of subparagraph *a.1* before subparagraph *i* and for subparagraph *i* of subparagraph *b*:

- i. 18% for the taxation year in which the calendar year 2014 ends,
- ii. 16% for the taxation year in which the calendar year 2015 ends, and
- iii. 20% for any other taxation year.”



(2) Subsection 1 has effect from 4 June 2014.

**458.** (1) Section 1029.8.36.72.82.15 of the Act is amended

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

“(a) subject to the second paragraph, the result obtained by multiplying the percentage specified in subparagraph *a* of the fifth paragraph by the particular amount that is the amount by which the least of the following amounts exceeds the particular amount determined for the calendar year in accordance with subparagraph *a.1*.”;

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

“(a.1) subject to the second paragraph, the result obtained by multiplying the percentage specified in subparagraph *b* of the fifth paragraph by the particular amount that is the least of”;

(3) by replacing subparagraphs *i* and *ii* of subparagraph *b* of the first paragraph by the following subparagraphs:

“i. the result obtained by multiplying the percentage specified in subparagraph *b* of the fifth paragraph by the portion of the qualified corporation’s eligible repayment of assistance for the taxation year that may reasonably be attributed to the aggregate of all amounts each of which is an amount referred to in any of paragraphs *a.1*, *b.1* and *d* of the definition of “eligible repayment of assistance” in the first paragraph of section 1029.8.36.72.82.13, and

“ii. the result obtained by multiplying the percentage specified in subparagraph *a* of the fifth paragraph by the amount by which the qualified corporation’s eligible repayment of assistance for the taxation year exceeds the portion of the qualified corporation’s eligible repayment of assistance for the taxation year determined in accordance with subparagraph *i*.”;

(4) by adding the following paragraph after the fourth paragraph:

“The percentages to which the following provisions of the first paragraph refer are the following, as applicable:

(a) for the portion of subparagraph *a* before subparagraph *i* and for subparagraph *ii* of subparagraph *b*:

- i. 36% for the taxation year in which the calendar year 2014 ends,
- ii. 32% for the taxation year in which the calendar year 2015 ends, and
- iii. 40% for any other taxation year; and

(b) for the portion of subparagraph *a.1* before subparagraph *i* and for subparagraph *i* of subparagraph *b*:

- i. 18% for the taxation year in which the calendar year 2014 ends,
- ii. 16% for the taxation year in which the calendar year 2015 ends, and
- iii. 20% for any other taxation year.”

(2) Subsection 1 has effect from 4 June 2014.

**459.** (1) Section 1029.8.36.166.40 of the Act is amended

(1) by replacing subparagraph *i* of paragraph *a* of the definition of “qualified property” in the first paragraph by the following subparagraph:

“i. in the case of a property to which paragraph *a.1* applies because of the application of subparagraph *i* of that paragraph, after 13 March 2008 and before 1 January 2018, but is not a property acquired pursuant to an obligation in writing entered into before 14 March 2008 or the construction of which, if applicable, by or on behalf of the purchaser, had begun by 13 March 2008;”;

(2) by inserting the following subparagraph after subparagraph *i* of paragraph *a* of the definition of “qualified property” in the first paragraph:

“i.1. in the case of a property to which paragraph *a.1* applies because of the application of subparagraph *i.1* of that paragraph, after 27 January 2009 and before 1 January 2018, or”;

(3) by inserting the following subparagraph after subparagraph *i* of paragraph *a.1* of the definition of “qualified property” in the first paragraph:

“i.1. in Class 50 or 52 of Schedule B to the Regulation respecting the Taxation Act, but could be included, but for section 93.6, in Class 29 of that Schedule under subparagraph *vi* of subparagraph *b* of the first paragraph of that class if that subparagraph *vi* were read as if “28 January 2009” were replaced by “1 January 2018” and as if no reference were made to subparagraph *c* of that paragraph, or”;

(4) by replacing paragraph *c* of the definition of “qualified property” in the first paragraph by the following paragraph:

“(c) is used solely in Québec and mainly in the course of carrying on a business, other than a recognized business in connection with which a major investment project or a large investment project, as the case may be, is carried out or is in the process of being carried out;”;

(5) by replacing the definition of “recognized business” in the first paragraph by the following definition:

““recognized business” has the meaning assigned by the first paragraph of section 737.18.14 or 737.18.17.1, as the case may be;”;

(6) by inserting the following definitions in alphabetical order in the first paragraph:

““expenses eligible for an additional increase” of a corporation for a taxation year or of a partnership for a fiscal period, in respect of a qualified property, means the portion of the eligible expenses of the corporation for the year or of the partnership for the fiscal period, in respect of the property, that are incurred

(a) by the corporation in a taxation year for which it is a qualified manufacturing corporation; or

(b) by the partnership in a fiscal period for which it is a qualified manufacturing partnership;

““large investment project” has the meaning assigned by the first paragraph of section 737.18.17.1;”;

(7) by inserting the following definition in alphabetical order in the first paragraph:

““qualified manufacturing partnership” for a fiscal period means a qualified partnership, for the fiscal period, in respect of which the proportion of the manufacturing or processing activities that the manufacturing or processing salary or wages in relation to the partnership for the fiscal period is of the salary or wages in relation to the partnership for the fiscal period, exceeds 50%;”;

(8) by inserting the following definitions in alphabetical order in the first paragraph:

““manufacturing or processing salary or wages” in relation to a qualified corporation for a taxation year or a qualified partnership for a fiscal period means the portion of the salary or wages in relation to the qualified corporation for the taxation year or the qualified partnership for the fiscal period that the aggregate of all amounts each of which is equal to the proportion of the gross revenue of an employee of the corporation or partnership, as the case may be, that the employee’s working time spent on manufacturing or processing activities, other than activities listed in section 130R12 of the Regulation respecting the Taxation Act (chapter I-3, r. 1), in the taxation year or fiscal period is of all the employee’s working time in the taxation year or fiscal period;

““qualified manufacturing corporation” for a taxation year means a qualified corporation, for the year, in respect of which the proportion of the manufacturing or processing activities that the manufacturing or processing salary or wages in relation to the corporation for the year is of the salary or wages in relation to the corporation for the year, exceeds 50%;

““salary or wages” in relation to a qualified corporation for a taxation year or a qualified partnership for a fiscal period means the aggregate of all amounts each of which is an amount (in the definition of “manufacturing or processing salary or wages” referred to as the “gross revenue” of an employee) incurred by the corporation in the taxation year or the partnership in the fiscal period, in respect of an employee of the corporation or partnership, as the case may be, and included in computing the employee’s income under Chapters I and II of Title II of Book III, except a remuneration based on profits or a bonus, where the remuneration or bonus relates, as the case may be, to an employee who is a specified shareholder of the corporation in the taxation year or a member of the partnership that is entitled, directly or indirectly, to a share of the income or of the loss of the partnership for the fiscal period of at least 10%.”;

(9) by striking out the second paragraph;

(10) by inserting the following paragraph after the second paragraph:

“For the purposes of paragraph *c* of the definition of “qualified property” in the first paragraph, a property that is acquired in connection with the carrying out of a large investment project is deemed to be used in the course of carrying on a recognized business referred to in that paragraph that the corporation or partnership begins to carry on at a particular time and that relates to the large investment project, if the expenditures of a capital nature for its acquisition are incurred by the corporation or partnership in the period that begins at the beginning of the carrying out of the project and ends immediately before the particular time.”;

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

“For the purposes of the definition of “expenses eligible for an additional increase” in the first paragraph, eligible expenses incurred in respect of a property before 8 October 2013 or after 7 October 2013 where the property is acquired pursuant to a written obligation entered into before 8 October 2013 or where the construction of the property, by or on behalf of the purchaser, had begun by 7 October 2013, eligible expenses incurred in respect of a property after 4 June 2014, except eligible expenses incurred after that date and before 1 July 2015 if the property is acquired on or before 4 June 2014 or, otherwise, the property is acquired pursuant to a written obligation entered into on or before that date or the construction of the property, by or on behalf of the purchaser, had begun by that date.”;

(12) by adding the following paragraph after the fourth paragraph:

“For the purposes of the definition of “manufacturing or processing salary or wages” in the first paragraph, an employee who spends 90% or more of working time on manufacturing or processing activities is deemed to spend all working time on those activities.”

(2) Paragraphs 1 and 9 of subsection 1 have effect from 20 November 2012.

(3) Paragraphs 2 and 3 of subsection 1 have effect from 20 March 2012.

(4) Paragraphs 4 and 5 of subsection 1, paragraph 6 of subsection 1, when it enacts the definition of “large investment project” in the first paragraph of section 1029.8.36.166.40 of the Act, and paragraph 10 of subsection 1 apply to a taxation year that ends after 20 November 2012.

(5) Paragraph 6 of subsection 1, when it enacts the definition of “expenses eligible for an additional increase” in the first paragraph of section 1029.8.36.166.40 of the Act, and paragraphs 7, 8, 11 and 12 of subsection 1 apply in respect of a qualified property acquired after 7 October 2013.

(6) In addition,

(1) when section 1029.8.36.166.40 of the Act applies in respect of a property acquired after 27 January 2009 and has effect before 20 March 2012, the portion of the definition of “qualified property” in the first paragraph of that section before paragraph *a* is to be read as follows:

““qualified property” of a corporation or a partnership means a property that is acquired by the corporation or partnership, that would, but for section 93.6, be included in Class 29 or 43 of Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) or in Class 50 or 52 of that Schedule, but could be included, but for section 93.6, in that Class 29 under subparagraph *vi* of subparagraph *b* of the first paragraph of that class if that subparagraph *vi* were read as if “28 January 2009” were replaced by “1 January 2018” and as if no reference were made to subparagraph *c* of that paragraph, and that”; and

(2) for the purposes of section 1029.6.0.1.2 of the Act, a corporation is deemed to have filed with the Minister the prescribed form containing prescribed information and, as the case may be, the agreement referred to in any of sections 1029.8.36.166.43 to 1029.8.36.166.47 of the Act within the time limit provided for in the first paragraph of section 1029.6.0.1.2 of the Act, for the purpose of determining the amount that it is deemed, under Division II.6.14.2 of Chapter III.1 of Title III of Book IX of Part I of the Act, to have paid to the Minister on account of its tax payable for a taxation year in respect of which the corporation’s filing-due date is before 7 April 2014, in respect of a property acquired after 27 January 2009 and to which paragraph *a.1* of the definition of “qualified property” in the first paragraph of section 1029.8.36.166.40 of the Act applies because of the application of subparagraph *i.1* of that paragraph, enacted by paragraph 3 of subsection 1, where it filed those documents with the Minister on or before 7 April 2014.

**460.** (1) Section 1029.8.36.166.40.1 of the Act is amended

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

“(a) if the qualified corporation is not a member of an associated group in the particular year, to the amount by which \$75,000,000 exceeds the aggregate of all amounts each of which is the amount of the portion of the qualified corporation’s eligible expenses, in respect of a qualified property, for a given taxation year that ends in a 24-month period preceding the beginning of the particular year, or its share of the portion of a partnership’s eligible expenses, in respect of a qualified property, for a fiscal period of the partnership that ends in such a given taxation year, that are referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.166.43 or 1029.8.36.166.44 and in respect of which an amount is deemed to have been paid to the Minister by the corporation for the given year under section 1029.8.36.166.43 or 1029.8.36.166.44 or would be so deemed to have been paid but for the third paragraph of that section; or”;

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

“(a) the amount of the portion of the eligible expenses of a corporation that is a member of the associated group in the particular year in respect of a qualified property, for a taxation year that ends in a 24-month period preceding the beginning of the particular year, that are referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.166.43 and in respect of which an amount is deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.43 or would be so deemed to have been paid but for the third paragraph of that section; or

“(b) the amount of the share of a corporation that is a member of the associated group in the year of the portion of the eligible expenses of a partnership, in respect of a qualified property, for a fiscal period of the partnership that ended in a taxation year of the corporation that ends in a 24-month period preceding the beginning of the particular year, that are referred to in subparagraph i of subparagraph *a* of the first paragraph of section 1029.8.36.166.44 and in respect of which an amount is deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.44 or would be so deemed to have been paid but for the third paragraph of that section.”

(2) Subsection 1 applies in respect of a qualified property acquired after 7 October 2013.

**461.** (1) Section 1029.8.36.166.42 of the Act is amended

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

**“1029.8.36.166.42.** The amount to which the definition of “maximum tax credit amount” in the first paragraph of section 1029.8.36.166.40 refers, in relation to a corporation for a taxation year, is equal to the product obtained by multiplying, by the proportion determined by the formula in the third paragraph, the amount by which the total amount that the corporation would

be deemed to have paid to the Minister for the taxation year under sections 1029.8.36.166.43 and 1029.8.36.166.44 if no reference were made to the third paragraph of those sections and if the corporation considered, in its eligible expenses or its share of the eligible expenses of a partnership, only the portion of such expenses that are referred to in subparagraph *i* of subparagraph *a* of the first paragraph of section 1029.8.36.166.43 or 1029.8.36.166.44, exceeds the amount by which the amount by which the corporation's total taxes for the year exceeds the amount the corporation is deemed to have paid to the Minister for the year under section 1029.8.36.166.46, exceeds the aggregate of the amounts determined in its respect for the year under subparagraph *b* of the first paragraph of section 1029.8.36.166.43 or 1029.8.36.166.44.”;

(2) by replacing “eligible expenses incurred by the corporation” in paragraph *c* of the definition of “unused portion of the tax credit”, enacted by the second paragraph of that section, by “eligible expenses of the corporation incurred”;

(3) by replacing “eligible expenses incurred by the partnership” in paragraph *d* of the definition of “unused portion of the tax credit”, enacted by the second paragraph of that section, by “eligible expenses of the partnership incurred”.

(2) Paragraph 1 of subsection 1 applies in respect of a qualified property acquired after 7 October 2013.

**462.** (1) Section 1029.8.36.166.43 of the Act is amended

(1) by replacing subparagraphs *a* and *b* of the first paragraph by the following subparagraphs:

“(a) if the paid-up capital attributed to the qualified corporation for the year, determined in accordance with section 737.18.24, is less than \$500,000,000, the total of

*i.* the product obtained by multiplying the aggregate of all amounts each of which is the portion of its eligible expenses (in subparagraph *ii* referred to as the “particular eligible expenses”) for the year, in respect of the property, to the extent that that aggregate does not include the portion, determined by the corporation, of the eligible expenses incurred by the corporation in the year as a party to a joint venture that exceeds the corporation's share for the taxation year of the balance of the joint venture's cumulative eligible expense limit, by the rate determined in relation to the portion of those expenses in respect of the property for the year under section 1029.8.36.166.45, and

*ii.* the product obtained by multiplying the aggregate of all amounts each of which is the portion of the particular eligible expenses for the year, in respect of the property, that are expenses eligible for an additional increase for the year, by the rate determined in relation to the portion of the particular eligible expenses for the year under section 1029.8.36.166.45.1; or



“(b) the product obtained by multiplying by 4% the amount by which its eligible expenses for the year, in respect of the property, exceeds the portion of those expenses that is referred to in subparagraph i of subparagraph a.”;

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

“The total of all amounts each of which is an aggregate of amounts that is referred to in subparagraph i of subparagraph a of the first paragraph and determined in respect of a corporation for a taxation year, in relation to a qualified property, may not exceed the amount that is the amount by which the balance of its cumulative eligible expense limit for the year exceeds the aggregate of all amounts each of which is an aggregate of amounts that is referred to in subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.166.44 for the year in respect of which the corporation is deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.44 or would be so deemed to have paid such an amount but for the third paragraph of that section.”

(2) Paragraph 1 of subsection 1, except where it amends subparagraph b of the first paragraph of section 1029.8.36.166.43 of the Act to replace the rate of 5% by a rate of 4%, and paragraph 2 of subsection 1 apply in respect of qualified property acquired after 7 October 2013.

(3) Paragraph 1 of subsection 1, where it amends subparagraph b of the first paragraph of section 1029.8.36.166.43 of the Act to replace the rate of 5% by a rate of 4%, applies in respect of eligible expenses incurred after 4 June 2014, except eligible expenses incurred after that date and before 1 July 2015 if the property is acquired on or before 4 June 2014 or, otherwise, the property is acquired pursuant to a written obligation entered into on or before that date or the construction of the property, by or on behalf of the purchaser, had begun by that date.

**463.** (1) Section 1029.8.36.166.44 of the Act is amended

(1) by replacing subparagraphs a and b of the first paragraph by the following subparagraphs:

“(a) if the paid-up capital attributed to the qualified corporation for the year, determined in accordance with section 737.18.24, is less than \$500,000,000, the total of

i. the product obtained by multiplying the aggregate of all amounts each of which is its share of the portion of the partnership’s eligible expenses (such portion being referred to in subparagraph ii as the “particular eligible expenses”) for the particular fiscal period, in respect of the property, to the extent that that aggregate does not include its share of the portion, determined by the qualified corporation, of the qualified partnership’s eligible expenses for the particular fiscal period that exceeds the balance of the partnership’s cumulative eligible expense limit for the particular fiscal period, or its share of the portion,



determined by the qualified corporation, of such expenses incurred by the partnership in the particular fiscal period as a party to a joint venture that exceeds the partnership's share for the particular fiscal period of the balance of the joint venture's cumulative eligible expense limit, by the rate determined in relation to the portion of those expenses in respect of the property for the year under section 1029.8.36.166.45, and

ii. the product obtained by multiplying the aggregate of all amounts each of which is its share of the portion of the particular eligible expenses for the particular fiscal period, in respect of the property, that are expenses eligible for an additional increase for the fiscal period, by the rate determined in relation to the portion of the particular eligible expenses for the year under section 1029.8.36.166.45.1; or

“(b) the product obtained by multiplying by 4% the amount by which its share of the partnership's eligible expenses for the particular fiscal period, in respect of the property, exceeds its share of the portion of those expenses that is referred to in subparagraph i of subparagraph a.”;

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

“The total of all amounts each of which is an aggregate of amounts that is referred to in subparagraph i of subparagraph a of the first paragraph and determined in respect of a corporation for a taxation year, in relation to a qualified property, may not exceed the amount that is the amount by which the balance of its cumulative eligible expense limit for the year exceeds the aggregate of all amounts each of which is an aggregate of amounts that is referred to in subparagraph i of subparagraph a of the first paragraph of section 1029.8.36.166.43 for the year in respect of which the corporation is deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.43 or would be so deemed to have paid such an amount but for the third paragraph of that section.”

(2) Paragraph 1 of subsection 1, except where it amends subparagraph b of the first paragraph of section 1029.8.36.166.44 of the Act to replace the rate of 5% by a rate of 4%, and paragraph 2 of subsection 1 apply in respect of qualified property acquired after 7 October 2013.

(3) Paragraph 1 of subsection 1, where it amends subparagraph b of the first paragraph of section 1029.8.36.166.44 of the Act to replace the rate of 5% by a rate of 4%, applies in respect of eligible expenses incurred after 4 June 2014, except eligible expenses incurred after that date and before 1 July 2015 if the property is acquired on or before 4 June 2014, or, otherwise, the property is acquired pursuant to a written obligation entered into on or before that date or the construction of the property, by or on behalf of the purchaser, had begun by that date.

**464.** (1) Section 1029.8.36.166.45 of the Act is amended

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

**“1029.8.36.166.45.** The rate to which subparagraph *i* of subparagraph *a* of the first paragraph of sections 1029.8.36.166.43 and 1029.8.36.166.44 refers, in relation to the portion of a corporation’s eligible expenses or to a corporation’s share of the portion of a partnership’s eligible expenses, in respect of a qualified property, for a particular taxation year is”;

(2) by replacing the formula in subparagraph *a* of the first paragraph by the following formula:

“32% – [28% × (A – \$250,000,000)/\$250,000,000]”;

(3) by replacing subparagraphs *b* and *c* of the first paragraph by the following subparagraphs:

“(b) if the qualified property is acquired to be used mainly in one of the regional county municipalities referred to in subparagraphs *i.2*, *i.3* and *ii.2* of paragraph *b* of the definition of “resource region” in the first paragraph of section 1029.8.36.166.40, and

*i.* the expenses are eligible expenses described in the third paragraph, and the corporation is not deemed to have paid an amount to the Minister under Division II.6.6.6.1 for the particular taxation year and is not associated, in the particular taxation year, with another corporation that is deemed to have paid an amount to the Minister under Division II.6.6.6.1 for a taxation year that ends in the particular taxation year, the rate determined by the formula

35% – [30% × (A – \$250,000,000)/\$250,000,000], or

*ii.* subparagraph *i* does not apply, the rate determined by the formula

24% – [20% × (A – \$250,000,000)/\$250,000,000];

“(c) if the qualified property is acquired to be used mainly in an administrative region referred to in subparagraph *ii* or *iii* of paragraph *a* of the definition of “resource region” in the first paragraph of section 1029.8.36.166.40 or in any of the regional county municipalities referred to in subparagraphs *i*, *i.1*, *ii*, *ii.1* and *iii* to *vi* of paragraph *b* of that definition, and

*i.* the expenses are eligible expenses described in the third paragraph, and the corporation is not deemed to have paid an amount to the Minister under Division II.6.6.6.1 for the particular taxation year and is not associated, in the particular taxation year, with another corporation that is deemed to have paid an amount to the Minister under Division II.6.6.6.1 for a taxation year that ends in the particular taxation year, the rate determined by the formula

25% – [20% × (A – \$250,000,000)/\$250,000,000], or

ii. subparagraph i does not apply, the rate determined by the formula

$$16\% - [12\% \times (A - \$250,000,000)/\$250,000,000];$$

(4) by replacing the formula in subparagraph *d* of the first paragraph by the following formula:

$$“8\% - [4\% \times (A - \$250,000,000)/\$250,000,000];”$$

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

“The expenses referred to in subparagraph i of subparagraphs *b* and *c* of the first paragraph are eligible expenses incurred before 5 June 2014 and those incurred after 4 June 2014 and before 1 July 2015 if the property is acquired on or before 4 June 2014, or, otherwise, the property is acquired pursuant to a written obligation entered into on or before that date or the construction of the property, by or on behalf of the purchaser, had begun by that date.”

(2) Paragraph 1 of subsection 1, paragraph 3 of that subsection, except where it amends subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.166.45 of the Act to replace “30%” and “25%” by “24%” and “20%”, respectively, and subparagraph ii of subparagraph *c* of that first paragraph to replace “20%” and “15%” by “16%” and “12%”, respectively, and paragraph 5 of subsection 1 apply in respect of expenses incurred in respect of qualified property acquired after 20 November 2012. However, where the first paragraph of section 1029.8.36.166.45 of the Act applies in respect of expenses incurred in respect of qualified property acquired before 8 October 2013, the portion of the first paragraph before subparagraph *a* is to be read without reference to “subparagraph i of”.

(3) Paragraph 2 of subsection 1, paragraph 3 of that subsection, where it amends subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.166.45 of the Act to replace “30%” and “25%” by “24%” and “20%”, respectively, and subparagraph ii of subparagraph *c* of that first paragraph to replace “20%” and “15%” by “16%” and “12%”, respectively, and paragraph 4 of subsection 1 apply in respect of expenses (in this subsection referred to as the “particular expenses”) incurred by a corporation or a partnership in respect of qualified property after 4 June 2014, except the expenses incurred after that date and before 1 July 2015 if the property is acquired on or before 4 June 2014, or, otherwise, the property is acquired pursuant to a written obligation entered into on or before 4 June 2014 or the construction of the property, by or on behalf of the purchaser, had begun by 4 June 2014. However, where section 1029.8.36.166.43 or 1029.8.36.166.44 of the Act applies for the purpose of determining the amount deemed to be paid by a corporation to the Minister under the first paragraph of that section 1029.8.36.166.43 or 1029.8.36.166.44, as the case may be, for a particular taxation year that ends after 4 June 2014, in respect of the portion of the corporation’s eligible expenses for the particular year that are particular expenses or the corporation’s share of the eligible expenses of a partnership that are particular expenses for a particular fiscal period of the partnership that

ends in the particular taxation year and at the end of which the corporation is a member of the partnership, the following rules apply:

(1) in the case of section 1029.8.36.166.43 of the Act, the balance of the corporation's eligible expense limit for the particular year referred to in section 1029.8.36.166.40.1 of the Act is to be replaced by the amount by which the balance exceeds the portion of the corporation's eligible expenses for the particular year other than particular expenses; and

(2) in the case of section 1029.8.36.166.44 of the Act, the balance of the partnership's eligible expense limit for the particular fiscal period referred to in section 1029.8.36.166.40.3 of the Act is to be replaced by the amount by which the balance exceeds the portion of the partnership's eligible expenses for the particular fiscal period other than particular expenses.

**465.** (1) The Act is amended by inserting the following section after section 1029.8.36.166.45:

**“1029.8.36.166.45.1.** The rate to which subparagraph ii of subparagraph *a* of the first paragraph of sections 1029.8.36.166.43 and 1029.8.36.166.44 refers, in relation to the portion of a corporation's eligible expenses or to a corporation's share of the portion of a partnership's eligible expenses, in respect of a qualified property, for a taxation year is the rate determined by the formula

$$10\% - [10\% \times (A - \$15,000,000)/\$5,000,000].$$

In the formula in the first paragraph, A is the greater of

(a) \$15,000,000; and

(b) the lesser of \$20,000,000 and the paid-up capital attributed to the corporation for the year, determined in accordance with section 737.18.24.”

(2) Subsection 1 applies in respect of a qualified property acquired after 7 October 2013.

**466.** (1) The Act is amended by inserting the following after section 1029.8.36.166.60:

**“DIVISION II.6.14.2.1**

**“CREDIT IN RESPECT OF A BUILDING USED IN CONNECTION WITH MANUFACTURING OR PROCESSING ACTIVITIES**

**“§1. — Interpretation and general rules**

**“1029.8.36.166.60.1.** In this division,

“aluminum producing corporation” for a taxation year means a corporation that, at any time in the year after 7 October 2013, carries on an aluminum

producing business or is the owner or lessee of property used in the course of carrying on such a business by another corporation, a partnership or a trust, with which the corporation is associated;

“associated group” has the meaning assigned by section 1029.8.36.166.60.6;

“excluded corporation” for a taxation year means

(a) a corporation that is exempt from tax for the year under Book VIII, other than an insurer referred to in paragraph *k* of section 998 that is not so exempt from tax on all of its taxable income for the year because of section 999.0.1;

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

(c) an aluminum producing corporation for the year; or

(d) an oil refining corporation for the year;

“excluded partnership” for a fiscal period means a partnership that, at any time in the fiscal period after 7 October 2013, carries on an aluminum producing business or an oil refining business;

“expenditure of a capital nature” of a corporation for a particular taxation year or of a partnership for a particular fiscal period, in respect of a qualified building, means, except for the purposes of the second paragraph,

(a) for a corporation, the aggregate of the following expenditures incurred after 7 October 2013 and before 1 July 2015 in respect of the qualified building, except expenditures incurred with a person with whom the corporation, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation, is not dealing at arm’s length:

i. where the corporation is a qualified manufacturing corporation for the particular taxation year, the expenditures incurred by the corporation in the particular year to acquire the qualified building that are included, at the end of that year, in the capital cost of the qualified building and that are paid in the particular year,

ii. the amount by which the expenditures incurred by the corporation in the particular taxation year or in a preceding taxation year, for which the corporation is a qualified manufacturing corporation, to acquire the qualified building, 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 qualified building 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 expenditures that is included in the corporation’s qualified expenditure in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.166.60.8 for a taxation year preceding the particular year, and

iii. the expenditures incurred by the corporation to acquire the qualified building that are included in the capital cost of the qualified building and that

are paid in the particular taxation year, if the expenditures are paid more than 18 months after the end of the corporation's taxation year in which they were incurred and for which the corporation was a qualified manufacturing corporation; and

(b) for a partnership, the aggregate of the following expenditures incurred after 7 October 2013 and before 1 July 2015 in respect of the qualified building, except expenditures incurred with a corporation that is a member of the partnership or with a person with whom such a corporation, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation, is not dealing at arm's length:

i. where the partnership is a qualified manufacturing partnership for the particular fiscal period, the expenditures incurred by the partnership in the particular fiscal period to acquire the qualified building that are included, at the end of that fiscal period, in the capital cost of the qualified building and that are paid in that fiscal period,

ii. the amount by which the expenditures incurred by the partnership in the particular fiscal period or in a preceding fiscal period, for which the partnership is a qualified manufacturing partnership, to acquire the qualified building 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 qualified building 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 expenditures that is included in the partnership's qualified expenditure in respect of which a member of the partnership would be deemed to have paid an amount to the Minister under section 1029.8.36.166.60.9 for a taxation year preceding that in which the particular fiscal period ends, if that section were read without reference to its third paragraph and, where the member was not a qualified corporation for that preceding taxation year, the member had been a qualified corporation for that preceding taxation year, and

iii. the expenditures incurred by the partnership to acquire the qualified building that are included in the capital cost of the qualified building and that are paid in the particular fiscal period, if the expenditures are paid more than 18 months after the end of the partnership's fiscal period in which they were incurred and for which the partnership was a qualified manufacturing partnership;

"large investment project" has the meaning assigned by the first paragraph of section 737.18.17.1;

"major investment project" has the meaning assigned by the first paragraph of section 737.18.14;

"oil refining corporation" for a taxation year means a corporation that, at any time in the year after 7 October 2013, carries on an oil refining business or is the owner or lessee of property used in the course of carrying on such a business by another corporation, a partnership or a trust, with which the corporation is associated;

“qualified building” of a qualified corporation or of a qualified partnership means a building situated in Québec or an addition to such a building, that is acquired by the corporation in a taxation year for which it is a qualified manufacturing corporation or by the partnership in a fiscal period for which it is a qualified manufacturing partnership that would, but for section 93.6, be included in any of Classes 1, 3 and 6 in Schedule B to the Regulation respecting the Taxation Act (chapter I-3, r. 1) or in Class 10 in that Schedule under subparagraph *a* of the second paragraph of that class, and

(a) it is acquired after 7 October 2013 but is not a property acquired pursuant to an obligation in writing entered into before 8 October 2013 or the construction of which, if applicable, by or on behalf of the purchaser, had begun by 7 October 2013, and before 5 June 2014 except where the property is acquired pursuant to an obligation in writing entered into on or before 4 June 2014 or the construction of the property, by or on behalf of the purchaser, had begun by 4 June 2014;

(b) it is acquired to be used mainly for manufacturing or processing activities, other than activities listed in section 130R12 of the Regulation respecting the Taxation Act, and in the course of carrying on a business, other than a recognized business in connection with which a major investment project or a large investment project, as the case may be, is carried out or is in the process of being carried out;

(c) is not acquired to be used or is not used in the course of operating an ethanol plant; and

(d) was not, before its acquisition, used for any purpose or acquired to be used or leased for any purpose whatever;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation for the year, that, in the year, carries on a business in Québec and has an establishment in Québec;

“qualified expenditure” of a qualified corporation for a particular taxation year or of a qualified partnership for a particular fiscal period, in respect of a qualified building, means

(a) in the case of a qualified corporation that is not associated with any other corporation in the particular year,

i. if in the particular year it acquired qualified property, for the purposes of Division II.6.14.2, for a total amount of at least \$25,000 or if it acquired such property for a total amount of less than \$25,000 in the particular year or in the preceding taxation year and the total amount for which such property was acquired by the corporation in those two years is at least \$25,000, other than property acquired from a person with whom the corporation, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation, is not dealing at arm’s length, the aggregate of all amounts each of which is equal to the amount of an expenditure of a capital nature of the corporation, in respect of the qualified building, for the particular year or a preceding taxation year except where, in the case of an expenditure of a capital nature for a preceding taxation year, the expenditure of a capital



nature is or may be included in the amount of the corporation's qualified expenditure for a taxation year preceding the particular year, or

ii. if subparagraph i does not apply to the qualified corporation and the corporation acquired qualified property, for the purposes of Division II.6.14.2, in the taxation year preceding the particular year for a total amount of at least \$25,000, other than property acquired from a person with whom the corporation, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation, is not dealing at arm's length, the aggregate of all amounts each of which is equal to the amount of an expenditure of a capital nature of the corporation for the particular year, in respect of the qualified building;

(b) in the case of a qualified corporation that is associated with one or more other corporations in the particular year,

i. if the qualified corporation acquired qualified property in the particular year and the corporations with which it is so associated acquired qualified property in a taxation year that ends in the particular year, for the purposes of Division II.6.14.2, for a total amount of at least \$25,000 or if the qualified corporation and the corporations with which it is so associated acquired such property for a total amount of less than \$25,000 in the particular year or in a taxation year that ends in the particular year, as the case may be, or in the preceding taxation year or a taxation year that ends in the preceding taxation year, as the case may be, and the total amount for which such property was acquired by the corporations in those two years is at least \$25,000, other than property acquired from a person with whom the purchaser, a specified shareholder of the purchaser or, if the purchaser is a cooperative, a specified member of the purchaser, is not dealing at arm's length, the aggregate of all amounts each of which is equal to the amount of an expenditure of a capital nature of the corporation, in respect of the qualified building, for the particular year or a preceding taxation year except where, in the case of an expenditure of a capital nature for a preceding taxation year, the expenditure of a capital nature is or may be included in the amount of the corporation's qualified expenditure for a taxation year preceding the particular year, or

ii. if subparagraph i does not apply to the qualified corporation and the corporation acquired qualified property in the taxation year preceding the particular year and the corporations with which it is so associated acquired qualified property in a taxation year that ends in the taxation year preceding the particular year, for the purposes of Division II.6.14.2, for a total amount of at least \$25,000, other than property acquired from a person with whom the purchaser, a specified shareholder of the purchaser or, if the purchaser is a cooperative, a specified member of the purchaser, is not dealing at arm's length, the aggregate of all amounts each of which is equal to the amount of an expenditure of a capital nature of the corporation for the particular year, in respect of the qualified building; or

(c) in the case of a qualified partnership,

i. if in the particular fiscal period it acquired qualified property, for the purposes of Division II.6.14.2, for a total amount of at least \$25,000 or if it



acquired such property for a total amount of less than \$25,000 in the particular fiscal period or in the preceding fiscal period and the total amount for which such property was acquired by the partnership in those two fiscal periods is at least \$25,000, other than property acquired from a corporation that is a member of the partnership or from a person with whom such a corporation, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation, is not dealing at arm's length, the aggregate of all amounts each of which is equal to the amount of an expenditure of a capital nature of the partnership, in respect of the qualified building, for the particular fiscal period or a preceding fiscal period except where, in the case of an expenditure of a capital nature for a preceding fiscal period, the expenditure of a capital nature is or may be included in the amount of the partnership's qualified expenditure for a fiscal period preceding the particular fiscal period, or

ii. if subparagraph i does not apply to the qualified partnership and the partnership acquired qualified property, for the purposes of Division II.6.14.2, in the fiscal period preceding the particular fiscal period for a total amount of at least \$25,000, other than property acquired from a corporation that is a member of the partnership or from a person with whom such a corporation, a specified shareholder of the corporation or, if the corporation is a cooperative, a specified member of the corporation, is not dealing at arm's length, the aggregate of all amounts each of which is equal to the amount of an expenditure of a capital nature of the partnership for the particular fiscal period, in respect of the qualified building;

“qualified manufacturing corporation” has the meaning assigned by the first paragraph of section 1029.8.36.166.40;

“qualified manufacturing partnership” has the meaning assigned by the first paragraph of section 1029.8.36.166.40;

“qualified partnership” for a fiscal period means a partnership, other than an excluded partnership for the fiscal period, that, in the fiscal period, carries on a business in Québec and has an establishment in Québec;

“recognized business” has the meaning assigned by the first paragraph of section 737.18.14 or 737.18.17.1, as the case may be;

“specified member” of a corporation that is a cooperative, in a taxation year, means a member having, directly or indirectly, at any time in the year, at least 10% of the votes at a meeting of the members of the cooperative.

For the purposes of paragraph *b* of the definition of “qualified building” in the first paragraph, a building that is acquired in connection with the carrying out of a large investment project is deemed to be used in the course of carrying on a recognized business referred to in that paragraph that the corporation or partnership begins to carry on at a particular time and that relates to the large investment project, if the expenditures of a capital nature for its acquisition are incurred by the corporation or partnership in the period that begins at the beginning of the carrying out of the project and ends immediately before the particular time.

For the purposes of the definition of “expenditure of a capital nature” in the first paragraph, an expenditure that is included, at the end of a taxation year or fiscal period, in the capital cost of a building does not include an expenditure so included under section 180 or 182.

For the purposes of the definitions of “aluminum producing corporation” and “oil refining corporation” in the first paragraph, the rules set out in subparagraphs *b* and *c* of the second paragraph of section 1029.8.36.166.60.6 apply for the purpose of determining whether a corporation is associated with a partnership or a trust at any time.

**“1029.8.36.166.60.2.** For the purposes of this division, the balance of a qualified corporation’s cumulative limit for a particular taxation year is equal,

(*a*) if the qualified corporation is not associated with another corporation in the particular year, to the amount by which \$150,000 exceeds the amount by which the aggregate of all amounts each of which is the qualified corporation’s qualified expenditure, in respect of a qualified building, for a taxation year preceding the particular year, or its share of a partnership’s qualified expenditure, in respect of a qualified building, for a fiscal period of the partnership that ends in such a preceding taxation year, in respect of which an amount is deemed to have been paid to the Minister by the corporation for the preceding year under section 1029.8.36.166.60.8 or 1029.8.36.166.60.9, as the case may be, exceeds the amount determined in accordance with the fifth paragraph; or

(*b*) if the qualified corporation is associated with one or more other corporations in the particular year, to the amount attributed for the particular year to the qualified corporation pursuant to the agreement described in the second paragraph and filed with the Minister in the prescribed form or, if no amount is attributed to the qualified corporation pursuant to that agreement or in the absence of such an agreement, to zero or to the amount attributed to it by the Minister, if applicable, for the particular year in accordance with this division.

The agreement to which subparagraph *b* of the first paragraph refers, in respect of a particular taxation year of the qualified corporation, is the agreement under which all the corporations that are associated with each other in the particular taxation year attribute, for the purposes of this section, to one or more of their number one or more amounts the total of which is not greater than the amount by which \$150,000 exceeds the amount by which the aggregate of the following amounts exceeds the amount determined in accordance with the sixth paragraph, where each of those amounts is

(*a*) the qualified expenditure of a corporation that is a member of the group of corporations associated with each other in the particular year, in respect of a qualified building, for a taxation year that ends before the beginning of the particular year, in relation to which an amount is deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.60.8; or

(*b*) the share of a corporation that is a member of the group of corporations associated with each other in the particular year of the qualified expenditure

of a partnership, in respect of a qualified building, for a fiscal period of the partnership that ends in a taxation year of the corporation that ends before the beginning of the particular year, in relation to which an amount is deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.60.9.

If the aggregate of the amounts attributed, in respect of a taxation year, in an agreement described in the second paragraph and entered into with the corporations that are associated with each other in the particular year is greater than the first excess amount referred to in that paragraph, the amount determined under subparagraph *b* of the first paragraph in respect of each of those corporations for that taxation year is deemed, for the purposes of this section, to be equal to the proportion of that excess amount that that amount is of the aggregate of the amounts attributed for that year in the agreement.

For the purposes of subparagraph *a* of the first paragraph and subparagraph *b* of the second paragraph, a corporation's share of the qualified expenditure, in respect of a qualified building, of a partnership for a fiscal period is equal to the agreed proportion of that expenditure in respect of the corporation for the fiscal period.

The amount to which subparagraph *a* of the first paragraph refers is equal to the aggregate of all amounts each of which is the product obtained by multiplying a tax that the corporation is required to pay for the particular taxation year or a preceding taxation year under Part III.10.9.2.1 in respect of a qualified expenditure of the corporation or the corporation's share of a qualified expenditure of a partnership of which it is a member, in relation to which the corporation is deemed to have paid an amount to the Minister under this division for a taxation year preceding the particular year, by the reciprocal of the rate determined in respect of the corporation under section 1029.8.36.166.60.10 for that preceding taxation year in relation to the corporation's qualified expenditure or the corporation's share of the qualified expenditure of the partnership, as the case may be.

The amount to which the second paragraph refers is equal to the aggregate of all amounts each of which is the product obtained by multiplying a tax that a corporation that is a member of the group of associated corporations referred to in the second paragraph is required to pay for the particular taxation year or a preceding taxation year under Part III.10.9.2.1 in respect of a qualified expenditure of the corporation or the corporation's share of a qualified expenditure of a partnership of which it is a member, in relation to which the corporation is deemed to have paid an amount to the Minister under this division for a preceding taxation year, by the reciprocal of the rate determined in respect of the corporation under section 1029.8.36.166.60.10 for that preceding taxation year in relation to the corporation's qualified expenditure or the corporation's share of the qualified expenditure of the partnership, as the case may be.

**“1029.8.36.166.60.3.** If a corporation associated with one or more other corporations in a taxation year fails to file with the Minister an agreement for the purposes of this division within 30 days after notice in writing by the

Minister has been sent to any of the corporations so associated with each other that such an agreement is required for the purposes of any assessment of tax under this Part, the Minister shall, for the purposes of this division, attribute for the taxation year an amount to one or more of the corporations so associated, which amount or the aggregate of which amounts must be equal to the first excess amount referred to in the second paragraph of section 1029.8.36.166.60.2 and determined for the year; in any such case, the balance of the cumulative limit of each of those corporations for the year is equal to the amount so attributed to it.

**“1029.8.36.166.60.4.** For the purposes of this division, the balance of a qualified partnership’s cumulative limit for a fiscal period is equal to the amount by which \$150,000 exceeds the aggregate of all amounts each of which is the amount by which the qualified partnership’s qualified expenditure, in respect of a qualified building, for a preceding fiscal period exceeds the amount of any government assistance, non-government assistance, benefit or advantage attributable to that expenditure, that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period.

**“1029.8.36.166.60.5.** The paid-up capital of a corporation for a particular taxation year is equal,

(a) where the corporation is not a member of an associated group in the particular year, to its paid-up capital, determined in accordance with the second paragraph, for the taxation year preceding the particular year; and

(b) where the corporation is a member of an associated group in the particular year, to the aggregate of all amounts each of which is its paid-up capital, determined in accordance with the second paragraph, for the taxation year preceding the particular year, and the paid-up capital of each other member of the group, determined in accordance with the second paragraph, for its last taxation year that ended before the beginning of the particular year.

For the purposes of this section,

(a) the paid-up capital of a corporation for a taxation year is

i. in respect of a corporation, except a corporation that is an insurer within the meaning assigned by the Act respecting insurance (chapter A-32), its paid-up capital that would be determined for that year in accordance with Book III of Part IV if no reference were made to section 1138.2.6, and

ii. in respect of a corporation that is an insurer within the meaning assigned by the Act respecting insurance, its paid-up capital that would be determined for that year in accordance with Title II of Book III of Part IV if it were a bank and paragraph *a* of section 1140 were replaced by paragraph *a* of subsection 1 of section 1136;

(b) a business carried on by an individual who is a member of an associated group in a taxation year is deemed to be carried on by a corporation referred to in subparagraph i of subparagraph *a* and a partnership or a trust which is a member of an associated group in a taxation year is deemed to be a corporation referred to in subparagraph i of subparagraph *a*, the paid-up capital of which is determined in accordance with Title I of Book III of Part IV but without reference to paragraph *b.1.2* of section 1137 and any participating interest of which in the nature of capital stock or surplus is deemed to be referred to in paragraph *a* or *b* of subsection 1 of section 1136; and

(c) the interest of a member of an associated group in a taxation year in another member of that group is deemed to be an investment in shares and bonds of another corporation.

For the purposes of subparagraph *a* of the first paragraph, where the particular year is the first fiscal period of the corporation, its paid-up capital is determined, in accordance with the second paragraph, on the basis of its financial statements prepared at the beginning of that fiscal period in accordance with generally accepted accounting principles or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles.

For the purposes of subparagraph *b* of the first paragraph, where a member of the associated group, other than the corporation, has no taxation year ending before the beginning of the particular year, its paid-up capital is determined, in accordance with the second paragraph, on the basis of its financial statements prepared at the beginning of its first fiscal period in accordance with generally accepted accounting principles or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles.

**“1029.8.36.166.60.6.** An associated group in a taxation year means all the corporations that are associated with each other at any given time in the year.

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

(a) a business carried on by an individual, other than a trust, is deemed to be carried on by a corporation all the voting shares in the capital stock of which are owned at the given time by the individual;

(b) a partnership is deemed to be a corporation whose taxation year corresponds to the partnership's fiscal period and all the voting shares in the capital stock of which are owned at the given time by each member of the partnership in a proportion equal to the agreed proportion in respect of the member for the partnership's fiscal period that includes that time; and

(c) a trust is deemed to be a corporation all the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries (in this subparagraph *c* referred to as the “distribution date”) and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) if such a beneficiary’s share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and if the given time occurs before the distribution date, are owned at that time by the beneficiary, or

(2) if subparagraph 1 does not apply and the given time occurs before the distribution date, are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. if a beneficiary’s share of the accumulating income or of the capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at the given time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at the given time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at the given time by the person referred to in that section from whom property of the trust or property for which property of the trust was substituted was directly or indirectly received.

**“1029.8.36.166.60.7.** If it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a taxation year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division for that year or to increase an amount that a qualified corporation is deemed to have paid to the Minister under this division for that year, those corporations are deemed, for the purposes of this division, to be associated with each other in the year.

“§2. — *Credits*

**“1029.8.36.166.60.8.** A qualified corporation for a taxation year that encloses the documents referred to in the fourth paragraph with the fiscal

return it is required to file for the year under section 1000 is deemed, subject to the third paragraph and section 1029.8.36.166.60.11, to have paid to the Minister on the qualified corporation's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of all amounts each of which is equal to the product obtained by multiplying the corporation's qualified expenditure for the year, in respect of a qualified building, by the rate determined in relation to that qualified expenditure under section 1029.8.36.166.60.10.

The aggregate of all amounts each of which is a corporation's qualified expenditure for a taxation year, in respect of a qualified building, may not exceed the amount that is the amount by which the balance of its cumulative limit for the year exceeds the aggregate of all amounts each of which is the corporation's share of the qualified expenditure of a qualified partnership, in respect of a qualified building, for a fiscal period that ends in the taxation year, in respect of which the corporation is deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.60.9.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1159.7, 1175 and 1175.19 where those sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

The documents to which the first paragraph refers are the following:

(*a*) the prescribed form containing prescribed information; and

(*b*) a copy of the agreement described in section 1029.8.36.166.60.2, if applicable.

**“1029.8.36.166.60.9.** A qualified corporation for a taxation year that is a member of a qualified partnership at the end of a particular fiscal period of the qualified partnership that ends in the year and that encloses the documents referred to in the sixth paragraph with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the fourth paragraph and



section 1029.8.36.166.60.11, to have paid to the Minister on the qualified corporation's balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the aggregate of all amounts each of which is equal to the product obtained by multiplying the corporation's share of the qualified expenditure of such a qualified partnership, in respect of a qualified building, for such a particular fiscal period by the rate determined in relation to its share of the qualified expenditure under section 1029.8.36.166.60.10.

For the purposes of the first paragraph, the aggregate of all amounts each of which is the amount of a qualified partnership's qualified expenditure, in respect of a qualified building, for a fiscal period may not exceed the balance of the partnership's cumulative limit for that fiscal period.

The aggregate of all amounts each of which is a corporation's share of a qualified partnership's qualified expenditure, in respect of a qualified building, for a fiscal period of the partnership that ends in a taxation year of the corporation may not exceed the amount that is the amount by which the balance of the corporation's cumulative limit for the taxation year exceeds the aggregate of all amounts each of which is the corporation's qualified expenditure, in respect of a qualified building, for the year in respect of which the corporation is deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.60.8.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1159.7, 1175 and 1175.19 where those sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(*a*) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(*b*) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Despite the definition of "qualified expenditure" in the first paragraph of section 1029.8.36.166.60.1 and for the purpose of applying this section to a qualified corporation referred to in the first paragraph, the qualified expenditure for a particular fiscal period, in respect of a qualified building, of a qualified partnership of which the corporation is a member does not include

(*a*) the expenditure of a capital nature that would otherwise be included in the qualified expenditure because of subparagraph ii of paragraph *b* of the



definition of “expenditure of a capital nature” in the first paragraph of section 1029.8.36.166.60.1 and that is incurred in a fiscal period of the partnership preceding the particular fiscal period and ends in a taxation year for which the corporation was not a qualified corporation; or

(b) the expenditure of a capital nature that would otherwise be included in the qualified expenditure because of subparagraph iii of paragraph *b* of the definition of “expenditure of a capital nature” in the first paragraph of section 1029.8.36.166.60.1 and that is incurred in a fiscal period of the partnership that ends in a taxation year for which the corporation was not a qualified corporation.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing prescribed information; and

(b) a copy of the agreement described in section 1029.8.36.166.60.2, if applicable.

For the purposes of this section, the share of a member of a partnership of an amount for a fiscal period is equal to the agreed proportion of the amount in respect of the member for that fiscal period.

**“1029.8.36.166.60.10.** The rate to which the first paragraph of sections 1029.8.36.166.60.8 and 1029.8.36.166.60.9 refers, in relation to a qualified corporation’s qualified expenditure or such a corporation’s share of the qualified expenditure of a qualified partnership, in respect of a qualified building, for a particular taxation year is,

(a) if the qualified building is situated in an administrative region referred to in any of subparagraphs iv to vii of paragraph *a* of the definition of “resource region” in the first paragraph of section 1029.8.36.166.40, the rate determined by the formula

$$50\% - [50\% \times (A - \$15,000,000)/\$5,000,000];$$

(b) if the qualified building is situated in one of the regional county municipalities referred to in subparagraphs i.2, i.3 and ii.2 of paragraph *b* of the definition of “resource region” in the first paragraph of section 1029.8.36.166.40 and

i. the corporation is not deemed to have paid an amount to the Minister for the particular taxation year under Division II.6.6.6.1, and is not associated, in the particular taxation year, with another corporation that is deemed to have paid an amount to the Minister under that Division II.6.6.6.1, for a taxation year that ends in the particular taxation year, the rate determined by the formula

$$45\% - [45\% \times (A - \$15,000,000)/\$5,000,000], \text{ or}$$

ii. subparagraph i does not apply to the corporation, the rate determined by the formula

$$40\% - [40\% \times (A - \$15,000,000)/\$5,000,000];$$

(c) if the qualified building is situated in an administrative region referred to in subparagraph ii or iii of paragraph *a* of the definition of “resource region” in the first paragraph of section 1029.8.36.166.40 or in any of the regional county municipalities referred to in subparagraphs i, i.1, ii, ii.1 and iii to vi of paragraph *b* of that definition and

i. the corporation is not deemed to have paid an amount to the Minister for the particular taxation year under Division II.6.6.6.1, and is not associated, in the particular taxation year, with another corporation that is deemed to have paid an amount to the Minister under that Division II.6.6.6.1, for a taxation year that ends in the particular taxation year, the rate determined by the formula

$$35\% - [35\% \times (A - \$15,000,000)/\$5,000,000], \text{ or}$$

ii. subparagraph i does not apply to the corporation, the rate determined by the formula

$$30\% - [30\% \times (A - \$15,000,000)/\$5,000,000]; \text{ and}$$

(d) in any other case, the rate determined by the formula

$$20\% - [20\% \times (A - \$15,000,000)/\$5,000,000].$$

In the formulas in the first paragraph, *A* is the greater of

(a) \$15,000,000; and

(b) the lesser of \$20,000,000 and the corporation’s paid-up capital for the year, determined in accordance with section 1029.8.36.166.60.5.

**“1029.8.36.166.60.11.** No amount may be deemed to have been paid to the Minister by a qualified corporation for a taxation year under section 1029.8.36.166.60.8 or 1029.8.36.166.60.9 in respect of a qualified building where, otherwise than by reason of its involuntary destruction by fire, theft or water,

(a) the qualified building is disposed of before the building begins to be used in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1;

(b) the qualified corporation did not use the qualified building in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 at any time in the 48-month period that begins on the day after the last day of the taxation year where, for the first

time, the qualified corporation incurred an expenditure of a capital nature in respect of the qualified building; or

(c) the qualified partnership did not use the qualified building in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 at any time in the 48-month period that begins on the day after the last day of the fiscal period where, for the first time, the qualified partnership incurred an expenditure of a capital nature in respect of the qualified building.

Where a qualified corporation or a qualified partnership has begun to use a qualified building in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 within a 48-month period following the last day of the taxation year or fiscal period, as the case may be, where, for the first time, it incurred an expenditure of a capital nature in respect of the qualified building and, otherwise than by reason of its involuntary destruction by fire, theft or water, it disposes of the qualified building or ceases to use it in a manner consistent with that paragraph *b*, at any given time in the 48-month period that begins on the day on which that use began, the amount deemed to have been paid to the Minister for a taxation year under section 1029.8.36.166.60.8 or 1029.8.36.166.60.9 in respect of the qualified building is deemed, for the purposes of that section, to be equal to the proportion of the amount otherwise determined that the number of months in the period that begins on the day on which the use began and that ends at the given time is of 48.

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

(a) a month means a period that begins on a particular day in a calendar month and that ends

i. on the day immediately before the day in the following calendar month that has the same calendar number as the particular day, or

ii. where the following calendar month does not have a day that has the same calendar number on the particular day, on the last day of the following month;

(b) a qualified building is deemed to be used in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 for an entire month if the building is so used for more than 15 days in the month;

(c) a qualified building that temporarily ceases to be used in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 is deemed to be used in a manner consistent with that paragraph *b* if the Minister is of the opinion that the use ceased for reasonable grounds; and

(d) where the qualified corporation disposes of a qualified building to a corporation with which it is associated at the time of the disposition, the qualified building is deemed not to have been disposed of at that time and the qualified corporation is deemed, from that time and for the purposes of this subparagraph, to be the same person as the purchaser of the qualified building.

**“1029.8.36.166.60.12.** For the purposes of this division, a corporation or a partnership deemed to have acquired a property at a particular time under paragraph *b* of section 125.1 is deemed to have acquired the property at that time at a cost of acquisition, incurred and paid at that time, equal to the fair market value of the property at that time, and to own the property from that time to the time at which it is deemed to dispose of the property under paragraph *f* of that section 125.1.

*“§3. — Government assistance, non-government assistance and other particulars*

**“1029.8.36.166.60.13.** For the purpose of computing the amount that is deemed to have been paid to the Minister by a corporation, for a taxation year, under section 1029.8.36.166.60.8 or 1029.8.36.166.60.9, the following rules apply:

(a) the corporation’s qualified expenditure referred to in the first paragraph of section 1029.8.36.166.60.8 is to be reduced by the amount of any government assistance or non-government assistance attributable to the expenditure that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation’s filing-due date for the taxation year; and

(b) the corporation’s share of the qualified expenditure of a partnership referred to in the first paragraph of section 1029.8.36.166.60.9, for a fiscal period of the partnership that ends in the corporation’s taxation year, is to be reduced

i. by the corporation’s share of the amount of any government assistance or non-government assistance attributable to the expenditure that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of any government assistance or non-government assistance attributable to the expenditure that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period.

For the purposes of subparagraph i of subparagraph *b* of the first paragraph, the corporation’s share, for the partnership’s fiscal period, of the amount of any government assistance or non-government assistance that the partnership has received, is entitled to receive or may reasonably expect to receive, is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

**“1029.8.36.166.60.14.** If, before 1 January 2020, a corporation pays in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *a* of the first paragraph of section 1029.8.36.166.60.13, the corporation’s qualified expenditure in respect of a qualified building for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.60.8 in respect of the expenditure, for a particular taxation year, the corporation is deemed to have paid to the Minister on its balance-due day for the repayment year, on account of its tax payable for that year under this Part, if the corporation encloses the prescribed form containing prescribed information with the fiscal return it is required to file under section 1000, for the repayment year, an amount equal to the amount by which the amount that the corporation would be deemed to have paid to the Minister, in respect of the qualified expenditure, under section 1029.8.36.166.60.8 for the particular year, if the particular amount that is the lesser of the aggregate of all amounts each of which is an amount of assistance so repaid at or before the end of the repayment year and the balance of the corporation’s cumulative limit for the repayment year, had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.60.13, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister in respect of the qualified expenditure under section 1029.8.36.166.60.8 for the particular year; and

(*b*) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year, in respect of an amount of repayment of that assistance.

The particular amount to which the first paragraph refers is deemed, for the purpose of determining, other than for the purposes of this section, the balance of the corporation’s cumulative limit for the repayment year and a subsequent taxation year, to be a qualified expenditure of the corporation in respect of the qualified building for a taxation year preceding the repayment year.

**“1029.8.36.166.60.15.** If, before 1 January 2020, a partnership pays, in a fiscal period (in this section referred to as the “fiscal period of repayment”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.166.60.13, a corporation’s share of the qualified expenditure of the partnership in respect of a qualified building for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.60.9, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation’s balance-due day for its taxation year in which the fiscal period

of repayment ends, on account of its tax payable for that year under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the aggregate of all amounts each of which is a particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister, in respect of the share, under section 1029.8.36.166.60.9 for its taxation year in which the particular fiscal period ends, exceeds the aggregate of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister, in respect of the qualified expenditure of the partnership in respect of the qualified building, under section 1029.8.36.166.60.9 for its taxation year in which the particular fiscal period ends, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The particular amount to which the first paragraph refers is to be computed as if

(a) the lesser of the corporation's share of any amount of assistance repaid at or before the end of the fiscal period of repayment and the balance of the corporation's cumulative limit for its taxation year in which the fiscal period of repayment ended reduced, for the particular fiscal period, the corporation's share of the amount of any government assistance or non-government assistance referred to in subparagraph *i* of subparagraph *b* of the first paragraph of section 1029.8.36.166.60.13; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The amount determined in accordance with subparagraph *a* of the second paragraph is deemed, for the purpose of determining, other than for the purposes of this section, the balance of the corporation's cumulative limit for the taxation year in which the fiscal period of repayment ends and a subsequent taxation year, to be the corporation's share of a qualified expenditure of the partnership in respect of a qualified building, for a fiscal period of the partnership that ends in a taxation year of the corporation preceding the taxation year in which the fiscal period of repayment ends.

For the purposes of subparagraph *a* of the second paragraph, the corporation's share for the partnership's fiscal period of any amount of assistance repaid is equal to the agreed proportion of the amount in respect of the corporation for the fiscal period.

**“1029.8.36.166.60.16.** If, before 1 January 2020, a corporation is a member of a partnership at the end of a fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) and pays, in the fiscal period of repayment, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.166.60.13, its share of the qualified expenditure of the partnership in respect of a qualified building for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.60.9, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the aggregate of all amounts each of which is a particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister, in respect of the share, under section 1029.8.36.166.60.9 for its taxation year in which the particular fiscal period ends, exceeds the aggregate of

(*a*) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister, in respect of the share, under section 1029.8.36.166.60.9 for its taxation year in which the particular fiscal period ends, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(*b*) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The particular amount to which the first paragraph refers is to be computed as if

(*a*) the lesser of any amount of assistance repaid at or before the end of the fiscal period of repayment and the balance of the corporation's cumulative limit for its taxation year in which the fiscal period of repayment ended reduced, for the particular fiscal period, the amount of any government assistance or non-



government assistance referred to in subparagraph ii of subparagraph *b* of the first paragraph of section 1029.8.36.166.60.13; and

(*b*) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The amount determined in accordance with subparagraph *a* of the second paragraph is deemed, for the purpose of determining, other than for the purposes of this section, the balance of the corporation's cumulative limit for the taxation year in which the fiscal period of repayment ends and a subsequent taxation year, to be the corporation's share of a qualified expenditure of the partnership in respect of a qualified building, for a fiscal period of the partnership that ends in a taxation year of the corporation preceding the taxation year in which the fiscal period of repayment ends.

**“1029.8.36.166.60.17.** For the purposes of sections 1029.8.36.166.60.14 to 1029.8.36.166.60.16, an amount of assistance is deemed to be repaid by a corporation or a partnership at a particular time, pursuant to a legal obligation, if that amount

(*a*) reduced, because of section 1029.8.36.166.60.13, the qualified expenditure or the share of a corporation that is a member of the partnership in such an expenditure, for the purpose of computing the amount that the corporation or the corporation that is a member of the partnership is deemed to have paid to the Minister for a taxation year under section 1029.8.36.166.60.8 or 1029.8.36.166.60.9;

(*b*) was not received by the corporation or partnership; and

(*c*) ceased at the particular time to be an amount that the corporation or partnership may reasonably expect to receive.

**“1029.8.36.166.60.18.** If, in respect of a qualified expenditure of a qualified corporation or of a qualified partnership, in respect of a qualified building, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to the acquisition of the qualified building, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(*a*) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.166.60.8 by the qualified corporation, the amount of the qualified expenditure is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation's filing-due date for the taxation year; and



(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.166.60.9 by a qualified corporation that is a member of the qualified partnership, the corporation's share, for a fiscal period of the partnership that ends in the taxation year, of the amount of the qualified expenditure, is to be reduced

i. by the corporation's share, for the fiscal period, of the amount of the benefit or advantage that the person or partnership, other than a person referred to in subparagraph ii, has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of the benefit or advantage that the qualified corporation or a person with whom it does not deal at arm's length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period.

For the purposes of subparagraph i of subparagraph b of the first paragraph, the share, for a fiscal period of a qualified partnership, of a qualified corporation that is a member of the qualified partnership of the amount of the benefit or advantage that the partnership, or a person referred to in that subparagraph i, has obtained, is entitled to obtain or may reasonably expect to obtain, is equal to the agreed proportion of the amount in respect of the qualified corporation for the fiscal period.

#### “DIVISION II.6.14.2.2

#### “CREDIT RELATING TO INFORMATION TECHNOLOGY INTEGRATION

“§1.—*Interpretation and general rules*

“**1029.8.36.166.60.19.** In this division,

“aluminum producing corporation” for a taxation year means a corporation that, at any time in the year after 7 October 2013, carries on an aluminum producing business or is the owner or lessee of property used in the course of carrying on such a business by another corporation, a partnership or a trust, with which the corporation is associated;

“associated group” has the meaning assigned by section 1029.8.36.166.60.24;

“eligible expenses” of a qualified corporation for a particular taxation year or of a qualified partnership for a particular fiscal period, in relation to an eligible information technology integration contract, means

(a) for a qualified corporation, the aggregate of the following amounts incurred after 7 October 2013 and before 1 January 2018:

i. if the corporation is a qualified manufacturing corporation for the particular taxation year, the cost of the contract, to the extent that it is reasonable in the circumstances, that can reasonably be attributed to the activities specified in the certificate issued to the corporation in respect of the contract, other than an activity described in the second paragraph, that constitute, according to the certificate, the supply of a qualified management software package, provided the supply is intended to be used mainly in Québec in the course of a business carried on by the corporation in Québec, that is incurred by the corporation in the particular taxation year and that is paid in the particular year,

ii. the amount by which the cost referred to in subparagraph i that is incurred by the corporation in the particular taxation year or in a preceding taxation year for which the corporation is a qualified manufacturing corporation and that is 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 that cost that is included in the corporation's eligible expenses in respect of which the corporation is deemed to have paid an amount to the Minister under section 1029.8.36.166.60.27 for a taxation year preceding the particular year, and

iii. the cost referred to in subparagraph i that is incurred by the corporation and that is paid in the particular taxation year, if it is paid more than 18 months after the end of the taxation year in which it was incurred and for which the corporation was a qualified manufacturing corporation; and

(b) for a qualified partnership, the aggregate of the following amounts incurred after 7 October 2013 and before 1 January 2018:

i. if the partnership is a qualified manufacturing partnership for the particular fiscal period, the cost of the contract, to the extent that it is reasonable in the circumstances, that can reasonably be attributed to the activities specified in the certificate issued to the partnership in respect of the contract, other than an activity described in the second paragraph, that constitute, according to the certificate, the supply of a qualified management software package, provided the supply is intended to be used mainly in Québec in the course of a business carried on by the partnership in Québec, that is incurred by the partnership in the particular fiscal period and that is paid in the particular fiscal period,

ii. the amount by which the cost referred to in subparagraph i that is incurred by the partnership in the particular fiscal period or in a preceding fiscal period for which the partnership is a qualified manufacturing partnership and that is 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 that cost that is included in the partnership's eligible expenses in respect of which a member of the partnership would be deemed to have paid an amount to the Minister under section 1029.8.36.166.60.28 for a taxation year preceding the year in which the particular fiscal period ends, if that section were read without reference to subparagraph b of its first paragraph and, in the case where the member was not a qualified corporation

for that preceding taxation year, the member had been a qualified corporation for that preceding taxation year, and

iii. the cost referred to in subparagraph i that is incurred by the partnership and that is paid in the particular fiscal period, if it is paid more than 18 months after the end of the fiscal period in which it was incurred and for which the partnership was a qualified manufacturing partnership;

“eligible information technology integration contract” of a qualified corporation or a qualified partnership means a contract entered into by the corporation or partnership in respect of which a certificate has been issued by Investissement Québec for the purposes of this division;

“excluded corporation” for a taxation year means

(a) a corporation that is exempt from tax for the year under Book VIII, other than an insurer referred to in paragraph *k* of section 998 that is not so exempt from tax on all of its taxable income for the year because of section 999.0.1;

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

(c) an aluminum producing corporation for the year; or

(d) an oil refining corporation for the year;

“excluded partnership” for a fiscal period means a partnership that, at any time in the fiscal period after 7 October 2013, carries on an aluminum producing business or an oil refining business;

“oil refining corporation” for a taxation year means a corporation that, at any time in the year after 7 October 2013, carries on an oil refining business or is the owner or lessee of property used in the course of carrying on such a business by another corporation, a partnership or a trust, with which the corporation is associated;

“qualified corporation” for a taxation year means a corporation, other than an excluded corporation for the year, that, in the year, carries on a business in Québec and has an establishment in Québec;

“qualified manufacturing corporation” for a taxation year has the meaning assigned by the first paragraph of section 1029.8.36.166.40;

“qualified manufacturing partnership” for a fiscal period has the meaning assigned by the first paragraph of section 1029.8.36.166.40;

“qualified partnership” for a fiscal period means a partnership, other than an excluded partnership for the fiscal period, that, in the fiscal period, carries on a business in Québec and has an establishment in Québec.

An activity to which the definition of “eligible expenses” in the first paragraph refers means an activity that is specified in a certificate issued to a corporation or a partnership, as the case may be, in respect of an eligible information technology integration contract and that can reasonably be attributed to general-purpose electronic data processing equipment and the related system software, including the ancillary data processing equipment, in respect of which the corporation or a member of the partnership may, for a taxation year, be deemed to have paid an amount to the Minister under Division II.6.14.2.

For the purposes of the definitions of “aluminum producing corporation” and “oil refining corporation” in the first paragraph, the rules set out in subparagraphs *b* and *c* of the second paragraph of section 1029.8.36.166.60.24 apply for the purpose of determining whether a corporation is associated with a partnership or a trust at any time.

**“1029.8.36.166.60.20.** For the purposes of this division, the balance of a qualified corporation’s cumulative limit for a particular taxation year is equal,

(*a*) if the qualified corporation is not associated with another corporation in the particular year, to the amount by which \$312,500 exceeds the amount by which the aggregate of all amounts each of which is the qualified corporation’s eligible expenses, in relation to an eligible information technology integration contract, for a taxation year preceding the particular year, or its share of a qualified partnership’s eligible expenses, in relation to an eligible information technology integration contract, for a fiscal period of the partnership that ends in a taxation year preceding the particular year, in respect of which an amount is deemed to have been paid to the Minister by the corporation for the preceding year under section 1029.8.36.166.60.27 or 1029.8.36.166.60.28, as the case may be, exceeds the amount determined in accordance with the fourth paragraph; or

(*b*) if the qualified corporation is associated with one or more other corporations in the particular year, to the amount attributed for the particular year to the qualified corporation pursuant to the agreement described in the second paragraph and filed with the Minister in the prescribed form or, if no amount is attributed to the qualified corporation pursuant to that agreement or in the absence of such an agreement, to zero or to the amount attributed to it by the Minister, if applicable, for the particular year in accordance with this division.

The agreement to which subparagraph *b* of the first paragraph refers, in respect of a particular taxation year of the qualified corporation, is the agreement under which all the corporations that are associated with each other in the particular taxation year attribute, for the purposes of this section, to one or more of their number, one or more amounts the total of which is not greater than the amount by which \$312,500 exceeds the amount by which the aggregate

of the following amounts exceeds the amount determined in accordance with the fifth paragraph, where each of those amounts is

(a) the eligible expenses of a corporation that is a member of the group of corporations associated with each other in the particular year, in relation to an eligible information technology integration contract, for a taxation year that ends before the beginning of the particular year, in respect of which an amount is deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.60.27; or

(b) the share of a corporation that is a member of the group of corporations associated with each other in the particular year, of the eligible expenses of a qualified partnership, in relation to an eligible information technology integration contract, for a fiscal period of the partnership that ends in a taxation year of the corporation that ends before the beginning of the particular year, in respect of which an amount is deemed to have been paid to the Minister by the corporation under section 1029.8.36.166.60.28.

If the aggregate of the amounts attributed, in respect of a taxation year, in an agreement described in the second paragraph and entered into with the corporations that are associated with each other in the year is greater than the first excess amount referred to in that paragraph, the amount determined under subparagraph *b* of the first paragraph in respect of each of those corporations for that taxation year is deemed, for the purposes of this section, to be equal to the proportion of that excess amount that that amount is of the aggregate of the amounts attributed for that year in the agreement.

The amount to which subparagraph *a* of the first paragraph refers is equal to the aggregate of all amounts each of which is the product obtained by multiplying a tax that the corporation is required to pay for the particular taxation year or a preceding taxation year under Part III.10.9.2.2 in relation to eligible expenses of the corporation or the corporation's share of the eligible expenses of a partnership of which the corporation is a member, in respect of which the corporation is deemed to have paid an amount to the Minister under this division for a taxation year preceding the particular year, by the reciprocal of the rate determined in respect of the corporation under section 1029.8.36.166.60.29 for that preceding taxation year.

The amount to which the second paragraph refers is equal to the aggregate of all amounts each of which is the product obtained by multiplying a tax that a corporation that is a member of the group of associated corporations referred to in the second paragraph is required to pay for the particular taxation year or a preceding taxation year under Part III.10.9.2.2 in relation to eligible expenses of the corporation or the corporation's share of the eligible expenses of a partnership of which the corporation is a member, in respect of which the corporation is deemed to have paid an amount to the Minister under this division for a preceding taxation year, by the reciprocal of the rate determined in respect of the corporation under section 1029.8.36.166.60.29 for that preceding taxation year.

**“1029.8.36.166.60.21.** If a corporation associated with one or more other corporations in a taxation year fails to file with the Minister an agreement for the purposes of this division within 30 days after notice in writing by the Minister has been sent to any of the corporations so associated with each other that such an agreement is required for the purposes of any assessment of tax under this Part, the Minister shall, for the purposes of this division, attribute for the taxation year an amount to one or more of the corporations so associated, which amount or the aggregate of which amounts must be equal to the first excess amount referred to in the second paragraph of section 1029.8.36.166.60.20 and determined for the year; in any such case, the balance of the cumulative limit of each of those corporations for the year is equal to the amount so attributed to it.

**“1029.8.36.166.60.22.** For the purposes of this division, the balance of a qualified partnership’s cumulative limit for a particular fiscal period is equal to the amount by which \$312,500 exceeds the aggregate of all amounts each of which is the amount by which the qualified partnership’s eligible expenses, in relation to an eligible information technology integration contract, for a preceding fiscal period exceeds the amount of any government assistance, non-government assistance, benefit or advantage attributable to those expenses, that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period.

**“1029.8.36.166.60.23.** The paid-up capital of a corporation for a particular taxation year is equal,

(a) where the corporation is not a member of an associated group in the particular year, to its paid-up capital, determined in accordance with the second paragraph, for the taxation year preceding the particular year; and

(b) where the corporation is a member of an associated group in the particular year, to the aggregate of all amounts each of which is its paid-up capital, determined in accordance with the second paragraph, for the taxation year preceding the particular year, and the paid-up capital of each other member of the group, determined in accordance with the second paragraph, for its last taxation year that ended before the beginning of the particular year.

For the purposes of this section,

(a) the paid-up capital of a corporation for a taxation year is

i. in respect of a corporation, except a corporation that is an insurer within the meaning assigned by the Act respecting insurance (chapter A-32), its paid-up capital that would be determined for that year in accordance with Book III of Part IV if no reference were made to section 1138.2.6, and

ii. in respect of a corporation that is an insurer within the meaning assigned by the Act respecting insurance, its paid-up capital that would be determined

for that year in accordance with Title II of Book III of Part IV if it were a bank and paragraph *a* of section 1140 were replaced by paragraph *a* of subsection 1 of section 1136;

(*b*) a business carried on by an individual who is a member of an associated group in a taxation year is deemed to be carried on by a corporation referred to in subparagraph *i* of subparagraph *a* and a partnership or a trust which is a member of an associated group in a taxation year is deemed to be a corporation referred to in subparagraph *i* of subparagraph *a*, the paid-up capital of which is determined in accordance with Title I of Book III of Part IV but without reference to paragraph *b.1.2* of section 1137 and any participating interest of which in the nature of capital stock or surplus is deemed to be referred to in paragraph *a* or *b* of subsection 1 of section 1136; and

(*c*) the interest of a member of an associated group in a taxation year in another member of that group is deemed to be an investment in shares and bonds of another corporation.

For the purposes of subparagraph *a* of the first paragraph, where the particular year is the first fiscal period of the corporation, its paid-up capital is determined, in accordance with the second paragraph, on the basis of its financial statements prepared at the beginning of that fiscal period in accordance with generally accepted accounting principles or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles.

For the purposes of subparagraph *b* of the first paragraph, where a member of the associated group, other than the corporation, has no taxation year ending before the beginning of the particular year, its paid-up capital is determined, in accordance with the second paragraph, on the basis of its financial statements prepared at the beginning of its first fiscal period in accordance with generally accepted accounting principles or, where such financial statements have not been prepared, or have not been prepared in accordance with generally accepted accounting principles, on the basis of such financial statements that would be prepared in accordance with generally accepted accounting principles.

**“1029.8.36.166.60.24.** An associated group in a taxation year means all the corporations that are associated with each other at any given time in the year.

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

(*a*) a business carried on by an individual, other than a trust, is deemed to be carried on by a corporation all the voting shares in the capital stock of which are owned at the given time by the individual;

(*b*) a partnership is deemed to be a corporation whose taxation year corresponds to the partnership’s fiscal period and all the voting shares in the



capital stock of which are owned at the given time by each member of the partnership in a proportion equal to the agreed proportion in respect of the member for the partnership's fiscal period that includes that time; and

(c) a trust is deemed to be a corporation all the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries (in this subparagraph *c* referred to as the "distribution date") and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) if such a beneficiary's share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and if the given time occurs before the distribution date, are owned at that time by the beneficiary, or

(2) if subparagraph 1 does not apply and the given time occurs before the distribution date, are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. if a beneficiary's share of the accumulating income or of the capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at the given time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at the given time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at the given time by the person referred to in that section from whom property of the trust or property for which property of the trust was substituted was directly or indirectly received.

**“1029.8.36.166.60.25.** If it may reasonably be considered that one of the main reasons for the separate existence of two or more corporations in a taxation year is to cause a qualified corporation to be deemed to have paid an amount to the Minister under this division for that year or to increase an amount that a qualified corporation is deemed to have paid to the Minister under this division for that year, those corporations are deemed, for the purposes of this division, to be associated with each other in the year.



**“1029.8.36.166.60.26.** For the purposes of this division, a corporation’s share of an amount, in relation to a partnership of which it is a member at the end of a fiscal period, is equal to the agreed proportion of that amount in respect of the corporation for the fiscal period.

“§2. — *Credits*

**“1029.8.36.166.60.27.** A qualified corporation for a taxation year that encloses the documents referred to in the fourth paragraph with the fiscal return it is required to file for the year under section 1000 is deemed, subject to the third paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the product obtained by multiplying 80% of the lesser of the following amounts by the rate determined in its respect for the year under section 1029.8.36.166.60.29:

(a) the aggregate of all amounts each of which is the corporation’s eligible expenses for the year, in relation to an eligible information technology integration contract; and

(b) the balance of the corporation’s cumulative limit for the year.

For the purposes of subparagraph *b* of the first paragraph, the balance of a qualified corporation’s cumulative limit for a taxation year is to be reduced, if applicable, by the aggregate of all amounts each of which is the corporation’s share of the eligible expenses of a qualified partnership for a fiscal period that ends in the year, in relation to an eligible information technology integration contract, in respect of which the corporation is deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.60.28.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1159.7, 1175 and 1175.19 where those sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing prescribed information;

(b) a copy of any valid certificate issued for the purposes of this division to the corporation in respect of an eligible information technology integration contract; and

(c) a copy of the agreement described in section 1029.8.36.166.60.20, if applicable.

**“1029.8.36.166.60.28.** A qualified corporation for a taxation year that is a member of a qualified partnership at the end of a fiscal period of the qualified partnership that ends in the year and that encloses the documents referred to in the sixth paragraph with the fiscal return it is required to file for the year under section 1000, is deemed, subject to the fourth paragraph, to have paid to the Minister on the qualified corporation’s balance-due day for the year, on account of its tax payable for the year under this Part, an amount equal to the product obtained by multiplying 80% of the lesser of the following amounts by the rate determined in its respect for the year under section 1029.8.36.166.60.29:

(a) the aggregate of all amounts each of which is the corporation’s share of such a qualified partnership’s eligible expenses for such a fiscal period, in relation to an eligible information technology integration contract; and

(b) the balance of the corporation’s cumulative limit for the year.

For the purposes of subparagraph *a* of the first paragraph, the aggregate of all amounts each of which is a qualified partnership’s eligible expenses for a fiscal period, in relation to an eligible information technology integration contract, may not exceed the balance of the partnership’s cumulative limit for that fiscal period.

For the purposes of subparagraph *b* of the first paragraph, the balance of a qualified corporation’s cumulative limit for a taxation year is to be reduced, if applicable, by the aggregate of all amounts each of which is the corporation’s eligible expenses for the year, in relation to an eligible information technology integration contract, in respect of which the corporation is deemed to have paid an amount to the Minister for the year under section 1029.8.36.166.60.27.

For the purpose of computing the payments that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 or any of sections 1159.7, 1175 and 1175.19 where those sections refer to that subparagraph *a*, the corporation is deemed to have paid to the Minister, on account of the aggregate of its tax payable for the year under this Part and its tax payable for the year under Parts IV.1, VI and VI.1, on the date on or before which each payment is required to be made, an amount equal to the lesser of

(a) the amount by which the amount determined under the first paragraph for the year exceeds the aggregate of all amounts each of which is the portion of that amount that may reasonably be considered to be deemed to have been paid to the Minister under this paragraph in the year but before that date; and

(b) the amount by which the amount of that payment, determined without reference to this chapter, exceeds the aggregate of all amounts each of which is an amount that is deemed, under this chapter but otherwise than under the first paragraph, to have been paid to the Minister on that date, for the purpose of computing that payment.

Despite the definition of “eligible expenses” in the first paragraph of section 1029.8.36.166.60.19 and for the purpose of applying this section to a qualified corporation referred to in the first paragraph, the eligible expenses for a particular fiscal period, in relation to an eligible information technology integration contract, of a qualified partnership of which the corporation is a member do not include

(a) the expenses that would otherwise be such expenses because of subparagraph ii of paragraph *b* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.166.60.19 and that are incurred in a fiscal period of the partnership preceding the particular fiscal period and ends in a taxation year for which the corporation was not a qualified corporation; or

(b) the expenses that would otherwise be such expenses because of subparagraph iii of paragraph *b* of the definition of “eligible expenses” in the first paragraph of section 1029.8.36.166.60.19 and that are incurred in a fiscal period of the partnership that ends in a taxation year for which the corporation was not a qualified corporation.

The documents to which the first paragraph refers are the following:

(a) the prescribed form containing prescribed information;

(b) a copy of any valid certificate issued for the purposes of this division to a partnership in respect of an eligible information technology integration contract; and

(c) a copy of the agreement described in section 1029.8.36.166.60.20, if applicable.

**“1029.8.36.166.60.29.** The rate to which the first paragraph of sections 1029.8.36.166.60.27 and 1029.8.36.166.60.28 refers, in respect of a qualified corporation for a taxation year, means the rate determined by the formula

$$25\% - [25\% \times (A - \$15,000,000)/\$5,000,000].$$

In the formula in the first paragraph, A is the greater of

(a) \$15,000,000; and

(b) the lesser of \$20,000,000 and the corporation's paid-up capital for the year, determined in accordance with section 1029.8.36.166.60.23.

“§3. — *Government assistance, non-government assistance and other particulars*

“**1029.8.36.166.60.30.** For the purpose of computing the amount that is deemed to have been paid to the Minister by a corporation, for a taxation year, under section 1029.8.36.166.60.27 or 1029.8.36.166.60.28, the following rules apply:

(a) the corporation's eligible expenses, referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.60.27, are to be reduced by the amount of any government assistance or non-government assistance attributable to the expenses that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the corporation's filing-due date for the taxation year; and

(b) the corporation's share of the eligible expenses of a partnership, referred to in subparagraph *a* of the first paragraph of section 1029.8.36.166.60.28, for a fiscal period of the partnership that ends in the corporation's taxation year, is to be reduced

i. by the corporation's share of the amount of any government assistance or non-government assistance attributable to the expenses that the partnership has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of any government assistance or non-government assistance attributable to the expenses that the corporation has received, is entitled to receive or may reasonably expect to receive on or before the day that is six months after the end of the fiscal period.

“**1029.8.36.166.60.31.** If, before 1 January 2020, a corporation pays, in a taxation year (in this section referred to as the “repayment year”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of paragraph *a* of section 1029.8.36.166.60.30, the corporation's eligible expenses, in relation to an eligible information technology integration contract, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.60.27 in respect of those expenses for a particular taxation year, the corporation is deemed, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the repayment year under section 1000, to have paid to the Minister on its balance-due day for the repayment year, on account of its tax payable for that year under this Part, an amount equal to the amount by which the amount that the corporation would

be deemed to have paid to the Minister in respect of the eligible expenses, under section 1029.8.36.166.60.27 for the particular year, if the particular amount that is the lesser of the aggregate of all amounts each of which is an amount of assistance so repaid at or before the end of the repayment year and the balance of the corporation's cumulative limit for the repayment year, had reduced, for the particular year, the amount of any government assistance or non-government assistance referred to in paragraph *a* of section 1029.8.36.166.60.30, exceeds the aggregate of

(*a*) the amount that the corporation is deemed to have paid to the Minister in respect of the eligible expenses under section 1029.8.36.166.60.27 for the particular year; and

(*b*) any amount that the corporation is deemed to have paid to the Minister under this section for a taxation year preceding the repayment year in respect of an amount of repayment of that assistance.

The particular amount to which the first paragraph refers is deemed, for the purpose of determining, other than for the purposes of this section, the balance of the corporation's cumulative limit for the repayment year and a subsequent taxation year, to be eligible expenses of the corporation in respect of an eligible information technology integration contract for a taxation year preceding the repayment year.

**“1029.8.36.166.60.32.** If, before 1 January 2020, a partnership pays, in a fiscal period (in this section referred to as the “fiscal period of repayment”), pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph *i* of paragraph *b* of section 1029.8.36.166.60.30, a corporation's share of a partnership's eligible expenses, in relation to an eligible information technology integration contract, for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.60.28 in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if the corporation is a member of the partnership at the end of the fiscal period of repayment and it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the aggregate of all amounts each of which is a particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister, in respect of the share, under section 1029.8.36.166.60.28 for its taxation year in which the particular fiscal period ends, exceeds the aggregate of

(*a*) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister in respect of the

partnership's eligible expenses, in relation to an eligible information technology integration contract, under section 1029.8.36.166.60.28 for its taxation year in which the particular fiscal period ends, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the partnership, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The particular amount to which the first paragraph refers is to be computed as if

(a) the lesser of the corporation's share of any amount of assistance repaid at or before the end of the fiscal period of repayment and the balance of the corporation's cumulative limit for its taxation year in which the fiscal period of repayment ended, reduced, for the particular fiscal period, the corporation's share of the amount of any government assistance or non-government assistance referred to in subparagraph i of paragraph b of section 1029.8.36.166.60.30; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The amount determined in accordance with subparagraph a of the second paragraph is deemed, for the purpose of determining, other than for the purposes of this section, the balance of the corporation's cumulative limit for the taxation year in which the fiscal period of repayment ends and a subsequent taxation year, to be the corporation's share of the partnership's eligible expenses, in relation to an eligible information technology integration contract, for a fiscal period of the partnership that ends in a taxation year of the corporation preceding the taxation year in which the fiscal period of repayment ends.

**“1029.8.36.166.60.33.** If, before 1 January 2020, a corporation is a member of a partnership at the end of a fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”), and pays, in the fiscal period of repayment, pursuant to a legal obligation, an amount that may reasonably be considered to be a repayment of government assistance or non-government assistance that reduced, because of subparagraph ii of paragraph b of section 1029.8.36.166.60.30, its share of the partnership's eligible expenses, in relation to an eligible information technology integration contract, for a particular fiscal period, for the purpose of computing the amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.60.28, in respect of the share, for its taxation year in which the particular fiscal period ended, the corporation is deemed to have paid to the Minister on the corporation's balance-due day for its taxation year

in which the fiscal period of repayment ends, on account of its tax payable for that year under this Part, if it encloses the prescribed form containing prescribed information with the fiscal return it is required to file for the year under section 1000, an amount equal to the amount by which the aggregate of all amounts each of which is a particular amount that the corporation would be deemed, if the assumptions set out in the second paragraph were taken into account, to have paid to the Minister, in respect of the share, under section 1029.8.36.166.60.28 for its taxation year in which the particular fiscal period ends, exceeds the aggregate of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister, in respect of the share, under section 1029.8.36.166.60.28 for its taxation year in which the particular fiscal period ends, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment; and

(b) any amount that the corporation would be deemed to have paid to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in respect of an amount of that assistance repaid by the corporation, if the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The particular amount to which the first paragraph refers is to be computed as if

(a) the lesser of any amount of assistance repaid at or before the end of the fiscal period of repayment and the balance of the corporation's cumulative limit for its taxation year in which the fiscal period of repayment ended, reduced, for the particular fiscal period, the amount of any government assistance or non-government assistance referred to in subparagraph ii of paragraph *b* of section 1029.8.36.166.60.30; and

(b) the agreed proportion in respect of the corporation for the particular fiscal period were the same as that for the fiscal period of repayment.

The amount determined in accordance with subparagraph *a* of the second paragraph is deemed, for the purpose of determining, other than for the purposes of this section, the balance of the corporation's cumulative limit for the taxation year in which the fiscal period of repayment ends and a subsequent taxation year, to be the corporation's share of the partnership's eligible expenses, in relation to an eligible information technology integration contract, for a fiscal period of the partnership that ends in a taxation year of the corporation preceding the taxation year in which the fiscal period of repayment ends.

**“1029.8.36.166.60.34.** For the purposes of sections 1029.8.36.166.60.31 to 1029.8.36.166.60.33, an amount of assistance is deemed to be repaid by a corporation or a partnership at a particular time, pursuant to a legal obligation, if that amount



(a) reduced, because of section 1029.8.36.166.60.30, the eligible expenses or the share of a corporation that is a member of the partnership in such expenses, for the purpose of computing the amount that the corporation or the corporation that is a member of the partnership is deemed to have paid to the Minister for a taxation year under section 1029.8.36.166.60.27 or 1029.8.36.166.60.28;

(b) was not received by the corporation or partnership; and

(c) ceased at the particular time to be an amount that the corporation or partnership may reasonably expect to receive.

**“1029.8.36.166.60.35.** If, in respect of the eligible expenses of a qualified corporation or a qualified partnership, in relation to an eligible information technology integration contract, a person or a partnership has obtained, is entitled to obtain or may reasonably expect to obtain a benefit or advantage, other than a benefit or advantage that may reasonably be attributed to an eligible information technology integration contract, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of a property which exceed the fair market value of the property, or in any other form or manner, the following rules apply:

(a) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.166.60.27 by the qualified corporation, the amount of the eligible expenses is to be reduced by the amount of the benefit or advantage that the person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain on or before the qualified corporation’s filing-due date for the taxation year; and

(b) for the purpose of computing the amount that is deemed to have been paid to the Minister for a taxation year under section 1029.8.36.166.60.28 by a qualified corporation that is a member of the qualified partnership, the corporation’s share, for a fiscal period of the partnership that ends in the taxation year, of the amount of the eligible expenses, is to be reduced

i. by the corporation’s share, for the fiscal period, of the amount of the benefit or advantage that the person or partnership, other than a person referred to in subparagraph ii, has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period, and

ii. by the amount of the benefit or advantage that the qualified corporation or a person with whom it does not deal at arm’s length has obtained, is entitled to obtain or may reasonably expect to obtain on or before the day that is six months after the end of the fiscal period.”

(2) Subsection 1 applies in respect of an expenditure or expenses incurred after 7 October 2013.



**467.** (1) Section 1029.8.36.166.62 of the Act is amended

(1) by replacing “30%” in the first paragraph by “24%”;

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

“Despite the first paragraph, a corporation operating an international financial centre on 30 March 2010 may be deemed to have paid an amount to the Minister under this section for all or part of a taxation year preceding 1 January 2013 only if”.

(2) Paragraph 1 of subsection 1 applies in respect of the portion of qualified wages that is incurred after 4 June 2014. However, where section 1029.8.36.166.62 of the Act applies to a taxation year that ends after 4 June 2014 and that includes that date, and the amount of qualified wages that a corporation incurs in the year in respect of an eligible employee for all or part of the year is, because of the definition of “qualified wages” in section 1029.8.36.166.61 of the Act, limited to the amount obtained under paragraph *a* of that definition, the portion of qualified wages that is incurred after 4 June 2014 is deemed to be equal to the amount by which the amount of the qualified wages exceeding the portion of the expenditure incurred as wages by the corporation, in respect of the employee, in the year and before 5 June 2014 while the employee qualified as an eligible employee of the corporation, exceeds the aggregate of

(1) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to that portion of the expenditure that the corporation has received, is entitled to receive or may reasonably expect to receive, on or before the corporation’s filing-due date for the taxation year; and

(2) the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of that portion of the expenditure, other than a benefit or advantage that may reasonably be attributed to the duties performed by the employee in the course of the operations of the business carried on by the corporation in the taxation year, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the corporation’s filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner.

(3) Paragraph 2 of subsection 1 has effect from 31 March 2010.

**468.** (1) Section 1029.8.36.166.66 of the Act is amended by replacing “30%” in the first paragraph by “24%”.

(2) Subsection 1 applies in respect of the portion of qualified wages that is incurred after 4 June 2014. However, where section 1029.8.36.166.66 of the

Act applies to a taxation year that ends after 4 June 2014 and that includes that date, and the amount of qualified wages that a qualified corporation incurs in the year in respect of an eligible employee for all or part of the year is, because of the definition of “qualified wages” in the first paragraph of section 1029.8.36.166.65 of the Act, limited to the amount obtained under paragraph *a* of that definition, the portion of qualified wages that is incurred after 4 June 2014 is deemed to be equal to the amount by which the amount of the qualified wages exceeding the portion of the expenditure incurred as wages by the qualified corporation, in respect of the employee, in the year and before 5 June 2014 while the employee qualified as an eligible employee of the qualified corporation, exceeds the aggregate of

(1) the aggregate of all amounts each of which is an amount of government assistance or non-government assistance attributable to that portion of the expenditure that the qualified corporation has received, is entitled to receive or may reasonably expect to receive, on or before the qualified corporation’s filing-due date for the taxation year; and

(2) the aggregate of all amounts each of which is the amount of a benefit or advantage in respect of that portion of the expenditure, other than a benefit or advantage that may reasonably be attributed to the duties performed by the employee in the course of the operations of the business carried on by the qualified corporation in the taxation year, that a person or partnership has obtained, is entitled to obtain or may reasonably expect to obtain, on or before the qualified corporation’s filing-due date for the taxation year, whether in the form of a reimbursement, compensation or guarantee, in the form of proceeds of disposition of property which exceed the fair market value of the property, or in any other form or manner.

**469.** (1) Section 1029.8.36.166.70 of the Act is amended by replacing “40%” in the portion of the first paragraph before subparagraph *a* by “32%”.

(2) Subsection 1 applies in respect of the portion of qualified expenditure that is incurred after 4 June 2014. However, where section 1029.8.36.166.70 of the Act applies to a taxation year that ends after 4 June 2014 and that includes that date, for the purpose of determining the portion of the amount deemed to have been paid to the Minister under the first paragraph of that section in respect of the portion of the qualified expenditure for the year that is incurred after that date, the corporation’s qualified expenditure limit for the year referred to in subparagraph *b* of that paragraph is to be replaced by the amount by which that limit exceeds the portion of the corporation’s qualified expenditure for the year that is incurred before 5 June 2014 and that, for the purpose of determining the portion of the amount deemed to have been paid to the Minister under the first paragraph in its respect, is referred to in subparagraph *a* of that first paragraph.

**470.** (1) Section 1029.8.36.167 of the Act is amended by inserting the following definition in alphabetical order in the first paragraph:

““associated group” in a taxation year has the meaning assigned by section 1029.8.36.167.1;”.

(2) Subsection 1 has effect from 21 December 2013.

**471.** (1) The Act is amended by inserting the following section after section 1029.8.36.167:

**“1029.8.36.167.1.** An associated group in a taxation year means all the corporations that are associated with each other at any given time in the year.

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

(a) a business carried on by an individual, other than a trust, is deemed to be carried on by a corporation all the voting shares in the capital stock of which are owned at the given time by the individual;

(b) a partnership is deemed to be a corporation whose taxation year corresponds to the partnership’s fiscal period and all the voting shares in the capital stock of which are owned at the given time by each member of the partnership in a proportion equal to the agreed proportion in respect of the member for the partnership’s fiscal period that includes that time; and

(c) a trust is deemed to be a corporation all the voting shares in the capital stock of which

i. in the case of a testamentary trust under which one or more beneficiaries are entitled to receive all of the income of the trust that arose before the date of death of one or the last surviving of those beneficiaries (in this subparagraph *c* referred to as the “distribution date”) and under which no other person can, before the distribution date, receive or otherwise obtain the enjoyment of any of the income or capital of the trust,

(1) if such a beneficiary’s share of the income or capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, and if the given time occurs before the distribution date, are owned at that time by the beneficiary, or

(2) if subparagraph 1 does not apply and the given time occurs before the distribution date, are owned at that time by such a beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of the beneficial interests in the trust of all the beneficiaries,

ii. if a beneficiary’s share of the accumulating income or of the capital of the trust depends on the exercise by any person of, or the failure by any person to exercise, a power to appoint, are owned at the given time by the beneficiary, unless subparagraph i applies and that time occurs before the distribution date,

iii. in any case where subparagraph ii does not apply, are owned at the given time by the beneficiary in a proportion equal to the proportion that the fair market value of the beneficial interest in the trust of the beneficiary is of the fair market value of all beneficial interests in the trust, unless subparagraph i applies and that time occurs before the distribution date, and

iv. in the case of a trust referred to in section 467, are owned at the given time by the person referred to in that section from whom property of the trust or property for which property of the trust was substituted was directly or indirectly received.”

(2) Subsection 1 has effect from 21 December 2013.

**472.** (1) Section 1029.8.36.168 of the Act is amended, in the first paragraph,

(1) by replacing “15%” in subparagraph *a* by “12%”;

(2) by replacing “18.75%” in subparagraph *b* by “15%”;

(3) by replacing “30%” in subparagraph *c* by “24%”.

(2) Subsection 1 applies in respect of eligible expenses incurred after 4 June 2014.

**473.** (1) Section 1029.8.36.169 of the Act is amended, in the first paragraph,

(1) by replacing “15%” in subparagraph *a* by “12%”;

(2) by replacing “18.75%” in subparagraph *b* by “15%”;

(3) by replacing “30%” in subparagraph *c* by “24%”.

(2) Subsection 1 applies in respect of eligible expenses incurred after 4 June 2014.

**474.** (1) Section 1029.8.36.170 of the Act is amended

(1) by replacing “15%” in subparagraph *a* of the first paragraph by “12%”;

(2) by replacing “35%” in subparagraph *b* of the first paragraph by “28%”;

(3) by replacing “38.75%” in subparagraph *c* of the first paragraph by “31%”;

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

“The qualified corporation for a taxation year to which the first paragraph refers is a corporation that does not operate a mineral resource or an oil or gas well and that is not, in the year, a member of an associated group a member of which operates a mineral resource or an oil or gas well.”

(2) Paragraphs 1 to 3 of subsection 1 apply in respect of eligible expenses incurred after 4 June 2014.

(3) Paragraph 4 of subsection 1 applies to a taxation year that begins after 20 December 2013.

**475.** (1) Section 1029.8.36.171 of the Act is amended

(1) by replacing “15%” in subparagraph *a* of the first paragraph by “12%”;

(2) by replacing “35%” in subparagraph *b* of the first paragraph by “28%”;

(3) by replacing “38.75%” in subparagraph *c* of the first paragraph by “31%”;

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

“The qualified partnership to which the first paragraph refers is a partnership that does not operate a mineral resource or an oil or gas well and no member of which operates, or is, in the taxation year of the qualified partnership referred to in that paragraph, a member of an associated group one of whose members operates, a mineral resource or an oil or gas well.”

(2) Paragraphs 1 to 3 of subsection 1 apply in respect of eligible expenses incurred after 4 June 2014.

(3) Paragraph 4 of subsection 1 applies to a fiscal period of a partnership that begins after 20 December 2013.

**476.** (1) Section 1029.8.50 of the Act is amended by replacing subparagraph *b* of the eighth paragraph by the following subparagraph:

“(b) an amount that, under subparagraph *a* of the sixth paragraph of section 766.3.2, is deemed to be deducted in computing an individual’s taxable income or tax payable under this Part for a taxation year to which the averaging applies, because it is deducted in that computation for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *d* of the second paragraph of section 766.3.2 or subparagraph *b* of the third paragraph of that section for the taxation year to which the averaging applies, may not be taken into account for the purpose of establishing the amount determined in respect of the individual under subparagraph *a* or *b* of the third paragraph for the taxation year to which the averaging applies.”

(2) Subsection 1 applies from the taxation year 2013.

**477.** (1) Section 1029.8.50.3 of the Act is amended by replacing both occurrences of “766.17” by “766.3.2”.

(2) Subsection 1 applies from the taxation year 2013.

**478.** (1) Section 1029.8.61.5 of the Act is amended by striking out the fifth paragraph.

(2) Subsection 1 applies from the taxation year 2014.

**479.** (1) The Act is amended by inserting the following section after section 1029.8.61.94:

**“1029.8.61.94.1.** For the purposes of section 1029.8.61.93, where, but for this section, two persons would be eligible relatives of each other and each person would be deemed to have paid to the Minister, on account of the person’s tax payable for a taxation year, an amount under section 1029.8.61.93 in respect of the other person, only one of them may be considered to be the eligible relative of an individual.”

(2) Subsection 1 applies from the taxation year 2013.

**480.** (1) Section 1029.8.61.98 of the Act is amended by replacing the first paragraph by the following paragraph:

**“1029.8.61.98.** An eligible individual for a taxation year is deemed to have paid to the Minister, on the individual’s balance-due day for that year, on account of the individual’s tax payable under this Part for that taxation year, an amount equal to 20% of the total of the amounts each of which is the aggregate of the expenses paid in the year by the individual, or by the person who is the individual’s spouse at the time of payment, in respect of the individual’s stay, begun in the year or the preceding year, in a functional rehabilitation transition unit to the extent of the portion of that aggregate that is attributable to a stay of no more than 60 days.”

(2) Subsection 1 applies from the taxation year 2012.

**481.** (1) Section 1029.8.61.101 of the Act is amended by replacing the first paragraph by the following paragraph:

**“1029.8.61.101.** An eligible individual for a taxation year is deemed to have paid to the Minister, on the individual’s balance-due day for that year, on account of the individual’s tax payable under this Part for that taxation year, an amount equal to 20% of the amount by which \$500 is exceeded by the aggregate of all amounts each of which is an amount paid in the year by the individual, or by the person who is the individual’s spouse at the time of payment, for the acquisition or rental, including installation costs, of a qualified property intended for use in the individual’s principal place of residence.”

(2) Subsection 1 applies from the taxation year 2012.

**482.** (1) Section 1029.8.62 of the Act is amended by replacing the portion of the definition of “eligible expenses” in the first paragraph before paragraph *a* by the following:

““eligible expenses” in respect of the adoption of a person by an individual means the following expenses, to the extent that they are reasonable and paid after an application was made for registration with the Minister of Health and Social Services or a certified organization:”.

(2) Subsection 1 applies from the taxation year 2013.

**483.** (1) The Act is amended by inserting the following after section 1029.8.66.5:

**“DIVISION II.12.2**

**“CREDIT FOR CHILDREN’S ACTIVITIES**

**“§1. — *Interpretation and general rules***

**“1029.8.66.6.** In this division,

“artistic, cultural, recreational or developmental activity” means a supervised activity, including an activity adapted for a child with an impairment, that is suitable for children (other than a physical activity) and that

(a) is intended to contribute to a child’s ability to develop creative skills or expertise, acquire and apply knowledge, or improve dexterity or coordination, in an artistic or cultural discipline including

- i. literary arts,
- ii. visual arts,
- iii. performing arts,
- iv. music,
- v. media,
- vi. languages,
- vii. customs, and
- viii. heritage;

(b) provides a substantial focus on wilderness and the natural environment;

(c) assists with the development and use of intellectual skills;

(d) includes structured interaction among children where supervisors teach or assist children to develop interpersonal skills; or

(e) provides enrichment or tutoring in academic subjects;

“child with an impairment” for a taxation year means a child in respect of whom subparagraphs *a* to *c* of the first paragraph of section 752.0.14 apply for the year;

“eligible child” of an individual for a taxation year means a child of the individual who, at the beginning of the year, is at least 5 years of age and has not reached 16 years of age or, if the child is a child with an impairment for the year, 18 years of age;

“eligible expense” of an individual for a taxation year in respect of an eligible child of the individual for the year means, subject to section 1029.8.66.7, an amount paid in the year by the individual to a person, other than a person who is, when the payment is made, the individual’s spouse or under 18 years of age, or to a partnership, to the extent that the amount is attributable to the cost of registration or membership of the child in a recognized program of activities offered by the person or partnership;

“eligible expenses limit” applicable for a taxation year in respect of an individual’s eligible child for the year means

(a) where the child is a child with an impairment for the year, an amount equal to

- i. \$200, for the taxation year 2013,
- ii. \$400, for the taxation year 2014,
- iii. \$600, for the taxation year 2015,
- iv. \$800, for the taxation year 2016, and
- v. \$1,000, for a taxation year subsequent to 2016; and

(b) in any other case, an amount equal to

- i. \$100, for the taxation year 2013,
- ii. \$200, for the taxation year 2014,
- iii. \$300, for the taxation year 2015,
- iv. \$400, for the taxation year 2016, and
- v. \$500, for a taxation year subsequent to 2016;

“eligible spouse” of an individual for a taxation year means the person who is the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;



“excluded individual” for a taxation year means

(a) an individual whose family income for the year exceeds \$130,000; or

(b) an individual who is exempt from tax for the year under section 982 or 983 or under any of subparagraphs *a* to *d* and *f* of the first paragraph of section 96 of the Tax Administration Act (chapter A-6.002) or that individual’s eligible spouse for the year;

“family income” of an individual for a taxation year means the aggregate of the income of the individual for the year and the income, for the year, of the individual’s eligible spouse for the year;

“physical activity” means a supervised activity that is suitable for children (other than an activity where a child rides on or in a motor vehicle as an essential component of the activity) and that

(a) where the child is a child with an impairment, enables the child to move around and observably expend energy in a recreational context; and

(b) in any other case, contributes to cardiorespiratory endurance and the development of any of the following aptitudes:

- i. muscular strength,
- ii. muscular endurance,
- iii. flexibility, and
- iv. balance;

“recognized program of activities” means

(a) a weekly program of a duration of eight or more consecutive weeks in which all or substantially all the activities include a significant amount of physical activity or artistic, cultural, recreational or developmental activity;

(b) a program of a duration of five or more consecutive days of which more than 50% of the daily activities include a significant amount of physical activity or artistic, cultural, recreational or developmental activity;

(c) a program of a duration of eight or more consecutive weeks, offered to children by a club, association or similar organization (in this definition referred to as an “entity”) in circumstances where a participant in the program may select amongst a variety of activities if

- i. more than 50% of the activities offered to children by the entity are activities that include a significant amount of physical activity or artistic, cultural, recreational or developmental activity, or

ii. more than 50% of the time scheduled for activities offered to children in the program is scheduled for activities that include a significant amount of physical activity or artistic, cultural, recreational or developmental activity;

(d) a membership in an entity of a duration of eight or more consecutive weeks if more than 50% of the activities offered to children by the entity include a significant amount of physical activity or artistic, cultural, recreational or developmental activity;

(e) a portion of a program (other than a program described in paragraph c) of a duration of eight or more consecutive weeks, offered to children by an entity in circumstances where a participant may select amongst a variety of activities

i. that is the percentage of the activities offered to children by the entity that are activities that include a significant amount of physical activity or artistic, cultural, recreational or developmental activity, or

ii. that is the percentage of the time scheduled for activities in the program that is scheduled for activities that include a significant amount of physical activity or artistic, cultural, recreational or developmental activity; or

(f) a portion of a membership in an entity (other than a membership described in paragraph d) of a duration of eight or more consecutive weeks that is the percentage of the activities offered to children by the entity that are activities that include a significant amount of physical activity or artistic, cultural, recreational or developmental activity.

For the purposes of the definition of “physical activity” in the first paragraph, horseback riding is deemed to be an activity that contributes to cardiorespiratory endurance and the development of the aptitudes listed in subparagraphs i to iv of paragraph b of that definition.

For the purposes of the definition of “eligible expense” in the first paragraph, the cost of registration or membership in a program offered by a person or a partnership includes the cost to the person or partnership with respect to the program’s administration, courses, rental of required facilities, and uniforms and equipment that the participants in the program may not acquire for a price that is lower than their fair market value at the time, if any, they are so acquired, but does not include the cost of accommodation, travel, food or beverages.

For the purposes of the definition of “recognized program of activities” in the first paragraph, a child’s participation in a program or a portion of a program and the child’s membership in a club, association or similar organization must not be part of a school’s curriculum.

For the purposes of the definition of “family income” in the first paragraph, where an individual was not resident in Canada throughout a taxation year, the individual’s income for the year is deemed to be equal to the income that would be determined in respect of the individual for the year under this Part if the

individual had been resident in Québec and in Canada throughout the year or, if the individual died in the year, throughout the period of the year preceding the time of death.

**“1029.8.66.7.** An individual’s eligible expense for a taxation year does not include

(a) an amount that was deducted in computing a taxpayer’s income or taxable income;

(b) an amount that was taken into account in computing

i. an amount deducted in computing an individual’s tax payable under this Part, or

ii. an amount that an individual is deemed to have paid to the Minister on account of the individual’s tax payable under this chapter, but otherwise than under this division; and

(c) an amount in respect of which a taxpayer is or was entitled to a reimbursement, or another form of assistance, except to the extent that the amount is included in computing the income of any taxpayer and is not deductible in computing that taxpayer’s income or taxable income.

**“1029.8.66.8.** If the aggregate of all eligible expenses for a particular taxation year, in respect of an eligible child who is, for the particular year, a child with an impairment, each of which is an amount paid at any time in the year by an individual or by the individual’s spouse at that time, is at least equal to 25% of the amount specified for the particular year in paragraph *b* of the definition of “eligible expenses limit” in the first paragraph of section 1029.8.66.6, the individual may add to the individual’s eligible expenses for the particular year in respect of the child, an amount not exceeding the amount specified in that paragraph for the particular year.

If, for a taxation year, more than one individual may add to the aggregate of their respective eligible expenses an amount under the first paragraph, in respect of the same eligible child, the total of the amounts those individuals may so include under that paragraph for the year may not exceed the amount specified for the year in paragraph *b* of the definition of “eligible expenses limit” in the first paragraph of section 1029.8.66.6.

If those individuals cannot agree as to what portion of the amount they each could, under this section, include in the aggregate of their respective eligible expenses, the Minister may determine that portion of the amount for the year.

“§2. — *Credit*

**“1029.8.66.9.** An individual who is resident in Québec at the end of 31 December of a taxation year, other than an excluded individual for the year,

and who files a fiscal return under section 1000 for that year is deemed to have paid to the Minister, on the individual's balance-due day for that year, on account of the individual's tax payable for that year under this Part, an amount equal to 20% of the aggregate of all amounts each of which is, in respect of an eligible child of the individual for the year, the lesser of

(a) the aggregate of the individual's eligible expenses for the year and, if applicable, those of the individual's eligible spouse for the year, in respect of the child; and

(b) the eligible expenses limit that applies for the year in respect of the child.

For the purposes of this section, an individual who was resident in Québec immediately before the individual's death is deemed to be resident in Québec at the end of 31 December of the year in which the individual died.

An individual may be deemed to have paid an amount to the Minister under the first paragraph for a taxation year in respect of an eligible expense only if the individual holds a receipt, containing the prescribed information and constituting proof of payment of the expense, issued by the person or partnership who offered the eligible child a recognized program of activities.

**“1029.8.66.10.** If, for a taxation year, more than one individual may be deemed to have paid an amount to the Minister under section 1029.8.66.9 in respect of the same eligible child, the total of the amounts each of those individuals would otherwise be deemed to have paid to the Minister under that section for the year, in relation to the eligible child, may not exceed the particular amount that only one of those individuals would be deemed to have paid to the Minister under that section for the year, in relation to the eligible child, if that individual's eligible expenses for the year were composed of all the eligible expenses, determined otherwise in respect of the eligible child, of all of those individuals for the year.

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 1029.8.66.9, the Minister may determine what portion of that amount is deemed paid by each individual under that section.

### **“DIVISION II.12.3**

#### **“CREDIT FOR SENIORS' ACTIVITIES**

##### **“§1.—*Interpretation and general rules***

**“1029.8.66.11.** In this division,

“artistic, cultural or recreational activity” means any structured activity, other than physical activity, that

(a) is designed to enhance a person's ability to develop creative skills, to acquire and apply knowledge or to improve dexterity or coordination in an artistic or cultural discipline, such as

- i. literary arts,
- ii. visual arts,
- iii. handicrafts,
- iv. song, music or theatre, and
- v. languages;

(b) provides a substantial focus on wilderness and the natural environment;

(c) provides a substantial focus on information and communications technologies;

(d) provides a support for skills development; or

(e) assists with the development and use of intellectual skills;

“eligible expense” of an eligible individual for a taxation year means, subject to section 1029.8.66.13, an amount paid in the year to a person or partnership, other than a person or partnership that is, when the payment is made, described in section 1029.8.66.12 in relation to the eligible individual, to the extent that the amount is attributable to the cost of registration or membership of the eligible individual in a recognized program of activities offered by the person or partnership;

“eligible individual” for a taxation year means an individual, other than an excluded individual for the year, who, at the end of 31 December of the year, is 70 years of age or over and is resident in Québec or who, if the individual died in the year, had reached that age and was resident in Québec immediately before the death;

“eligible spouse” of an individual for a taxation year means the person who is the individual's eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4;

“excluded individual” for a taxation year means

(a) an individual whose income for the year exceeds \$40,000; or

(b) an individual who is exempt from tax for the year under section 982 or 983 or any of subparagraphs *a* to *d* and *f* of the first paragraph of section 96 of the Tax Administration Act (chapter A-6.002) or that individual's eligible spouse for the year;

“physical activity” means any structured activity, other than an activity where a person rides on or in a motor vehicle as an essential component of the activity, that contributes to the maintenance or development of cardiorespiratory endurance, muscular strength, muscular endurance, flexibility or balance;

“private seniors’ residence” has the meaning that would be assigned by the first paragraph of section 1029.8.61.1 if the definition were read without reference to “for a particular month” and “, at the beginning of the particular month,”;

“recognized program of activities” means

(a) a weekly program of a duration of eight or more consecutive weeks in which all or substantially all the activities include a significant amount of physical activity or artistic, cultural or recreational activity;

(b) a program of a duration of five or more consecutive days of which more than 50% of the daily activities include a significant amount of physical activity or artistic, cultural or recreational activity;

(c) a program of a duration of eight or more consecutive weeks offered to seniors by a club, association or similar organization (in this definition referred to as an “entity”) in circumstances where a participant in the program may select amongst a variety of activities if

i. more than 50% of the activities offered to seniors by the entity are activities that include a significant amount of physical activity or artistic, cultural or recreational activity, or

ii. more than 50% of the time scheduled for activities offered to seniors in the program is scheduled for activities that include a significant amount of physical activity or artistic, cultural or recreational activity;

(d) a membership in an entity of a duration of eight or more consecutive weeks if more than 50% of the activities offered to seniors by the entity include a significant amount of physical activity or artistic, cultural or recreational activity;

(e) a portion of a program (other than a program described in paragraph c) of a duration of eight or more consecutive weeks, offered to seniors by an entity in circumstances where a participant may select amongst a variety of activities

i. that is the percentage of the activities offered to seniors by the entity that are activities that include a significant amount of physical activity or artistic, cultural or recreational activity, or

ii. that is the percentage of the time scheduled for activities in the program that is scheduled for activities that include a significant amount of physical activity or artistic, cultural or recreational activity; or

(f) a portion of a membership in an entity (other than a membership described in paragraph d) of a duration of eight or more consecutive weeks that is the percentage of the activities offered to seniors by the entity that are activities that include a significant amount of physical activity or artistic, cultural or recreational activity.

For the purposes of the definition of “eligible expense” in the first paragraph, the cost of registration or membership in a program offered by a person or a partnership includes the cost to the person or partnership with respect to the program’s administration, courses, rental of required facilities, and uniforms and equipment that the participants in the program may not acquire for a price that is lower than their fair market value at the time, if any, they are so acquired, but does not include the cost of accommodation, travel, food or beverages.

For the purposes of the definition of “excluded individual” in the first paragraph, where an individual was not resident in Canada throughout a taxation year, the individual’s income for the year is deemed to be equal to the income that would be determined in respect of the individual for the year under this Part if the individual had been resident in Québec and in Canada throughout the year or, if the individual died in the year, throughout the period of the year preceding the time of death.

**“1029.8.66.12.** A person or partnership to which the definition of “eligible expense” in the first paragraph of section 1029.8.66.11 refers in relation to an eligible individual is a person or partnership that

(a) operates a private seniors’ residence or is a private institution not under agreement that operates a residential and long-term care centre governed by the Act respecting health services and social services (chapter S-4.2) if the eligible individual lives in the residence or in a facility maintained by the institution, as the case may be; or

(b) is related to the eligible individual and does not hold a registration number under the Act respecting the Québec sales tax (chapter T-0.1).

**“1029.8.66.13.** An eligible individual’s eligible expense for a taxation year does not include

(a) an amount that was taken into account in computing

i. an amount deducted in computing an individual’s tax payable under this Part, or

ii. an amount that an individual is deemed to have paid to the Minister on account of the individual’s tax payable under this chapter, but otherwise than under this division; and

(b) an amount in respect of which a taxpayer is or was entitled to a reimbursement, or another form of assistance, except to the extent that the

amount is included in computing the income of any taxpayer and is not deductible in computing the taxpayer's income or taxable income.

“§2. — *Credit*

“**1029.8.66.14.** An eligible individual for a taxation year who files a fiscal return under section 1000 for that year is deemed to have paid to the Minister, on the individual's balance-due day for that year, on account of the individual's tax payable for that year under this Part, an amount equal to 20% of the lesser of \$200 and the total of eligible expenses paid in the year by the eligible individual or by the person who is the eligible individual's spouse at the time of payment.

An eligible individual may be deemed to have paid an amount to the Minister under the first paragraph for a taxation year in respect of an eligible expense only if the eligible individual holds a receipt, containing the prescribed information and constituting proof of payment of the expense, issued by the person or partnership that offered the eligible individual a recognized program of activities.”

(2) Subsection 1, where it enacts Division II.12.2 of Chapter III.1 of Title III of Book IX of Part I of the Act, applies in respect of an amount paid after 31 December 2012 in relation to activities offered after that date. However, where section 1029.8.66.9 of the Act applies to the taxation year 2013, it is to be read as if the following paragraph were added after the third paragraph:

“An individual referred to in the first paragraph shall keep the receipts in respect of which an amount is included in computing an eligible expense for six years after the last year to which they relate.”

(3) Subsection 1, where it enacts Division II.12.3 of Chapter III.1 of Title III of Book IX of Part I of the Act, applies in respect of an amount paid after 4 June 2014 in relation to activities offered after that date.

**484.** (1) Section 1029.8.67 of the Act is amended by replacing the definition of “qualified educational institution” by the following definition:

““qualified educational institution” means an educational institution referred to in subparagraph i of paragraph a of section 752.0.18.10 or a secondary school.”

(2) Subsection 1 applies from the taxation year 2013.

**485.** (1) Section 1029.8.79 of the Act is amended by replacing “paragraph c” in subparagraphs b and c of the first paragraph by “paragraph d”.

(2) Subsection 1 applies from the taxation year 2013.

**486.** Section 1029.8.116.2.1 of the Act is replaced by the following section:



**“1029.8.116.2.1.** For the purposes of paragraph *a* of the definition of “work income” in section 1029.8.116.1, the income of an individual for a taxation year from a previous office or employment is deemed to be equal to zero, if each of the amounts that make up the income is the value of a benefit received or enjoyed by the individual in the year because of that office or employment.”

**487.** (1) Section 1029.8.116.16 of the Act is amended

(1) by striking out “that is subsequent to the month of June 2011” in the portion of the first paragraph before the formula;

(2) by replacing “\$265” and “\$128” wherever they appear in subparagraphs i to iii of subparagraph *a* of the second paragraph by “\$275” and “\$132”, respectively;

(3) by replacing “\$515”, “\$625” and “\$110” wherever they appear in subparagraphs i to v of subparagraph *b* of the second paragraph by “\$533”, “\$647” and “\$114”, respectively;

(4) by replacing “\$790” and “\$339” wherever they appear in subparagraphs i to iv of subparagraph *c* of the second paragraph by “\$1,620” and “\$350”, respectively;

(5) by replacing “\$30,875” in subparagraph *c* of the third paragraph by “\$32,795”.

(2) Subsection 1 applies from the taxation year 2014.

**488.** Section 1029.8.116.17 of the Act is amended by replacing the portion before paragraph *a* by the following:

**“1029.8.116.17.** If section 1029.8.116.16, as it read before 1 January 2012, applies in respect of a particular month included in the taxation year 2011, it is to be read”.

**489.** (1) Section 1029.8.116.34 of the Act is replaced by the following section:

**“1029.8.116.34.** If a person is a debtor under a fiscal law or about to become so, or is in debt to the State under an Act, other than a fiscal law, referred to in a regulation made under the second paragraph of section 31 of the Tax Administration Act (chapter A-6.002), and the person is, for a particular month, described in the second paragraph, the Minister may not, despite that section 31, allocate to the payment of the debt of that person more than 50% of the amount to be paid to the person for the particular month in respect of an amount deemed under section 1029.8.116.16 to be an overpayment of the person’s tax payable for a taxation year.

The person referred to in the first paragraph is

(a) a recipient under a financial assistance program provided for in Chapter I or II of Title II of the Individual and Family Assistance Act (chapter A-13.1.1) if the person's status as a recipient under such a program has been brought to the attention of the Minister at least 21 days before the date provided for the payment of the amount for the particular month; or

(b) a person whose family income for the base year relating to the particular month is equal to or less than \$20,000, according to the last notice of determination sent to the person."

(2) Subsection 1 applies in respect of an amount to be paid in relation to a month subsequent to the month of June 2014.

**490.** Section 1029.8.117 of the Act is amended by replacing the second paragraph by the following paragraph:

"For the purposes of paragraph *c* of the definition of "eligible individual" in the first paragraph, the income of an individual for a taxation year from a previous office or employment is deemed to be equal to zero, if each of the amounts that make up the income is the value of a benefit received or enjoyed by the individual in the year because of that office or employment."

**491.** Section 1029.8.150 of the Act is amended by striking out the third paragraph.

**492.** (1) The Act is amended by inserting the following after section 1029.8.152:

**"DIVISION II.23**

**"CREDIT FOR ECO-FRIENDLY RENOVATION**

**"§1. — Interpretation and general rules**

**"1029.8.153.** In this division,

"eco-friendly renovation agreement" entered into in respect of an individual's eligible dwelling means an agreement under which a qualified contractor undertakes to carry out recognized eco-friendly renovation work in respect of the individual's eligible dwelling that is entered into after 7 October 2013 and before 1 November 2014 between the qualified contractor and

(a) the individual;

(b) 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 or the other individual's spouse; or

(c) where the individual's eligible dwelling is an apartment in an immovable under divided co-ownership, the syndicate of co-owners of the immovable;

“eco-friendly renovation expenditure” means an expenditure that is attributable to the carrying out of recognized eco-friendly renovation work provided for in an eco-friendly renovation agreement and that is

(a) the cost of a service supplied to carry out the work by a qualified contractor who is a party to the eco-friendly renovation agreement, including the amount of any goods and services tax and Québec sales tax applicable;

(b) the cost of a movable property that enters into the carrying out of the recognized eco-friendly renovation work provided for in the eco-friendly renovation agreement, including the amount of any goods and services tax and Québec sales tax applicable, provided that the movable property was acquired from the qualified contractor or a merchant holding a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1) and that it complies, where required, with the energy or environmental standards to which the definition of “recognized eco-friendly renovation work” refers in respect of the property; or

(c) the cost of a permit necessary to carry out the recognized eco-friendly renovation work, including the cost of studies carried out to obtain such a permit;

“eligible dwelling” of an individual means a dwelling that is located in Québec, other than an excluded dwelling, of which construction is completed before 1 January 2013 and of which the individual is the owner when the eco-friendly renovation expenditures are incurred and that is

(a) an individual house that is detached, semi-detached or a row house, a permanently installed manufactured home or mobile home, an apartment in an immovable under divided co-ownership or a unit in a multiple-unit residential complex that constitutes, at that time, the individual's principal place of residence; or

(b) is a cottage suitable for year-round occupancy that is normally occupied by the individual;

“excluded dwelling” means a dwelling that, before recognized eco-friendly 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;

“qualified contractor” in relation to an eco-friendly renovation agreement entered into in respect of an individual’s eligible dwelling means a person or a partnership meeting the following conditions:

(a) at the time the 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 eco-friendly 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 by the Régie du bâtiment du Québec, the Corporation des maîtres électriciens du Québec or the Corporation des maîtres mécaniciens en tuyauterie du Québec and, if applicable, has paid the licence security payable under the Building Act (chapter B-1.1);

“qualified expenditure” of an individual, in relation to an eligible dwelling of the individual, for a particular taxation year that is either the taxation year 2013 or the taxation year 2014 means the aggregate of all amounts each of which is an eco-friendly renovation expenditure of the individual that is paid, in relation to the eligible dwelling, by the individual or the individual’s legal representative, by a person who is the individual’s spouse at the time the payment is made, or by any other individual who, at the time the expenditure is incurred, owns the eligible dwelling, in either of the following periods:

(a) after 7 October 2013 and before 1 January 2014, where the particular year is the taxation year 2013; or

(b) after 31 December 2013 and before 1 May 2015, where the particular year is the taxation year 2014;

“recognized eco-friendly renovation work” in respect of a dwelling means work carried out in compliance with the rules set out in any Act, regulation or by-law of Canada, Québec or a municipality of Québec and the policies that apply according to the type of intervention, including necessary site restoration work, that is

(a) work relating to the insulation of the roof, exterior walls, foundations and exposed floors provided the work is made using insulation materials that do not contain urea formaldehyde or that have low levels of volatile organic compounds certified “GREENGUARD” or “EcoLogo environmental choice”, and that the insulation materials satisfy the following standards:

i. in the case of the insulation of the attic, the insulating value achieved must be R-41 (RSI 7.22) or more,

ii. in the case of the insulation of a flat roof or of a cathedral ceiling, the insulating value achieved must be R-28 (RSI 4.93) or more,

iii. in the case of the insulation of the exterior walls, the increase in the insulating value must be R-3.8 (RSI 0.67) or more,

iv. in the case of the insulation of the basement, including the header area,

(1) for the walls, the insulating value achieved must be R-17 (RSI 3.0) or more, and

(2) for the header area, the insulating value achieved must be R-20 (RSI 3.52) or more,

v. in the case of the insulation of the crawl space, including the header area,

(1) for the exterior walls, including the header area, the insulating value achieved must be R-17 (RSI 3.0) or more, and

(2) for the floor area above the crawl space, the insulating value achieved must be R-24 (RSI 4.23) or more, and

vi. in the case of the insulation of exposed floors, the insulating value achieved must be R-29.5 (RSI 5.20) or more;

(b) work relating to the water-proof sealing of the foundations or the air sealing of the envelope of the dwelling or of a portion of it, such as the walls, doors, windows and skylights;

(c) work relating to the replacement or addition of doors, windows and skylights with “ENERGY STAR” qualified models for the climate zone where the dwelling is located;

(d) work relating to the replacement of a propane or natural gas heating system appliance with one of the following appliances using the same fuel:

i. an “ENERGY STAR” qualified furnace with an Annual Fuel Utilization Efficiency (AFUE) of at least 95% and equipped with a brushless direct current (DC) motor,

ii. a zero-clearance furnace with an AFUE of at least 95%, if the dwelling is a mobile home, and

iii. an “ENERGY STAR” qualified boiler with an AFUE of at least 95%;

(e) work relating to the replacement of an indoor wood-burning system or appliance with one of the following:

i. an indoor wood-burning system or appliance that complies with the CSA-B415.1-10 standard or the 40 CFR Part 60 Subpart AAA standard of the Environmental Protection Agency (EPA) of the United States on wood-burning appliances; if the appliance is not tested by the EPA, it must be certified in accordance with the CSA-B415.1-10 standard,

ii. an indoor pellet-burning appliance, including stoves, furnaces and boilers that burn wood, corn, grain or cherry pits, and

iii. an indoor masonry heater;

(f) work relating to the replacement of a solid fuel-fired outdoor boiler with an outdoor wood-burning heating system that complies with the CAN/CSA-B415.1 standard or the Outdoor Wood-fired Hydronic Heater program of the EPA (OWHH Method 28, phase 1 or 2), provided the capacity of the new system is equal to or smaller than the capacity of the one it replaces;

(g) work relating to the installation of an “ENERGY STAR” qualified central split or ductless mini-split air-source heat pump including an outdoor unit and at least one indoor head per floor, excluding the basement, that has an Air-Conditioning, Heating, and Refrigeration Institute (AHRI) number and satisfies the following minimum requirements:

i. it has a Seasonal Energy Efficiency Ratio (SEER) of 14.5,

ii. it has an Energy Efficiency Ratio (EER) of 12.0,

iii. it has a Heating Seasonal Performance Factor (HSPF) of 7.1 for region V, and

iv. it has a heating capacity of 12,000 Btu/h;

(h) work relating to the installation of a geothermal system certified by the Canadian GeoExchange Coalition (CGC); for that purpose, only a CGC-certified business may install the heat pump in accordance with the CAN/CSA-C448 standard and the CGC must certify the system after installation;

(i) work relating to the replacement of the heat pump of an existing geothermal system; for that purpose, only a business certified by the CGC may install the heat pump in accordance with the CAN/CSA-C448 standard;

(j) work relating to the replacement of an oil heating system with a system using propane or natural gas or the replacement of a propane heating system with a system using natural gas, provided the new system uses one of the following heating appliances:

i. an “ENERGY STAR” qualified furnace with an Annual Fuel Utilization Efficiency (AFUE) of at least 95% and equipped with a brushless direct current (DC) motor,

ii. a zero-clearance furnace with an AFUE of at least 95%, if the dwelling is a mobile home, and

iii. an “ENERGY STAR” qualified boiler with an AFUE of at least 95%;

(k) work relating to the replacement of an oil, propane or natural gas heating system with a system using electricity;

(l) work relating to the replacement of an oil, propane, natural gas or electricity heating system with a qualified integrated mechanical system (IMS) that is CSA-P.10-07 certified and achieves the premium performance rating;

(m) work relating to the installation of solar thermal panels that comply with the CAN/CSA-F378 standard;

(n) work relating to the installation of combined photovoltaic-thermal solar panels that comply with the CAN/CSA-C61215-08 and CAN/CSA-F378 standards;

(o) work relating to the replacement of a window air-conditioning unit or central air-conditioning system with an “ENERGY STAR” qualified central split or ductless mini-split air-conditioning system including an outdoor unit and at least one indoor head per floor, excluding the basement, that has an Air-Conditioning, Heating, and Refrigeration Institute (AHRI) number and satisfies the minimum requirements specified in subparagraphs i and ii of paragraph g;

(p) work relating to the replacement of a central air-conditioning system with an “ENERGY STAR” qualified central split or ductless mini-split air-source heat pump including an outdoor unit and at least one indoor head per floor, excluding the basement, that has an Air-Conditioning, Heating, and Refrigeration Institute (AHRI) number and satisfies the minimum requirements specified in subparagraphs i to iv of paragraph g;

(q) work relating to the replacement of a propane or natural gas water heater with one of the following appliances using the same fuel:

i. an “ENERGY STAR” qualified instantaneous water heater that has an energy factor (EF) of at least 0.82,

ii. an “ENERGY STAR” qualified instantaneous condensing water heater that has an EF of at least 0.90, or

iii. a condensing storage-type water heater that has a thermal efficiency of 95% or more;

(r) work relating to the replacement of an oil-fired water heater with a water heater using propane or natural gas or the replacement of a propane-fired water heater with a water heater using natural gas, provided the new water heater is described in any of subparagraphs i to iii of paragraph q;

(s) work relating to the replacement of an oil, propane or natural gas water heater with a water heater using electricity;

(t) work relating to the installation of a solar hot water system that provides a minimum energy contribution of seven gigajoules per year and is CAN/CSA-F379 certified, provided such system appears on the CanmetENERGY Performance Directory of Solar Domestic Hot Water Systems;

(u) work relating to the installation of a drain-water heat recovery system;

(v) work relating to the installation of solar thermal panels that comply with the CAN/CSA-F378 standard;

(w) work relating to the installation of combined photovoltaic-thermal solar panels that comply with the CAN/CSA-C61215-08 and CAN/CSA-F378 standards;

(x) work relating to the installation of an “ENERGY STAR” qualified heat recovery ventilator or energy-recovery ventilator certified by the Home Ventilating Institute (HVI) and listed in Section 3 of its product directory (Certified Home Ventilating Products Directory) if, where the installation makes it possible to replace an older ventilator, the new appliance is more efficient than the older one;

(y) work relating to the installation of an underground rain water recovery tank;

(z) work relating to the construction, renovation, modification or rebuilding of a system for the discharge, collection and disposal of waste water, toilet effluents or grey water in accordance with the Regulation respecting waste water disposal systems for isolated dwellings (chapter Q-2, r. 22);

(z.1) work relating to the restoration of a buffer strip in accordance with the requirements of the Protection Policy for Lakeshores, Riverbanks, Littoral Zones and Floodplains (chapter Q-2, r. 35);

(z.2) work relating to the decontamination of fuel oil-contaminated soil in accordance with the requirements of the Soil Protection and Contaminated Sites Rehabilitation Policy of the Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs, available on that department's website;

(z.3) work relating to the construction of a green roof; for that purpose, a green roof is a roof that is fully or partially covered with vegetation and that includes a waterproof membrane, a drainage membrane and a growth medium to protect the roof and host vegetation;

(z.4) work relating to the installation of photovoltaic solar panels that comply with the CAN/CSA-C61215-08 standard; or

(z.5) work relating to the installation of a domestic wind turbine that complies with the CAN/CSA-C61400-2-08 standard.



**“1029.8.154.** For the purposes of paragraph *b* of the definition of “eco-friendly renovation expenditure” in section 1029.8.153, a merchant is deemed to hold a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1) if the merchant is not a registrant for the purposes of that Act because the merchant is a small supplier within the meaning of section 1 of that Act.

**“1029.8.155.** For the purposes of the definition of “eligible dwelling” in section 1029.8.153, 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; and

(b) a dwelling is deemed to include the land subjacent to it and such portion of any contiguous land as can reasonably be regarded as contributing to the use and enjoyment of the dwelling.

**“1029.8.156.** For the purpose of determining an individual’s qualified expenditure for a taxation year in relation to an eligible dwelling, the following rules apply:

- (a) the amount of the qualified expenditure is to be reduced by
- i. an amount that is deductible in computing an individual’s income from a business or property for the year or any other taxation year,
  - ii. an amount that is included in the capital cost of depreciable property,
  - iii. an amount that is taken into account in computing
    - (1) an amount that is deducted in computing the tax payable by an individual for the year or any other taxation year under this Part, or
    - (2) 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 any other 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
  - iv. 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 eco-friendly renovation agreement under which the expenditure is incurred) has received, is entitled to receive or may reasonably expect to receive in any taxation year, except to the extent that the amount has reduced the individual's qualified expenditure for a preceding taxation year;

(b) an amount paid under an eco-friendly renovation agreement in relation to recognized eco-friendly renovation work carried on by a qualified contractor may be included in the individual's qualified expenditure for a taxation year only if the qualified contractor certifies, in the prescribed form containing prescribed information, that the property used in carrying out the work complies, where required, with the energy or environmental standards to which the definition of "recognized eco-friendly renovation work" in section 1029.8.153 refers in respect of the property;

(c) where an eco-friendly renovation agreement entered into with a qualified contractor does not deal only with recognized eco-friendly renovation work, an amount paid under the agreement may be included in the individual's qualified expenditure for a taxation year only if the qualified contractor gives the individual a written statement showing the breakdown of the cost of the property and services the qualified contractor supplied among the various types of work carried on under the agreement; and

(d) where the individual's eligible dwelling is an apartment in an immovable under divided co-ownership, the individual's qualified expenditure for a taxation year is deemed to include the individual's share of an expenditure paid by the syndicate of co-owners if

- i. it is reasonable to consider that the expenditure would be an eco-friendly renovation expenditure of an individual if the syndicate of co-owners were an individual and the immovable were an eligible dwelling of the individual, and
- ii. the syndicate of co-owners notifies the individual in writing of the amount of the individual's share of the expenditure.

“§2. — *Credits*

**“1029.8.157.** An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2013 is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2013 on account of the individual's tax payable under this Part for that year, an amount equal to the lesser of \$10,000 and the amount obtained by multiplying 20% by the amount by which the individual's qualified expenditure for the taxation year 2013 in relation to an eligible dwelling of the individual exceeds \$2,500, 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.

An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2014 is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2014 on account of the individual's tax payable under this Part for that year, if the individual files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information, an amount equal to the lesser of

(a) the amount obtained by multiplying 20% by the amount by which the individual's qualified expenditure for the taxation year 2014, in relation to an eligible dwelling of the individual, exceeds the amount by which \$2,500 exceeds the individual's qualified expenditure, in relation to the eligible dwelling, for the taxation year 2013; and

(b) the amount by which \$10,000 exceeds the aggregate of all amounts each of which is an amount that the individual, or a person together with whom the individual owns the eligible dwelling, is deemed to have paid to the Minister under the first paragraph, in relation to the eligible dwelling.

For the purposes of this section, an individual who dies or ceases to be resident in Canada in a taxation year is deemed to be resident in Québec at the end of 31 December of that year if the individual was resident in Québec immediately before dying or, as the case may be, on the last day the individual was resident in Canada.

**“1029.8.158.** If, for a taxation year, more than one individual could, but for this section, be deemed to have paid an amount to the Minister under section 1029.8.157 in relation to an eligible dwelling that the individuals jointly own, the following rules apply:

(a) if those individuals became owners of the eligible dwelling at the same time, the total of the amounts that each of those individuals may be deemed to have paid to the Minister under that section for the year in relation to the eligible dwelling may not exceed the particular amount that only one of those individuals could be deemed to have paid to the Minister under that section for the year in relation to the eligible dwelling if that individual were the sole owner of the eligible dwelling; and

(b) in any other case, the total of the amounts that each of those individuals may be deemed to have paid to the Minister under that section for the year in relation to the eligible dwelling may not exceed the particular amount that the individual from among those individuals who holds the oldest title of ownership or, if more than one of them holds such a title, one of those individuals, could be deemed to have paid to the Minister under that section for the year in relation to the eligible dwelling if that individual were the sole owner of the eligible dwelling.

If the individuals cannot agree as to what portion of the particular amount each would, but for this section, be deemed to have paid to the Minister under section 1029.8.157, the Minister may determine what portion of that amount is deemed to be paid to the Minister by each individual under that section.

#### “DIVISION II.24

#### “CREDIT FOR HOME RENOVATION

#### “§1.—*Interpretation and general rules*

“**1029.8.159.** In this division,

“eligible home” of an individual means a dwelling that is located in Québec, other than an excluded home, of which construction is completed before 1 January 2014 and of which the individual is the owner when the home renovation expenditures are incurred, that constitutes, at that time, the individual’s principal place of residence and that is

- (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; or
- (d) a unit in a residential duplex or triplex;

“excluded home” means a dwelling that, before the beginning of the carrying out of recognized home renovation work, 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 renovation agreement” entered into in respect of an individual’s eligible home means an agreement under which a qualified contractor undertakes to carry out recognized home renovation work in respect of the individual’s eligible home that is entered into after 24 April 2014 and before 1 July 2015 between the qualified contractor and

- (a) the individual; or
- (b) 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 home or the other individual’s spouse;

“home renovation expenditure” means an expenditure that is attributable to recognized home renovation work carried out by a qualified contractor pursuant to a home renovation agreement and that is

(a) the cost of a service supplied by the qualified contractor, including the amount of any goods and services tax and Québec sales tax applicable;

(b) the cost of a movable property, other than a household appliance, an electrical appliance or an electronic entertainment device, that is used in the carrying out of recognized home renovation work provided for in the home renovation agreement and described in any of subparagraphs i to xxvii of paragraph *a* of the definition of “recognized home renovation work”, including the amount of any goods and services tax and Québec sales tax applicable, provided that the movable property was acquired, after 24 April 2014, from the qualified contractor or a merchant holding a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1) and that, after the carrying out of the work, the property

i. has been incorporated into the eligible home, has lost its individuality and ensures the utility of the home, or

ii. has been permanently physically attached or joined to the eligible home, without losing its individuality or being incorporated into the eligible home, and ensures the utility of the home;

(c) the cost of a movable property that is used in the carrying out of recognized home renovation work provided for in the home renovation agreement and described in any of paragraphs *a*, *c* to *z.2*, *z.4* and *z.5* of the definition of “recognized eco-friendly renovation work” in section 1029.8.153, including the amount of any goods and services tax and Québec sales tax applicable, provided that the movable property was acquired, after 24 April 2014, from the qualified contractor or a merchant holding a registration number assigned under the Act respecting the Québec sales tax; or

(d) the cost of a permit necessary to carry out the recognized home renovation work, including the cost of studies carried out to obtain such a permit;

“intergenerational home” means a single-family home in which an independent dwelling, allowing more than one generation of the same family to live together while preserving their privacy, is built;

“qualified contractor” in relation to a home renovation agreement entered into in respect of an individual’s eligible home means a person or a partnership meeting 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 home nor the spouse of one of the owners of the eligible home; and

(b) at the time the recognized home renovation work provided for in the agreement is being carried out and if required for the carrying out of such work, the person or partnership is the holder of the appropriate licence issued by the Régie du bâtiment du Québec, the Corporation des maîtres électriciens du Québec or the Corporation des maîtres mécaniciens en tuyauterie du Québec and, if applicable, has paid the licence security payable under the Building Act (chapter B-1.1);

“qualified expenditure” of an individual, in relation to an eligible home of the individual, for a particular taxation year that is either the taxation year 2014 or the taxation year 2015 means the aggregate of all amounts each of which is a home renovation expenditure of the individual that is paid in the particular year, in relation to the eligible home, by the individual or the individual’s legal representative, by a person who is the individual’s spouse at the time the payment is made, or by any other individual who, at the time the expenditure is incurred, owns the eligible home;

“recognized home renovation work” in respect of an eligible home means work, other than work excluded because of section 1029.8.162, that is carried out in compliance with the rules set out in any Act, regulation or by-law of Canada, Québec or a municipality of Québec and the policies that apply according to the type of intervention, including necessary site restoration work, that is,

(a) in respect of a home renovation agreement entered into before 1 November 2014, work relating to

- i. the renovation of one or more rooms in the home,
- ii. the division of rooms,
- iii. the finishing of a basement, attic or an integrated garage or garage adjoining the home,
- iv. the adaptation of the interior of the home to the needs of a handicapped person or a person suffering a loss of independence,
- v. the replacement of the plumbing or electrical system,
- vi. the installation or replacement of a lighting system,
- vii. the refurbishing of floors,
- viii. the replacement of floor coverings,
- ix. the replacement of doors that do not give access to the exterior of the dwelling,
- x. the modification of the covering of interior walls and ceilings,

- xi. the replacement, building or modification of an interior stairway,
- xii. the installation of permanently fixed blinds and shutters,
- xiii. the installation of an alarm, security or home automation system,
- xiv. the expansion of the living space of the home, including work relating to the envelope and mechanical systems of the additions to the home, if the property that is used in the carrying out of the work complies, where required, with the energy or environmental standards to which any of paragraphs *a* and *c* to *x* of the definition of “recognized eco-friendly renovation work” in section 1029.8.153 refers in respect of the property,
- xv. the conversion of a single-dwelling home into an intergenerational home, including work relating to the envelope and mechanical systems of the additions to the home, if the property that is used in the carrying out of the work complies, where required, with the energy or environmental standards to which any of paragraphs *a* and *c* to *x* of the definition of “recognized eco-friendly renovation work” in section 1029.8.153 refers in respect of the property,
- xvi. the replacement of weeping tiles, sanitary drain, fall pipe or foundation drain,
- xvii. the repair of the foundation,
- xviii. the waterproofing of the foundation,
- xix. the air sealing of the envelope of the home or a portion of it,
- xx. the pressure cleaning of the exterior siding,
- xxi. the replacement of the exterior siding,
- xxii. the painting of the envelope of the home,
- xxiii. the replacement of swing shutters,
- xxiv. the replacement of soffits and fascia,
- xxv. the replacement of the roofing and eavestroughs,
- xxvi. the repair of a chimney, or
- xxvii. the replacement of a garage door for a garage integrated into or adjoining the home; or

(*b*) in respect of a home renovation agreement entered into after 31 October 2014, work described in any of subparagraphs i to xxvii of paragraph *a* and work described in any of paragraphs *a*, *c* to *z.2*, *z.4* and *z.5* of the definition of “recognized eco-friendly renovation work” in section 1029.8.153.

**“1029.8.160.** For the purposes of paragraphs *b* and *c* of the definition of “home renovation expenditure” in section 1029.8.159, a merchant is deemed to hold a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1) if the merchant is not a registrant for the purposes of that Act because the merchant is a small supplier within the meaning of section 1 of that Act.

**“1029.8.161.** For the purposes of the definition of “eligible home” in section 1029.8.159, 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 includes the land subjacent to it and such portion of any contiguous land as can reasonably be regarded as contributing to the use and enjoyment of the dwelling;

(*c*) a dwelling does not include a structure adjoining or accessory to the dwelling, other than a garage or carport if

i. the garage or carport shares, in whole or in part, a wall with the dwelling, or

ii. the roof of the garage or carport is connected to the dwelling; and

(*d*) a dwelling that is an apartment in an immovable under divided co-ownership includes only the portion of the apartment that consists of a private portion as well as the partitions or walls that are not part of the foundations and main walls of the immovable and that separate a private portion from a common portion or from another private portion.

**“1029.8.162.** In respect of a home renovation agreement entered into before 1 November 2014, the following work is excluded:

(*a*) work consisting exclusively of annual, periodic or ongoing maintenance or repair work;

(*b*) work whose sole purpose is to refurbish any part of a dwelling following breakage, malfunction or loss;



(c) work relating to the envelope of the dwelling that is attributable to the insulation of the roof, exterior walls, foundations and exposed floors of the dwelling or to the replacement or addition of doors, windows or skylights, other than a garage door for a garage integrated into or adjoining the dwelling or work described in subparagraph xiv or xv of paragraph *a* of the definition of “recognized home renovation work” in section 1029.8.159;

(d) work relating to the mechanical systems of the dwelling, such as the heating system, air conditioning system, water heating system and ventilation system, other than work described in subparagraph xiv or xv of paragraph *a* of the definition of “recognized home renovation work” in section 1029.8.159; and

(e) work relating to the installation of solar panels.

In respect of a home renovation agreement entered into after 31 October 2014, work described in subparagraphs *a* and *b* of the first paragraph is excluded.

**“1029.8.163.** For the purpose of determining an individual’s qualified expenditure for a taxation year in relation to an eligible home, the following rules apply:

(a) an amount paid under a home renovation agreement, in relation to recognized home renovation work, may not be included in the individual’s qualified expenditure for a taxation year if it is

i. an amount incurred to acquire property used by the individual before the acquisition under a contract of lease,

ii. an amount that is deductible in computing an individual’s income from a business or property for the year or any other taxation year,

iii. an amount that is included in the capital cost of depreciable property,

iv. an amount that is taken into account in computing

(1) an amount that is deducted in computing the tax payable by an individual for the year or any other taxation year under this Part, or

(2) 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 any other 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,

v. an amount used to finance the cost of recognized home renovation work,  
or

vi. an amount attributable to property or services supplied by a person with whom the individual or any of the other owners of the eligible home is not dealing at arm's length, unless the person holds a registration number assigned under the Act respecting the Québec sales tax (chapter T-0.1);

(b) the individual's qualified expenditure must be reduced by the amount of any government assistance, non-government assistance, reimbursement or other form of assistance, including an indemnity paid under an insurance contract, attributable to the expenditure, that the individual or any other person (other than the person acting as a qualified contractor under the 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, except to the extent that the amount has reduced the individual's qualified expenditure for a preceding taxation year;

(c) an amount paid under a home renovation agreement may be included in the individual's qualified expenditure only if the qualified contractor carrying out the recognized home renovation work certifies, in the prescribed form referred to in the first or second paragraph of section 1029.8.164, that the property used in carrying out the work complies, where required, with the energy or environmental standards to which the definition of "recognized eco-friendly renovation work" in section 1029.8.153 refers in respect of the property; and

(d) where a home renovation agreement entered into with a qualified contractor does not deal only with recognized home renovation work, an amount paid under the agreement may be included in the individual's qualified expenditure only if the qualified contractor gives the individual a written statement showing the breakdown of the cost of the property and services the qualified contractor supplied among the various types of work carried on under the agreement.

“§2. — *Credits*

“**1029.8.164.** An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2014 is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2014 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 for the taxation year 2014 in relation to an eligible home of the individual exceeds \$3,000, if the individual files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information.

An individual, other than a trust, who is resident in Québec at the end of 31 December of the taxation year 2015 is deemed to have paid to the Minister on the individual's balance-due day for the individual's taxation year 2015 on

account of the individual's tax payable under this Part for that year, if the individual files with the Minister, together with the fiscal return the individual is required to file for the year, or would be required to so file if tax were payable for the year, the prescribed form containing prescribed information, an amount equal to the lesser of

(a) the amount obtained by multiplying 20% by the amount by which the individual's qualified expenditure for the taxation year 2015, in relation to an eligible home of the individual, exceeds the amount by which \$3,000 exceeds the individual's qualified expenditure, in relation to the eligible home, for the taxation year 2014; and

(b) the amount by which \$2,500 exceeds the aggregate of all amounts each of which is an amount that the individual, or a person together with whom the individual owns the eligible home, is deemed to have paid to the Minister under the first paragraph, in relation to the eligible home.

For the purposes of this section, an individual who dies or ceases to be resident in Canada in a taxation year is deemed to be resident in Québec at the end of 31 December of that year if the individual was resident in Québec immediately before dying or, as the case may be, on the last day the individual was resident in Canada.

**“1029.8.165.** For the purpose of determining the amount that an individual is deemed to have paid to the Minister for a taxation year under section 1029.8.164 in relation to an eligible home of the individual, for any period between 24 April 2014 and 1 July 2015 throughout which the individual owns an intergenerational home that is the individual's principal place of residence, each independent dwelling built in the home is deemed to be a separate eligible home of the individual, if the individual so elects in the prescribed form referred to in the first or second paragraph of section 1029.8.164.

Where more than one individual owns an intergenerational home and the home is the principal place of residence of those individuals, the election referred to in the first paragraph and made by one of them is deemed to have been made by each of the other owners.

For the purposes of this section, an intergenerational home includes a home in respect of which work described in subparagraph xv of paragraph *a* of the definition of “recognized home renovation work” in section 1029.8.159 is carried out.

**“1029.8.166.** Where, for a taxation year, more than one individual could, but for this section, be deemed to have paid an amount to the Minister under section 1029.8.164 in relation to an eligible home they own jointly, the following rules apply:

(a) where the individuals became owners of the eligible home at the same time, the total of the amounts that each of the individuals may be deemed to

have paid to the Minister under that section for the year, in relation to the eligible home, may not exceed the particular amount that only one of the individuals could be deemed to have paid to the Minister under that section for the year, in relation to the eligible home, if the individual were the sole owner of the home; and

(b) in any other case, the total of the amounts that each of the individuals may be deemed to have paid to the Minister under that section for the year, in relation to the eligible home, may not exceed the particular amount that the individual who holds the oldest title of ownership or, if several of them hold such a title, one of them, could be deemed to have paid to the Minister under that section for the year, in relation to the eligible home, if the individual were the sole owner of the home.

If the individuals cannot agree as to what portion of the particular amount each would, but for this section, be deemed to have paid to the Minister under section 1029.8.164, the Minister may determine what portion of that amount is deemed to be paid to the Minister by each individual under that section.”

(2) Subsection 1, where it enacts Division II.23 of Chapter III.1 of Title III of Book IX of Part I of the Act, applies from the taxation year 2013. However, where section 1029.8.157 of the Act applies to the taxation year 2013, it is to be read as if the following paragraph were added after the third paragraph:

“The individual shall keep the invoices and other vouchers relating to the recognized eco-friendly renovation work in respect of which an amount is included in computing the individual’s qualified expenditure for a taxation year in relation to an eligible dwelling for six years after the end of the last year to which they relate.”

(3) Subsection 1, where it enacts Division II.24 of Chapter III.1 of Title III of Book IX of Part I of the Act, applies from the taxation year 2014.

**493.** (1) Section 1034.0.0.2 of the Act is amended by replacing “766.6” in the portion before paragraph *a* by “766.3.4”.

(2) Subsection 1 applies from the taxation year 2013.

**494.** (1) Section 1034.10 of the Act is amended by replacing “section 905.0.3” wherever it appears in the first paragraph by “the first paragraph of section 905.0.3”.

(2) Subsection 1 has effect from 1 January 2014.

**495.** (1) The Act is amended by inserting the following sections after section 1045.0.1:

**“1045.0.1.1.** Every person or partnership who makes, or participates in, assents to or acquiesces in the making of, a false statement or omission in

respect of information relating to a claim preparer required to be included in a scientific research and experimental development form solidarily incurs, together with the claim preparer, a penalty of \$1,000.

However, a person or partnership, as the case may be, may not incur, in respect of the same false statement or omission, both the penalty provided for in the first paragraph and the penalty provided for in section 59.0.2 of the Tax Administration Act (chapter A-6.002).

**“1045.0.1.2.** A claim preparer of a scientific research and experimental development form does not incur the penalty provided for in section 1045.0.1.1 in respect of a false statement or omission if the claim preparer has exercised the degree of care, diligence and skill to prevent the making of the false statement or omission that a reasonably prudent person would have exercised in comparable circumstances.

**“1045.0.1.3.** For the purposes of this section and sections 1045.0.1.1 and 1045.0.1.2,

“claim preparer”, of a scientific research and experimental development form, means a person or partnership who agrees to accept consideration to prepare or assist in the preparation of the form, but does not include an employee who prepares or assists in the preparation of the form in the course of performing the duties of the employee’s employment;

“claim preparer information” means prescribed information regarding

(a) the identity of the claim preparer of a scientific research and experimental development form; and

(b) the arrangement under which the claim preparer agrees to accept consideration in respect of the preparation of the scientific research and experimental development form;

“scientific research and experimental development form” means the prescribed form required to be filed under section 230.0.0.4.1.

**“1045.0.1.4.** Where a partnership incurs a penalty under section 1045.0.1.1, sections 1005 to 1014, 1034 to 1034.0.2, 1035 to 1044.0.2 and 1051 to 1055.1 apply, with the necessary modifications, in respect of the penalty as if the partnership were a corporation.”

(2) Subsection 1 applies in respect of a form filed after 20 October 2015.

**496.** Section 1063 of the Act is amended by striking out “or donation” wherever it appears in paragraphs *d* and *f*.

**497.** Section 1079.5 of the Act is amended by replacing the portion of paragraph *c* before subparagraph *i* by the following:

“(c) on every written statement that refers either directly or indirectly and either expressly or implicitly to the issuance by the Minister of an identification number for the tax shelter, as well as on the copy of the portion of the information return to be forwarded pursuant to section 1079.7.3, prominently display”.

**498.** Section 1079.7.3 of the Act is amended by replacing “two copies” by “a copy”.

**499.** Section 1086.12.1 of the Act is amended by replacing the definition of “eligible spouse” by the following definition:

““eligible spouse” of an individual for a taxation year means the person who is the individual’s eligible spouse for the year within the meaning of sections 776.41.1 to 776.41.4 and who, at the end of 31 December of the year or, if the person died in the year, immediately before the person’s death, was resident in Québec and had not been confined to a prison or similar institution during the year for one or more periods totalling more than six months;”.

**500.** (1) Section 1092 of the Act is amended by replacing “subparagraph *a* of the first paragraph” in subparagraph *i* of paragraph *c* by “paragraph *a*”.

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

**501.** (1) Section 1098 of the Act is amended by replacing “12%” by “12.875%”.

(2) Subsection 1 applies in respect of a disposition that a person proposes to make after 31 December 2012.

**502.** (1) Section 1100 of the Act is amended by replacing “12%” by “12.875%”.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2012.

**503.** (1) Section 1101 of the Act is amended by replacing “12%” in subparagraph *a* of the first paragraph by “12.875%”.

(2) Subsection 1 applies in respect of a disposition that occurs after 31 December 2012.

**504.** (1) Section 1129.0.0.1 of the Act is amended by replacing “III.2.7” in the portion of the third paragraph before the definition of “filing-due date” by “III.2.8”.

(2) Subsection 1 has effect from 5 June 2014.

**505.** (1) The Act is amended by inserting the following section after section 1129.0.9.1:

**“1129.0.9.1.1.** For the purposes of Part I, except Division II.4 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a taxpayer at any time under this Part, in relation to an expenditure, is deemed to be an amount of assistance repaid at that time in respect of the expenditure, pursuant to a legal obligation, by

(a) the partnership referred to in section 1129.0.3, 1129.0.5, 1129.0.7 or 1129.0.9, as the case may be, if the tax arises from an amount directly or indirectly refunded or otherwise paid to that partnership or allocated to a payment required to be made by it; or

(b) the taxpayer, in any other case.”

(2) Subsection 1 applies in respect of an amount deemed to be repaid in relation to an expenditure incurred in a taxation year that begins after 20 November 2012.

**506.** (1) The Act is amended by inserting the following section after section 1129.0.10.9:

**“1129.0.10.9.1.** For the purposes of Part I, except for Division II.4 of Chapter III.1 of Title III of Book IX, the following rules apply:

(a) tax paid to the Minister by a taxpayer at any time under any of sections 1129.0.10.2, 1129.0.10.4 and 1129.0.10.8, in relation to a particular property of the taxpayer, is deemed to be an amount of assistance repaid by the taxpayer at that time in respect of the property, pursuant to a legal obligation; and

(b) tax paid to the Minister by a taxpayer at any time under any of sections 1129.0.10.3, 1129.0.10.5 and 1129.0.10.9, in relation to a particular property of a partnership of which the taxpayer is a member, is deemed to be an amount of assistance repaid by the partnership at that time in respect of the property, pursuant to a legal obligation.”

(2) Subsection 1 applies in respect of tax paid in relation to a property acquired in a taxation year that begins after 20 November 2012.

**507.** (1) The Act is amended by inserting the following after section 1129.12.43:

**“PART III.2.8****“SPECIAL TAX RELATING TO A TAX-FREE RESERVE OF A QUALIFIED SHIPOWNER**

**“1129.12.44.** In this Part,

“qualified property” has the meaning assigned by section 979.24;

“qualified shipowner” has the meaning assigned by section 979.24;

“tax-free reserve” of a qualified shipowner means a tax-free reserve within the meaning of section 979.25.

**“1129.12.45.** A qualified shipowner is required to pay the tax determined in the second paragraph for a particular taxation year if

(a) the qualified shipowner’s tax-free reserve is deemed to end in the particular taxation year because of the application of section 979.32; or

(b) the particular taxation year includes the end of 31 December 2033 and, immediately before that time, qualified property is included in the qualified shipowner’s tax-free reserve.

The tax to which the first paragraph refers is equal to the amount determined by the formula

$$1\% \times A \times B.$$

In the formula in the second paragraph,

(a) A is the fair market value of the qualified property within the qualified shipowner’s tax-free reserve at the end of the taxation year that precedes the particular taxation year where subparagraph *a* of the first paragraph applies or at the end of 31 December 2033 where subparagraph *b* of the first paragraph applies; and

(b) B is the number of taxation years in which the qualified shipowner had a tax-free reserve.

**“1129.12.46.** Except where inconsistent with this Part, the first paragraph of section 549, section 564 where it refers to that first paragraph, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 5 June 2014.

**508.** (1) The Act is amended by inserting the following section after section 1129.25.1:



**“1129.25.2.** The Fund shall pay, for its taxation year beginning on 1 June 2014 and ending on 31 May 2015, a tax equal to 15% of the amount by which the aggregate of all amounts each of which is an amount paid during that year for the purchase of a share as first purchaser exceeds \$650,000,000.

For the purposes of the first paragraph, an amount paid for the purchase of a share does not include the issue price paid in respect of the share.”

(2) Subsection 1 has effect from 1 June 2014.

**509.** (1) Section 1129.26.1 of the Act is replaced by the following section:

**“1129.26.1.** Where the Fund is required to pay tax under this Part for the year referred to in section 1129.25.1 or 1129.25.2, it shall, not later than the ninetieth day following the end of the year, pay to the Minister the amount of its tax payable under this Part for the year.”

(2) Subsection 1 has effect from 1 June 2014.

**510.** (1) Section 1129.27.0.2.1 of the Act is amended by replacing subparagraph *i* of subparagraph *f* of the second paragraph by the following subparagraph:

“i. \$200,000,000, and”.

(2) Subsection 1 has effect from 1 June 2014.

**511.** (1) Section 1129.27.4.1 of the Act is amended, in the definition of “annual limit amount”,

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

“(b) subject to paragraph *c*, any of the following amounts, in respect of a capitalization period that begins after 29 February 2008:”;

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

“(c) \$150,000,000, in respect of the capitalization period that begins on 1 March 2015 and ends on 29 February 2016.”

(2) Subsection 1 applies from 1 March 2015.

**512.** (1) Section 1129.27.4.2 of the Act is amended, in the first paragraph,

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

“(b) if the particular capitalization period begins after 28 February 2007 and before 1 March 2014, the amount determined by the formula”;

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

“(c) if the particular capitalization period begins after 28 February 2014, the amount determined by the formula

$45\% \times (A - B)$ .”

(2) Subsection 1 applies in respect of a capitalization period that begins after 28 February 2014.

**513.** (1) Section 1129.27.6 of the Act is amended by replacing the third paragraph by the following paragraph:

“The percentage to which subparagraph *i* of subparagraph *b* of the second paragraph refers is

(a) 35%, if the share referred to in the first paragraph was issued after 23 March 2006 and before 10 November 2007;

(b) 50%, if the share referred to in the first paragraph was issued before 24 March 2006 or after 9 November 2007 and before 1 March 2014; or

(c) 45%, if the share referred to in the first paragraph was issued after 28 February 2014.”

(2) Subsection 1 applies in respect of a share issued after 28 February 2014.

**514.** (1) The Act is amended by inserting the following section after section 1129.40:

**“1129.40.1.** For the purposes of Part I, except Division II.5.1 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a taxpayer at any time under this Part, in relation to a qualified expenditure, is deemed to be an amount of assistance repaid at that time in respect of the expenditure, pursuant to a legal obligation, by

(a) the partnership referred to in section 1129.40, in the case of tax paid under that section; or

(b) the taxpayer, in any other case.”

(2) Subsection 1 applies in respect of an amount deemed to be repaid in relation to an expenditure incurred in a taxation year that begins after 20 November 2012.

**515.** (1) The Act is amended by inserting the following section after section 1129.44.2:

**“1129.44.2.1.** For the purposes of Part I, except Division II.6.2 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time under this Part, in relation to an expenditure or wages incurred, as the case may be, is deemed to be an amount of assistance repaid at that time in respect of the expenditure or wages, pursuant to a legal obligation, by

(a) the partnership referred to in section 1129.44 or 1129.44.2, as the case may be, if the tax arises from an amount directly or indirectly, refunded or otherwise paid to that partnership or allocated to a payment required to be made by it; or

(b) the corporation, in any other case.”

(2) Subsection 1 applies in respect of an amount deemed to be repaid in relation to an expenditure incurred in a taxation year that begins after 20 November 2012.

**516.** (1) The Act is amended by inserting the following section after section 1129.45.2.1:

**“1129.45.2.2.** For the purposes of Part I, except Division II.6.5 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time under section 1129.45.2 or 1129.45.2.1, in relation to an expenditure, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the expenditure, pursuant to a legal obligation.”

(2) Subsection 1 applies in respect of an amount deemed to be repaid in relation to an expenditure incurred in a taxation year that begins after 20 November 2012.

**517.** (1) The Act is amended by inserting the following after section 1129.45.3.5.11:

**“PART III.10.1.1.3**

**“SPECIAL TAX RELATING TO THE CREDIT FOR DAMAGE  
INSURANCE FIRMS**

**“1129.45.3.5.12.** In this Part, “qualified expenditure” has the meaning assigned by section 1029.8.36.59.42.

**“1129.45.3.5.13.** Every corporation that is deemed to have paid an amount to the Minister under section 1029.8.36.59.44, on account of its tax payable under Part I, in relation to a qualified expenditure, shall pay the tax computed under the second paragraph for a taxation year (in this section referred to as the “repayment year”) in which an amount relating to an expenditure

included in computing the qualified expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.59.44 or 1029.8.36.59.47, in relation to the qualified expenditure, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under either of those sections, in relation to the qualified expenditure, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to an expenditure included in computing the qualified expenditure, were refunded, paid or allocated in the corporation's last taxation year ended before 1 January 2013; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year, in relation to the qualified expenditure.

**“1129.45.3.5.14.** For the purposes of Part I, except for Division II.6.5.7 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time under this Part, in relation to a qualified expenditure of the corporation, is deemed to be an amount of assistance repaid by the corporation at that time in respect of the expenditure, pursuant to a legal obligation.

**“1129.45.3.5.15.** Unless otherwise provided in this Part, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 1 January 2013.

**518.** (1) Section 1129.45.3.41 of the Act is amended by replacing “section 1029.8.36.0.109” in the portion of the first paragraph before subparagraph *a* by “Division II.6.0.10 of Chapter III.1 of Title III of Book IX of Part I”.

(2) Subsection 1 applies to a taxation year that ends after 31 December 2013.

**519.** (1) The Act is amended by inserting the following after section 1129.45.41.18:

**“PART III.10.9.2.1****“SPECIAL TAX RELATING TO THE CREDIT IN RESPECT OF A BUILDING USED IN CONNECTION WITH MANUFACTURING OR PROCESSING ACTIVITIES**

**“1129.45.41.18.1.** In this Part, “expenditure of a capital nature”, “qualified building” and “qualified expenditure” have the meaning assigned by section 1029.8.36.166.60.1.

**“1129.45.41.18.2.** Every corporation that is deemed to have paid an amount to the Minister under section 1029.8.36.166.60.8 on account of its tax payable under Part I for a particular taxation year, in relation to a qualified expenditure for the year in respect of a qualified building, is required to pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the “repayment year”) in which an amount relating to the qualified expenditure is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.36.166.60.8 or 1029.8.36.166.60.14 in relation to the qualified expenditure, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.36.166.60.8 or 1029.8.36.166.60.14 in relation to the qualified expenditure, if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated in relation to the qualified expenditure, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister in relation to the qualified expenditure under this section for a taxation year preceding the repayment year or under the third paragraph of section 1129.45.41.18.4 for the repayment year or for a preceding taxation year.

However, no tax is payable under this section in relation to the qualified expenditure in respect of a building referred to in the first paragraph if the first paragraph of section 1129.45.41.18.4 applies in respect of the building for the repayment year or for a preceding taxation year.

**“1129.45.41.18.3.** Every corporation that is a member of a partnership and is deemed to have paid an amount to the Minister under section 1029.8.36.166.60.9 on account of the corporation’s tax payable under Part I for a particular taxation year, in relation to a qualified expenditure of the partnership, in respect of a qualified building, for the partnership’s particular fiscal period that ends in the particular taxation year, is required to pay the tax

computed under the second paragraph for the taxation year in which a subsequent fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) ends, in which an amount relating to the qualified expenditure is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends under any of sections 1029.8.36.166.60.9, 1029.8.36.166.60.15 and 1029.8.36.166.60.16, in relation to the qualified expenditure, if the agreed proportion in respect of the corporation for that preceding fiscal period were the same as that for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.36.166.60.9, 1029.8.36.166.60.15 and 1029.8.36.166.60.16, for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends, in relation to the qualified expenditure, if

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated in relation to the qualified expenditure, were refunded, paid or allocated in the particular fiscal period, and

ii. the agreed proportion in respect of the corporation for that preceding fiscal period were the same as that for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the corporation would be required to pay to the Minister under this section, for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in relation to the qualified expenditure, if the agreed proportion in respect of the corporation for the partnership’s fiscal period that ends in the preceding taxation year were the same as that for the fiscal period of repayment, or is required to pay under the third paragraph of section 1129.45.41.18.5 for the taxation year in which the fiscal period of repayment ends or for a preceding taxation year.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated, otherwise determined, by the reciprocal of the agreed proportion in respect of the corporation for the fiscal period of repayment.

However, no tax is payable under this section in relation to the qualified expenditure in respect of a building referred to in the first paragraph if the first paragraph of section 1129.45.41.18.5 applies in respect of the building for the taxation year in which the fiscal period of repayment ends or for a preceding taxation year.

**“1129.45.41.18.4.** Every corporation that, in relation to a qualified expenditure in respect of a qualified building, is deemed to have paid an amount to the Minister, under section 1029.8.36.166.60.8, on account of its tax payable under Part I for any taxation year, is required to pay, for a particular taxation year, the tax referred to in the second paragraph if the corporation, before it begins to use the qualified building in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1, disposes of it at any time between the corporation’s filing-due date for the taxation year preceding the particular year and the day after the day that is the end of the 48-month period following the last day of the taxation year where, for the first time, the corporation incurred an expenditure of a capital nature in respect of the qualified building or, if it is earlier, the corporation’s filing-due date for the particular year, or if that 48-month period ends in the particular year, did not use the qualified building at any time in the 48-month period in a manner consistent with that paragraph *b*, unless the disposition or failure to use arises by reason of the involuntary destruction of the qualified building by fire, theft or water.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the particular taxation year under section 1029.8.36.166.60.8 or 1029.8.36.166.60.14, in respect of the qualified building, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay under section 1129.45.41.18.2 in respect of the qualified building for a taxation year preceding the particular year.

Every corporation that, in relation to a qualified expenditure in respect of a qualified building, is deemed to have paid an amount to the Minister, under section 1029.8.36.166.60.8, on account of its tax payable under Part I for any taxation year and that began to use the qualified building in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 within a 48-month period following the last day of the taxation year where, for the first time, it incurred an expenditure of a capital nature in respect of the qualified building, is required to pay, for a particular taxation year, the tax determined under the fourth paragraph if, at any given time between the corporation’s filing-due date for the taxation year preceding the particular year and the day after the day that is the end of the 48-month period that begins on the day on which the use began or, if it is earlier, the corporation’s filing-due date for the particular year, the corporation disposes of the qualified building or ceases to use it in a manner consistent with that paragraph *b*, otherwise than by reason of the involuntary destruction of the qualified building by fire, theft or water.

The tax to which the third paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under section 1029.8.36.166.60.8 or 1029.8.36.166.60.14, in respect of the qualified building, for a taxation year preceding the particular taxation year, exceeds the total of

(a) the proportion of the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the particular taxation year under section 1029.8.36.166.60.8 or 1029.8.36.166.60.14, in respect of the qualified building, exceeds the aggregate of all amounts each of which is a tax required to be paid by the corporation under section 1129.45.41.18.2, in respect of the qualified building for a taxation year preceding the particular year, that the number of months in the period that begins on the day on which the qualified building began to be used in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 and that ends at the given time referred to in the third paragraph is of 48; and

(b) the aggregate of all amounts each of which is a tax required to be paid by the corporation under section 1129.45.41.18.2, in respect of the qualified building, for a taxation year preceding the particular year.

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

(a) a month means a period that begins on a particular day in a calendar month and that ends

i. on the day immediately before the day in the following calendar month that has the same calendar number as the particular day, or

ii. where the following calendar month does not have a day that has the same calendar number as the particular day, on the last day of the following month;

(b) a qualified building is deemed to be used in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 for an entire month if the building is so used for more than 15 days in the month;

(c) a qualified building that temporarily ceases to be used in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 is deemed to be used in a manner consistent with that paragraph *b* if the Minister is of the opinion that the use ceased for reasonable grounds; and

(d) where the qualified corporation disposes of a qualified building to a corporation with which it is associated at the time of the disposition, the qualified building is deemed to not have been disposed of at that time and the qualified corporation is deemed, from that time and for the purposes of this subparagraph, to be the same person as the purchaser of the qualified building.



**“1129.45.41.18.5.** Every corporation that is a member of a partnership and is deemed to have paid an amount to the Minister under section 1029.8.36.166.60.9 on account of its tax payable under Part I for any given taxation year, in relation to a qualified expenditure of the partnership in respect of a qualified building, for the particular fiscal period of the partnership that ends in the given taxation year, is required to pay, for a particular taxation year, the tax referred to in the second paragraph if the partnership, before it begins to use the qualified building in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1, disposes of it at any time between the day that is six months after the end of the partnership’s fiscal period that ends in the taxation year preceding the particular year and the day after the day that is the end of the 48-month period following the last day of the fiscal period where, for the first time, the partnership incurred an expenditure of a capital nature in respect of the qualified building or, if it is earlier, the day that is six months after the end of the partnership’s fiscal period that ends in the particular year or, if the 48-month period ends in the partnership’s fiscal period that ends in the particular year, did not use the qualified building at any time in the 48-month period in a manner consistent with that paragraph *b*, unless the disposition or failure to use arises by reason of the involuntary destruction of the qualified building by fire, theft or water.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the particular taxation year under any of sections 1029.8.36.166.60.9, 1029.8.36.166.60.15 and 1029.8.36.166.60.16, in respect of the qualified building, exceeds the aggregate of all amounts each of which is a tax that the corporation is required to pay under section 1129.45.41.18.3 in respect of the qualified building for a taxation year preceding the particular year.

Where a corporation that is a member of a partnership is deemed to have paid an amount to the Minister under section 1029.8.36.166.60.9 on account of its tax payable under Part I for any given taxation year, in relation to a qualified expenditure of the partnership in respect of a qualified building for the particular fiscal period of the partnership that ends in the given taxation year, and the partnership began to use the qualified building in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 within a 48-month period following the last day of the fiscal period where, for the first time, the partnership incurred an expenditure of a capital nature in respect of the qualified building, the corporation is required to pay, for a particular taxation year, the tax determined under the fourth paragraph if, at any given time between the day that is six months after the end of the partnership’s fiscal period that ends in the taxation year preceding the particular year and the day after the day that is the end of the 48-month period that begins on the day on which the use began or, if it is earlier, the day that is six months after the end of the partnership’s fiscal period that ends in the particular year, the partnership disposes of the qualified building or ceases to use it in a manner consistent with that paragraph *b*,

otherwise than by reason of the involuntary destruction of the qualified building by fire, theft or water.

The tax to which the third paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister under any of sections 1029.8.36.166.60.9, 1029.8.36.166.60.15 and 1029.8.36.166.60.16, in respect of the qualified building, for a taxation year preceding the particular taxation year, exceeds the total of

(a) the proportion of the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year preceding the particular taxation year under any of sections 1029.8.36.166.60.9, 1029.8.36.166.60.15 and 1029.8.36.166.60.16, in respect of the qualified building, exceeds the aggregate of all amounts each of which is a tax required to be paid by the corporation under section 1129.45.41.18.3, in respect of the qualified building, for a taxation year preceding the particular year, that the number of months in the period that begins on the day on which the qualified building began to be used in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 and that ends at the given time referred to in the third paragraph is of 48; and

(b) the aggregate of all amounts each of which is a tax required to be paid by the corporation under section 1129.45.41.18.3, in respect of the qualified building, for a taxation year preceding the particular year.

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

(a) a month means a period that begins on a particular day in a calendar month and that ends

i. on the day immediately before the day in the following calendar month that has the same calendar number as the particular day, or

ii. where the following calendar month does not have a day that has the same calendar number as the particular day, on the last day of the following month;

(b) a qualified building is deemed to be used in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 for an entire month if the building is so used for more than 15 days in the month; and

(c) a qualified building that temporarily ceases to be used in a manner consistent with paragraph *b* of the definition of “qualified building” in the first paragraph of section 1029.8.36.166.60.1 is deemed to be used in a manner consistent with that paragraph *b* if the Minister is of the opinion that the use ceased for reasonable grounds.

**“1129.45.41.18.6.** For the purposes of Part I, except Division II.6.14.2.1 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time under this Part, in relation to a qualified expenditure in respect of a qualified building, is deemed to be an amount of assistance repaid at that time in respect of that expenditure, pursuant to a legal obligation, by

(a) the partnership referred to in section 1129.45.41.18.3 or 1129.45.41.18.5, as the case may be, in the case of tax paid under that section; or

(b) the corporation, in any other case.

**“1129.45.41.18.7.** Unless otherwise provided in this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.

#### **“PART III.10.9.2.2**

#### **“SPECIAL TAX IN RESPECT OF THE TAX CREDIT RELATING TO INFORMATION TECHNOLOGY INTEGRATION**

**“1129.45.41.18.8.** In this Part, “eligible expenses” has the meaning assigned by section 1029.8.36.166.60.19.

**“1129.45.41.18.9.** Every corporation that is deemed to have paid an amount to the Minister under section 1029.8.36.166.60.27, on account of its tax payable under Part I for a particular taxation year, in relation to eligible expenses of the corporation for the particular year, is required to pay the tax computed under the second paragraph for a subsequent taxation year (in this section referred to as the “repayment year”) in which an amount relating to the eligible expenses is, directly or indirectly, refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation is deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.36.166.60.27 or 1029.8.36.166.60.31, in relation to the eligible expenses, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year preceding the repayment year under section 1029.8.36.166.60.27 or 1029.8.36.166.60.31 in relation to the eligible expenses if every amount that is, at or before the end of the repayment year, so refunded, paid or allocated, in relation to the eligible expenses, were refunded, paid or allocated in the particular year; and

(b) the aggregate of all amounts each of which is a tax that the corporation is required to pay to the Minister under this section for a taxation year preceding the repayment year in relation to the eligible expenses.

**“1129.45.41.18.10.** Every corporation that is a member of a partnership and is deemed to have paid an amount to the Minister under section 1029.8.36.166.60.28 on account of the corporation’s tax payable under Part I for a particular taxation year, in relation to the eligible expenses of the partnership for the partnership’s particular fiscal period that ends in the particular taxation year, is required to pay the tax computed under the second paragraph for the taxation year in which a subsequent fiscal period of the partnership (in this section referred to as the “fiscal period of repayment”) ends, in which an amount relating to the eligible expenses is, directly or indirectly, refunded or otherwise paid to the partnership or corporation or allocated to a payment to be made by the partnership or corporation.

The tax to which the first paragraph refers is equal to the amount by which the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends under any of sections 1029.8.36.166.60.28, 1029.8.36.166.60.32 and 1029.8.36.166.60.33, in relation to the eligible expenses, if the agreed proportion in respect of the corporation for that preceding fiscal period were the same as that for the fiscal period of repayment, exceeds the total of

(a) the aggregate of all amounts each of which is an amount that the corporation would be deemed to have paid to the Minister under any of sections 1029.8.36.166.60.28, 1029.8.36.166.60.32 and 1029.8.36.166.60.33 for a taxation year in which a fiscal period of the partnership preceding the fiscal period of repayment ends, in relation to the eligible expenses, if

i. every amount that is, at or before the end of the fiscal period of repayment, so refunded, paid or allocated, in relation to the eligible expenses, were refunded, paid or allocated in the particular fiscal period, and

ii. the agreed proportion in respect of the corporation for that preceding fiscal period were the same as for the fiscal period of repayment; and

(b) the aggregate of all amounts each of which is a tax that the corporation would be required to pay to the Minister under this section for a taxation year preceding the taxation year in which the fiscal period of repayment ends, in relation to the eligible expenses, if the agreed proportion in respect of the corporation for the partnership’s fiscal period that ends in the preceding taxation year were the same as that for the fiscal period of repayment.

For the purposes of the second paragraph, an amount referred to in subparagraph i of subparagraph a of that paragraph that is refunded or otherwise paid to the corporation or allocated to a payment to be made by the corporation is deemed to be an amount

(a) that is refunded or otherwise paid to the partnership or allocated to a payment to be made by the partnership; and

(b) that is determined by multiplying the amount refunded, paid or allocated, otherwise determined, by the reciprocal of the agreed proportion in respect of the corporation for the fiscal period of repayment.

**“1129.45.41.18.11.** For the purposes of Part I, except Division II.6.14.2.2 of Chapter III.1 of Title III of Book IX, tax paid to the Minister by a corporation at any time, under this Part, in relation to eligible expenses, is deemed to be an amount of assistance repaid at that time in respect of those expenses, pursuant to a legal obligation, by

(a) the corporation, in the case of tax paid under section 1129.45.41.18.9; or

(b) the partnership referred to in section 1129.45.41.18.10, in the case of tax paid under that section.

**“1129.45.41.18.12.** Unless otherwise provided in this Part, section 6, the first paragraph of section 549, section 564 where it refers to the first paragraph of section 549, sections 1000 to 1024, subparagraph *b* of the first paragraph of section 1027 and sections 1037 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 applies in respect of an expenditure or expenses incurred after 7 October 2013.

**520.** (1) Section 1129.52 of the Act is amended by replacing “668.5” in the second paragraph by “669.1”.

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

**521.** (1) Section 1129.63 of the Act is amended by inserting the following definition in alphabetical order:

““public primary caregiver” has the meaning assigned by section 890.15;”.

(2) Subsection 1 applies from the taxation year 2007.

**522.** (1) Section 1129.64 of the Act is amended by replacing the portion of the first paragraph before the formula by the following:

**“1129.64.** Every person (other than a public primary caregiver that is exempt from tax under Part I) shall pay a tax under this Part, for a taxation year, equal to the amount determined by the formula”.

(2) Subsection 1 applies from the taxation year 2007.

**523.** (1) The Act is amended by inserting the following after section 1129.66.8:

**“PART III.15.2**

**“SPECIAL TAX ON EXCESS PROFIT SHARING PLAN AMOUNTS**

**“1129.66.9.** In this Part,

“balance-due day” has the meaning assigned by section 1;

“employer” has the meaning assigned by section 1;

“excess profit sharing plan amount”, of a specified employee for a taxation year in respect of an employer, means the amount determined by the formula

$$A - (20\% \times B);$$

“profit sharing plan” has the meaning assigned by section 1;

“specified employee” has the meaning assigned by section 1;

“trust” has the meaning assigned by section 1.

In the formula in the definition of “excess profit sharing plan amount” in the first paragraph,

(a) A is the portion of the aggregate of all amounts each of which is an amount paid by the employer of the specified employee (or by a corporation with which the employer does not deal at arm’s length) to a trust governed by a profit sharing plan that is allocated for the year to the specified employee; and

(b) B is the specified employee’s income for the year from an office or employment with the employer computed under Chapters I and II of Title II of Book III of Part I, except Divisions V and VI of that Chapter II.

**“1129.66.10.** If a specified employee has an excess profit sharing plan amount for a taxation year, the specified employee shall pay a tax for the year equal to the amount determined by the formula

$$A \times B.$$

In the formula in the first paragraph,

(a) A is the rate specified in paragraph *d* of section 750; and

(b) B is the aggregate of all excess profit sharing plan amounts of the specified employee for the year.

**“1129.66.11.** If a specified employee would otherwise be required to pay tax under section 1129.66.10, the Minister may waive or cancel all or part of the tax if the Minister considers it just and equitable to do so having regard to all the circumstances.

**“1129.66.12.** Every person who is required to pay tax under this Part for a taxation year shall

(a) on or before the person’s filing-due date for the year, file with the Minister a return for the year under this Part in the prescribed form containing prescribed information; and

(b) on or before the person’s balance-due day for the year, pay to the Minister the amount of tax payable under this Part by the person for the year.

**“1129.66.13.** Unless otherwise provided in this Part, sections 1001 to 1014, 1025 to 1026.2, 1031 to 1034.0.2, 1035 to 1044.0.2 and 1045 to 1079.16 apply to this Part, with the necessary modifications.”

(2) Subsection 1 applies from the taxation year 2012. However,

(1) it does not apply in respect of a payment made to a trust governed by a profit sharing plan before 29 March 2012, or before 1 January 2013 pursuant to an obligation arising under a written agreement or arrangement entered into before 29 March 2012; and

(2) when section 1129.66.10 of the Act applies to the taxation year 2012, it is to be read as if “the rate specified in paragraph *d* of section 750” in subparagraph *a* of the second paragraph were replaced by “a rate of 24%”.

**524.** (1) Section 1129.68 of the Act is amended by replacing “24%” in the first paragraph by “25.75%”.

(2) Subsection 1 applies from the taxation year 2013.

**525.** (1) The Act is amended by inserting the following after section 1129.69:

#### **“PART III.16.1**

#### **“SPECIAL TAX RELATING TO THE CREDIT FOR CULTURAL PATRONAGE**

**“1129.69.1.** In this Part, “registered pledge” has the meaning assigned by the first paragraph of section 752.0.10.1.

**“1129.69.2.** An individual who has deducted an amount in computing tax payable for a particular taxation year under section 752.0.10.6.2, in relation to a registered pledge, is required to pay tax, the amount of which is determined under the second paragraph, for the year (in this section referred to as the “year

of the default”) in which the registered pledge is, because of subparagraph i of paragraph *b* of section 752.0.10.15.5, deemed never to have been registered.

The amount to which the first paragraph refers in respect of the particular year is equal to the aggregate of

(*a*) the amount (in subparagraph *b* referred to as the “excess tax credit amount”) obtained by multiplying 6% by the aggregate of all amounts each of which is the eligible amount of a gift that was taken into account in determining the amount that the individual deducted under section 752.0.10.6.2 for the particular year, in relation to the pledge; and

(*b*) the amount of interest computed on the excess tax credit amount at the rate set under section 28 of the Tax Administration Act (chapter A-6.002) for the period beginning on 1 May of the year following the particular year and ending before the beginning of the year of the default.

The first paragraph does not apply in respect of a particular taxation year for which the Minister may redetermine the tax, interest and penalties under Part I in accordance with subsection 2 of section 1010.

**“1129.69.3.** An individual who is required to pay tax under this Part for a taxation year shall, on or before the individual’s filing-due date for the year,

(*a*) file with the Minister, without notice or demand, a return under this Part in the prescribed form containing prescribed information;

(*b*) estimate, in the return, the amount of the individual’s tax payable under this Part for the year; and

(*c*) pay to the Minister the amount of the individual’s tax payable under this Part for the year.

**“1129.69.4.** Unless otherwise provided in this Part, sections 1001, 1002 and 1037 and Titles II, V and VI of Book IX of Part I apply to this Part, with the necessary modifications.”

(2) Subsection 1 has effect from 4 July 2013.

**526.** Section 1129.74 of the Act is amended by replacing “an information return” in the first paragraph by “a return”.

**527.** (1) Section 1129.78 of the Act is amended by replacing “5.3%” in the first paragraph by “7.05%”.

(2) Subsection 1 applies from the taxation year 2013.



**528.** (1) Section 1159.1 of the Act is amended by replacing paragraph *b* of the definition of “base wages” by the following paragraph:

“(b) any amount that the person is deemed to pay to the individual under section 1019.7 or 1159.1.0.2;”.

(2) Subsection 1 is declaratory, except in respect of cases pending on 4 June 2014 and notices of objection served on the Minister of Revenue on or before 4:00 p.m. on that date, where one of the subjects of the contestation is based on the fact, expressly invoked on or before that date in the motion for appeal or the notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, that an amount was paid, allocated, granted or awarded to an employee not by the employee’s employer, but by a person not dealing at arm’s length with the employer.

**529.** (1) The Act is amended by inserting the following section after section 1159.1.0.1:

“**1159.1.0.2.** A particular person is deemed to pay to an individual who is referred to in paragraph *a* of the definition of “base wages” in section 1159.1, and who is the particular person’s employee, any particular amount that is described in that paragraph *a* and is paid, allocated, granted or awarded to the individual because of, or in the course of, the individual’s office or employment by a person who is not dealing at arm’s length with the particular person, unless the particular amount would not be required to be included in computing the individual’s income under Chapters I and II of Book III of Part I if it were paid, allocated, granted or awarded, as the case may be, to the individual by the particular person.”

(2) Subsection 1 is declaratory, except in respect of cases pending on 4 June 2014 and notices of objection served on the Minister of Revenue on or before 4:00 p.m. on that date, where one of the subjects of the contestation is based on the fact, expressly invoked on or before that date in the motion for appeal or the notice of objection previously served on the Minister of Revenue, or in the notice of objection, as the case may be, that an amount was paid, allocated, granted or awarded to an employee not by the employee’s employer, but by a person not dealing at arm’s length with the employer.

**530.** Section 1159.2 of the Act is replaced by the following section:

“**1159.2.** Every person that is a financial institution at any time in a taxation year that begins before 1 April 2019 shall pay a compensation tax for that year.”

**531.** (1) Section 1159.3 of the Act is amended

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

“**1159.3.** Subject to the first paragraph of sections 1159.3.1 to 1159.3.4, the compensation tax a person referred to in section 1159.2 is required to pay for a taxation year is equal to;”;

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

“However, subject to the second paragraph of sections 1159.3.1 to 1159.3.4, if a person is not a financial institution throughout its taxation year, the compensation tax the person is required to pay for the year is equal to;”;

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

“For the purposes of the second paragraph, where a person is a financial institution, with the exception of a corporation that is deemed to be a financial institution by reason of an election made by it under section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), at any time in its taxation year, it is deemed to be such an institution throughout the period commencing at that time and ending on the last day of its taxation year.”

(2) Subsection 1 has effect from 1 January 2013.

**532.** (1) Section 1159.3.1 of the Act is amended

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

“**1159.3.1.** If the taxation year for which a compensation tax is computed under the first paragraph of section 1159.3 ends before 1 January 2013 and is included, in whole or in part, in the period beginning on 31 March 2010 and ending on 31 December 2012 (in this section referred to as the “rate increase period”), the following rules apply:”;

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

“If the taxation year for which a compensation tax is computed under the second paragraph of section 1159.3 ends before 1 January 2013 and is included, in whole or in part, in the rate increase period, the following rules apply:”.

(2) Subsection 1 has effect from 1 January 2013.

**533.** (1) The Act is amended by inserting the following sections after section 1159.3.1:

“**1159.3.2.** If the taxation year for which a compensation tax is computed under the first paragraph of section 1159.3 ends after 31 December 2012 and before 3 December 2014, the following rules apply:

(a) subparagraphs i and ii of subparagraph *a* of the first paragraph of section 1159.3 are to be read as follows:

“i. the proportion of 0.25% of its paid-up capital as established for the year under Title II of Book III of Part IV, computed without reference to sections 1141.3 to 1141.11, that the number of days in its taxation year that precede 1 January 2013 is of the number of days in its taxation year, and

“ii. the aggregate of 2.8% of the amount paid as wages in the part of the year that follows 31 December 2012 and 3.9% of the amount paid as wages in the part of the year that precedes 1 January 2013;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b*, subparagraph ii of subparagraph *d* and subparagraph *d.1* of the first paragraph of section 1159.3 is replaced by a rate equal to the total of

i. the proportion of 0.3% that the number of days in the taxation year that follow 31 December 2012 is of the number of days in the taxation year, and

ii. the proportion of 0.55% that the number of days in the taxation year that precede 1 January 2013 is of the number of days in the taxation year;

(c) subparagraph *c* of the first paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 2.2% of the amount paid as wages in the part of the year that follows 31 December 2012 and 3.8% of the amount paid as wages in the part of the year that precedes 1 January 2013;”;

(d) subparagraph *e* of the first paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d.1* and who made, with a person referred to in any of those subparagraphs, an election under subsection 1 of section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) that is in effect in the year, the aggregate of 0.9% of the amount paid as wages in the part of the year during which the election was in effect and that follows 31 December 2012 and 1.5% of the amount paid as wages in the part of the year that precedes 1 January 2013;”;

(e) the first paragraph of section 1159.3 is to be read as if the following subparagraph were added after subparagraph *e*:

“(f) in the case of any other person, 1.5% of the amount paid as wages in the part of the year that precedes 1 January 2013.”

If the taxation year for which a compensation tax is computed under the second paragraph of section 1159.3 ends after 31 December 2012 and before 3 December 2014, the following rules apply:

(a) subparagraphs i and ii of subparagraph *a* of the second paragraph of section 1159.3 are to be read as follows:

“i. the proportion of 0.25% of its paid-up capital as established for the year under Title II of Book III of Part IV, computed without reference to sections 1141.3 to 1141.11, that the number of days in its taxation year during which it was a financial institution that precede 1 January 2013 is of the number of days in its taxation year, and

“ii. the aggregate of 2.8% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 December 2012 and 3.9% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 January 2013;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b* and subparagraph ii of subparagraph *d* of the second paragraph of section 1159.3 is replaced by a rate equal to the total of

i. the proportion of 0.3% that the number of days in the taxation year during which the person was a financial institution that follow 31 December 2012 is of the number of days in the taxation year during which the person was a financial institution, and

ii. the proportion of 0.55% that the number of days in the taxation year during which the person was a financial institution that precede 1 January 2013 is of the number of days in the taxation year during which the person was a financial institution;

(c) subparagraph *c* of the second paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 2.2% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 December 2012 and 3.8% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 January 2013;”;

(d) subparagraph *e* of the second paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d* and who made, with a person referred to in any of subparagraphs *a* to *d*.1 of the first paragraph, an election under subsection 1 of section 150 of the Excise Tax Act that is in effect in the year, the aggregate

of 0.9% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and the election was in effect and that follow 31 December 2012 and 1.5% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 January 2013;” and

(e) the second paragraph of section 1159.3 is to be read as if the following subparagraph were added after subparagraph *e*:

“(f) in the case of any other person, except a professional order that has set up an insurance fund in accordance with section 86.1 of the Professional Code, 1.5% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 January 2013.”

“**1159.3.3.** If the taxation year for which a compensation tax is computed under the first paragraph of section 1159.3 ends after 2 December 2014 and before 1 April 2017, the following rules apply:

(a) subparagraph *a* of the first paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of 4.48% of the amount paid as wages in the part of the year that follows 2 December 2014 and 2.8% of the amount paid as wages in the part of the year that precedes 3 December 2014;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b*, subparagraph ii of subparagraph *d* and subparagraph *d.1* of the first paragraph of section 1159.3 is replaced by a rate equal to the total of

i. the proportion of 0.48% that the number of days in the taxation year that follow 2 December 2014 is of the number of days in the taxation year, and

ii. the proportion of 0.3% that the number of days in the taxation year that precede 3 December 2014 is of the number of days in the taxation year;

(c) subparagraph *c* of the first paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 3.52% of the amount paid as wages in the part of the year that follows 2 December 2014 and 2.2% of the amount paid as wages in the part of the year that precedes 3 December 2014;” and

(d) subparagraph *e* of the first paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d.1* and who made, with a person referred to in any of those subparagraphs, an election under subsection 1 of section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) that is in effect in the year, the aggregate of 1.44% of the amount paid as wages in the part of the year during which the election was in effect and that follows 2 December 2014 and 0.9% of the amount paid as wages in the part of the year that precedes 3 December 2014.”

If the taxation year for which a compensation tax is computed under the second paragraph of section 1159.3 ends after 2 December 2014 and before 1 April 2017, the following rules apply:

(a) subparagraph *a* of the second paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of 4.48% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 2 December 2014 and 2.8% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 3 December 2014;”;

(b) the rate mentioned in subparagraphs *i* and *ii* of subparagraph *b* and subparagraph *ii* of subparagraph *d* of the second paragraph of section 1159.3 is replaced by a rate equal to the total of

*i.* the proportion of 0.48% that the number of days in the taxation year during which the person was a financial institution that follow 2 December 2014 is of the number of days in the taxation year during which the person was a financial institution, and

*ii.* the proportion of 0.3% that the number of days in the taxation year during which the person was a financial institution that precede 3 December 2014 is of the number of days in the taxation year during which the person was a financial institution;

(c) subparagraph *c* of the second paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 3.52% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 2 December 2014 and 2.2% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 3 December 2014;”;

(d) subparagraph *e* of the second paragraph of section 1159.3 is to be read as follows:

“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d* and who made, with a person referred to in any of subparagraphs *a* to *d.1* of the first paragraph, an election under subsection 1 of section 150 of the Excise Tax Act that is in effect in the year, the aggregate of 1.44% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and the election was in effect and that follow 2 December 2014 and 0.9% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 3 December 2014.”

“**1159.3.4.** If the taxation year for which a compensation tax is computed under the first paragraph of section 1159.3 ends after 31 March 2017, the following rules apply:

(a) subparagraph *a* of the first paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of 2.8% of the amount paid as wages in the part of the year that is included, in whole or in part, in the period beginning on 1 April 2017 and ending on 31 March 2019 (in this section referred to as the “temporary contribution period”) and 4.48% of the amount paid as wages in the part of the year that precedes 1 April 2017;”;

(b) the rate mentioned in subparagraphs i and ii of subparagraph *b*, subparagraph ii of subparagraph *d* and subparagraph *d.1* of the first paragraph of section 1159.3 is replaced by a rate equal to the total of

i. the proportion of 0.3% that the number of days in the taxation year that are included in the period beginning on 1 April 2017 and ending on 31 March 2019 (in this section referred to as the “temporary contribution period”) is of the number of days in the taxation year, and

ii. the proportion of 0.48% that the number of days in the taxation year that precede 1 April 2017 is of the number of days in the taxation year;

(c) subparagraph *c* of the first paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 2.2% of the amount paid as wages in the part of the year that is included in the temporary contribution period and 3.52% of the amount paid as wages in the part of the year that precedes 1 April 2017;”;

(d) subparagraph *e* of the first paragraph of section 1159.3 is to be read as follows:



“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d.1* and who made, with a person referred to in any of those subparagraphs, an election under subsection 1 of section 150 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) that is in effect in the year, the aggregate of 0.9% of the amount paid as wages in the part of the year during which the election was in effect and that is included in the temporary contribution period and 1.44% of the amount paid as wages in the part of the year that precedes 1 April 2017.”

If the taxation year for which a compensation tax is computed under the second paragraph of section 1159.3 ends after 31 March 2017, the following rules apply:

(a) subparagraph *a* of the second paragraph of section 1159.3 is to be read as follows:

“(a) in the case of a bank, a loan corporation, a trust corporation or a corporation trading in securities, subject to subparagraph *d*, the aggregate of 2.8% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are included in the temporary contribution period and 4.48% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2017;”;

(b) the rate mentioned in subparagraphs *i* and *ii* of subparagraph *b* and subparagraph *ii* of subparagraph *d* of the second paragraph of section 1159.3 is replaced by a rate equal to the total of

*i.* the proportion of 0.3% that the number of days in the taxation year during which the person was a financial institution that are included in the temporary contribution period is of the number of days in the taxation year during which the person was a financial institution, and

*ii.* the proportion of 0.48% that the number of days in the taxation year during which the person was a financial institution that precede 1 April 2017 is of the number of days in the taxation year during which the person was a financial institution;

(c) subparagraph *c* of the second paragraph of section 1159.3 is to be read as follows:

“(c) in the case of a savings and credit union, subject to subparagraph *d*, the aggregate of 2.2% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that are included in the temporary contribution period and 3.52% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2017;”;

(d) subparagraph *e* of the second paragraph of section 1159.3 is to be read as follows:



“(e) in the case of a person who is not referred to in any of subparagraphs *a* to *d* and who made, with a person referred to in any of subparagraphs *a* to *d.1* of the first paragraph, an election under subsection 1 of section 150 of the Excise Tax Act that is in effect in the year, the aggregate of 0.9% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution and the election was in effect and that are included in the temporary contribution period and 1.44% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 April 2017.””

(2) Subsection 1 has effect from 1 January 2013.

(3) In addition, in applying subparagraph *i* of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph *iii* of that subparagraph *a* and subparagraph *a* of the third paragraph of section 1027 of the Act, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 of the Act for a taxation year that ends after 31 December 2012, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation’s estimated tax or tax payable, as the case may be, for that taxation year

(1) must, in respect of a payment that the corporation is required to make before 1 January 2013, be determined without reference to this section and section 532; and

(2) is, in respect of a payment that the corporation is required to make after 31 December 2012 and before 12 July 2013, in the case where it is referred to in subparagraph *f* of the first paragraph of section 1159.3 of the Act, enacted by subparagraph *e* of the first paragraph of section 1159.3.2 of the Act, enacted by subsection 1, and after 31 December 2012, in any other case,

(a) where the taxation year began before 1 January 2013 and the corporation is not, at the time of the payment, a qualified Canadian-controlled private corporation within the meaning of section 1027.0.1 of the Act, deemed to be equal to the amount by which the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with paragraph 1 exceeds the product obtained by multiplying, by the proportion that 12 is of the number of payments that the corporation is required to make after 31 December 2012 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act, the amount by which the estimated tax or tax payable, as the case may be, so determined exceeds the amount that would be its estimated tax or tax payable, as the case may be, for that taxation year if it were determined without reference to this subsection and if

i. the first and second paragraphs of section 1159.3 of the Act were read without reference to their subparagraph *f*, enacted by subparagraph *e* of the

first and second paragraphs of section 1159.3.2 of the Act, enacted by subsection 1, and

ii. subparagraph *e* of the first paragraph of section 1159.3 of the Act, enacted by subparagraph *d* of the first paragraph of section 1159.3.2 of the Act, enacted by subsection 1, and subparagraph *e* of the second paragraph of section 1159.3 of the Act, enacted by subparagraph *d* of the second paragraph of section 1159.3.2 of the Act were read respectively as follows:

“(e) in the case of any other person, the aggregate of 0.9% of the amount paid as wages in the part of the year that follows 31 December 2012 and 1.5% of the amount paid as wages in the part of the year that precedes 1 January 2013;”;

“(e) in the case of any other person, except a professional order that has set up an insurance fund in accordance with section 86.1 of the Professional Code, the aggregate of 0.9% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that follow 31 December 2012 and 1.5% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution that precede 1 January 2013;”;

(b) where the taxation year began before 1 January 2013 and the corporation is, throughout the year, a qualified Canadian-controlled private corporation within the meaning of section 1027.0.1 of the Act, deemed to be equal to the amount by which the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with paragraph 1 exceeds the product obtained by multiplying, by the proportion that 4 is of the number of payments that the corporation is required to make after 31 December 2012 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act, the amount by which the estimated tax or tax payable, as the case may be, so determined exceeds the amount that would be its estimated tax or tax payable for the year, as the case may be, if it were determined without reference to this subsection and if subparagraphs i and ii of subparagraph *a* were applied; or

(c) where the taxation year began after 31 December 2012 and the corporation is referred to in subparagraph *f* of the first paragraph of section 1159.3 of the Act, enacted by subparagraph *e* of the first paragraph of section 1159.3.2 of the Act, enacted by subsection 1, deemed to be equal to the amount that would be its estimated tax or tax payable for the year, as the case may be, if it were determined without reference to this subsection and if subparagraphs i and ii of subparagraph *a* were applied.

(4) In addition,

(1) in applying subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph iii of that subparagraph *a* and subparagraph *a* of the third paragraph of section 1027 of the Act, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose

of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 of the Act for a taxation year that ends after 2 December 2014, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation's estimated tax or tax payable, as the case may be, for that taxation year

(*a*) must, in respect of a payment that the corporation is required to make before 3 December 2014, be determined as if section 1159.3.3 of the Act, enacted by subsection 1, were read as if "4.48%", "0.48%", "3.52%" and "1.44%" were replaced wherever they appear by "2.8%", "0.3%", "2.2%" and "0.9%", respectively, and

(*b*) is, in respect of a payment that the corporation is required to make after 2 December 2014,

i. where the taxation year began before 3 December 2014 and the corporation is not, at the time of the payment, a qualified Canadian-controlled private corporation within the meaning of section 1027.0.1 of the Act, deemed to be equal to the total of the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with subparagraph *a* and the product obtained by multiplying, by the proportion that 12 is of the number of payments that the corporation is required to make after 2 December 2014 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act, the amount by which the estimated tax or tax payable, as the case may be, determined without reference to this subsection exceeds the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with subparagraph *a*, and

ii. where the taxation year began before 3 December 2014 and the corporation is, throughout the year, a qualified Canadian-controlled private corporation within the meaning of section 1027.0.1 of the Act, deemed to be equal to the total of the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with subparagraph *a* and the product obtained by multiplying, by the proportion that 4 is of the number of payments that the corporation is required to make after 2 December 2014 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act, the amount by which the estimated tax or tax payable, as the case may be, determined without reference to this subsection exceeds the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with subparagraph *a*;

(2) in applying subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph iii of that subparagraph *a* and subparagraph *a* of the third paragraph of section 1027 of the Act, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under

subparagraph *a* of the first paragraph of section 1027 of the Act for a taxation year that ends after 31 March 2017, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the corporation is required to pay, if applicable, in respect of that payment, the corporation's estimated tax or tax payable, as the case may be, for that taxation year

(*a*) must, in respect of a payment that the corporation is required to make before 1 April 2017, be determined as if section 1159.3.4 of the Act, enacted by subsection 1, were read as if "2.8%", "0.3%", "2.2%" and "0.9%" were replaced wherever they appear by "4.48%", "0.48%", "3.52%" and "1.44%", respectively, and

(*b*) is, in respect of a payment that the corporation is required to make after 31 March 2017,

i. where the taxation year began before 1 April 2017 and the corporation is not, at the time of the payment, a qualified Canadian-controlled private corporation within the meaning of section 1027.0.1 of the Act, deemed to be equal to the amount by which the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with subparagraph *a* exceeds the product obtained by multiplying, by the proportion that 12 is of the number of payments that the corporation is required to make after 31 March 2017 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act, the amount by which the estimated tax or tax payable, as the case may be, so determined exceeds the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined without reference to this subsection, and

ii. where the taxation year began before 1 April 2017 and the corporation is, throughout the year, a qualified Canadian-controlled private corporation within the meaning of section 1027.0.1 of the Act, deemed to be equal to the amount by which the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined in accordance with subparagraph *a* exceeds the product obtained by multiplying, by the proportion that 4 is of the number of payments that the corporation is required to make after 31 March 2017 for the taxation year under subparagraph *a* of the first paragraph of section 1027 of the Act, the amount by which the estimated tax or tax payable, as the case may be, so determined exceeds the amount that would be its estimated tax or tax payable, as the case may be, for that year if it were determined without reference to this subsection; and

(3) in applying subparagraph i of subparagraph *a* of the first paragraph of section 1027 of the Act, subparagraph 1 of subparagraph iii of that subparagraph *a* and subparagraph *a* of the third paragraph of section 1027 of the Act, enacted by paragraph *b* of section 1027.0.3 of the Act, for the purpose of computing the amount of a payment that a corporation is required to make under subparagraph *a* of the first paragraph of section 1027 of the Act for a taxation year that ends after 31 March 2019, and in applying section 1038 of the Act for the purpose of computing the interest provided for in that section that the

corporation is required to pay, if applicable, in respect of that payment, the corporation's estimated tax or tax payable, as the case may be, for that taxation year must, in respect of a payment that the corporation is required to make before 1 April 2019, be determined in accordance with subparagraph *a* of paragraph 1.

**534.** (1) Section 1159.8 of the Act is amended by replacing the first paragraph by the following paragraph:

**“1159.8.** Despite section 1000, every person other than a corporation shall file with the Minister in prescribed form, without notice or demand, a fiscal return containing prescribed information for each taxation year for which the person is required to pay tax under this Part, in respect of such portion of the tax as is determined by reference to the percentage of the amount paid as wages referred to in subparagraph *e* of the first or second paragraph of section 1159.3 or in subparagraph *f* of that first or second paragraph, enacted by subparagraph *e* of the first paragraph of section 1159.3.2 and subparagraph *e* of the second paragraph of that section, respectively.”

(2) Subsection 1 has effect from 1 January 2013.

**535.** (1) Section 1159.10 of the Act is amended by adding the following paragraph:

“For the purposes of the first paragraph, in respect of the amount paid as wages after 31 December 2012 and before 12 July 2013, section 1159.3 is to be read without reference to subparagraph *f* of the first and second paragraphs, enacted by subparagraph *e* of the first and second paragraphs of section 1159.3.2, and as if subparagraph *e* of the first paragraph of section 1159.3 and subparagraph *e* of the second paragraph of that section were read respectively as follows:

“(e) in the case of any other person, 0.9% of the amount paid as wages;”;

“(e) in the case of any other person, except a professional order that has set up an insurance fund in accordance with section 86.1 of the Professional Code, 0.9% of the amount paid as wages in the part or parts of the year, as the case may be, during which the person was a financial institution;”.

(2) Subsection 1 has effect from 1 January 2013.

**536.** (1) Section 1159.17 of the Act is replaced by the following section:

**“1159.17.** Where a person referred to in section 1171 is, at the time of the making of the insurance contract referred to in that section, a financial institution, the person shall, when filing the notice referred to in subsection 1 of that section, pay to the Minister a compensation tax equal to the percentage, specified in the second paragraph, of the amount of the premium payable by the person and in respect of which a tax must be paid under that section.

The percentage to which the first paragraph refers is equal to

- (a) 0.35% in respect of a premium payable by a person before 31 March 2010;
- (b) 0.55% in respect of a premium payable by a person during the period beginning on 31 March 2010 and ending on 31 December 2012; or
- (c) 0.3% in respect of a premium payable by a person during the period beginning on 1 January 2013 and ending on 2 December 2014;
- (d) 0.48% in respect of a premium payable by a person during the period beginning on 3 December 2014 and ending on 31 March 2017; or
- (e) 0.3% in respect of a premium payable by a person during the period beginning on 1 April 2017 and ending on 31 March 2019.”

(2) Subsection 1 has effect from 31 March 2010.

#### ACT RESPECTING THE MINISTÈRE DES FINANCES

**537.** Section 19 of the Act respecting the Ministère des Finances (chapter M-24.01) is replaced by the following section:

“**19.** The functions of the Comptroller of Finance are, in particular, to prepare for the Minister the public accounts and any other financial report of the Government and to manage agreements providing for a tax rebate to a government department, a body or any other organization to which the agreement applies.”

**538.** Section 22 of the Act is amended

(1) by inserting “responsibilities,” before “functions or mandates” in the first paragraph;

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

“The Comptroller of Finance may also require any information relating to a tax rebate from any organization to which an agreement described in section 19 applies, other than a government department, body or enterprise otherwise referred to in the first paragraph, and may require that any book, register, account, record or other document relating to the tax rebate be produced.”

#### ACT TO FACILITATE THE PAYMENT OF SUPPORT

**539.** Section 57.1 of the Act to facilitate the payment of support (chapter P-2.2) is amended by replacing the first paragraph by the following paragraph:

**“57.1.** To ensure the recovery of an amount owed, the Minister may, by a demand sent by registered or certified mail or served personally, require that a person, whether or not that person owes an amount under this Act, file any information or any document by registered or certified mail or by personal service, within such reasonable time as the Minister may specify.”

#### ACT RESPECTING THE SECTORAL PARAMETERS OF CERTAIN FISCAL MEASURES

**540.** (1) Section 2 of the Act respecting the sectoral parameters of certain fiscal measures (chapter P-5.1) is amended by adding the following paragraph after paragraph 8:

“(9) the Minister of Culture and Communications, as regards Schedule I.”

(2) Subsection 1 has effect from 4 July 2013.

**541.** (1) Section 1.1 of Schedule A to the Act is amended by adding the following paragraphs after paragraph 13:

“(14) the tax credit for scientific research and experimental development work carried on by a biopharmaceutical corporation provided for in sections 1029.7, 1029.7.0.1 and 1029.7.2.1 of the Taxation Act;

“(15) the tax credit relating to information technology integration provided for in sections 1029.8.36.166.60.19 to 1029.8.36.166.60.35 of the Taxation Act.”

(2) Subsection 1,

(1) where it enacts paragraph 14 of section 1.1 of Schedule A to the Act, has effect from 21 November 2012; and

(2) where it enacts paragraph 15 of section 1.1 of Schedule A to the Act, has effect from 8 October 2013.

**542.** (1) Section 5.1 of Schedule A to the Act is amended

(1) by replacing the definition of “completion date” in the first paragraph by the following definition and by adjusting the alphabetical order of the definitions accordingly:

““date of initial commercialization” of a title means, subject to the second paragraph,

(1) in the case of a title distributed over the Internet, the date on which it is put online;



(2) in the case of a title designed to be used with a game console or on a computer, the date from which the master copy is ready to be reproduced for commercialization purposes; or

(3) its distribution date, in any other case;”;

(2) by striking out the second paragraph;

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

“The date of initial commercialization of a title developed by a corporation under a subcontract is the date on which the title is delivered to the client of the corporation.”

(2) Subsection 1 applies in respect of an application for a qualification certificate or a certificate filed after 30 September 2013.

**543.** (1) Section 5.2 of Schedule A to the Act is amended by striking out the third paragraph.

(2) Subsection 1 has effect from 1 January 2011.

**544.** (1) Section 5.3 of Schedule A to the Act is amended by replacing the second paragraph by the following paragraph:

“Investissement Québec may no longer issue an initial qualification certificate in respect of a title where, on the date of initial commercialization of the title, the title meets neither the conditions to be recognized as an eligible multimedia title nor the conditions to be recognized as an eligible related title.”

(2) Subsection 1 applies in respect of an application for a qualification certificate filed after 30 September 2013.

**545.** (1) Section 5.6 of Schedule A to the Act is amended by replacing the second, third and fourth paragraphs by the following paragraphs:

“In addition, where the particular title is produced by a corporation associated with the corporation that produces the related title, it may be considered to be a main multimedia title, in relation to the related title, only if it is established to Investissement Québec’s satisfaction that the corporations are associated with each other throughout the period commencing at the beginning of the design stage of the related title and ending on its date of initial commercialization, or that it is reasonable to expect that they will be associated with each other throughout that period.

The conditions for recognition as an eligible related title are deemed never to have been met in respect of a given title that is linked to a main multimedia title where it appears, on the last day of the 12-month period following the date of initial commercialization of the given title, that the total labour expenditure,



in respect of the main multimedia title, of the corporation that produces it is less than \$1,000,000. The same applies where it appears, at a particular time in the period referred to in the second paragraph, that the corporation that produces the given title and the corporation that produces the main multimedia title are no longer associated with each other.

In this section, the total labour expenditure of a corporation in respect of a particular title is the aggregate of all amounts each of which is the amount of the corporation's qualified labour expenditure for a particular taxation year, in respect of the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.8 of the Taxation Act, the portion of the corporation's qualified labour expenditure for a particular taxation year that may reasonably be attributed to the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.18 of that Act, or the amount that would be the amount of the corporation's qualified labour expenditure for a particular taxation year in respect of the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.8 of that Act, if the corporation were a qualified corporation within the meaning of that first paragraph. However, only the amounts that are incurred and paid on or before the day that is 12 months after the date of initial commercialization of the related title linked to the particular title and that relate exclusively to the production of the particular title may be taken into account."

(2) Subsection 1 applies in respect of an application for a qualification certificate filed after 30 September 2013.

**546.** (1) Section 5.11 of Schedule A to the Act is amended

(1) by replacing the first, second and third paragraphs by the following paragraphs:

**“5.11.** To be recognized as eligible production work in relation to a title, work must be engaged in as of the beginning of the design stage and for the purpose of carrying out the stages in its production. Such work includes activities relating to the writing of the title's script, the development of its interactive structure, the acquisition and production of its constituent elements, its computer and online development, the system architecture, the title's community of users, the analysis of performance-related quantitative data for the purpose of optimizing the title's performance, and technological activities relating to its updating. In the case of a title that is recognized as an eligible related title, such work also includes eligible computer-aided special effects and animation activities.

However, activities relating to the acquisition of copyrights or to the mastering, media duplication, promotion, distribution or dissemination of a title, other than activities relating to the system architecture or technological activities relating to the updating of the title, may not be recognized as eligible production work in respect of a title.

Activities relating to the system architecture include the design, installation, development and maintenance of the infrastructure that hosts a title, including the network and the servers required to operate it, the development of tools aimed at optimizing the operation, management and maintenance of such infrastructure, as well as the management of the system security and of the data access.”;

(2) by inserting the following paragraphs after the third paragraph:

“Activities relating to a title’s community of users means

(1) community development activities, which include activities relating to the establishment and maintenance of a link between the community and the online title development team in order to retain users of the title and attract new ones;

(2) activities related to the position of gamemaster, which include activities relating to the hosting and guidance of users in the community to enable them to take full advantage of all of the title’s potential; and

(3) technical services to the community, which include activities to coordinate and optimize user relations.

Technological activities relating to the installation of the new versions of a title, the updating of its contents, the optimization of the computer infrastructure in operation, and the regular or urgent maintenance tasks in connection with that infrastructure are technological activities relating to the updating of a title.”

(2) Subsection 1 applies in respect of an application for a certificate filed after 30 September 2013.

**547.** (1) Division IV of Chapter V of Schedule A to the Act, comprising sections 5.12 and 5.13, is repealed.

(2) Subsection 1 has effect from 1 January 2011.

**548.** (1) Section 6.1 of Schedule A to the Act is amended

(1) by replacing the definition of “completion date” in the first paragraph by the following definition and by adjusting the alphabetical order of the definitions accordingly:

““date of initial commercialization” of a title means, subject to the second paragraph,

(1) in the case of a title distributed over the Internet, the date on which it is put online;

(2) in the case of a title designed to be used with a game console or on a computer, the date from which the master copy is ready to be reproduced for commercialization purposes; or

(3) its distribution date, in any other case;”;

(2) by striking out the second paragraph;

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

“The date of initial commercialization of a title developed by a corporation under a subcontract is the date on which the title is delivered to the client of the corporation.”

(2) Subsection 1 applies in respect of an application for a certificate filed after 30 September 2013.

**549.** (1) Section 6.2 of Schedule A to the Act is amended by striking out the fourth paragraph.

(2) Subsection 1 has effect from 1 January 2011.

**550.** (1) Section 6.6 of Schedule A to the Act is amended by replacing the second, third and fourth paragraphs by the following paragraphs:

“In addition, where the particular title is produced by a corporation associated with the corporation that produces the related title, it may be considered to be a main multimedia title, in relation to the related title, only if it is established to Investissement Québec’s satisfaction that the corporations are associated with each other throughout the period commencing at the beginning of the design stage of the related title and ending on its date of initial commercialization, or that it is reasonable to expect that they will be associated with each other throughout that period.

The conditions for recognition as an eligible related title are deemed never to have been met in respect of a given title that is linked to a main multimedia title where it appears, on the last day of the 12-month period following the date of initial commercialization of the given title, that the total labour expenditure, in respect of the main multimedia title, of the corporation that produces it is less than \$1,000,000. The same applies where it appears, at a particular time in the period referred to in the second paragraph, that the corporation that produces the given title and the corporation that produces the main multimedia title are no longer associated with each other.

In this section, the total labour expenditure of a corporation in respect of a particular title is the aggregate of all amounts each of which is the amount of the corporation’s qualified labour expenditure for a particular taxation year, in respect of the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.8 of the Taxation Act, the portion of the corporation’s

qualified labour expenditure for a particular taxation year that may reasonably be attributed to the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.18 of that Act, or the amount that would be the amount of the corporation's qualified labour expenditure for a particular taxation year in respect of the particular title, within the meaning of the first paragraph of section 1029.8.36.0.3.8 of that Act, if the corporation were a qualified corporation within the meaning of that first paragraph. However, only the amounts that are incurred and paid on or before the day that is 12 months after the date of initial commercialization of the related title linked to the particular title and that relate exclusively to the production of the particular title may be taken into account.”

(2) Subsection 1 applies in respect of an application for a certificate filed after 30 September 2013.

**551.** (1) Section 6.11 of Schedule A to the Act is amended

(1) by replacing the first, second and third paragraphs by the following paragraphs:

**“6.11.** To be recognized as eligible production work in relation to an eligible title, work must be engaged in as of the beginning of the design stage and for the purpose of carrying out the stages in its production. Such work includes activities relating to the writing of the title's script, the development of its interactive structure, the acquisition and production of its constituent elements, its computer and online development, the system architecture, the title's community of users, the analysis of performance-related quantitative data for the purpose of optimizing the title's performance, and technological activities relating to its updating. In the case of an eligible title that is recognized as an eligible related title, such work also includes eligible computer-aided special effects and animation activities.

However, activities relating to the acquisition of copyrights or to the mastering, media duplication, promotion, distribution or dissemination of an eligible title, other than activities relating to the system architecture or technological activities relating to the updating of the title, may not be recognized as eligible production work in respect of an eligible title.

Activities relating to the system architecture include the design, installation, development and maintenance of the infrastructure that hosts an eligible title, including the network and the servers required to operate it, the development of tools aimed at optimizing the operation, management and maintenance of such infrastructure, as well as the management of the system security and of the data access.”;

(2) by inserting the following paragraphs after the third paragraph:

“Activities relating to an eligible title's community of users means

(1) community development activities, which include activities relating to the establishment and maintenance of a link between the community and the online title development team in order to retain users of the title and attract new ones;

(2) activities related to the position of gamemaster, which include activities relating to the hosting and guidance of users in the community to enable them to take full advantage of all of the title's potential; and

(3) technical services to the community, which include activities to coordinate and optimize user relations.

Technological activities relating to the installation of the new versions of an eligible title, the updating of its contents, the optimization of the computer infrastructure in operation, and the regular or urgent maintenance tasks in connection with that infrastructure are technological activities relating to the updating of an eligible title.”

(2) Subsection 1 applies in respect of an application for a certificate filed after 30 September 2013.

**552.** (1) Division IV of Chapter VI of Schedule A to the Act, comprising sections 6.12 and 6.13, is repealed.

(2) Subsection 1 has effect from 1 January 2011.

**553.** Section 13.2 of Schedule A to the Act is amended by replacing “2015” in the fifth paragraph by “2025”.

**554.** (1) Section 13.3 of Schedule A to the Act is amended by replacing the third paragraph by the following paragraph:

“The certificate also specifies, if applicable,

(1) the proportion of the corporation's gross revenue deriving from activities described in subparagraphs 5 and 7 of the first paragraph of section 13.5 that is attributable to applications developed by the corporation to be used exclusively outside Québec; and

(2) the proportion of the corporation's gross revenue deriving from activities described in subparagraphs 8 and 9 of the first paragraph of section 13.5 that is ultimately attributable to applications developed, in the course of activities described in subparagraphs 5 and 7 of the first paragraph of section 13.5, to be used exclusively outside Québec.”

(2) Subsection 1 applies to a taxation year that begins after 21 December 2012.

(3) Subsection 1 also applies to a corporation's taxation year that includes 21 December 2012 if the corporation makes the election under subsection 3 of

section 556 of this Act. However, in its application to the corporation for that taxation year, the third paragraph of section 13.3 of Schedule A to the Act, enacted by subsection 1, is to be read as if “activities described in subparagraphs 5 and 7” were replaced wherever it appears by “activities described in subparagraph 7”.

**555.** (1) Section 13.5 of Schedule A to the Act is amended

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

“(2.1) semiconductor and other electronic component manufacturing activities included in the group described under NAICS code 334410;”;

(2) by replacing subparagraphs 1 and 2 of the second paragraph by the following subparagraphs:

“(1) any activity that, but for this subparagraph, would be described in subparagraph 8 or 9 of the first paragraph and that consists in providing employees who do not mainly carry on activities described in subparagraphs 1 to 7 of that paragraph; and

“(2) any other activity that, but for this subparagraph, would be described in subparagraph 8 or 9 of the first paragraph, if, for the taxation year or the part of year concerned, the corporation’s gross revenue deriving from the set of its activities that would be described in those subparagraphs if no reference was made to this paragraph and no account was taken of the corporation’s employment placement agency and executive search activities included in the group described under NAICS code 561310, is equal to or greater than the corporation’s gross revenue deriving from the set of its activities described in subparagraphs 5 and 7 of the first paragraph.”

(2) Paragraph 1 of subsection 1 applies to a taxation year that ends after 21 December 2012.

(3) Paragraph 2 of subsection 1 applies to a taxation year that begins after 21 December 2012.

(4) Paragraph 2 of subsection 1 applies also to a corporation’s taxation year that includes 21 December 2012 if the corporation makes the election under subsection 3 of section 556 of this Act.

**556.** (1) Section 13.6 of Schedule A to the Act is amended

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

“**13.6.** The criterion relating to services provided is met if at least 75% of the corporation’s gross revenue deriving from activities described in

subparagraphs 5 and 7 to 9 of the first paragraph of section 13.5 is attributable to the following services:

(1) in relation to services provided by the corporation as part of activities described in those subparagraphs 5 and 7, services

(a) whose ultimate beneficiary is a person or a partnership with whom the corporation is dealing at arm's length, or

(b) that relate to an application developed by the corporation and used exclusively outside Québec; and

(2) in relation to services provided by the corporation to a particular person or a particular partnership as part of activities described in those subparagraphs 8 and 9, such services to the extent that the corporation's gross revenue deriving from the activities described in those subparagraphs 8 and 9 that are related to those services

(a) ultimately relates to an application that results from activities described in those subparagraphs 5 and 7 and that has been developed for the benefit of the particular person or particular partnership as part of activities described in those subparagraphs 8 and 9, or for the benefit of another person or partnership to whom the particular person or particular partnership provides services as part of activities described in those subparagraphs 8 and 9, and

(b) is ultimately attributable to the following services provided as part of activities described in those subparagraphs 5 and 7:

i. services whose ultimate beneficiary is a person or partnership with whom the corporation is dealing at arm's length, and

ii. services that relate to an application developed by the corporation, or by the particular person or particular partnership, as the case may be, and used exclusively outside Québec.”;

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

“For the purposes of subparagraph *a* of subparagraph 1 of the first paragraph, the particular person or partnership who directly or indirectly uses the applications developed by a corporation following the provision of services by the corporation to a person or a partnership as part of activities described in subparagraphs 5 and 7 of the first paragraph of section 13.5, not the customers of the particular person or partnership, is considered to be the ultimate beneficiary of those services.”;

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

“For the purposes of subparagraph *i* of subparagraph *b* of subparagraph 2 of the first paragraph, the particular person or partnership who directly or indirectly uses the applications developed by a person or a partnership following

the provision of services as part of activities described in subparagraphs 5 and 7 of the first paragraph of section 13.5, not the customers of the particular person or partnership, is considered to be the ultimate beneficiary of the services a corporation provides to a person or a partnership as part of activities described in subparagraphs 8 and 9 of the first paragraph of section 13.5.”;

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

“For the purposes of the sixth paragraph, a “significant influence” deriving from a particular agreement means an influence deriving from an agreement that is a franchise, licence, lease, distribution, supply or management agreement or other similar agreement or arrangement the main purpose of which is to govern the relationship between a particular person or partnership and another person or partnership with regard to the carrying on of the business of the other person or partnership, such that, were the influence exercised, the particular person or partnership would, in fact, control the other person or partnership.”

(2) Subsection 1 applies to a taxation year that begins after 21 December 2012.

(3) Subsection 1 also applies to a corporation’s taxation year that includes 21 December 2012 if the corporation so elects in writing and files the election with Investissement Québec at the same time as its application for the corporation certificate it must obtain for the year for the purposes of Chapter XIII of Schedule A to the Act. However, in its application to the corporation for that taxation year,

(1) the portion of the first paragraph of section 13.6 of Schedule A to the Act before subparagraph 1, enacted by subsection 1, is to be read as if “activities described in subparagraphs 5 and 7 to 9” were replaced by “activities described in subparagraphs 7 to 9”;

(2) subparagraphs 1 and 2 of the first paragraph of section 13.6 of Schedule A to the Act, enacted by subsection 1, are to be read as if “activities described in those subparagraphs 5 and 7” were replaced wherever it appears by “activities described in that subparagraph 7”; and

(3) the third and fourth paragraphs of section 13.6 of Schedule A to the Act, enacted by subsection 1, are to be read as if “activities described in subparagraphs 5 and 7” were replaced by “activities described in subparagraph 7”.

**557.** (1) Section 13.11 of Schedule A to the Act is amended by replacing subparagraphs 1 to 4 of the first paragraph by the following subparagraphs:

“(1) information technology consulting services relating to technology or systems development, or consulting services in e-business processes and solutions, to the extent that the consulting services relate to an activity described in any of subparagraphs 2 to 4;



“(2) the development or integration of information systems, or of technology infrastructures, as well as, to the extent that it is incidental to such a development or integration activity carried on by the corporation, any activity relating to the maintenance or evolution of such information systems or such technology infrastructures;

“(3) the design or development of e-commerce solutions allowing a monetary transaction between the person on behalf of whom the design or development is carried out and that person’s customers; and

“(4) the development of security and identification services.”

(2) Subsection 1 applies to a taxation year that begins after 11 July 2013.

**558.** (1) Section 13.12 of Schedule A to the Act is amended

(1) by adding the following subparagraph after subparagraph 6 of the first paragraph:

“(7) an activity relating to an information system concerning marketing designed to increase the visibility of a business and promote its goods and services with existing or potential customers.”;

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

“Similarly, subparagraph 7 of the first paragraph does not operate to exclude an activity described in subparagraph 2 of the first paragraph of section 13.11 that relates to an information system including a component that partly concerns marketing.”

(2) Subsection 1 applies to a taxation year that begins after 11 July 2013.

**559.** (1) Schedule A to the Act is amended by adding the following after section 14.4:

## “CHAPTER XV

### “SECTORAL PARAMETERS OF TAX CREDIT FOR SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT WORK CARRIED ON BY A BIOPHARMACEUTICAL CORPORATION

#### “DIVISION I

##### “INTERPRETATION AND GENERAL

“**15.1.** In this chapter, “tax credit for scientific research and experimental development work carried on by a biopharmaceutical corporation” means the fiscal measure provided for in sections 1029.7.0.1 and 1029.7.2.1 of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister

of Revenue on account of its tax payable under section 1029.7 for a taxation year.

**“15.2.** To benefit from the tax credit for scientific research and experimental development work carried on by a biopharmaceutical corporation, a corporation must obtain from Investissement Québec a qualification certificate in respect of the activities it carries on or will carry on and a certificate in respect of the activities it carries on. However, an application for a qualification certificate cannot be granted by Investissement Québec if the application is filed after 3 June 2014.

The certificate must be obtained for each taxation year for which the corporation intends to avail itself of the tax credit for scientific research and experimental development work carried on by a biopharmaceutical corporation. However, no certificate may be issued to a corporation for a taxation year of the corporation that begins after 4 June 2014.

If, at a particular time, Investissement Québec revokes a qualification certificate issued to a corporation, any certificate issued to the corporation for the taxation year that includes the date on which the revocation becomes effective or for a subsequent taxation year is deemed to be revoked by Investissement Québec at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked.

## “DIVISION II

### “QUALIFICATION CERTIFICATE AND CERTIFICATE

**“15.3.** A qualification certificate issued to a corporation under this chapter certifies that the activities specified in the qualification certificate and that the corporation carries on or will carry on are recognized as eligible activities.

**“15.4.** The following human health-related activities are eligible activities:

(1) integrated innovative pharmaceuticals (patented products) that consist in manufacturing and commercializing drugs as well as carrying out drug-related activities in the form of basic research, product development, clinical research or chemical synthesis;

(2) generic pharmaceutical manufacturing that consists in manufacturing and commercializing generic versions of prescription or non-prescription drugs whose patents have expired;

(3) contract pharmaceutical manufacturing that consists in manufacturing drugs for innovative pharmaceutical businesses, generic products businesses or large buyers;

(4) biotechnology that comprises

(a) therapeutic products, namely those that derive from drug research and development essentially targeting the small-molecule market rather than biological products, or that consist in devising methods of administering drugs in an organism or in developing cellular therapies,

(b) diagnostic products,

(c) biological processes, namely those that consist in producing drugs or vaccines, producing pharmaceutical proteins through the culture of genetically modified cells, developing genetically modified organisms for the production of drugs or in extracting active drug ingredients from natural sources, and

(d) pharmaceutical research, which consists in using genetic information to define targets for drug action or in offering products and services in genomics research; and

(5) contract research that consists in providing services in developing new drugs, such as bioequivalence studies, preclinical and clinical trials and the management of studies.

**“15.5.** A certificate issued to a corporation certifies that the activities it carried on throughout the taxation year for which the application for the certificate was filed are activities mentioned in the qualification certificate the corporation has obtained.

**“15.6.** Investissement Québec may issue a certificate to a corporation if, for the taxation year for which the application for the certificate is filed,

(1) the qualification certificate issued to the corporation was valid; and

(2) Investissement Québec is of the opinion that the activities specified in the corporation’s qualification certificate represented at least 75% of the activities it carried on throughout that taxation year.

For the purposes of subparagraph 2 of the first paragraph, Investissement Québec shall take into consideration the duties performed by all of the corporation’s employees and the activities that were carried on on its behalf in that taxation year.

**“15.7.** Investissement Québec may, before issuing a qualification certificate or a certificate under this chapter or before amending or revoking such a document, obtain the advice of the Ministère de l’Enseignement supérieur, de la Recherche, de la Science et de la Technologie.

**“CHAPTER XVI****“SECTORAL PARAMETERS OF TAX CREDIT RELATING TO INFORMATION TECHNOLOGY INTEGRATION****“DIVISION I****“INTERPRETATION AND GENERAL**

**“16.1.** In this chapter, “tax credit relating to information technology integration” means the fiscal measure provided for in Division II.6.14.2.2 of Chapter III.1 of Title III of Book IX of Part I of the Taxation Act, under which a corporation is deemed to have paid an amount to the Minister of Revenue on account of its tax payable under that Part for a taxation year.

**“16.2.** To benefit from the tax credit relating to information technology integration, a corporation or, if it avails itself of the measure as a member of a partnership, the partnership, must obtain from Investissement Québec a certificate in respect of each of the contracts for which it avails itself of the measure (in this chapter referred to as a “contract certificate”).

An application by a corporation or a partnership for a certificate in respect of a contract must be filed with Investissement Québec before the contract is entered into. However, Investissement Québec may, for reasons it considers reasonable, allow such an application to be filed after the contract is entered into.

Despite the second paragraph, Investissement Québec may not accept an application filed after 3 June 2014 for a certificate in respect of a contract.

**“DIVISION II****“CONTRACT CERTIFICATE**

**“16.3.** A contract certificate that is issued to a corporation or a partnership certifies that the contract referred to in the certificate is recognized as an eligible information technology integration contract. It also lists the activities carried on under the contract that constitute the supply of a qualified management software package.

**“16.4.** A contract to be entered into by a corporation or a partnership is recognized as an eligible information technology integration contract if it corresponds exactly to a written prior agreement, made after 7 October 2013 and before 1 January 2018, that

(1) is related to a preliminary analysis carried out by the corporation or partnership or on its behalf to draw up a plan describing its needs so that it may have access to a computerized infrastructure allowing a management software package to be used to optimize its business processes; and

(2) is entered into with a person dealing at arm's length with the corporation or partnership who undertakes to provide the property and services relating to the supply of a qualified management software package himself, herself or itself.

**“16.5.** The following activities, alone or in combination, constitute the supply of a qualified management software package:

(1) the sale or leasing of a management software package or of an open-source management software package, or of usage rights for such property, that mainly enables management of one or more of the following elements:

(a) all the operational processes of a business through the integration of all the functions of the business;

(b) the interactions of a business with its clients through multiple and interconnected communication channels; or

(c) a network of businesses involved in the production of a product or the provision of a service required by the end client to cover all movements of materials or information from point of origin to point of consumption;

(2) the provision of services related to the development, integration (installation and implementation), reconfiguration and evolution of a software package referred to in subparagraph 1;

(3) the provision of services required to support and train the personnel of the business and resolve bugs in relation to the integration of a software package referred to in subparagraph 1 into the business; and

(4) the sale or leasing of general-purpose data processing equipment and related system software, including ancillary data processing equipment, and of the application software required as part of the integration of a software package referred to in subparagraph 1 into the business, or of usage rights of such property.

An activity described in subparagraph 4 of the first paragraph constitutes the supply of a qualified management software package only if the property that is the subject of the activity was not used for any purpose or acquired or leased to be used or leased for any purpose whatsoever before it was acquired or leased by a corporation or partnership.”

(2) Subsection 1,

(1) where it enacts Chapter XV of Schedule A to that Act, has effect from 21 November 2012;

(2) where it enacts Chapter XVI of Schedule A to that Act, applies in respect of an application for a certificate filed after 7 October 2013.

**560.** (1) Section 1.1 of Schedule C to the Act is amended by adding the following paragraph after paragraph 9:

“(10) the tax exemption in relation to a tax-free reserve of a qualified shipowner provided for in section 726.4.0.2 of the Taxation Act and in Title X of Book VII of Part I of that Act.”

(2) Subsection 1 has effect from 5 June 2014.

**561.** (1) Section 8.3 of Schedule C to the Act is replaced by the following section:

**“8.3.** An activity certificate issued to a corporation or a partnership for a taxation year or a fiscal period, as applicable, certifies that a design activity relating to a business carried on by the corporation or partnership in Québec was carried out by the corporation or partnership in the year or the fiscal period or, on its behalf, by a qualified outside consultant in the year or a preceding taxation year or in the fiscal period or a preceding fiscal period.”

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year or fiscal period that ends after 31 December 2012.

**562.** (1) Section 9.1 of Schedule C to the Act is amended by inserting the following definition in alphabetical order:

““issuance period” in respect of a vessel means the six-year period that begins on the date of coming into force of the first qualification certificate referred to in the first paragraph of section 9.2 that is issued in respect of the vessel;”.

(2) Subsection 1 has effect from 12 July 2013.

**563.** (1) Section 9.2 of Schedule C to the Act is amended

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

**“9.2.** A corporation must obtain a qualification certificate (in Division II referred to as a “vessel qualification certificate”) from the Minister, in respect of each vessel for which the corporation intends to claim the tax credit for the construction or conversion of vessels. An application for such a qualification certificate must be filed for each period, which does not exceed three years and which is included in the issuance period relating to the vessel, for which the corporation wishes to benefit from the tax credit. If the construction or conversion work in respect of the vessel is carried out under a subcontract, the corporation must also obtain a qualification certificate in respect of the subcontract (in Division II referred to as a “subcontract qualification certificate”) from the Minister.”;

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

“In addition, a corporation may obtain a qualification certificate (in Division II referred to as a “pre-eligibility qualification certificate”) from the Minister, in respect of each vessel for which the corporation plans to apply for a qualification certificate referred to in the first paragraph.”;

(3) by replacing subparagraphs 1 and 2 of the third paragraph by the following subparagraphs:

“(1) in the case of a qualification certificate referred to in the first paragraph,

(a) after a preliminary agreement has been reached with the client in respect of the project, but before a firm contract has been entered into in that respect, in the case of the first qualification certificate in respect of the vessel;

(b) before the end of the period for which the preceding qualification certificate was obtained, in any other case;

“(2) in the case of a qualification certificate referred to in the second paragraph, before the beginning of the construction or conversion work in respect of the vessel; or”;

(4) by adding the following subparagraph after subparagraph 2 of the third paragraph:

“(3) in the case of a qualification certificate referred to in the third paragraph, before a preliminary agreement has been reached with the client.”;

(5) by adding the following paragraphs after the fourth paragraph:

“However, the Minister may deliver a qualification certificate referred to in the first paragraph in respect of a vessel for a particular period, other than the first, only if the following conditions are met in respect of the corporation applying for it:

(1) such a qualification certificate in respect of the vessel was issued to the corporation for any preceding period included in its issuance period; and

(2) at the time the qualification certificate is to be issued for the particular period, no certificate referred to in subparagraph 1 has been revoked.

If, at a particular time, the Minister revokes a qualification certificate referred to in the first paragraph issued to the corporation in respect of a vessel for a given period, any such certificate issued to the corporation in respect of the vessel for a particular period subsequent to the given period is deemed to be revoked by the Minister at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked.”

(2) Subsection 1 applies in respect of a qualification certificate for which an application is filed after 11 July 2013.

**564.** (1) Section 9.6 of Schedule C to the Act is amended, in the first paragraph,

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

“(1) its essential characteristics are different from those of vessels constructed or converted previously by the corporation, or the construction or conversion work in respect of the vessel requires an investment in innovation in any of the following fields:

- (a) planning the work,
- (b) production methods and processes, and
- (c) integrating advanced or ecological technologies; and”;

(2) by striking out subparagraph 2;

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

“(3) it is the first vessel of a series whose repeat business potential is established, in particular by commitments to order, letters of intent of clients already operating maritime services or a market study showing the construction potential for a series of vessels.”

(2) Subsection 1 applies in respect of an application for a qualification certificate that is filed after 11 July 2013.

**565.** (1) Schedule C to the Act is amended by inserting the following sections after section 9.7:

**“9.7.1.** A pre-eligibility qualification certificate issued to a corporation certifies that, in respect of the vessel to be constructed or converted and referred to in the certificate, the Minister would issue a vessel qualification certificate to the corporation if, after reaching a preliminary agreement with a client in respect of a vessel construction or conversion project, as the case may be, the corporation applied for one to the Minister.

**“9.7.2.** The Minister may issue a pre-eligibility qualification certificate to a corporation in respect of a vessel to be constructed or converted only if the corporation shows, to the Minister’s satisfaction, that the conditions of sections 9.4 to 9.6 will be met as of the filing of an application for a first vessel qualification certificate in respect of the vessel.

**“9.7.3.** The Minister is not bound by a pre-eligibility qualification certificate the Minister issued to a corporation in respect of a vessel to be constructed or converted if the Minister ascertains that any of the conditions of sections 9.4 to 9.6 has not been met.”



(2) Subsection 1 applies in respect of a qualification certificate for which an application is filed after 11 July 2013.

**566.** (1) Schedule C to the Act is amended by adding the following after section 10.5:

**“CHAPTER XI**

**“SECTORAL PARAMETERS OF THE TAX EXEMPTION RELATING TO A TAX-FREE RESERVE OF A QUALIFIED SHIPOWNER**

**“DIVISION I**

**“INTERPRETATION AND GENERAL**

**“11.1.** In this chapter, unless the context indicates otherwise,

“qualified shipowner” means a corporation that has declared to the Minister that it is a qualified shipowner within the meaning of section 979.24 of the Taxation Act (chapter I-3);

“qualified shipyard” means a shipyard operated in Québec by a corporation and that meets the conditions set out in paragraphs 1 to 3 and 5 of section 9.4 of this Schedule;

“qualified vessel” has the meaning assigned by section 979.24 of the Taxation Act;

“tax exemption relating to a tax-free reserve of a qualified shipowner” means the fiscal measure provided for in section 726.4.0.2 of the Taxation Act and in Title X of Book VII of Part I of that Act under which a corporation may benefit from a tax exemption for a taxation year in aspect of income earned within a reserve.

**“11.2.** To benefit from the tax exemption relating to a tax-free reserve of a qualified shipowner, a corporation is required to obtain a qualification certificate from the Minister.

The Minister may issue a qualification certificate to a corporation only if the corporation has filed an application with the Minister for that purpose before 1 January 2024.

**“DIVISION II**

**“QUALIFICATION CERTIFICATE**

**“11.3.** The qualification certificate issued to a qualified shipowner certifies that the shipowner, in carrying on its business, operates one or more qualified vessels and intends to set up a contingency fund with a view to having

work carried out by a corporation that operates a qualified shipyard, in that shipyard, to maintain or renovate qualified vessels in the shipowner's fleet or to qualified vessel built.”

(2) Subsection 1 has effect from 5 June 2014.

**567.** (1) Section 1.1 of Schedule E to the Act is amended by adding the following paragraph after paragraph 6:

“(7) the tax holidays relating to the carrying out of a large investment project provided for in sections 737.18.17.1 to 737.18.17.13 of the Taxation Act and sections 33, 34, 34.1.0.3 and 34.1.0.4 of the Act respecting the Régie de l'assurance maladie du Québec.”

(2) Subsection 1 has effect from 21 November 2012.

**568.** (1) Section 4.3 of Schedule E to the Act is amended

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

“Subject to subparagraph 4 of the first paragraph of section 4.4, the Minister may not issue an initial certificate in respect of an investment project unless the application for such a certificate was filed with the Minister in writing before 12 June 2003. In addition, the Minister may not issue an initial certificate to which such an application relates after 19 November 2012.”;

(2) by inserting the following paragraphs after the fourth paragraph:

“The application for an annual certificate must be filed with the Minister within 15 months after the end of the corporation's taxation year, or the partnership's fiscal period, in which the calendar year for which it is made ends. However, the Minister may, if the Minister considers that the circumstances so warrant, accept such an application despite the expiry of the time limit, provided the application is filed on or before the last day of the eighteenth month after the end of the taxation year or fiscal period concerned.

However, the Minister may issue an annual certificate that concerns a calendar year ending in a taxation year or fiscal period that ends before 20 November 2012 if the application for that certificate is filed with the Minister before 20 February 2014.”;

(3) by replacing “Similarly, the Minister may not” in the fifth paragraph by “The Minister may not”.

(2) Subsection 1 has effect from 20 November 2012.

**569.** (1) Section 6.3 of Schedule E to the Act is amended by replacing the first paragraph by the following paragraph:

**“6.3.** A corporation qualification certificate issued to a corporation certifies that the activities specified in the certificate and carried on exclusively, or are required to be so carried on by the corporation, are recognized as eligible activities.”

(2) Subsection 1 has effect from 21 March 2012.

**570.** (1) Section 6.4 of Schedule E to the Act is amended by replacing the first paragraph by the following paragraph:

**“6.4.** The Minister may issue a corporation qualification certificate only if the net shareholders’ equity of the corporation for its taxation year preceding that in which the corporation files its application for the certificate or, where the corporation is in its first fiscal period, at the beginning of that fiscal period, is less than \$15,000,000.”

(2) Subsection 1 has effect from 21 March 2012.

**571.** (1) Section 6.6 of Schedule E to the Act is replaced by the following section:

**“6.6.** A corporation certificate issued to a corporation certifies that all the activities it carried out throughout the taxation year for which the application for the certificate is filed, or for the part of that year specified in the certificate, are activities mentioned in the corporation qualification certificate it obtained.”

(2) Subsection 1 has effect from 21 March 2012.

**572.** (1) Section 6.7 of Schedule E to the Act is amended by replacing paragraph 2 by the following paragraph:

**“(2)** it is established to the Minister’s satisfaction that all or substantially all of the activities the corporation carried out consisted in a provision of services to clients with whom the corporation was dealing at arm’s length.”

(2) Subsection 1 applies to a taxation year that ends after 11 July 2014.

**573.** (1) Schedule E to the Act is amended by adding the following after section 7.8:

**“CHAPTER VIII****“SECTORAL PARAMETERS OF FISCAL MEASURES RELATING TO CARRYING OUT OF A LARGE INVESTMENT PROJECT****“DIVISION I****“INTERPRETATION AND GENERAL**

**“8.1.** In this chapter, unless the context indicates otherwise,

“start-up period” of an investment project means the 48-month period that begins on the date on which the qualification certificate referred to in the first paragraph of section 8.3 was issued to a corporation or a partnership in relation to the project;

“tax-free period” of a corporation or a partnership, in relation to an investment project, means the 10-year period that begins on the date specified for that purpose by the Minister in the first certificate referred to in the second paragraph of section 8.3 that is issued to the corporation or partnership in respect of the project;

“tax holiday relating to the carrying out of a large investment project” means any of the following fiscal measures from which a corporation holding a qualification certificate referred to in the first paragraph of section 8.3, a corporation that is a member of a partnership holding such a qualification certificate or, if the measure is the measure described in paragraph 2, any other person who is a member of such a partnership, may benefit:

(1) the fiscal measure provided for in Title VII.2.3.1 of Book IV of Part I of the Taxation Act, under which the corporation may deduct an amount in computing its taxable income for a taxation year; and

(2) the fiscal measure provided for in sections 33, 34, 34.1.0.3 and 34.1.0.4 of the Act respecting the Régie de l'assurance maladie du Québec, which allows the corporation or the other person to obtain a contribution exemption under subparagraph *d.1* of the seventh paragraph of section 34 of that Act.

**“8.2.** For the purposes of this Act and despite sections 1175.28.15 and 1175.28.17 of the Taxation Act, every person who is a member of a partnership holding the qualification certificate referred to in the first paragraph of section 8.3 is considered to be the person benefiting from or availing himself, herself or itself of the fiscal measure described in paragraph 2 of the definition of “tax holiday relating to the carrying out of a large investment project” in section 8.1, according to the agreed proportion in respect of the person for the fiscal period of the partnership that ends in the person’s taxation year for which the measure applies.

**“8.3.** To benefit from a tax holiday relating to the carrying out of a large investment project, in respect of an investment project, a corporation or, if it

claims the tax holiday as a member of a partnership, the partnership must obtain a qualification certificate in respect of the project (in this chapter referred to as an “initial qualification certificate”) from the Minister.

In addition, the corporation or partnership must, for that purpose, obtain a certificate in respect of the investment project (in this chapter referred to as an “annual certificate”) from the Minister. Such a certificate must be obtained, as applicable, for each taxation year in which the corporation intends to claim, in respect of the project, a tax holiday relating to the carrying out of a large investment project, or for each fiscal period of the partnership that ends in such a taxation year, provided that the year or fiscal period is included in whole or in part in the corporation’s or partnership’s tax-free period in relation to the project.

The documents referred to in the first and second paragraphs that are obtained by a partnership are also required in order for a person, other than a corporation, who is a member of the partnership to avail himself, herself or itself of the fiscal measure referred to in paragraph 2 of the definition of “tax holiday relating to the carrying out of a large investment project” in section 8.1.

Subject to subparagraph 4 of the first paragraph of section 8.4, the Minister may issue an initial qualification certificate in respect of an investment project only if the application for such a certificate was filed with the Minister in writing before the investment project began to be carried out and on or before 20 November 2015.

The corporation’s or partnership’s commitments in respect of an investment project are taken into account in determining the date on which the project began to be carried out. However, commitments related to market or feasibility studies are not sufficient in themselves to consider that the investment project has begun to be carried out.

An application for an annual certificate must be filed with the Minister within 15 months after the end of the taxation year or fiscal period for which it is made.

However, where the Minister considers that the circumstances so warrant, the Minister may grant such an application despite the expiry of that time limit, provided that the application is filed on or before the last day of the eighteenth month following the end of the taxation year or fiscal period concerned.

The Minister may not issue an annual certificate to a corporation or a partnership in respect of an investment project for a particular taxation year or fiscal period unless, at the time the annual certificate is to be issued, the initial qualification certificate that the corporation or partnership holds in respect of the project is still valid.

If, at a particular time, the Minister revokes the initial qualification certificate issued to a corporation or a partnership in respect of an investment project, any annual certificate issued to the corporation or partnership in respect of the

project for a taxation year or fiscal period that is subsequent to the given taxation year or fiscal period that includes the effective date of the revocation is deemed to be revoked by the Minister at that time. In such a case, the effective date of the deemed revocation is the date of coming into force of the certificate that is deemed to be revoked. The annual certificate issued in respect of the project for the given taxation year or fiscal period is also deemed to be revoked by the Minister at that time, except that the effective date of the deemed revocation is the date specified in the notice of revocation of the initial qualification certificate.

**“8.4.** If, at any given time in a particular taxation year or fiscal period, a corporation or partnership acquires from another corporation or partnership (in this section referred to as the “transferee” and the “transferor”, respectively) all or substantially all of the part that is carried on in Québec of the business in connection with which are carried on activities arising from the carrying out of an investment project that has been referred to in a first annual certificate and in respect of which the transferor holds a valid initial qualification certificate and, for the purposes of this chapter, the Minister agrees to the transfer of the carrying out of the investment project to the transferee, the following rules apply:

(1) the initial qualification certificate issued to the transferor is deemed to be revoked from that time;

(2) the annual certificate issued to the transferor in respect of the project for the particular year or fiscal period is also deemed to be revoked from that time;

(3) the first annual certificate issued or deemed, because of the application of this subparagraph, to have been issued to the transferor in respect of the project is, for the purposes of the definition of “tax-free period” in section 8.1 and of the first paragraph of section 8.10, deemed to have been issued to the transferee; and

(4) the Minister must issue an initial qualification certificate to the transferee in respect of the project, which comes into force at that time.

The Minister may agree to the transfer of the carrying out of the investment project to the transferee if the transferee undertakes to continue in Québec the carrying out of all or substantially all of the project as submitted to and approved by the Minister at the time of the transfer.

If the Minister issued a particular initial qualification certificate to a transferee under subparagraph 4 of the first paragraph in relation to the acquisition (in this paragraph referred to as the “particular acquisition”) by the transferee, at a given time, of all or substantially all of the part that is carried on in Québec of the particular business in connection with which activities arising from the carrying out of the investment project in respect of which that qualification certificate was issued are carried on and if, at a time subsequent to the given

time, the Minister revokes or is deemed, because of the application of this paragraph, to have revoked the initial qualification certificate that was issued to the transferor involved in the particular acquisition, in respect of the project, the particular qualification certificate is also deemed to have been revoked by the Minister at that subsequent time. The effective date of the deemed revocation is the date of coming into force of the particular qualification certificate.

## “DIVISION II

### “INITIAL QUALIFICATION CERTIFICATE

“**8.5.** An initial qualification certificate issued to a corporation or a partnership states that the investment project referred to in the certificate will likely be recognized as a large investment project.

Where the qualification certificate is issued under subparagraph 4 of the first paragraph of section 8.4, it also specifies that the Minister authorizes the transfer of the carrying out of the investment project to the corporation or partnership and states the date of the beginning of the tax-free period, in relation to the project, that is mentioned in the first annual certificate that was obtained in its respect and that is deemed to have been issued to the corporation or partnership under subparagraph 3 of the first paragraph of that section.

“**8.6.** The Minister issues an initial qualification certificate in respect of an investment project to a corporation or a partnership if

(1) the project is to be carried out after 20 November 2012 and the corporation or partnership shows, to the Minister’s satisfaction, that the activities arising from the project will be carried on in Québec;

(2) subject to the second paragraph, the project concerns activities in

(a) the manufacturing sector described under codes 31 to 33 of the North American Industry Classification System (NAICS)-Canada, as amended from time to time and published by Statistics Canada, which code is in this subparagraph 2 referred to as the “NAICS code”,

(b) the wholesale trade sector described under NAICS code 41,

(c) the warehousing and storage group described under NAICS code 4931, or

(d) the data processing, hosting, and related services subsector described under NAICS code 518; and

(3) the corporation or partnership shows, to the Minister’s satisfaction, that it is likely that, as a result of the carrying out of the project, not later than the end of the start-up period of the project, the total capital investments attributable

to its carrying out, determined in accordance with section 8.7, will be at least \$200,000,000.

Mineral substance processing activities are excluded from the activities described in subparagraph 2 of the first paragraph.

Any mineral substance concentration activity, including any pelletization, as well as any activity involving the smelting, refining or hydrometallurgy of ore from a gold or silver mine is considered to be a mineral substance processing activity.

For the purposes of the third paragraph, “hydrometallurgy” means any processing of an ore or concentrate that produces a metal, metallic salt or metallic compound by carrying out a chemical reaction in an aqueous or organic solution.

**8.7.** The total capital investments attributable to the carrying out of an investment project, at a particular time, correspond to the aggregate of the expenditures of a capital nature incurred, from the beginning of the carrying out of the investment project until that time, to obtain goods or services with a view to establishing, in Québec, the business or part of the business in connection with which activities arising from the carrying out of the project are carried on, or with a view to increasing or modernizing the production of such a business or part of a business.

However, in computing the total capital investments attributable to the carrying out of an investment project, the capital investments that are related to the purchase or use of land or the acquisition of a business already carried on in Québec are not taken into account.

### “DIVISION III

#### “ANNUAL CERTIFICATE

**8.8.** An annual certificate issued to a corporation or a partnership in respect of an investment project certifies that the corporation or partnership is continuing, in the taxation year or fiscal period, as the case may be, for which the application for the certificate is made, to carry out the investment project in respect of which an initial qualification certificate was issued to it. The certificate also confirms that the project is recognized for the year or fiscal period as a large investment project.

In the first annual certificate issued in respect of an investment project, the Minister specifies the date of the beginning of the corporation’s or partnership’s tax-free period in relation to the project. That date is the earlier of

(1) the date on which the corporation or partnership begins to carry on the business in connection with which activities arising from the carrying out of the project are carried on; and



(2) the date on which the total capital investments attributable to the carrying out of the project is, for the first time, at least \$200,000,000.

**“8.9.** An annual certificate in respect of an investment project may be issued, for a particular taxation year or fiscal period, to a corporation or a partnership, as the case may be, if,

(1) the activities arising from the project are carried on in Québec; and

(2) subject to the third paragraph, the total capital investments attributable to the carrying out of the project, at any time in the particular year or fiscal period, is at least \$200,000,000.

The Minister may not issue an annual certificate to a corporation or a partnership, in respect of an investment project, for a taxation year or fiscal period that is subsequent to the start-up period of the project unless a first annual certificate has been issued in respect of the project for a taxation year or fiscal period that is included in whole or in part in that period. In addition, the Minister may issue an annual certificate in respect of an investment project only for a taxation year or fiscal period that is included in whole or in part in the corporation's or partnership's tax-free period in relation to the project.

In addition, where a corporation's taxation year or a partnership's fiscal period is included only in part in the start-up period of an investment project, the first annual certificate, in relation to the investment project, may be issued for the year or fiscal period, as the case may be, only if the requirement of subparagraph 2 of the first paragraph is met for that part of the year or fiscal period. The same applies, where an annual certificate is to be issued for a taxation year or fiscal period that is included only in part in the corporation's or partnership's tax-free period, in relation to the investment project.

**“8.10.** If, at a particular time, the first annual certificate that was issued to a corporation or a partnership for a particular taxation year or fiscal period, as the case may be, in respect of an investment project is revoked by the Minister, the following rules apply:

(1) the certificate is deemed never to have been issued;

(2) the Minister may, for a taxation year or fiscal period that is subsequent to the particular year or fiscal period and that is included in whole or in part in the start-up period of the project, issue a first annual certificate to the corporation or partnership in respect of the project or amend an annual certificate that the Minister has already issued to it so that that certificate becomes the first annual certificate of the corporation or partnership if, for that subsequent year or fiscal period, the project meets the requirements of the first paragraph of section 8.9; and

(3) any other annual certificate issued to the corporation or partnership in respect of the project for any taxation year or fiscal period, unless subsequent

to the year or fiscal period for which a certificate referred to in subparagraph 2 was issued, if any, is deemed to be revoked by the Minister at that particular time.

The effective date of the deemed revocation under subparagraph 3 of the first paragraph is the date of coming into force of the annual certificate that is deemed to be revoked.”

(2) Subsection 1 has effect from 21 November 2012. However, when Chapter VIII of Schedule E to the Act applies in respect of an investment project described in subsection 3, it is to be read as if “\$200,000,000” were replaced by “\$300,000,000” in the following provisions:

- subparagraph 3 of the first paragraph of section 8.6;
- subparagraph 2 of the second paragraph of section 8.8;
- subparagraph 2 of the first paragraph of section 8.9.

(3) The investment project to which subsection 2 refers is a project

(1) in respect of which an application for an initial qualification certificate has been made before 8 October 2013 and whose carrying out began before that date; or

(2) in respect of which an application for an initial qualification certificate has been made by a corporation or partnership before 8 October 2013 and whose carrying out began after 7 October 2013, unless the corporation or partnership applies with the Minister of Finance in writing on or before 21 November 2015 or, if it is earlier, on the date on which the corporation or partnership, as the case may be, files an application for a first annual certificate in respect of the investment project, to have the investment project referred to in subsection 2 not include the corporation’s or partnership’s investment project.

**574.** (1) Section 3.2 of Schedule H to the Act is amended by replacing the third and fourth paragraphs by the following paragraphs:

“If, at any time in the taxation year for which a corporation intends to benefit from the tax credit for Québec film productions or in the 24 months that precede that year, the corporation is associated with a corporation that is a television broadcaster, it must also obtain a certificate (in this chapter referred to as a “certificate of association with a television broadcaster”) from the Société de développement des entreprises culturelles.

The certificate referred to in subparagraph 2 of the second paragraph must be obtained for each taxation year for which the corporation intends to avail itself in respect of a film of subparagraph *a.1* of the first paragraph of section 1029.8.35 of the Taxation Act. Similarly, the certificate of association with a television broadcaster must be obtained for each taxation year referred

to in the third paragraph for which the corporation intends to claim the tax credit for Québec film productions.”

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that ends after 28 February 2014.

**575.** (1) Section 3.4 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

“**3.4.** A favourable advance ruling or a qualification certificate given or issued to a corporation under this chapter certifies that the film referred to in it is recognized as a Québec film production. It also specifies the filing date of the application for its issue. In the event that the filing date precedes 1 September 2014 but follows 4 June 2014, the Société de développement des entreprises culturelles specifies in the favourable advance ruling or qualification certificate whether or not the work in respect of the film was sufficiently advanced on that latter date.”

(2) Subsection 1 applies in respect of a favourable advance ruling or a qualification certificate given or issued after 4 June 2014.

**576.** (1) Section 3.10 of Schedule H to the Act is amended by replacing subparagraph 4 of the first paragraph by the following subparagraph:

“(4) if a film is produced by a corporation associated with a corporation that is a television broadcaster, it must be initially broadcast by a television broadcaster other than a corporation with which the corporation is associated;”.

(2) Subsection 1 applies in respect of an application for an advance ruling or a qualification certificate filed in relation to a film in respect of which a labour expenditure is incurred in a taxation year that ends after 28 February 2014.

**577.** (1) The heading of Division VII of Chapter III of Schedule H to the Act is replaced by the following heading:

“CERTIFICATE OF ASSOCIATION WITH A TELEVISION BROADCASTER”.

(2) Subsection 1 has effect from 1 March 2014.

**578.** (1) Section 3.26 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

“**3.26.** An application for a certificate of association with a television broadcaster for a particular taxation year must be filed by a corporation not later than six months after the end of its taxation year preceding the particular year.”

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that ends after 28 February 2014.

**579.** (1) Sections 3.27 and 3.28 of Schedule H to the Act are replaced by the following sections:

**“3.27.** A certificate of association with a television broadcaster issued to a corporation certifies that over 50% of its production costs for the last three taxation years, preceding the particular taxation year referred to in section 3.26, during which a film was produced were incurred in relation to films broadcast by a television broadcaster with which the corporation is not associated.

**“3.28.** The Société de développement des entreprises culturelles may refuse to issue to a corporation, or may revoke, a certificate of association with a television broadcaster if it becomes aware of a significant change in the volume of films produced by the corporation that are broadcast by the television broadcaster with which the corporation is associated.”

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that ends after 28 February 2014.

**580.** (1) Section 4.3 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

**“4.3.** A qualification certificate issued to a corporation under this chapter certifies that the dubbed version of a film referred to in the qualification certificate is recognized as a qualified production of the corporation. It also specifies the date on which that version was completed.”

(2) Subsection 1 applies in respect of a qualification certificate issued after 31 August 2014.

**581.** (1) Section 5.2 of Schedule H to the Act is amended by replacing the third paragraph by the following paragraph:

“If, at any time in the taxation year for which the corporation intends to benefit from the film production services tax credit or in the 24 months that precede that year, the corporation is associated with a corporation that is a television broadcaster, it must also obtain a certificate (in this chapter referred to as a “certificate of association with a television broadcaster”) from the Société de développement des entreprises culturelles. The certificate must be obtained for each such taxation year for which the corporation intends to claim the tax credit.”

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that ends after 28 February 2014.

**582.** (1) Section 5.3 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

**“5.3.** An approval certificate issued to a corporation under this chapter certifies that the film referred to in the certificate is recognized as a qualified production or as a qualified low-budget production. It also specifies the filing date of the application for its issue. In the event that the filing date precedes 1 September 2014 but follows 4 June 2014, the Société de développement des entreprises culturelles specifies in the approval certificate whether or not the work in respect of the film was sufficiently advanced on that latter date.”

(2) Subsection 1 applies in respect of an approval certificate issued after 4 June 2014.

**583.** (1) The heading of Division IV of Chapter V of Schedule H to the Act is replaced by the following heading:

“CERTIFICATE OF ASSOCIATION WITH A TELEVISION BROADCASTER”.

(2) Subsection 1 has effect from 1 March 2014.

**584.** (1) Section 5.10 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

**“5.10.** An application for a certificate of association with a television broadcaster, for a particular taxation year, must be filed by a corporation not later than six months after the end of its taxation year preceding the particular year.”

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that ends after 28 February 2014.

**585.** (1) Sections 5.11 and 5.12 of Schedule H to the Act are replaced by the following sections:

**“5.11.** A certificate of association with a television broadcaster issued to a corporation certifies that over 50% of its production costs for the last three taxation years preceding the particular taxation year referred to in section 5.10, during which a film was produced, were incurred in relation to films broadcast by a television broadcaster with which the corporation is not associated.

**“5.12.** The Société de développement des entreprises culturelles may refuse to issue to a corporation, or may revoke, a certificate of association with a television broadcaster if it becomes aware of a significant change in the volume of films produced by the corporation that are broadcast by the television broadcaster with which the corporation is associated.”

(2) Subsection 1 applies in respect of an application for a certificate for a taxation year that ends after 28 February 2014.

**586.** (1) Section 6.4 of Schedule H to the Act is amended by inserting the following paragraph after the first paragraph:

“Furthermore, the favourable advance ruling or qualification certificate specifies the filing date of the application for its issue. In the event that the filing date precedes 1 September 2014 but follows 4 June 2014, the Société de développement des entreprises culturelles specifies in the favourable advance ruling or qualification certificate whether or not the work in respect of the recording was sufficiently advanced on that latter date.”

(2) Subsection 1 applies in respect of a favourable advance ruling or a qualification certificate given or issued after 4 June 2014.

**587.** (1) Section 7.4 of Schedule H to the Act is amended by inserting the following paragraph after the first paragraph:

“Furthermore, the favourable advance ruling or qualification certificate specifies, in the case where it is given or issued for the period described in paragraph 1 of section 7.2, the filing date of the application for its issue or, in any other case, the filing date of the application for the issue of the favourable advance ruling or qualification certificate given or issued for the period described in that paragraph 1. In the event that the filing date precedes 1 September 2014 but follows 4 June 2014, the Société de développement des entreprises culturelles specifies in the favourable advance ruling or qualification certificate whether or not the work in respect of the performance was sufficiently advanced on that latter date.”

(2) Subsection 1 applies in respect of a favourable advance ruling or a qualification certificate given or issued after 4 June 2014.

**588** (1) Section 8.4 of Schedule H to the Act is amended by inserting the following paragraph after the second paragraph:

“Furthermore, the favourable advance ruling or qualification certificate specifies the filing date of the application for its issue. In the event that the filing date precedes 1 September 2014 but follows 4 June 2014, the Société de développement des entreprises culturelles specifies in the favourable advance ruling or qualification certificate whether or not the work in respect of the work or group of works was sufficiently advanced on that latter date.”

(2) Subsection 1 applies in respect of a favourable advance ruling or a qualification certificate given or issued after 4 June 2014.

**589.** (1) Section 9.4 of Schedule H to the Act is amended by replacing the first paragraph by the following paragraph:

**“9.4.** A favourable advance ruling or a qualification certificate given or issued to a corporation under this chapter certifies that the multimedia event or environment referred to in it is recognized as a qualified production of the

corporation. It also specifies the filing date of the application for its issue. In the event that the filing date precedes 1 September 2014 but follows 4 June 2014, the Société de développement des entreprises culturelles specifies in the favourable advance ruling or qualification certificate whether or not the work in respect of the multimedia event or environment was sufficiently advanced on that latter date.”

(2) Subsection 1 applies in respect of a favourable advance ruling or a qualification certificate given or issued after 4 June 2014.

**590.** (1) The Act is amended by adding the following after Schedule H:

**“SCHEDULE I**

**“MINISTER OF CULTURE AND COMMUNICATIONS**

**“CHAPTER I**

**“MEASURES COVERED BY THIS SCHEDULE**

**“1.1.** The Minister of Culture and Communications administers the sectoral parameters of the following fiscal measures:

(1) the increase of the eligible amount of a gift of a work of public art provided for in sections 716.0.1.1, 716.0.1.2, 752.0.10.15.1 and 752.0.10.15.2 of the Taxation Act (chapter I-3); and

(2) the increase of the eligible amount of a gift of an immovable intended for cultural purposes provided for in sections 716.0.1.1 and 752.0.10.15.1 of the Taxation Act.

**“CHAPTER II**

**“SECTORAL PARAMETERS OF INCREASE OF ELIGIBLE AMOUNT OF GIFT OF WORK OF PUBLIC ART**

**“DIVISION I**

**“INTERPRETATION AND GENERAL**

**“2.1.** In this chapter, “increase of the eligible amount of a gift of a work of public art” means

(1) the fiscal measure provided for either in section 716.0.1.1 of the Taxation Act, under which the eligible amount of a gift described in subparagraph 2 of subparagraph *i* of subparagraph *b* of the second paragraph of section 716.0.1.1 of that Act that a corporation may deduct in computing its taxable income for a taxation year is increased, or in section 752.0.10.15.1 of that Act, under which the eligible amount of a gift described in subparagraph 2 of subparagraph *i* of subparagraph *b* of the second paragraph of section 752.0.10.15.1 of that Act

that an individual may deduct from the individual's tax otherwise payable for a taxation year is increased; or

(2) the fiscal measure provided for either in section 716.0.1.2 of the Taxation Act, under which the eligible amount of a gift described in the second paragraph of section 716.0.1.2 of that Act that a corporation may deduct in computing its taxable income for a taxation year is increased, or in section 752.0.10.15.2 of that Act, under which the eligible amount of a gift described in the second paragraph of section 752.0.10.15.2 of that Act that an individual may deduct from the individual's tax otherwise payable for a taxation year is increased.

**“2.2.** To benefit from an increase of the eligible amount of a gift of a work of public art, a person must obtain the following certificates from the Minister:

(1) a certificate relating to the acquisition and conservation of the work in a public space (in this chapter referred to as a “conservation in a public space certificate”), where the fiscal measure described in paragraph 1 of the definition of “increase of the eligible amount of a gift of a work of public art” in section 2.1 applies; or

(2) a certificate relating to the installation and conservation of the work in an educational space (in this chapter referred to as a “conservation in an educational space certificate”), where the fiscal measure described in paragraph 2 of the definition of “increase of the eligible amount of a gift of a work of public art” in section 2.1 applies.

## **“DIVISION II**

### **“CONSERVATION IN A PUBLIC SPACE CERTIFICATE**

**“2.3.** A conservation in a public space certificate issued to a person certifies that the work of public art referred to in the certificate has been acquired to be installed in a public space by a municipality in Québec or a municipal or public body performing a function of government in Québec, other than a school board, in accordance with its policy on the acquisition and conservation of works of public art.

## **“DIVISION III**

### **“CONSERVATION IN AN EDUCATIONAL SPACE CERTIFICATE**

**“2.4.** A conservation in an educational space certificate issued to a person certifies that the work of public art referred to in the certificate has been acquired to be installed in a place accessible to students and that its conservation will be ensured.



**“CHAPTER III****“SECTORAL PARAMETERS OF INCREASE OF ELIGIBLE AMOUNT OF GIFT OF IMMOVABLE INTENDED FOR CULTURAL PURPOSES****“DIVISION I****“INTERPRETATION AND GENERAL**

**“3.1.** In this chapter,

“artists’ studio” means non-residential premises occupied by one or more artists, artisans or craftspersons and set up so that they may create, produce, rehearse or do things there with a view to making an artistic work or art objects;

“eligible donee” means

- (1) a municipality in Québec;
- (2) a municipal or public body performing a function of government in Québec;
- (3) a registered charity, within the meaning of section 1 of the Taxation Act, operating in Québec for the benefit of the community or in the field of arts or culture;
- (4) a registered cultural or communications organization, within the meaning of section 1 of Taxation Act; or
- (5) a registered museum, within the meaning of section 1 of the Taxation Act;

“increase of the eligible amount of a gift of an immovable intended for cultural purposes” means the fiscal measure provided for either in section 716.0.1.1 of the Taxation Act, under which the eligible amount of a gift described in subparagraph ii of subparagraph *b* of the second paragraph of section 716.0.1.1 of that Act that a corporation may deduct in computing its taxable income for a taxation year is increased, or in section 752.0.10.15.1 of that Act, under which the eligible amount of a gift described in subparagraph ii of subparagraph *b* of the second paragraph of section 752.0.10.15.1 of that Act in respect of which an individual may deduct an amount from the individual’s tax otherwise payable for a taxation year is increased.

**“3.2.** To benefit from an increase of the eligible amount of a gift of an immovable intended for cultural purposes, a person must obtain either of the following qualification certificates from the Minister:

- (1) a qualification certificate in respect of a building capable of housing artists’ studios (in this chapter referred to as an “artists’ studios qualification certificate”); or

(2) a qualification certificate in respect of a building capable of housing cultural organizations (in this chapter referred to as a “cultural premises qualification certificate”).

## “DIVISION II

### “ARTISTS’ STUDIOS QUALIFICATION CERTIFICATE

**“3.3.** An artists’ studios qualification certificate issued to a person certifies that the building referred to in the certificate is recognized as a building capable of housing artists’ studios.

**“3.4.** A building may be recognized as a building capable of housing artists’ studios if

(1) it has been acquired by an eligible donee who intends to set up premises, intended mainly to serve as artists’ studios, that will be offered for rent at affordable price ranges;

(2) it has at least 1,000 square metres of floor space that can be set up as artists’ studios;

(3) its geographical location makes it a suitable place for artists’ studios; and

(4) its conversion into artists’ studios is a feasible project that can contribute to the establishment and long-term viability of artists’ studios in an urban setting.

## “DIVISION III

### “CULTURAL PREMISES QUALIFICATION CERTIFICATE

**“3.5.** A cultural premises qualification certificate issued to a person certifies that the building referred to in the certificate is recognized as a building capable of housing cultural organizations.

**“3.6.** A building may be recognized as a building capable of housing cultural organizations if

(1) it has been acquired by an eligible donee who intends to set up mainly premises that will be offered for rent at affordable price ranges to registered charities operating in the field of arts or culture, to registered cultural or communications organizations or to registered museums; and

(2) its conversion for the purposes described in paragraph 1 is a feasible project.

For the purposes of the first paragraph, “registered charity”, “registered cultural or communications organization” and “registered museum” have the meaning assigned by section 1 of the Taxation Act.”

(2) Subsection 1 applies in respect of a gift made after 3 July 2013.

## ACT RESPECTING THE RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

**591.** (1) Section 33 of the Act respecting the Régie de l'assurance maladie du Québec (chapter R-5) is amended, in the first paragraph,

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

““eligible activities” means eligible activities within the meaning of the first paragraph of section 737.18.17.1 of the Taxation Act;”;

(2) by striking out “(chapitre I-3)” in the definition of “année d'imposition” in the French text;

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

““date of the beginning of the tax-free period” in respect of a large investment project means the date that is specified as such in the first certificate that, for the purposes of this section and sections 34, 34.1.0.3 and 34.1.0.4, is issued by the Minister of Finance in relation to the large investment project;”;

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

““recognized business” of an employer, in relation to a large investment project, means a business, carried on in Québec by the employer, in connection with which the large investment project was carried out or is in the process of being carried out and in respect of which the employer keeps separate accounts in relation to the eligible activities that are carried on in the course of carrying on the business and that arise from the project;”;

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

““large investment project” of an employer means an investment project in respect of which a qualification certificate has been issued to the employer by the Minister of Finance, for the purposes of this section and sections 34, 34.1.0.3 and 34.1.0.4;”;

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

““tax-free period” means a tax-free period within the meaning of the first paragraph of section 737.18.17.1 of the Taxation Act;”;

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

““total qualified capital investments” means total qualified capital investments within the meaning of the first paragraph of section 737.18.17.1 of the Taxation Act;”.

(2) Subsection 1 has effect from 21 November 2012.

**592.** (1) Section 33.0.2 of the Act is amended by replacing the portion of the first paragraph before subparagraph *a* by the following:

**“33.0.2.** For the purposes of the definition of “total payroll” in the first paragraph of section 33, this section and sections 33.0.3, 33.0.4, 34.1.0.3 and 34.1.0.4, the following rules must be taken into consideration:”.

(2) Subsection 1 has effect from 21 November 2012.

**593.** (1) Section 34 of the Act is amended

(1) by inserting the following subparagraph after subparagraph *d* of the seventh paragraph:

“(d.1) subject to section 34.1.0.3, in respect of the wages paid or deemed to be paid by an employer, if the wages are paid or deemed to be paid to an employee in respect of the part of the employee’s working time devoted to eligible activities of the employer, in relation to a large investment project of the employer, other than construction, expansion or modernization activities in respect of an immovable where that project will be carried out, if the wages are paid or deemed to be paid for a pay period comprised in a tax-free period of the employer, for a taxation year or a fiscal period, in relation to the project, and if the employer encloses the prescribed form containing prescribed information with the information return referred to in section 3 of the Regulation respecting contributions to the Québec Health Insurance Plan that the employer is required to file for the year; and”;

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

“For the purposes of subparagraph *d.1* of the seventh paragraph, the following rules must be taken into consideration:

(a) the wages paid or deemed to be paid to an employee by an employer do not include directors’ fees, premiums, incentive bonuses, commissions or benefits referred to in Division II of Chapter II of Title II of Book III of Part I of the Taxation Act; and

(b) where a pay period is not wholly comprised in a tax-free period of the employer, in relation to the large investment project, only the part of the period in respect of which the wages relate that is comprised in the tax-free period must be taken into account.”

(2) Subsection 1 has effect from 21 November 2012.

**594.** (1) The Act is amended by inserting the following sections after section 34.1.0.2:

**“34.1.0.3.** The aggregate of all amounts each of which is a contribution that, under subparagraph *d.1* of the seventh paragraph of section 34, is not payable by an employer for a taxation year or a fiscal period may not exceed the aggregate of all amounts each of which is a contribution exemption amount of the employer for the taxation year or for the fiscal period, as the case may be, in respect of a large investment project of the employer that is referred to in that subparagraph *d.1*.

For the purposes of this section, an employer’s contribution exemption amount for a taxation year or a fiscal period, as the case may be, in respect of a large investment project of the employer is equal to the lesser of

(a) the balance of the employer’s tax assistance limit, for the taxation year or fiscal period, in respect of the large investment project; and

(b) the aggregate of all amounts each of which is, for the taxation year or fiscal period, a contribution that would not be payable by the employer in respect of wages paid or deemed to be paid to an employee, in relation to part of the employee’s working time devoted to eligible activities of the employer, in relation to the project, if subparagraph *d.1* of the seventh paragraph of section 34 were applied without reference to this section.

The balance of an employer’s tax assistance limit, for a particular taxation year or fiscal period, in respect of a large investment project of the employer, is equal to

(a) where the employer is a corporation, the amount by which the employer’s tax assistance limit, in relation to the large investment project, determined in accordance with section 737.18.17.8 of the Taxation Act (chapter I-3), exceeds the aggregate of

i. the aggregate of all amounts each of which is, for the particular taxation year or a preceding taxation year, in relation to the large investment project, equal to the amount determined by the formula

$$A \times B \times C,$$

ii. the aggregate of all amounts each of which is the employer’s contribution exemption amount, for a preceding taxation year, in respect of the large investment project, and

iii. where, at any time in the particular taxation year, the employer transfers its recognized business in relation to the large investment project to another corporation or a partnership, the amount that was transferred to the other corporation or the partnership pursuant to the agreement referred to in section 737.18.17.12 of the Taxation Act in respect of the transfer; or

(b) where the employer is a partnership, the amount by which the employer's tax assistance limit, in relation to the large investment project, determined in accordance with section 34.1.0.4, exceeds the aggregate of

i. the aggregate of all amounts each of which is the employer's contribution exemption amount, for a preceding fiscal period, in respect of the large investment project,

ii. the aggregate of all amounts each of which is an amount agreed on, in respect of the particular fiscal period or a preceding fiscal period, in relation to the large investment project, pursuant to an agreement referred to in section 737.18.17.10 of the Taxation Act, and

iii. where, at any time in the particular fiscal period, the employer transfers its recognized business in relation to the large investment project to a corporation or another partnership, the amount that was transferred to the corporation or the other partnership pursuant to the agreement referred to in section 737.18.17.12 of the Taxation Act in respect of the transfer.

In the formula in subparagraph i of subparagraph *a* of the third paragraph,

(a) *A* is 1, unless the employer has an establishment situated outside Québec for the taxation year, in which case it is the proportion that the employer's business carried on in Québec is of the aggregate of the employer's business carried on in Canada or in Québec and elsewhere, as determined under subsection 2 of section 771 of the Taxation Act for the year;

(b) *B* is, subject to the sixth paragraph, the aggregate of

i. 8% of the amount by which the amount that would be determined in respect of the employer for the year under section 771.2.1.2 of the Taxation Act if no reference were made to section 771.2.5.1 of that Act and if, for the purposes of paragraph *b* of section 771.2.1.2 of that Act, the employer's taxable income for the year, for the purposes of Part I of that Act, were computed without reference to section 737.18.17.5 of that Act, exceeds the amount determined in respect of the employer for the year under section 771.2.1.2 of that Act, and

ii. 11.9% of the amount by which the amount that is deducted in computing the employer's taxable income for the year under section 737.18.17.5 of the Taxation Act exceeds the excess amount determined under subparagraph i; and

(c) *C* is the proportion that the employer's tax exemption amount for the year in respect of the large investment project, determined in accordance with the second paragraph of section 737.18.17.6 of the Taxation Act, is of the aggregate of all amounts each of which is such a tax exemption amount of the employer for the year in respect of a large investment project of the employer, or of a partnership of which the employer is a member, that is referred to in the first paragraph of section 737.18.17.5 of that Act for the year.

For the purpose of determining the amount referred to in subparagraph i of subparagraph *a* of the third paragraph for any taxation year for which section 733.0.5.1 of the Taxation Act applies to the employer, subparagraph *b* of the fourth paragraph is to be read as if

(a) the amount that is deducted in computing the employer's taxable income for the year under section 737.18.17.5 of that Act were increased by the amount by which the employer's non-capital loss for the year exceeds the amount that would be that loss if it were determined without reference to section 733.0.5.1 of that Act; and

(b) the employer's taxable income for the year, for the purposes of Part I of that Act, determined without reference to section 737.18.17.5 of that Act, were equal to the amount that, but for section 737.18.17.6 of that Act, would be determined in respect of the employer for the year under section 737.18.17.5 of that Act.

In the case where the employer is a manufacturing corporation, within the meaning assigned by the first paragraph of section 771.1 of the Taxation Act, to which paragraph *d.3* of subsection 1 of section 771 of that Act applies for the taxation year, the reference to "8%" in subparagraph i of subparagraph *b* of the fourth paragraph is to be read

(a) as a reference to "4%", where subparagraph ii of subparagraph *a* of the first paragraph of section 771.0.2.5 of the Taxation Act applies to the employer;

(b) as a reference to the percentage determined by the following formula, where subparagraph i of subparagraph *a* of the first paragraph of section 771.0.2.5 of the Taxation Act applies to the employer:

$$8\% - (D + E); \text{ and}$$

(c) as a reference to the amount by which 8% exceeds the aggregate of the following percentages, where subparagraph *b* of the first paragraph of section 771.0.2.5 of the Taxation Act applies to the employer:

i. the percentage determined by the formula

$$D \times (F - 25\%) / 25\%, \text{ and}$$

ii. the percentage determined by the formula

$$E \times (F - 25\%) / 25\%.$$

In the formulas in the sixth paragraph,

(a) *D* is the proportion of 2% that the number of days in the taxation year that follow 4 June 2014 but precede 1 April 2015 is of the number of days in the taxation year;

(b) E is the proportion of 4% that the number of days in the taxation year that follow 31 March 2015 is of the number of days in the taxation year; and

(c) F is the proportion of manufacturing or processing activities, within the meaning assigned by the first paragraph of section 771.1 of the Taxation Act, of the employer for the taxation year.

**“34.1.0.4.** The tax assistance limit of an employer that is a partnership, in relation to a large investment project, is 15% of the employer’s total qualified capital investments on the date of the beginning of the tax-free period in respect of the large investment project, unless the employer acquired all or substantially all of the recognized business in relation to the project, in which case it is the amount that was transferred to the employer pursuant to the agreement referred to in section 737.18.17.12 of the Taxation Act (chapter I-3) in respect of the acquisition.”

(2) Subsection 1 has effect from 21 November 2012. However, where section 34.1.0.3 of the Act applies to a taxation year that ends before 5 June 2014:

(1) the portion of subparagraph *b* of the fourth paragraph before subparagraph *i* is to be read without reference to “, subject to the sixth paragraph”; and

(2) that section is to be read without reference to its sixth and seventh paragraphs.

**595.** (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. \$15,110 where, for the year, the individual has no eligible spouse and no dependent child,

“ii. \$24,490 where, for the year, the individual has no eligible spouse but has one dependent child,

“iii. \$27,775 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$24,490 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) \$27,775 where the individual has one dependent child for the year, or



“(2) \$30,810 where the individual has more than one dependent child for the year; and”.

(2) Subsection 1 applies from the year 2014. In addition, where section 37.4 of the Act applies

(1) to the year 2013, subparagraph *a* of its first paragraph is to be read

(a) as if subparagraphs i to iv were replaced by the following subparagraphs:

“i. \$14,890 where, for the year, the individual has no eligible spouse and no dependent child,

“ii. \$24,130 where, for the year, the individual has no eligible spouse but has one dependent child,

“iii. \$27,385 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$24,130 where, for the year, the individual has an eligible spouse but has no dependent child, and”; and

(b) as if subparagraphs 1 and 2 of subparagraph v were replaced by the following subparagraphs:

“(1) \$27,385 where the individual has one dependent child for the year, or

“(2) \$30,390 where the individual has more than one dependent child for the year; and”; or

(2) to the year 2012, subparagraph *a* of its first paragraph is to be read

(a) as if subparagraphs i to iv were replaced by the following subparagraphs:

“i. \$14,730 where, for the year, the individual has no eligible spouse and no dependent child,

“ii. \$23,880 where, for the year, the individual has no eligible spouse but has one dependent child,

“iii. \$27,055 where, for the year, the individual has no eligible spouse but has more than one dependent child,

“iv. \$23,880 where, for the year, the individual has an eligible spouse but has no dependent child, and”; and

(b) as if subparagraphs 1 and 2 of subparagraph v were replaced by the following subparagraphs:

“(1) \$27,055 where the individual has one dependent child for the year, or

“(2) \$29,985 where the individual has more than one dependent child for the year; and”.

**596.** (1) Section 37.16 of the Act is amended

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

““eligible spouse” of an individual for a year has the meaning assigned by section 37.1;”;

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

““dependent child” of an individual for a year has the meaning assigned by section 37.1;”;

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

““exempt individual” for a year means

(a) an individual whose family income for the year does not exceed

i. \$23,880 where, for the year, the individual has no eligible spouse but has one dependent child,

ii. \$27,055 where, for the year, the individual has no eligible spouse but has more than one dependent child,

iii. \$23,880 where, for the year, the individual has an eligible spouse but has no dependent child, and

iv. where, for the year, the individual has an eligible spouse and at least one dependent child,

(1) \$27,055 where the individual has one dependent child for the year, or

(2) \$29,985 where the individual has more than one dependent child for the year;

(b) an individual who is exempted under section 24.1 of the Act respecting prescription drug insurance (chapter A-29.01) from payment of the premium under section 23 of that Act for the year; and

(c) an individual who is exempted under any of subparagraphs *a* to *c* and *f* of the first paragraph of section 96 of the Tax Administration Act (chapter A-6.002) from the tax for the year under Part I of the Taxation Act (chapter I-3);

““income” of an individual for a year means the income of the individual for the year, determined under Part I of the Taxation Act;”;

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

““family income” of an individual for a year means the aggregate of the income of the individual for the year and the income for the year of the individual’s eligible spouse for the year;”.

(2) Subsection 1 applies from the year 2013.

**597.** (1) The Act is amended by inserting the following section after section 37.16:

**“37.16.1.** For the purposes of section 37.17, if an individual becomes a bankrupt in a year, the individual’s income for the year is deemed to be equal to the individual’s income determined under Part I of the Taxation Act (chapter I-3) for the taxation year that, under section 779 of that Act, is deemed to begin on the date of the bankruptcy.”

(2) Subsection 1 has effect from 1 January 2013.

**598.** (1) Section 37.17 of the Act is replaced by the following section:

**“37.17.** Every individual described in section 37.18 in respect of a year is required to pay for the year, on the due date applicable to the individual for the year,

(a) if the individual’s income for the year does not exceed \$40,000, an amount equal to the lesser of \$100 and 5% of the amount by which that income exceeds \$18,000;

(b) if the individual’s income for the year is greater than \$40,000 but does not exceed \$130,000, an amount equal to the lesser of \$200 and the aggregate of \$100 and 5% of the amount by which that income exceeds \$40,000; or

(c) if the individual’s income for the year is greater than \$130,000, an amount equal to the lesser of \$1,000 and the aggregate of \$200 and 4% of the amount by which that income exceeds \$130,000.”

(2) Subsection 1 applies from the year 2013.

(3) In addition, when, because of section 37.21 of the Act,

(1) sections 1025 and 1038 of the Taxation Act (chapter I-3) apply for the purpose of computing the amount of a payment that an individual is required to make for the year 2013 in respect of the amount that the individual is required to pay under section 37.17 of the Act respecting the Régie de l’assurance maladie du Québec (chapter R-5) and the interest, if any, that the individual is required to pay in respect of that payment, subsection 1 is deemed to have also been in force for the year 2012; and

(2) sections 1026 and 1038 of the Taxation Act apply for the purpose of computing the amount of a payment that an individual is required to make for a particular year that is the year 2013 or 2014 in respect of the amount that the individual is required to pay under section 37.17 of the Act respecting the Régie de l'assurance maladie du Québec and the interest, if any, that the individual is required to pay in respect of that payment,

(a) if the particular year is the year 2013, subsection 1 is deemed to have also been in force for the years 2011 and 2012; or

(b) if the particular year is the year 2014, subsection 1 is deemed to have also been in force for the year 2012.

(4) When, under subsection 3, subsection 1 is deemed to have been in force for the years 2011 and 2012, the income of an individual is that determined under Part I of the Taxation Act.

**599.** (1) The Act is amended by inserting the following sections after section 37.17:

**“37.17.1.** The amounts of \$18,000, \$40,000 and \$130,000 that must be used for the application of section 37.17 to a year subsequent to the year 2013 must, wherever they appear in that section, be adjusted annually in such a manner that each of those amounts used for that year is equal to the total of the amount used for the preceding year and of the product obtained by multiplying that amount so used by the factor determined by the formula

$(A/B) - 1$ .

In the formula in the first paragraph,

(a) A is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the year preceding that for which an amount is to be adjusted; and

(b) B is the overall average Québec consumer price index without alcoholic beverages and tobacco products for the 12-month period that ended on 30 September of the year immediately before the year preceding that for which the amount is to be adjusted.

If the factor determined by the formula in the first paragraph has more than four decimal places, only the first four decimal digits are retained and the fourth is increased by one unit if the fifth is greater than 4.

**“37.17.2.** Where the amount that results from the adjustment provided for in section 37.17.1 is not a multiple of \$5, it must be rounded to the nearest multiple of \$5 or, if it is equidistant from two such multiples, to the higher of them.”

(2) Subsection 1 applies from the year 2014.

**600.** (1) Section 37.18 of the Act is amended

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

“(c) is not an exempt individual for the year.”;

(2) by striking out paragraphs *c.1* and *d*.

(2) Subsection 1 applies from the year 2013.

**601.** (1) Section 37.21 of the Act is replaced by the following section:

“**37.21.** Unless contrary to this division, sections 1000 to 1002, 1004 to 1017, 1017.2, 1019.6, 1019.7, 1025 to 1026.0.1, 1026.2, 1026.3 and 1037 to 1053 of the Taxation Act (chapter I-3) apply to this division, with the necessary modifications.”

(2) Subsection 1 has effect from 1 January 2013.

**602.** (1) The Act is amended by inserting the following section after section 37.21:

“**37.21.1.** A person who in a year pays, allocates, grants or awards an amount described in the second paragraph of section 1015 of the Taxation Act (chapter I-3) (in this section referred to as “remuneration”) to an individual and who is required, because of section 37.21, to deduct or withhold an amount on account of the amount (in this section referred to as the “health contribution”) that the individual is required to pay for the year under section 37.17, shall not make any deduction or withholding in respect of the remuneration on account of the individual’s health contribution for the year if the individual furnishes the person with the return referred to in section 1015.3 of the Taxation Act and in which the individual specifies that, as the case may be,

(a) for the purposes of Part I of the Taxation Act, the individual will not be resident in Québec at the end of the year or will be deemed to be resident in Québec throughout the year because of paragraph *a* of section 8 of that Act;

(b) the individual will be an exempt individual for the year;

(c) the individual makes partial payments of the individual’s health contribution payable for the year because of section 37.21; or

(d) another person pays, allocates, grants or awards remuneration to the individual in the year that, because of section 37.21, is subject to a deduction or withholding on account of the individual’s health contribution for the year.”

(2) Subsection 1 has effect from 1 January 2013.

## ACT RESPECTING THE QUÉBEC PENSION PLAN

**603.** Section 45 of the Act respecting the Québec Pension Plan (chapter R-9) is amended by striking out subparagraph *c.1* of the fourth paragraph.

**604.** (1) Section 47 of the Act is amended by inserting the following paragraph after the fourth paragraph:

“For the purpose of determining the remuneration of a worker for a year for services provided as a person responsible for a particular family-type resource or intermediate resource, the following rules apply:

(*a*) an amount received by the particular resource in the year 2013, as remuneration to which subparagraph 1 or 2 of the third paragraph of section 303 of the Act respecting health services and social services applies and that is attributable to the year 2012, is deemed to have been received in that year and not in the year 2013; and

(*b*) an amount received by the particular resource in a particular month that begins after 31 January 2013, as remuneration to which subparagraph 1 or 2 of the third paragraph of section 303 of the Act respecting health services and social services applies, other than an amount referred to in subparagraph *a*, is deemed to have been received in the month that precedes the particular month.”

(2) Subsection 1 has effect from 1 January 2012.

**605.** (1) Section 50 of the Act is amended by replacing subparagraph *b* of the first paragraph by the following subparagraph:

“(*b*) the employee’s maximum contributory earnings for the year, minus the amount obtained by dividing the aggregate of all contributions that the employee was required to make in the year under a similar plan in respect of the employee’s salary and wages by the rate of contribution for employees for the year under that plan.”

(2) Subsection 1 applies from the year 2014.

**606.** (1) Section 51 of the Act is amended by replacing the first paragraph by the following paragraph:

“**51.** An employee who is resident in Québec at the end of 31 December of a year subsequent to the year 2012 or, if the employee died in the year, was resident in Québec on the date of the employee’s death, is deemed to have made an overpayment where the aggregate of the deductions at source for the year from the employee’s salary and wages by one or more employers under this Act or under a similar plan exceeds the aggregate of

(*a*) an amount equal to the product of the rate of contribution for employees for the year under the similar plan and the lesser of

i. the amount by which the aggregate of all amounts each of which is the employee's pensionable salary and wages for the year in respect of pensionable employment under the similar plan exceeds the proportional share of the employee's personal exemption for the year under the plan, and

ii. the proportional share of the employee's maximum contributory earnings for the year under the similar plan; and

(b) an amount equal to the product of one-half of the rate of contribution for the year and the lesser of

i. the amount by which the total of the aggregate of all amounts each of which for the year is the employee's pensionable salary and wages, pensionable self-employed earnings and pensionable earnings as a family-type resource or an intermediate resource, exceeds the amount by which the employee's personal exemption for the year exceeds the proportional share of the employee's personal exemption for the year under the similar plan, and

ii. the amount by which the employee's maximum contributory earnings for the year exceed the lesser of the amounts described in subparagraphs i and ii of subparagraph a."

(2) Subsection 1 has effect from 1 January 2013.

**607.** (1) The Act is amended by inserting the following sections after section 51:

**"51.0.1.** The proportional share of the personal exemption or maximum contributory earnings of an employee for a year under a similar plan is equal to the amount obtained by multiplying the employee's personal exemption or maximum contributory earnings, as the case may be, for the year under the plan by the proportion that

(a) the aggregate of all amounts each of which is the employee's pensionable salary and wages for the year in respect of pensionable employment under the similar plan, up to, for each of those amounts, the employee's Maximum Pensionable Earnings for the year under the plan; is of

(b) the aggregate of all amounts each of which is the employee's pensionable salary and wages for the year in respect of pensionable employment under this Act or the similar plan, up to, for each of those amounts, the employee's Maximum Pensionable Earnings for the year under this Act or the similar plan, as the case may be.

For the purposes of subparagraph b of the first paragraph, where an employee is employed in a year in pensionable employment under both this Act and a similar plan, the total of the employee's pensionable salary and wages for the year in respect of the employment may not exceed the employee's Maximum Pensionable Earnings for the year under this Act.

Where the result obtained under the first paragraph is an amount that includes a fraction of a cent, the fraction is not taken into account if it is less than half of a cent and, in any other case, the fraction is counted as one cent.

**“51.0.2.** Where, in a year subsequent to the year 2012, a deduction at source has been made under this Act or a similar plan from the salary and wages of an employee who is resident outside Québec at the end of 31 December of the year or, if the employee died in the year, on the date of the employee’s death, the provisions of the similar plan apply to determine whether the employee is deemed to have made an overpayment for the year.”

(2) Subsection 1 applies from the year 2013.

**608.** (1) Section 53 of the Act is replaced by the following section:

**“53.** A self-employed worker, a family-type resource or an intermediate resource shall for each year make a contribution equal to the product of the rate of contribution for the year and the lesser of

(a) the amount by which the aggregate, for the year, of pensionable self-employed earnings and pensionable earnings as a family-type resource or an intermediate resource exceeds the greater of

i. where no deduction at source has been made for the year in respect of the self-employed worker, family-type resource or intermediate resource on account of the employee’s contribution under this Act or a similar plan, the amount of the personal exemption for the year or, in any other case, the amount by which the personal exemption for the year exceeds the aggregate of all amounts each of which is the pensionable salary and wages for the year in respect of pensionable employment under this Act or a similar plan, and

ii. the amount by which the total of the following amounts exceeds the aggregate of all amounts each of which is pensionable salary and wages for the year in respect of pensionable employment under this Act or a similar plan:

(1) the personal exemption for the year,

(2) the salary and wages on which a contribution has been made for the year, and

(3) the salary and wages on which a contribution has been made for the year under a similar plan; and

(b) the amount by which the maximum contributory earnings for the year exceed the total of the amount of the salary and wages on which a contribution has been made for the year and the amount of the salary and wages on which a contribution has been made for the year under a similar plan.”

(2) Subsection 1 applies from the year 2013.



**609.** (1) Section 55 of the Act is amended

(1) by replacing the first and second paragraphs by the following paragraphs:

**“55.** An employee may, if the employee so elects by notifying the Minister in writing on or before the 15th day of the month of June of the second year that follows a particular year, make a contribution for the particular year, computed under section 53, on any amount equal to the amount by which the amount described in the second paragraph exceeds the amount described in the third paragraph.

The first amount to which the first paragraph refers is the lesser of

(a) the employee’s pensionable salary and wages for the particular year and, where applicable, the prescribed amount for that year; and

(b) the employee’s maximum pensionable earnings for the particular year.”;

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

“The last amount to which the first paragraph refers is the total of

(a) the total of the amount of the employee’s salary and wages on which a contribution has been made for the particular year and the amount of the employee’s salary and wages on which a contribution has been made for the particular year under a similar plan; and

(b) the lesser of

i. the total of the aggregate of all amounts each of which is an amount that an employer has deducted from the employee’s salary and wages as a basic exemption for the particular year and the aggregate of all amounts each of which is an amount that an employer has deducted from the employee’s salary and wages as a similar exemption for the particular year under a similar plan, and

ii. the employee’s personal exemption for the particular year.”

(2) Subsection 1 applies from the year 2013.

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

**“56.** A worker’s salary and wages on which a contribution has been made for a year is equal to the amount obtained by dividing, by one-half of the rate of contribution for the year, an amount equal to the amount by which the aggregate of the following amounts exceeds the amount described in the second paragraph:

(a) the aggregate of the deductions at source made from the worker's salary and wages for the year under this Act or a similar plan; and

(b) any amount that an employer has not deducted at source from the worker's salary and wages for the year, as the employer should have done under this Act or a similar plan, provided that the worker has given notice of that fact to the Minister on or before 30 April of the following year.

The amount to which the first paragraph refers is equal to the aggregate of

(a) an amount equal to the product of the rate of contribution for employees for the year under the similar plan and the amount of the worker's salary and wages on which a contribution has been made for the year under the plan; and

(b) where an employer of the worker has obtained a full or partial refund of a contribution made in respect of the worker for the year, an amount equal to 50% of the total of the aggregate of all amounts each of which is an amount so refunded to an employer of the worker for the year and the amount of the overpayment that the worker is deemed to have made for the year."

(2) Subsection 1 applies from the year 2013.

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

**"56.1.** A worker's salary and wages on which a contribution has been made for a year under a similar plan is equal to the least of

(a) the amount by which the aggregate of all amounts each of which is the worker's pensionable salary and wages for the year in respect of pensionable employment under the similar plan exceeds the proportional share of the worker's personal exemption for the year under the plan;

(b) the proportional share of the maximum contributory earnings for the year under the similar plan; and

(c) the amount obtained by dividing, by the rate of contribution for employees for the year under the similar plan, the aggregate of the deductions at source from the worker's salary and wages for the year under this Act or a similar plan and any amount that an employer has not deducted at source from the worker's salary and wages for the year, as the employer should have done under this Act or a similar plan, provided that the worker has given notice of that fact to the Minister on or before 30 April of the following year."

(2) Subsection 1 applies from the year 2013.

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

**“57.** Where an employer pays, on account of the employee’s contribution for a year under this Act or a similar plan, an amount that the employer has failed to deduct, that amount is, for the purposes of sections 51, 56 and 56.1, deemed to have been deducted by the employer on account of that contribution for the year.”

(2) Subsection 1 applies from the year 2013.

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

**“58.** Where the return filed by an employer shows the amount of salary and wages on which a contribution has been made by an employee for a year under this Act or a similar plan, the amount determined under the second paragraph for the year may, in prescribed circumstances, be substituted, in computing the amount determined under section 56 or 56.1, for the amount shown in the return as the aggregate of the deductions at source for the year under this Act or the similar plan with respect to such employee.

The amount to which the first paragraph refers is equal to the aggregate of

(a) an amount equal to the product of one-half of the rate of contribution for the year and the amount shown in the return as the salary and wages on which a contribution has been made by an employee for the year under this Act; and

(b) an amount equal to the product of the rate of contribution for employees for the year under a similar plan and the amount shown in the return as the salary and wages on which a contribution has been made by an employee for a year under the plan.”

(2) Subsection 1 applies from the year 2013.

**614.** (1) Section 64 of the Act is amended by replacing the second paragraph by the following paragraph:

“Upon payment of the contribution by the employer, the employee is deemed, for the purposes of paragraph *b* of the first paragraph of section 56, to have notified the Minister, within the required time, of the employer’s failure.”

(2) Subsection 1 has effect from 1 January 2013.

#### ACT RESPECTING THE QUÉBEC SALES TAX

**615.** (1) Section 1 of the Act respecting the Québec sales tax (chapter T-0.1) is amended

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

““designated municipal property” has the meaning assigned by subsection 1 of section 123 of the Excise Tax Act;”;

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

““participating employer” of a pension plan means an employer that has made, or is required to make, contributions to the pension plan in respect of the employer’s employees or former employees, or payments under the pension plan to the employer’s employees or former employees, and includes an employer prescribed for the purposes of the definition of “participating employer” in subsection 1 of section 147.1 of the Income Tax Act;

““pension entity” of a pension plan means a person that is

(1) a person referred to in paragraph 1 of the definition of “pension plan”;

(2) a corporation referred to in paragraph 2 of the definition of “pension plan”; or

(3) a prescribed person;”;

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

““fiscal year” of a person, at a particular time, means

(1) where subdivision IV of subdivision 0.1 of Division IV of Chapter VIII applies in respect of the person, the period determined under that subdivision IV;

(2) in any other case,

(a) if the person is a registrant under Part IX of the Excise Tax Act, the person’s fiscal year for the purposes of Part IX of that Act at that time,

(b) if subparagraph *a* does not apply to the person and the person has made an election under section 458.4 that is in effect, the period that the person elected to be the fiscal year of the person,

(c) if subparagraph *a* does not apply to the person and the fiscal year of the person is determined in accordance with section 458.2, the fiscal year determined in accordance with that section, and

(d) in all other cases, the taxation year of the person within the meaning of Part IX of the Excise Tax Act;”;

(4) by replacing the definition of “selected listed financial institution” by the following definition:

““selected listed financial institution” has the meaning assigned by section 433.15.1;”;

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

““fiscal month” of a person at a particular time means, if the person is a registrant under Part IX of the Excise Tax Act, the fiscal month of the person for the purposes of Part IX of that Act at that time or, in any other case, the period defined as such under sections 458.1.2, 458.2 and 458.2.1;”;

(6) by replacing paragraph 2 of the definition of “municipality” by the following paragraph:

“(2) such other local authority as

(a) the Minister of Revenue may determine to be a municipality for the purposes of this Title, or

(b) the Minister of National Revenue has determined, before 1 January 2014, to be a municipality under paragraph *b* of the definition of “municipality” in subsection 1 of section 123 of the Excise Tax Act, unless that determination has been revoked;”;

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

““plan member” of an investment plan that is a private investment plan or a pension entity of a pension plan means an individual who has a right, either immediate or in the future and either absolute or contingent, to receive benefits under,

(1) in the case of an employee life and health trust, within the meaning of section 1 of the Taxation Act, the investment plan;

(2) in the case of a pension entity of a pension plan, the pension plan; and

(3) in any other case, the deferred profit sharing plan, the employee benefit plan, the employee trust, the profit sharing plan, the registered supplementary unemployment benefit plan or the retirement compensation arrangement, within the meaning assigned to those expressions by section 1 of the Taxation Act, as the case may be, that governs the investment plan;”;

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

““pension plan” means a registered pension plan within the meaning of section 1 of the Taxation Act that

(1) governs a person that is a trust or that is deemed to be a trust for the purposes of that Act;

(2) is a plan in respect of which a corporation is

(a) constituted and operated either

- i. solely for the administration of the registered pension plan, or
- ii. for the administration of the registered pension plan and for no other purpose other than acting as trustee of, or administering, a trust governed by a retirement compensation arrangement, within the meaning of section 1 of the Taxation Act, where the terms of the arrangement provide for benefits only in respect of individuals who are provided with benefits under the registered pension plan, and

(b) accepted by the Minister of National Revenue under subparagraph ii of paragraph o.1 of subsection 1 of section 149 of the Income Tax Act as a funding medium for the purposes of the registration of the registered pension plan; or

(3) is a plan in respect of which a person is prescribed for the purposes of the definition of “pension entity”;

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

“distributed investment plan” means an investment plan within the meaning of section 433.15.1 that is

(1) a corporation, other than a pension entity, exempt from tax under paragraph c.2 of section 998 of the Taxation Act;

(2) an investment corporation within the meaning of section 1 of the Taxation Act;

(3) a mortgage investment corporation within the meaning of section 1 of the Taxation Act;

(4) a mutual fund corporation within the meaning of section 1 of the Taxation Act;

(5) a mutual fund trust within the meaning of section 1 of the Taxation Act;

(6) a non-resident-owned investment corporation within the meaning of section 1 of the Taxation Act;

(7) a segregated fund of an insurer; or

(8) a unit trust within the meaning of section 1 of the Taxation Act;

“non-stratified investment plan” means a distributed investment plan that is not a stratified investment plan;

“private investment plan” means an investment plan, within the meaning of section 433.15.1, other than a distributed investment plan or a pension entity;

“provincial investment plan” has the meaning assigned by section 433.15.1;

““stratified investment plan” means a distributed investment plan whose units are issued in two or more series;”;

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

““exchange-traded series” of a stratified investment plan means a series of the plan, any unit of which is listed or traded on a stock exchange or other public market;

““provincial series” has the meaning assigned by section 433.15.1;

““series” means

(1) in respect of a trust, a class of units of the trust; and

(2) in respect of a corporation, a class of the capital stock of the corporation that has not been issued in one or more series, or a series of a class of the capital stock of the corporation that has been issued in one or more series;”;

(11) by striking out the definition of “specified partnership”;

(12) by replacing subparagraph ii of subparagraph *h* of paragraph 1 of the definition of “basic tax content” by the following subparagraph:

“ii. E is the percentage referred to in subparagraph 3 of the second paragraph of section 433.16 for the person’s taxation year that includes the time the amount referred to in subparagraph i so became payable, or would have so become payable, or the percentage taken into account in determining the value of A in the formula in the first paragraph of section 433.16.2 for the reporting period that includes that time;”;

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

““fiscal quarter” of a person at a particular time means, if the person is a registrant under Part IX of the Excise Tax Act, the fiscal quarter of the person for the purposes of Part IX of that Act at that time or, in any other case, the period defined as such under sections 458.1.1, 458.2 and 458.2.1;

““unit” means

(1) in respect of a trust, a unit of the trust;

(2) in respect of a series of a trust, a unit of the trust of that series;

(3) in respect of a corporation, a share of the capital stock of the corporation;

(4) in respect of a series of a corporation, a share of the capital stock of the corporation of that series; and

(5) in respect of a segregated fund of an insurer, an interest of a person, other than the insurer, in the segregated fund;”.

(2) Paragraphs 1 and 6 of subsection 1 have effect from 1 January 2014.

(3) Paragraphs 2 and 8 of subsection 1 have effect from 23 September 2009.

(4) Paragraphs 4, 7 and 9 to 12 of subsection 1 and paragraph 13 of subsection 1, except where it enacts the definition of “fiscal quarter” in section 1 of the Act, have effect from 1 January 2013.

**616.** (1) The Act is amended by inserting the following section after section 11.2:

“**11.3.** For the purposes of section 11.1, when it applies for the purposes of sections 18.0.1.1, 18.0.1.2, 26.3 and 26.4, a financial institution that is a stratified investment plan with one or more provincial series as regards Québec is deemed to have a permanent establishment in Québec.

For the purposes of section 11.1, when it applies for the purposes of sections 18.0.1.1, 18.0.1.2, 26.3 and 26.4, a financial institution that is a provincial investment plan as regards Québec is deemed to have a permanent establishment in Québec.”

(2) Subsection 1 has effect from 1 January 2013.

**617.** (1) Section 17 of the Act is amended by adding the following subparagraph after subparagraph 5 of the fourth paragraph:

“(6) corporeal property that a person that is a pension entity of a pension plan brings into Québec and that comes from Canada outside Québec, as a consequence of a particular supply of the property by a participating employer of the pension plan where

(a) the amount determined by the formula in subparagraph 3 of the first paragraph of section 289.5 in respect of a supply of that property that is deemed to have been made by the participating employer under subparagraph 1 of the first paragraph of section 289.5 is greater than zero, or

(b) the amount determined by the formula in subparagraph 3 of the first paragraph of section 289.6 in respect of any supply of an employer resource that is deemed to have been made by the participating employer under subparagraph 1 of the first paragraph of section 289.6, consumed or used for the purpose of making the particular supply, is greater than zero.”

(2) Subsection 1 has effect from 23 September 2009.

**618.** (1) Section 17.4.1 of the Act is replaced by the following section:



**“17.4.1.** If, but for this section, tax under section 17 would become payable by a person in respect of corporeal property that comes from Canada outside Québec and that the person brings into Québec when the person is a selected listed financial institution, that tax is not payable unless it is an amount of tax that

(1) is a prescribed amount of tax for the purposes of subparagraph *a* of subparagraph 6 of the second paragraph of section 433.16 or subparagraph *a* of subparagraph 4 of the second paragraph of section 433.16.2; or

(2) is in respect of a property acquired otherwise than for consumption, use or supply in the course of an endeavour, within the meaning assigned by section 42.0.1, of the person.”

(2) Subsection 1 has effect from 1 January 2013.

**619.** (1) Section 18 of the Act is amended by replacing the portion before paragraph 1 by the following:

**“18.** Every recipient of a taxable supply, except a zero-rated supply (other than the zero-rated supply included in paragraph 2.1 or in any of sections 179.1, 179.2 and 191.3.2), or a supply included in any of sections 18.0.1, 18.0.1.1 and 18.0.1.2, shall pay to the Minister a tax in respect of the supply calculated at the rate of 9.975% on the value of the consideration for the supply if the supply is”.

(2) Subsection 1 applies in respect of a supply made after 31 December 2012.

**620.** (1) Section 18.0.1 of the Act is amended

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

**“18.0.1.** Every person who is resident in Québec and is the recipient of a taxable supply of incorporeal movable property or a service made outside Québec, otherwise than by reason of section 23 or 24.2, but within Canada, other than a supply included in section 18.0.1.1 or 18.0.1.2, that is acquired by the person for consumption, use or supply to an extent of at least 10% in Québec shall pay to the Minister, each time consideration, or a part thereof, for the supply becomes due or is paid without having become due, a tax in respect of the supply equal to the amount determined by the formula”;

(2) by adding the following subparagraph after subparagraph 8 of the third paragraph:

“(9) a particular supply of property or a service made by a participating employer of a pension plan to a person that is a pension entity of the pension plan where

(a) the amount determined by the formula in subparagraph 3 of the first paragraph of section 289.5 in respect of a supply of the property or service that is deemed to have been made by the participating employer under subparagraph 1 of the first paragraph of section 289.5, is greater than zero, or

(b) the amount determined by the formula in subparagraph 3 of the first paragraph of section 289.6 in respect of any supply of an employer resource that is deemed to have been made by the participating employer under subparagraph 1 of the first paragraph of section 289.6, consumed or used for the purpose of making the particular supply, is greater than zero.”

(2) Subsection 1 applies in respect of a supply made after 31 December 2012.

**621.** (1) The Act is amended by inserting the following sections after section 18.0.1:

**“18.0.1.1.** Every person that is resident in Québec, is a stratified investment plan with one or more provincial series as regards Québec and is the recipient of a taxable supply of incorporeal movable property or a service made outside Québec, where the property or service is consumed, used or supplied in the course of activities relating to one or more provincial series of the investment plan as regards Québec, shall pay to the Minister, at each time all or part of the consideration for the supply becomes due or is paid without having become due, a tax in respect of the supply equal to the amount determined by the formula

$$A \times B \times C.$$

For the purposes of the formula in the first paragraph,

(1) A is 9.975%;

(2) B is the value of all or part of the consideration that is paid or becomes due at that time; and

(3) C is the percentage that corresponds to the aggregate of all percentages each of which is the extent to which the property or service is acquired for consumption, use or supply in the course of activities relating to a provincial series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).

No tax is payable under the first paragraph by a person that is a stratified investment plan with one or more provincial series as regards Québec in respect of a taxable supply of an incorporeal movable property or a service if the quotient (expressed as a percentage) obtained by dividing the total of all amounts each of which is the extent to which the property or service is acquired for consumption, use or supply in the course of activities relating to a provincial

series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations by the total of all amounts each of which is the extent to which the property or service is acquired for consumption, use or supply in the course of activities relating to a provincial series of the investment plan as regards any province, as determined in accordance with that section 51, is less than 10%.

Despite the first paragraph, no tax is payable by a person under this section in respect of a taxable supply of an incorporeal movable property or a service made outside Québec but within Canada if

(1) the supply is described in subparagraph 9 of the third paragraph of section 18.0.1; or

(2) the person is not a selected listed financial institution.

For the purposes of this section, “province” has the meaning assigned by section 433.15.1.

**“18.0.1.2.** Every person that is resident in Québec, is a provincial investment plan as regards Québec and is the recipient of a taxable supply of an incorporeal movable property or a service made outside Québec shall pay to the Minister, where the property or service is consumed, used or supplied in the course of the investment plan’s activities, at each time all or part of the consideration for the supply becomes due or is paid without having become due, a tax in respect of the supply calculated at the rate of 9.975% on the value of all or part of the consideration that is paid or becomes due at that time.

Despite the first paragraph, no tax is payable under this section in respect of a taxable supply of an incorporeal movable property or a service made outside Québec but within Canada and described in subparagraph 9 of the third paragraph of section 18.0.1.”

(2) Subsection 1 applies in respect of a supply made after 31 December 2012.

**622.** (1) Section 18.0.3 of the Act is amended

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

“(1) is a prescribed amount of tax for the purposes of subparagraph *a* of subparagraph 6 of the second paragraph of section 433.16 or subparagraph *a* of subparagraph 4 of the second paragraph of section 433.16.2;”;

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

“If, but for this paragraph, tax under section 18.0.1 would become payable by a person when the person is a selected listed financial institution, that tax

is not payable unless it is an amount of tax that is described in subparagraph 1 or 2 of the first paragraph.”

(2) Subsection 1 has effect from 1 January 2013.

**623.** (1) Section 22.2 of the Act is amended by replacing the introductory clause by the following:

“**22.2.** For the purposes of this subdivision II,”.

(2) Subsection 1 has effect from 1 July 2010.

**624.** (1) Section 22.8 of the Act is amended by striking out subparagraph *c* of subparagraph 2 of the first paragraph.

(2) Subsection 1 applies in respect of a supply made after 31 December 2012.

**625.** (1) Section 22.9.1 of the Act is amended by striking out paragraph 2.

(2) Subsection 1 applies in respect of a supply made after 31 December 2012.

**626.** (1) Section 22.15.0.1 of the Act is amended

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

“**22.15.0.1.** Subject to sections 22.15.0.3 to 22.15.0.6, a supply of a service is deemed to be made in Québec if, in the ordinary course of the supplier’s business, the supplier obtains an address in Québec that is”;

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

“The first paragraph does not apply in the case of a supply of a service performed wholly outside Canada.”

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; or

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

**627.** (1) Section 22.15.0.2 of the Act is replaced by the following section:

“**22.15.0.2.** Subject to section 22.15.0.1 and sections 22.15.0.3 to 22.15.0.6, a supply of a service is deemed to be made in Québec if the Canadian element of the service is performed primarily in Québec.

The first paragraph does not apply in the ordinary course of the supplier's business, if the supplier obtains an address in Canada of the recipient."

(2) Subsection 1 applies in respect of a supply made

(1) after 30 April 2010; or

(2) after 25 February 2010 and before 1 May 2010, unless a part of the consideration for the supply becomes due or is paid before 1 May 2010.

**628.** (1) Section 22.15.1 of the Act is repealed.

(2) Subsection 1 applies in respect of a supply made after 31 December 2012.

**629.** (1) The Act is amended by inserting the following section after section 22.15.1:

**"22.15.2.** For the purposes of this subdivision, where section 32.3 applies in respect of the supply of a service, except in respect of a telecommunication service, the supply is deemed to be made outside Québec if all of the supplies of the service are deemed to be made outside Canada for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) under paragraph *d* of subsection 2 of section 136.1 of that Act."

(2) Subsection 1 applies in respect of a supply made after 31 December 2012.

**630.** (1) Section 22.16 of the Act is amended by replacing the portion before the definition of "continuous journey" by the following:

**"22.16.** For the purposes of this section and sections 22.17.1 to 22.19,".

(2) Subsection 1 applies in respect of a supply of a freight transportation service made after 31 December 2012.

**631.** (1) Section 22.20 of the Act is repealed.

(2) Subsection 1 applies in respect of a supply of a freight transportation service made after 31 December 2012.

**632.** (1) The Act is amended by inserting the following section after section 22.32:

**"22.32.1.** A supply made in Québec by way of sale of a road vehicle is deemed to be made outside Québec if the supplier maintains evidence satisfactory to the Minister that, on or before the day that is seven days after the day on which the vehicle was delivered in Québec to the recipient of the supply, the vehicle was registered, otherwise than temporarily, under the laws of another province relating to the registration of vehicles by or on behalf of the recipient.

This section does not apply in respect of

(1) a supply by way of retail sale of a motor vehicle other than a supply made following the exercise by the recipient of a right to acquire the vehicle, conferred on the recipient under an agreement in writing for the lease of the vehicle entered into with the supplier;

(2) a supply under section 20.1; and

(3) a supply made by a small supplier who is not a registrant, in the course of a commercial activity, of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply.”

(2) Subsection 1 applies in respect of a supply by way of sale of a road vehicle made

(1) after 9 October 2012; or

(2) after 30 June 2010 and before 10 October 2012 if

(a) the vehicle was delivered in Québec and was registered under the laws of another province, the Northwest Territories, the Yukon Territory or Nunavut; and

(b) the supplier did not charge, collect or remit an amount as or on account of tax under section 16 of the Act in respect of the supply.

**633.** (1) Section 26.2 of the Act is amended

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

““province” has the meaning assigned by section 433.15.1;”;

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

“Despite the first paragraph, where the qualifying taxpayer is a selected listed financial institution that is a stratified investment plan, a non-stratified investment plan or an investment plan that is a pension entity of a pension plan or a private investment plan, but is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout a reporting period in a particular fiscal year, and where an election made under the first paragraph of section 433.19.15 in relation to a series of the qualifying taxpayer or under the second or third paragraph of that section is in effect throughout the particular fiscal year, “external charge” and “qualifying consideration” have the meaning that would be assigned to those expressions by section 217 of the Excise Tax Act if no reference were made to paragraph *c* of any of subsections 3, 4 and 5 of section 225.4 of that Act, as the case may be.”

(2) Subsection 1 applies to a specified year of a person that ends after 31 December 2012.

**634.** (1) Section 26.3 of the Act is amended by replacing subparagraphs 1 and 2 of the second paragraph by the following subparagraphs:

“(1) A is the total of all amounts each of which is the product obtained by multiplying an amount that is an internal charge for the specified year and that is greater than zero by

(a) in the case of a stratified investment plan with one or more provincial series, the aggregate of all amounts each of which is the percentage that is the extent to which the internal charge is attributable to outlays or expenses that were made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the internal charge is attributable, in carrying on, engaging in or conducting an activity of the investment plan relating to a provincial series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act;

(b) in the case of a provincial investment plan as regards Québec, 100%;

(c) in the case of a provincial investment plan as regards a province other than Québec, 0%; and

(d) in any other case, the percentage that is the extent to which the internal charge is attributable to outlays or expenses that were made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the internal charge is attributable, in carrying on, engaging in or conducting an activity of the qualifying taxpayer in Québec; and

“(2) B is the total of all amounts each of which is the product obtained by multiplying an amount that is an external charge for the specified year and that is greater than zero by

(a) in the case of a stratified investment plan with one or more provincial series, the aggregate of all amounts each of which is the percentage that is the extent to which the whole or part of the outlay or expense, which corresponds to the external charge, was made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the external charge is attributable, in carrying on, engaging in or conducting an activity of the investment plan relating to a provincial series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations;

(b) in the case of a provincial investment plan as regards Québec, 100%;

(c) in the case of a provincial investment plan as regards a province other than Québec, 0%; and

(d) in any other case, the percentage that is the extent to which the whole or part of the outlay or expense, which corresponds to the external charge, was made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the external charge is attributable, in carrying on, engaging in or conducting an activity of the qualifying taxpayer in Québec.”

(2) Subsection 1 applies to a specified year of a person that ends after 31 December 2012.

**635.** (1) Section 26.4 of the Act is replaced by the following section:

“**26.4.** A qualifying taxpayer that is resident in Québec and to which section 26.3 does not apply for a specified year of the qualifying taxpayer is deemed to be the recipient of a taxable supply, in the specified year, the value of the consideration for which is deemed to be equal to the total of all amounts each of which is the product obtained by multiplying an amount in respect of qualifying consideration for the specified year that is greater than zero by

(1) in the case of a stratified investment plan with one or more provincial series, the aggregate of all amounts each of which is the percentage that is the extent to which the whole or part of the outlay or expense, which corresponds to the qualifying consideration, was made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the qualifying consideration is attributable, in carrying on, engaging in or conducting an activity of the investment plan relating to a provincial series of the investment plan as regards Québec, as determined in accordance with section 51 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) in the case of a provincial investment plan as regards Québec, 100%;

(3) in the case of a provincial investment plan as regards a province other than Québec, 0%; and

(4) in any other case, the percentage that is the extent to which the whole or part of the outlay or expense, which corresponds to the qualifying consideration, was made or incurred to consume, use or supply the whole or part of a qualifying service or of property to which the qualifying consideration is attributable, in carrying on, engaging in or conducting an activity of the qualifying taxpayer in Québec.”

(2) Subsection 1 applies to a specified year of a person that ends after 31 December 2012.

**636.** (1) The Act is amended by inserting the following after section 41.6:



“3.—*Collecting bodies and collective societies*

“**41.7.** In this subdivision 3,

“collecting body” has the meaning assigned by section 79 of the Copyright Act (Revised Statutes of Canada, 1985, chapter C-42);

“collective society” means a collective society, within the meaning of section 2 of the Copyright Act, that is a registrant;

“eligible author” has the meaning assigned by section 79 of the Copyright Act;

“eligible maker” has the meaning assigned by section 79 of the Copyright Act;

“eligible performer” has the meaning assigned by section 79 of the Copyright Act.

“**41.8.** Where a collecting body or a collective society makes a taxable supply to a person that is an eligible author, eligible maker, eligible performer or a collective society and the supply includes a service of collecting or distributing the levy payable under section 82 of the Copyright Act (Revised Statutes of Canada, 1985, chapter C-42), the value of the consideration for the supply is, for the purpose of determining tax payable in respect of the supply, deemed to be equal to the amount determined by the formula

$A - B.$

For the purposes of the formula in the first paragraph,

(1) A is the value of that consideration as otherwise determined for the purposes of this Title; and

(2) B is the part of the value of the consideration referred to in paragraph 1 that is exclusively attributable to the service.”

(2) Subsection 1 has effect from 19 March 1998.

**637.** Section 42.0.7 of the Act is amended by striking out the second paragraph.

**638.** (1) The Act is amended by inserting the following sections after section 42.6:

“**42.6.1.** Despite sections 42.1 to 42.6, a supply (other than an exempt supply) made by way of sale of movable property of a municipality is deemed to have been made in the course of its commercial activities.

**“42.6.2.** Despite sections 42.1 to 42.6, a supply (other than an exempt supply) made by way of sale of movable property of a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII is deemed to have been made in the course of its commercial activities if the property is designated municipal property of the person.”

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**639.** (1) Section 68 of the Act is amended by adding the following subparagraphs after subparagraph 2 of the second paragraph:

“(3) a supply by way of sale of movable property by a municipality that is capital property of the municipality; or

“(4) a supply by way of sale of designated municipal property of a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII that is capital property of the person.”

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**640.** (1) Section 80.1.1 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2014.

**641.** (1) Section 81 of the Act is amended by replacing paragraph 2.1 by the following paragraph:

“(2.1) goods from Canada outside Québec, if

(a) the goods are brought into Québec by

i. an individual who was formerly resident in Québec and is, at the time the goods are brought into Québec, returning to resume residence in Québec after being resident in another province, the Northwest Territories, the Yukon Territory or Nunavut for a period of not less than one year,

ii. an individual who is resident in Québec and is, at the time the goods are brought into Québec, returning after being absent from Québec for a period of not less than one year, or

iii. an individual who is, at the time the goods are brought into Québec, entering Québec with the intention of establishing a residence for a period of not less than 12 months (other than a person who enters Canada in order to

reside in Canada for the purpose of employment for a temporary period not exceeding 36 months or for the purpose of studying at an educational institution), and

(b) the goods brought into Québec are for the individual's household or personal use and were owned by and in the possession of the individual before the time they were brought into Québec, provided that, where the goods were owned by and in the possession of the individual for less than 31 days before the time they were brought into Québec, the individual paid a tax of the same nature as the tax payable under this Title that is imposed by the province or territory from which the goods were brought and the individual is not entitled to claim a rebate or a refund of that tax;"

(2) Subsection 1 has effect from 1 July 2010.

**642.** (1) Section 108 of the Act is amended

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

““qualifying health care supply” means a supply of a property or service that is made for the purpose of

(1) maintaining health;

(2) preventing disease;

(3) treating, relieving or remediating an injury, illness, disorder or disability;

(4) assisting (otherwise than financially) an individual in coping with an injury, illness, disorder or disability; or

(5) providing palliative health care.”;

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

““home care service” means a household or personal care service, such as bathing, feeding, assistance with dressing or medication, cleaning, laundering, meal preparation and child care, if the service is rendered to an individual who, due to age, infirmity or disability, requires assistance;”.

(2) Paragraph 1 of subsection 1 has effect from 23 March 2013.

(3) Paragraph 2 of subsection 1 has effect from 22 March 2013.

**643.** (1) The Act is amended by inserting the following section after section 108.1:

**“108.2.** For the purposes of this division, other than sections 116 and 118 to 119.2, a supply that is not a qualifying health care supply is deemed not to be included in this division.”

(2) Subsection 1 applies in respect of a supply made after 22 March 2013.

**644.** (1) The Act is amended by inserting the following section after section 114.2:

**“114.3.** A supply of a service (other than a service described in paragraph 3 of section 174) rendered in the practice of the profession of pharmacy by a particular individual is exempt if

(1) the service is rendered by the particular individual within a pharmacist-patient relationship between the particular individual and another individual and is provided for the promotion of the health of the other individual or for the prevention or treatment of a disease, disorder or dysfunction of the other individual; and

(2) the particular individual is entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of pharmacy.”

(2) Subsection 1 applies in respect of a supply made after 29 March 2012.

**645.** (1) Section 117 of the Act is amended by adding the following paragraph after paragraph 2:

“(3) a person who is authorized under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of pharmacy and to order such a service, if the order is made within a pharmacist-patient relationship.”

(2) Subsection 1 applies in respect of a supply made after 29 March 2012.

**646.** (1) Section 119.1 of the Act is amended

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

**“119.1.** A supply of a home care service that is rendered to an individual in the individual’s place of residence, whether the recipient of the supply is the individual or any other person, is exempt where”;

(2) by replacing “homemaker” in the portion of paragraph 3 before subparagraph *a* and in paragraph 4 by “home care”.

(2) Subsection 1 applies in respect of a supply made after 21 March 2013.

**647.** (1) Section 138.1 of the Act is amended by adding the following paragraphs after paragraph 13:

“(14) designated municipal property, if the charity is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII; or

“(15) a parking space if

(a) the supply is made for consideration by way of lease, licence or similar arrangement in the course of a business carried on by the charity;

(b) at the time the supply is made, it is reasonable to expect that the specified parking area (as defined in section 139) in relation to the supply will be used, during the calendar year in which the supply is made, primarily by individuals who are accessing a property of, or a facility or establishment operated by, a particular person that is a municipality, a school authority, a hospital authority, a public college or a university; and

(c) any of the following conditions is met:

i. under the governing documents of the charity, the charity is expected to use a significant part of its income or assets for the benefit of one or more of the particular persons referred to in subparagraph *b*,

ii. the charity and any particular person referred to in subparagraph *b* have entered into one or more agreements with each other or with other persons in respect of the use by the individuals referred to in that subparagraph of parking spaces in the specified parking area (as defined in section 139) in relation to the supply, or

iii. any particular person referred to in subparagraph *b* performs any function or activity in respect of supplies by the charity of parking spaces in the specified parking area (as defined in section 139) in relation to the supply.”

(2) Subsection 1, where it enacts paragraph 14 of section 138.1 of the Act, applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

(3) Subsection 1, where it enacts paragraph 15 of section 138.1 of the Act, applies in respect of a supply made after 22 March 2013. However, a supply of a parking space made by a charity after 22 March 2013 and before 25 January 2014 is only included in paragraph 15 of section 138.1 of the Act if it also meets the following conditions:

(1) the parking space is situated at a particular property for which, at the time the supply is made, it is reasonable to expect that the parking spaces at

the particular property will be used, during the calendar year in which the supply is made, primarily by individuals who are accessing a property of, or a facility or establishment operated by, a particular person that is a municipality, a school authority, a hospital authority, a public college or a university; and

(2) any of the following conditions is met:

(a) under the governing documents of the charity, the charity is expected to use a significant part of its income or assets for the benefit of one or more of the particular persons referred to in paragraph 1,

(b) the charity and any particular person referred to in paragraph 1 have entered into one or more agreements with each other or with other persons in respect of the use of the parking spaces at the particular property by the individuals referred to in that paragraph, or

(c) any particular person referred to in paragraph 1 performs any function or activity in respect of the supplies by the charity of parking spaces at the particular property.

**648.** (1) Section 138.5 of the Act is replaced by the following section:

**“138.5.** A supply made by a charity of any property or service is exempt if all or substantially all of the supplies of the property or service by the charity are made for no consideration, but not including a supply of

(1) blood or blood derivatives; or

(2) a parking space if the supply is made for consideration by way of lease, licence or similar arrangement in the course of a business carried on by the charity.”

(2) Subsection 1 applies in respect of a supply made after 22 March 2013.

**649.** (1) Section 138.6 of the Act is amended by replacing the portion before paragraph 1 by the following:

**“138.6.** A supply by way of sale made by a charity to a recipient of corporeal movable property (other than capital property of the charity or, if the charity is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII, designated municipal property), or of a service purchased by the charity for the purpose of making a supply by way of sale of the service, is exempt if the total charge for the supply is equal to the usual charge by the charity for such supplies to such recipients and”.

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**650.** (1) The Act is amended by inserting the following section after section 138.7:

**“138.8.** A supply (other than a supply by way of sale) of a parking space in a parking lot made by a charity is exempt if

(1) at the time the supply is made, either

(a) all of the parking spaces in the specified parking area (as defined in section 139) in relation to the supply are reserved for use by individuals who are accessing a hospital centre, or

(b) it is reasonable to expect that the specified parking area (as defined in section 139) in relation to the supply will be used, during the calendar year in which the supply is made, primarily by individuals who are accessing a hospital centre;

(2) it is not the case that

(a) all or substantially all of the parking spaces in the specified parking area (as defined in section 139) in relation to the supply are reserved for use by persons other than individuals accessing a hospital centre otherwise than in a professional capacity,

(b) the supply or the amount of the consideration for the supply is conditional on the parking space being used by a person other than an individual accessing a hospital centre otherwise than in a professional capacity, or

(c) the agreement for the supply is entered into in advance and, under the terms of the agreement for the supply, use of a parking space in the specified parking area (as defined in section 139) in relation to the supply is made available for a total period of time that is more than 24 hours and the use is to be by a person other than an individual accessing a hospital centre otherwise than in a professional capacity; and

(3) no election made by the charity under section 272 is in effect, in respect of the property on which the parking space is situated, at the time tax under this Title would become payable in respect of the supply if it were a taxable supply.”

(2) Subsection 1 applies in respect of a supply made after 22 March 2013.

(3) Where a charity has collected an amount as or on account of tax under Title I of the Act in respect of the supply of a parking space made by the charity after 22 March 2013 and before 25 January 2014 and, by reason of the application of subsection 1, no tax was collectible by the charity in respect of the supply, for the purpose of determining the net tax of the charity, the amount is deemed not to have been collected as or on account of tax under Title I of the Act.

(4) Where an amount is deemed, under subsection 3, not to have been collected by a person as or on account of tax and the Minister of Revenue, in assessing the amount of any fees, interest and penalties for which the person is liable under this Act, has taken the amount into account in determining the net tax of the person, for a reporting period of the person, the person may, not later than the day that is one year after 21 October 2015, request in writing that the Minister of Revenue make an assessment or reassessment for the purpose of taking into account that the amount is deemed not to have been collected by the person as or on account of tax and, on receipt of the request, the Minister of Revenue shall with all due dispatch,

(1) consider the request; and

(2) make an assessment or reassessment in relation to the net tax of the person for any reporting period of the person and of any interest, penalty or other obligation of the person, but only to the extent that the assessment or reassessment may reasonably be regarded as relating to the amount.

**651.** (1) Section 139 of the Act is amended

(1) by replacing “sections 383 to 397.2” in the definition of “designated activity” and in subparagraph *a* of paragraph 1 of the definition of “paramunicipal organization” by “subdivision 5 of Division I of Chapter VII”;

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

““specified parking space”, in relation to a supply of a parking space, means all of the parking spaces that could be chosen for use in parking under the agreement for the supply of the parking space if all of those parking spaces were vacant and none were reserved for specific users;”.

(2) Paragraph 1 of subsection 1 has effect from 1 January 2014.

(3) Paragraph 2 of subsection 1 has effect from 23 March 2013.

**652.** (1) Section 141 of the Act is amended

(1) by inserting the following paragraphs after paragraph 13:

“(13.1) property or a service made by a municipality;

“(13.2) designated municipal property, if the institution is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII; or”;

(2) by replacing “section 108.1” in subparagraph *b* of paragraph 14 by “sections 108.1 and 108.2”;

(3) by adding the following paragraph after paragraph 14:



“(15) property or a service that

(a) is not a qualifying health care supply (as defined in section 108), and

(b) would be described in any of sections 109 to 115 and 117 if Division II of this chapter were read without reference to sections 108.1 and 108.2.”

(2) Paragraph 1 of subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

(3) Paragraphs 2 and 3 of subsection 1 apply in respect of a supply made after 22 March 2013.

**653.** (1) Section 148 of the Act is amended by replacing the portion before paragraph 1 by the following:

“**148.** A supply by way of sale made by a public service body (other than a municipality) to a recipient of corporeal movable property (other than capital property of the body or, if the body is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII, designated municipal property), or of a service purchased by the body for the purpose of making a supply by way of sale of the service, is exempt if the total charge for the supply is equal to the usual charge by the body for such supplies to such recipients and”.

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**654.** (1) Section 152 of the Act is replaced by the following section:

“**152.** A supply made by a public sector body of any property or service is exempt if all or substantially all of the supplies of the property or service by the body are made for no consideration, but not including a supply of

(1) blood or blood derivatives; or

(2) a parking space if the supply is made for consideration by way of lease, licence or similar arrangement in the course of a business carried on by the body.”

(2) Subsection 1 has effect from 1 July 1992.

**655.** (1) Section 168 of the Act is amended

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

“**168.** A supply of an immovable made by a public service body (other than a financial institution, a municipality or a government) is exempt, except a supply of”;

(2) by adding the following paragraph after paragraph 9:

“(10) designated municipal property, if the body is a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII.”

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**656.** (1) The Act is amended by inserting the following section after section 168:

“**168.1.** A supply (other than a supply by way of sale) of a parking space in a parking lot made by a public sector body is exempt if

(1) at the time the supply is made, either

(a) all of the parking spaces in the specified parking area in relation to the supply are reserved for use by individuals who are accessing a hospital centre, or

(b) it is reasonable to expect that the specified parking area in relation to the supply will be used, during the calendar year in which the supply is made, primarily by individuals who are accessing a hospital centre;

(2) it is not the case that

(a) all or substantially all of the parking spaces in the specified parking area in relation to the supply are reserved for use by persons other than individuals accessing a hospital centre otherwise than in a professional capacity,

(b) the supply or the amount of the consideration for the supply is conditional on the parking space being used by a person other than an individual accessing a hospital centre otherwise than in a professional capacity, or

(c) the agreement for the supply is entered into in advance and, under the terms of the agreement for the supply, use of a parking space in the specified parking area in relation to the supply is made available for a total period of time that is more than 24 hours and the use is to be by a person other than an individual accessing a hospital centre otherwise than in a professional capacity; and

(3) no election made by the public sector body under section 272 is in effect, in respect of the property on which the parking space is situated, at the time tax under this Title would become payable in respect of the supply if it were a taxable supply.”

(2) Subsection 1 applies in respect of a supply made after 24 January 2014.

**657.** (1) Section 169.2 of the Act is amended by replacing “sections 383 to 397.2” in subparagraph 2 of the second paragraph by “subdivision 5 of Division I of Chapter VII”.

(2) Subsection 1 has effect from 1 January 2014.

**658.** (1) Section 174 of the Act is amended, in paragraph 1,

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

“(b) a drug that is set out on the list established under subsection 1 of section 29.1 of the Food and Drugs Act or that belongs to a class of drugs set out on that list, other than a drug or mixture of drugs that may, under that Act or the Food and Drug Regulations made under that Act, be sold to a consumer without a prescription;”;

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

“(e) deslanoside, digitoxin, digoxin, isosorbide dinitrate, epinephrine and its salts, nitroglycerine, medical oxygen, prenylamine, quinidine and its salts, erythryl tetranitrate or isosorbide-5-mononitrate;”.

(2) Paragraph 1 of subsection 1 has effect from 19 December 2013.

(3) Paragraph 2 of subsection 1 applies in respect of a supply made

(1) after 29 March 2012; or

(2) before 30 March 2012 if no amount was charged, collected or remitted before that date as or on account of tax under Title I of the Act in respect of the supply.

**659.** (1) Section 175 of the Act is replaced by the following section:

“**175.** For the purposes of this division, “specified professional” means

(1) a physician within the meaning of the Medical Act (chapter M-9) and includes a person who is entitled under the laws of another province, the Northwest Territories, the Yukon Territory or Nunavut to practise the profession of medicine;

(2) a person who is entitled under the Professional Code (chapter C-26) to practise the profession of physiotherapy or occupational therapy and includes a person who is entitled under the laws of another province, the Northwest Territories, the Yukon Territory or Nunavut to practise that profession; or

(3) a nurse who is entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut to practise that profession.”

(2) Subsection 1 applies in respect of a supply made after 29 March 2012.

**660.** (1) Section 176 of the Act is amended

(1) by replacing paragraphs 2 and 3 by the following paragraphs:

“(2) a supply of a heart-monitoring device when the device is supplied on the written order of a specified professional for use by a consumer with heart disease who is named in the order;

“(3) a supply of a hospital bed when the bed is supplied to the operator of a health care institution, within the meaning of section 108, or on the written order of a specified professional for use by an incapacitated person named in the order;”;

(2) by replacing paragraph 4.1 by the following paragraph:

“(4.1) a supply of an aerosol chamber or a metered dose inhaler for use in the treatment of asthma when the chamber or inhaler is supplied on the written order of a specified professional for use by a consumer named in the order;”;

(3) by replacing paragraph 6 by the following paragraph:

“(6) a supply of a device that is designed to convert sound to light signals when the device is supplied on the written order of a specified professional for use by a consumer with a hearing impairment who is named in the order;”;

(4) by replacing paragraph 8 by the following paragraph:

“(8) a supply of ophthalmic lenses, with or without frames, when the lenses are, or are to be, supplied on the written order of a person, or in accordance with an assessment record produced by a person, for the correction or treatment of a defect of vision of the consumer named in the order or assessment record, and the person is entitled under the laws of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut (province or territory in which the person practises) to prescribe such lenses, or to produce an assessment record to be used for the dispensing of such lenses, for the correction or treatment of the defect of vision of the consumer;”;

(5) by replacing paragraph 13.1 by the following paragraph:

“(13.1) a supply of a chair that is specially designed for use by a person with a disability if the chair is supplied on the written order of a specified professional for use by a consumer named in the order;”;

(6) by replacing paragraphs 20.1 and 20.2 by the following paragraphs:

“(20.1) a supply of an extremity pump, intermittent pressure pump or similar device for use in the treatment of lymphedema when the pump or device is supplied on the written order of a specified professional for use by a consumer named in the order;

“(20.2) a supply of a catheter for subcutaneous injections when the catheter is supplied on the written order of a specified professional for use by a consumer named in the order;”;

(7) by replacing paragraph 22 by the following paragraph:

“(22) a supply of an orthotic or orthopaedic device that is made to order for a person or is supplied on the written order of a specified professional for use by a consumer named in the order;”;

(8) by replacing paragraph 23.1 by the following paragraph:

“(23.1) a supply of footwear that is specially designed for use by a person who has a crippled or deformed foot or other similar disability, when the footwear is supplied on the written order of a specified professional;”;

(9) by inserting the following paragraph after paragraph 28:

“(28.1) a supply of a blood coagulation monitor or meter that is specially designed for use by a person requiring blood coagulation monitoring or metering, or a supply of blood coagulation testing strips or reagents compatible with a blood coagulation monitor or meter;”;

(10) by replacing paragraph 29 by the following paragraph:

“(29) a supply of any article that is specially designed for the use of blind persons when the article is supplied to or by the Canadian National Institute for the Blind or any other bona fide association or institution for blind persons for use by a blind person or on the order of or in accordance with the certificate issued by a specified professional;”;

(11) by replacing paragraphs 34 and 35 by the following paragraphs:

“(34) a supply of a graduated compression stocking, an anti-embolic stocking or similar article when the stocking or article is supplied on the written order of a specified professional for use by a consumer named in the order;

“(35) a supply of clothing that is specially designed for use by a person with a disability when the clothing is supplied on the written order of a specified professional for use by a consumer named in the order;”;

(12) by replacing paragraph 40 by the following paragraph:

“(40) a supply of a device that is specially designed for neuromuscular stimulation therapy or standing therapy, if supplied on the written order of a specified professional for use by a consumer with paralysis or a severe mobility impairment who is named in the order.”

(2) Paragraphs 1 to 3 and 5 to 12 of subsection 1 apply in respect of a supply made after 29 March 2012.

(3) Paragraph 4 of subsection 1 applies in respect of a supply made

(1) after 29 March 2012; or

(2) before 30 March 2012 if no amount was charged, collected or remitted before that date as or on account of tax under Title I of the Act in respect of the supply.

**661.** (1) Section 197 of the Act is amended by striking out paragraph 1.

(2) Subsection 1 applies in respect of a supply of a freight transportation service made after 31 December 2012.

**662.** (1) The Act is amended by inserting the following section after section 197.5:

“**197.6.** For the purposes of sections 197.3 and 197.4, a person not resident in Canada is deemed to be resident in Canada in respect of any supply that is made to the person by a selected listed financial institution in the following cases:

(1) where the financial institution is a stratified investment plan, the supply is made in respect of units of a series of the financial institution that are held by the person in a fiscal year of the financial institution throughout which no election under the first paragraph of section 433.19.15 or under subsection 6 of section 225.4 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) is in effect in respect of the series;

(2) where the financial institution is a non-stratified investment plan, the supply is made in respect of units of the financial institution that are held by the person in a fiscal year of the financial institution throughout which no election under the second paragraph of section 433.19.15 or under subsection 7 of section 225.4 of the Excise Tax Act is in effect; or

(3) where the financial institution is an investment plan that is a pension entity of a pension plan or a private investment plan and the person is a plan member, the supply is made in respect of the person in a fiscal year of the financial institution throughout which no election under the third paragraph of section 433.19.15 or under subsection 7 of section 225.4 of the Excise Tax Act is in effect.”

(2) Subsection 1 has effect from 1 January 2013.

**663.** (1) Section 198 of the Act is replaced by the following section:

**“198.** A supply of an admission to a convention, other than an admission to a foreign convention, made by a sponsor of the convention to a person not resident in Québec is a zero-rated supply.”

(2) Subsection 1 has effect from 1 April 2013.

**664.** (1) Section 199.0.0.1 of the Act is amended by replacing paragraph 2 by the following paragraph:

“(2) the amount is a prescribed amount of tax for the purposes of subparagraph *a* of subparagraph 6 of the second paragraph of section 433.16 or of subparagraph *a* of subparagraph 4 of the second paragraph of section 433.16.2;”.

(2) Subsection 1 has effect from 1 January 2013.

**665.** (1) Section 244 of the Act is replaced by the following section:

**“244.** Despite section 42.1 and subject to sections 42.6.1 and 42.6.2, where a registrant (other than a government) makes a supply by way of sale of movable property that is capital property of the registrant and, before the earlier of the time ownership of the property is transferred to the recipient and the time possession of the property is transferred to the recipient under the agreement for the supply, the registrant was last using the property otherwise than primarily in commercial activities of the registrant, the supply is deemed to have been made in the course of activities of the registrant that are not commercial activities.”

(2) Subsection 1, except where it inserts “and subject to sections 42.6.1 and 42.6.2” in section 244 of the Act, applies in respect of a supply made after 29 January 1999.

(3) Subsection 1, where it inserts “and subject to sections 42.6.1 and 42.6.2” in section 244 of the Act, applies in respect of a supply (other than a supply made under an agreement in writing entered into before 3 December 2013) for which consideration becomes due after 31 December 2013 or is paid after that date without having become due.

**666.** (1) Section 244.1 of the Act is replaced by the following section:

**“244.1.** Despite sections 42.1 and 42.2 and subject to sections 29.1, 42.6.1 and 42.6.2, if a supplier that is a government makes a supply by way of sale of movable property that is capital property of the supplier, the following rules apply:

(1) the supply is deemed to have been made in the course of activities of the supplier that are not commercial activities, if

(a) the supplier is a prescribed mandatary of the Gouvernement du Québec or a prescribed agent of Her Majesty in right of Canada for the purposes of the definition of “specified Crown agent” in subsection 1 of section 123 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(b) the supplier is a registrant; and

(c) before the earlier of the time ownership of the property is transferred to the recipient of the supply and the time possession of the property is transferred to the recipient under the agreement for the supply, the supplier was last using the property otherwise than primarily in the course of commercial activities of the supplier; and

(2) where subparagraph *a* of paragraph 1 does not apply, the supply is deemed to have been made in the course of commercial activities of the supplier.”

(2) Subsection 1 applies in respect of a supply made after 29 January 1999. However, where section 244.1 of the Act applies

(1) before 1 April 2013, the portion of that section 244.1 before paragraph 1 is to be read as if “and subject to sections 29.1, 42.6.1 and 42.6.2” were struck out; or

(2) after 31 March 2013 and in respect of a supply for which consideration becomes due before 1 January 2014 or is paid before that date without having become due, or in respect of a supply made under an agreement in writing entered into before 3 December 2013, the portion of that section 244.1 before paragraph 1 is to be read as if “sections 29.1, 42.6.1 and 42.6.2” were replaced by “section 29.1”.

**667.** (1) The Act is amended by inserting the following section after section 244.1:

**“244.2.** Where a registrant is a municipality or a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII, section 234 applies, with the necessary modifications, in relation to movable property (other than a passenger vehicle, an aircraft of a registrant who is an individual or a partnership and property of a person designated to be a municipality for the purposes of that subdivision 5 that is not designated municipal property) acquired or brought into Québec by the registrant for use as capital property as if the movable property were an immovable.”

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having



become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**668.** (1) Section 247 of the Act is amended by replacing “sections 383 to 397.2” and “section 386” in subparagraph *a* of subparagraph 2 of the second paragraph by “subdivision 5 of Division I of Chapter VII” and “section 386 or 386.1.1”, respectively.

(2) Subsection 1 has effect from 1 January 2014.

**669.** (1) Section 249 of the Act is amended by replacing the portion of the first paragraph before the formula by the following:

“**249.** Where a registrant (other than a municipality), at any time in a reporting period of the registrant, makes a taxable supply by way of sale of a passenger vehicle (other than a vehicle that is designated municipal property of a person designated at that time to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII) that, immediately before that time, was used as capital property in commercial activities of the registrant, the registrant may, despite sections 203 to 206, paragraph 1 of section 240 and sections 241 and 248, claim an input tax refund for that period equal to the amount determined by the formula”.

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**670.** (1) The heading of subdivision 3 of subdivision II of subdivision 5 of Division II of Chapter V of Title I of the Act is replaced by the following heading:

“3.—*Passenger vehicle or aircraft of an individual, partnership or municipality*”.

(2) Subsection 1 has effect from 1 January 2014.

**671.** (1) Section 255 of the Act is replaced by the following section:

“**255.** Despite section 42.1 and subject to section 20.1, where a registrant who is an individual or a partnership (other than a municipality) makes, at a particular time, a supply by way of sale of a passenger vehicle or an aircraft (other than a vehicle or an aircraft that is designated municipal property of a person designated at the particular time to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII) that is capital property of the registrant and, at any time after the individual or partnership became a registrant and before the particular time, the registrant did not use the vehicle or aircraft exclusively in commercial activities of the registrant, the supply is deemed not to be a taxable supply.”

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**672.** (1) The Act is amended by inserting the following section after section 255:

**“255.0.1.** If a registrant (other than an individual or a partnership) that is a municipality or a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII, at a particular time in a reporting period of the registrant, makes a taxable supply by way of sale of a passenger vehicle (other than a vehicle of a person designated to be a municipality for the purposes of that subdivision 5 that is not designated municipal property of the person) that, immediately before the particular time, was capital property of the registrant, the registrant may, despite sections 203 to 206, paragraph 1 of section 240 and sections 241 and 248, claim an input tax refund for that period equal to the lesser of

(1) the amount determined by the formula

$A \times (B - C)/B$ ; and

(2) an amount equal to the tax that is payable in respect of the taxable supply or that would be so payable but for sections 75.1 and 80.

For the purposes of the formula in the first paragraph,

(1) A is the basic tax content of the vehicle at the particular time;

(2) B is the total of the tax payable by the registrant in respect of the last acquisition or bringing into Québec of the vehicle by the registrant and the tax payable by the registrant in respect of improvements to the vehicle acquired or brought into Québec by the registrant after the property was last acquired or brought into Québec; and

(3) C is the total of all input tax refunds that the registrant is entitled to claim in respect of any tax included in the total described in subparagraph 2.”

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**673.** (1) Section 267 of the Act is replaced by the following section:

**“267.** If a registrant is a public service body (other than a financial institution or a government), sections 42.6.1, 42.6.2 and 240 to 244 apply, with the necessary modifications, to an immovable acquired by the registrant for

use as capital property of the registrant or, in the case of section 241, to improvements to an immovable that is capital property of the registrant, as if the immovable were movable property.”

(2) Subsection 1 has effect from 29 January 1999. However, where section 267 of the Act applies

(1) before 1 January 2013, it is to be read as follows:

“**267.** If a registrant is a public service body (other than a government), sections 240 to 244 apply, with the necessary modifications, to an immovable acquired by the registrant for use as capital property of the registrant or, in the case of section 241, to improvements to an immovable that is capital property of the registrant, as if the immovable were movable property.”; or

(2) after 31 December 2012 and in respect of a supply for which consideration becomes due before 1 January 2014 or is paid before that date without having become due, or of a supply made under an agreement in writing entered into before 3 December 2013, it is to be read as follows:

“**267.** If a registrant is a public service body (other than a financial institution or a government), sections 240 to 244 apply, with the necessary modifications, to an immovable acquired by the registrant for use as capital property of the registrant or, in the case of section 241, to improvements to an immovable that is capital property of the registrant, as if the immovable were movable property.”

**674.** (1) The Act is amended by inserting the following section after section 267:

“**267.1.** If a registrant (other than a financial institution) is a prescribed mandatary of the Gouvernement du Québec or a prescribed agent of Her Majesty in right of Canada for the purposes of the definition of “specified Crown agent” in subsection 1 of section 123 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), sections 42.6.1, 42.6.2, 240 to 243 and 244.1 apply, with the necessary modifications, to an immovable acquired by the registrant for use as capital property of the registrant or, in the case of section 241, to improvements to an immovable that is capital property of the registrant, as if the immovable were movable property.”

(2) Subsection 1 has effect from 29 January 1999. However, where section 267.1 of the Act applies

(1) before 1 January 2013, it is to be read as follows:

“**267.1.** If a registrant is a prescribed mandatary of the Gouvernement du Québec or a prescribed agent of Her Majesty in right of Canada for the purposes of the definition of “specified Crown agent” in subsection 1 of section 123 of the Excise Tax Act (Revised Statutes of Canada, 1985,

chapter E-15), sections 240 to 243 and 244.1 apply, with the necessary modifications, to an immovable acquired by the registrant for use as capital property of the registrant or, in the case of section 241, to improvements to an immovable that is capital property of the registrant, as if the immovable were movable property.”; or

(2) after 31 December 2012 and in respect of a supply for which consideration becomes due before 1 January 2014 or is paid before that date without having become due, or of a supply made under an agreement in writing entered into before 3 December 2013, it is to be read as follows:

**“267.1.** If a registrant (other than a financial institution) is a prescribed mandatary of the Gouvernement du Québec or a prescribed agent of Her Majesty in right of Canada for the purposes of the definition of “specified Crown agent” in subsection 1 of section 123 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), sections 240 to 243 and 244.1 apply, with the necessary modifications, to an immovable acquired by the registrant for use as capital property of the registrant or, in the case of section 241, to improvements to an immovable that is capital property of the registrant, as if the immovable were movable property.”

**675.** (1) Section 268 of the Act is amended by replacing the portion before paragraph 1 by the following:

**“268.** Despite sections 267 and 267.1, sections 42.6.1, 42.6.2, 244 and 244.1 do not apply to”.

(2) Subsection 1, except where it inserts “42.6.1, 42.6.2,” in the portion of section 268 of the Act before paragraph 1, has effect from 29 January 1999.

(3) Subsection 1, where it inserts “42.6.1, 42.6.2,” in the portion of section 268 of the Act before paragraph 1, applies in respect of a supply (other than a supply made under an agreement in writing entered into before 3 December 2013) for which consideration becomes due after 31 December 2013 or is paid after that date without having become due.

**676.** (1) Section 272 of the Act is amended by replacing “sections 267 and 268” in the first paragraph by “sections 267, 267.1 and 268”.

(2) Subsection 1 has effect from 29 January 1999.

**677.** Section 286 of the Act is amended in the French text by replacing the portion before paragraph 1 by the following:

**“286.** Dans le cas où un inscrit qui est une société, une fiducie, une société de personnes, un organisme de bienfaisance, une institution publique ou un organisme sans but lucratif et qui dans le cadre de ses activités commerciales a acquis, fabriqué ou produit un bien, autre que son immobilisation, ou a acquis ou exécuté un service, réserve le bien ou le service, à un moment quelconque,

au profit de son actionnaire, de son bénéficiaire, de son associé, de son membre ou de tout particulier lié à l'un de ceux-ci, autrement que par une fourniture effectuée pour une contrepartie égale à la juste valeur marchande du bien ou du service, les règles suivantes s'appliquent :”.

**678.** (1) The Act is amended by inserting the following heading before section 289.2:

“§1.—*Interpretation and general rules*”.

(2) Subsection 1 has effect from 22 March 2013.

**679.** (1) Section 289.2 of the Act is amended, in the first paragraph,

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

““qualifying employer” of a pension plan for a fiscal year means a qualifying employer for that fiscal year for the purposes of section 172.1 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

““selected qualifying employer” of a pension plan for a fiscal year means a selected qualifying employer for that fiscal year for the purposes of section 172.1 of the Excise Tax Act.”;

(2) by striking out the definitions of “participating employer”, “pension entity” and “pension plan”;

(3) by striking out the definition of “fiscal year”.

(2) Paragraph 1 of subsection 1 applies in respect of a fiscal year that begins after 21 March 2013.

(3) Paragraph 2 of subsection 1 has effect from 23 September 2009, except for the purposes of section 206.0.1 of the Act, as it read before being repealed.

**680.** (1) The Act is amended by inserting the following heading after section 289.4:

“§2.—*Deemed taxable supply*”.

(2) Subsection 1 has effect from 22 March 2013.

**681.** (1) Section 289.5 of the Act is amended by replacing the portion before subparagraph 2 of the first paragraph by the following:

“**289.5.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person (in this section referred to as the “particular fiscal year”) and is not a selected qualifying employer of the pension plan at that time, if the person acquires at that time a property or

a service (in this section referred to as the “specified resource”) for the purpose of making a supply of all or part of the specified resource to a pension entity of the pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan and if the specified resource is not an excluded resource of the person in respect of the pension plan, the following rules apply:

(1) the person is deemed to have made a taxable supply of the specified resource or part on the last day of the particular fiscal year;”.

(2) Subsection 1 applies in respect of a fiscal year that begins after 21 March 2013.

**682.** (1) Section 289.6 of the Act is amended by replacing the portion of the first paragraph before subparagraph 1 by the following:

“**289.6.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person and is not a selected qualifying employer of the pension plan at that time, if the person consumes or uses at that time an employer resource of the person for the purpose of making a supply of a property or a service (in this section referred to as the “pension supply”) to a pension entity of the pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan, and if the employer resource is not an excluded resource of the person in respect of the pension plan, the following rules apply:”.

(2) Subsection 1 applies in respect of a fiscal year that begins after 21 March 2013.

**683.** (1) Section 289.7 of the Act is amended by replacing the portion of the first paragraph before subparagraph 1 by the following:

“**289.7.** If a person is both a registrant and a participating employer of a pension plan at any time in a fiscal year of the person and is not a qualifying employer of the pension plan at that time, if the person consumes or uses at that time an employer resource of the person in the course of pension activities in respect of the pension plan, if the employer resource is not an excluded resource of the person in respect of the pension plan and if section 289.6 does not apply in respect of that consumption or use, the following rules apply:”.

(2) Subsection 1 applies in respect of a fiscal year that begins after 21 March 2013.

**684.** (1) The Act is amended by inserting the following after section 289.8:

“§3.—*Election relating to supplies deemed made for no consideration*

“**289.9.** A participating employer of a pension plan and a pension entity of the pension plan may jointly elect that every taxable supply made by the

participating employer to the pension entity at a time when the election is in effect be deemed to have been made for no consideration.

The first paragraph does not apply to

(1) a supply deemed under subdivision 2 to have been made;

(2) a supply of a property or a service that is not acquired by a pension entity of a pension plan for consumption, use or supply by the pension entity in the course of pension activities in respect of the pension plan;

(3) a supply made by a participating employer of a pension plan to a pension entity of the pension plan of all or part of a property or a service if, at the time the participating employer acquires the property or service, the participating employer is a selected qualifying employer;

(4) a supply made by a participating employer of a pension plan to a pension entity of the pension plan of a property or a service if, at the time the participating employer consumes or uses an employer resource of the participating employer for the purpose of making the supply, the participating employer is a selected qualifying employer of the pension plan; or

(5) a supply made in prescribed circumstances or made by a prescribed person.

An election under the first paragraph, in relation to a participating employer of a pension plan and a pension entity of the pension plan, must

(1) be made in the prescribed form containing prescribed information;

(2) specify the day on which the election is to become effective, which must be the first day of a fiscal year of the participating employer; and

(3) be filed by the participating employer with the Minister in prescribed manner on or before the day that is the day on which the election is to become effective or any later day that the Minister may determine.

**“289.10.** An election under the first paragraph of section 289.9 made by a participating employer of a pension plan and a pension entity of the pension plan ceases to have effect on the earliest of

(1) the day on which the participating employer ceases to be a participating employer of the pension plan;

(2) the day on which the pension entity ceases to be a pension entity of the pension plan;

(3) the day on which a revocation of the election becomes effective in accordance with the second paragraph; and

(4) the day specified in a notice of revocation of the election sent to the participating employer in accordance with section 289.12.

A participating employer of a pension plan and a pension entity of the pension plan that made an election under the first paragraph of section 289.9 may jointly revoke the election.

The revocation of the election made under the second paragraph by a participating employer of a pension plan and a pension entity of the pension plan must

- (1) be made in the prescribed form containing prescribed information;
- (2) specify the day on which the revocation is to become effective, which must be the first day of a fiscal year of the participating employer; and
- (3) be filed by the participating employer with the Minister in prescribed manner on or before the day that is the day on which the revocation is to become effective or any later day that the Minister may determine.

**“289.11.** The Minister may send a notice in writing (in this section and section 289.12 referred to as a “notice of intent”) to a participating employer of a pension plan and to a pension entity of the pension plan that made a joint election under the first paragraph of section 289.9, which election is in effect at any time in a particular fiscal year of the participating employer, informing them of the Minister’s intention to revoke the election as of the first day of the particular fiscal year, if the participating employer fails to account for, as and when required under this Title, any tax deemed to have been collected by the participating employer on the last day of the particular fiscal year in accordance with section 289.5 or 289.6 in respect of the pension plan.

A participating employer of a pension plan that receives a notice of intent must establish to the Minister’s satisfaction that the participating employer did not fail to account for, as and when required under this Title, any tax deemed to have been collected by the participating employer on the last day of the particular fiscal year in accordance with section 289.5 or 289.6 in respect of the pension plan.

**“289.12.** If, after 60 days after the day on which a notice of intent was sent by the Minister to a participating employer of a pension plan, the Minister is not satisfied that the participating employer did not fail to account for, as and when required under this Title, any tax deemed to have been collected by the participating employer on the last day of a particular fiscal year in accordance with section 289.5 or 289.6 in respect of the pension plan, the Minister may send a notice in writing to the participating employer and to the pension entity of the pension plan with which the participating employer made an election under the first paragraph of section 289.9 that the election is revoked as of the day specified in the notice, and that day is not to be earlier than the



day specified in the notice of intent and must be the first day of any fiscal year of the participating employer.”

(2) Subsection 1 applies in respect of a supply made after 21 March 2013.

**685.** (1) Section 294 of the Act is amended by replacing paragraph 1 by the following paragraph:

“(1) the total of all amounts each of which is the value of the consideration (other than consideration referred to in section 75.2 that is attributable to goodwill of a business) that became due in the four calendar quarters immediately preceding the particular calendar quarter, or that was paid in those four calendar quarters without having become due, to the person or an associate of the person at the beginning of the particular calendar quarter for taxable supplies made inside or outside Québec by the person or associate, other than

(a) supplies of financial services;

(b) supplies by way of sale of capital property of the person or associate;  
and

(c) supplies of movable property that are deemed to be made otherwise than in the course of commercial activities for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);”.

(2) Subsection 1 has effect from 1 January 2013.

**686.** (1) Section 295 of the Act is amended by replacing paragraph 1 by the following paragraph:

“(1) the total of all amounts each of which is the value of the consideration (other than consideration referred to in section 75.2 that is attributable to goodwill of a business) that became due in the calendar quarter or was paid in that calendar quarter without having become due, to the person or an associate of the person at the beginning of the calendar quarter for taxable supplies made inside or outside Québec by the person or associate, other than

(a) supplies of financial services;

(b) supplies by way of sale of capital property of the person or associate;  
and

(c) supplies of movable property that are deemed to be made otherwise than in the course of commercial activities for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);”.

(2) Subsection 1 has effect from 1 January 2013.

**687.** Section 297.0.1 of the Act is amended by striking out the second paragraph.

**688.** Section 297.0.24 of the Act is repealed.

**689.** Section 317.3 of the Act is repealed.

**690.** (1) Section 327.7 of the Act is amended by replacing “5” in the portion of the first paragraph before subparagraph 1 by “5 or 5.2”.

(2) Subsection 1 has effect from 9 May 2012.

**691.** (1) Section 341.4 of the Act is replaced by the following section:

**“341.4.** If a public service body makes a taxable supply through a division or branch of the body and the consideration or a part of the consideration becomes due to the body at a time when the division or branch is a small supplier division or is paid to the body at such a time without having become due, the consideration or the part of the consideration, as the case may be, must not be included in calculating the tax payable in respect of the supply or in determining the threshold amount of the body under sections 462 to 462.1.1 and that supply is deemed not to have been made by a registrant.

This section does not apply in respect of the retail sale of tobacco within the meaning of the Tobacco Tax Act (chapter I-2) and in respect of

(1) a supply of alcoholic beverages;

(2) a supply by way of sale of an immovable;

(3) a supply by way of sale of movable property by a municipality that is capital property of the municipality; or

(4) a supply by way of sale of designated municipal property of a person designated to be a municipality for the purposes of subdivision 5 of Division I of Chapter VII that is capital property of the person.

However, the exception provided for in the second paragraph in respect of the supply of alcoholic beverages does not apply if the supply is made by a public service body which is not required to be registered under this Title at the time of the supply.”

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**692.** (1) Section 346.1 of the Act is amended by replacing paragraph 1 by the following paragraph:

“(1) is a government other than a prescribed mandatary of the Gouvernement du Québec or a prescribed agent of Her Majesty in right of Canada for the purposes of the definition of “specified Crown agent” in subsection 1 of section 123 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15); or”.

(2) Subsection 1 has effect from 11 December 1998.

**693.** (1) Section 350.0.2 of the Act is amended by replacing “Taxation Act (chapter I-3)” in subparagraph 3 of the first paragraph by “Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement)”.

(2) Subsection 1 applies in respect of a fiscal year that begins after 31 December 2012.

**694.** (1) Section 350.5 of the Act is amended by inserting the following subparagraph after subparagraph 1 of the first paragraph:

“(1.1) the payment and receipt of the amount are deemed not to be a financial service; and”.

(2) Subsection 1 applies in respect of an amount paid after 31 December 2012.

**695.** Section 350.23.1 of the Act is amended by striking out the definition of “fiscal year”.

**696.** (1) The Act is amended by replacing the heading of Chapter VII of Title I by the following heading:

“REBATE, COMPENSATION AND TRANSFER”.

(2) Subsection 1 has effect from 1 January 2013.

**697.** (1) The heading of subdivision I of subdivision 1 of Division I of Chapter VII of Title I of the Act is replaced by the following heading:

“I. — *Property or services*”.

(2) Subsection 1 has effect from 1 July 2010.

**698.** (1) Section 351 of the Act is amended by striking out the second paragraph.

(2) Subsection 1 has effect from 1 July 2010, except in respect of an application for a rebate filed before 4 December 2014.

**699.** (1) Section 352 of the Act is replaced by the following section:

**“352.** A person who is resident in Canada is entitled to a rebate of the tax paid by the person in respect of a supply made in Québec by way of sale of a property that is corporeal movable property of which the person is the recipient (other than a property included in the second paragraph of section 351), a mobile home or a floating home, if the person takes or ships the property to another province, the Northwest Territories, the Yukon Territory or Nunavut within 30 days after it is delivered to the person and if the prescribed conditions are satisfied.

For the purposes of the first paragraph, the period during which a property that has been delivered in Québec to a person is held in storage must not be taken into account in determining whether the person takes or ships the property to the other province or the territory within 30 days after delivery.

No person is entitled to a rebate under the first paragraph unless

(1) the person files an application for a rebate within one year after the day the person takes or ships the property to the other province or the territory;

(2) except where the application is a prescribed application, where the person is an individual, the individual has not made another application for a rebate under this section in the calendar quarter in which the application is made;

(3) where the person is not an individual, the person has not made another application for a rebate under this section in the month in which the application is made; and

(4) prescribed circumstances, if any, exist.

No rebate is paid under this section to a person that is a listed financial institution described in paragraph 6 or 9 of the definition of “listed financial institution” in section 1.”

(2) Subsection 1, except when it enacts the fourth paragraph of section 352 of the Act, has effect from 1 July 2010, except in respect of an application for a rebate filed before 4 December 2014.

(3) Subsection 1, when it enacts the fourth paragraph of section 352 of the Act, applies in respect of an amount of tax that became payable, or was paid without having become payable, after 31 December 2012.

**700.** (1) Sections 352.1 and 352.2 of the Act are repealed.

(2) Subsection 1 has effect from 1 July 2010, except in respect of an application for a rebate filed before 4 December 2014.

**701.** (1) Section 353 of the Act is repealed.

(2) Subsection 1 has effect from 1 January 2013, except in respect of an application for a rebate filed before 4 December 2014.

(3) In addition, when section 353 of the Act applies after 30 June 2010, it is to be read as if “the third paragraph of section 351” in the first paragraph were replaced by “the second paragraph of section 351 and the first paragraph of section 352”.

**702.** (1) Sections 353.0.1 and 353.0.2 of the Act are repealed.

(2) Subsection 1 has effect from 1 July 2010, except in respect of an application for a rebate filed before 4 December 2014.

**703.** (1) Section 353.0.3 of the Act is amended by replacing the portion of the first paragraph before the formula by the following:

**“353.0.3.** Subject to section 353.0.4, where a person who is resident in Canada is the recipient of a supply of incorporeal movable property or a service that is acquired by the person for consumption, use or supply to an extent of at least 10% outside Québec and tax under section 16 is paid by the person in respect of the supply, the person is entitled to a rebate of tax equal to the amount determined by the formula”.

(2) Subsection 1 has effect from 1 July 2010, except in respect of an application for a rebate filed before 4 December 2014.

**704.** (1) Section 353.0.4 of the Act is amended by striking out “in respect of a supply of a specified service within the meaning of the second paragraph of section 402.23” in the second paragraph.

(2) Subsection 1 applies in respect of an amount of tax that became payable, or was paid without having become payable, after 31 December 2012.

**705.** (1) Section 357 of the Act is amended

(1) by replacing the portion before paragraph 1 in the French text by the following:

**“357.** Une personne n’a droit au remboursement prévu à l’un des articles 351 et 353.1 que si, à la fois :”;

(2) by striking out subparagraph *a.1* of paragraph 1;

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

“(4) in the case of a rebate under section 351, the person is not resident in Canada at the time the application for a rebate is made;”.

(2) Subsection 1 has effect from 1 July 2010, except in respect of an application for a rebate filed before 4 December 2014.

**706.** (1) Section 378.18 of the Act is amended by replacing “under any of sections 362.2 to 370, 370.9 to 370.13, 378.1 to 378.3 and 383 to 397.2” in the first paragraph by “under any of sections 362.2 to 370, 370.9 to 370.13 and 378.1 to 378.3 or any section of subdivision 5”.

(2) Subsection 1 has effect from 1 January 2014.

**707.** (1) The Act is amended by inserting the following sections after section 380.1:

**“380.2.** Subject to section 380.3, a person that is a municipality or is designated to be a municipality for the purposes of subdivision 5, that is not a registrant and that makes, at any time, a taxable supply by way of sale of movable property that is capital property of the person (other than property of a person designated to be a municipality for the purposes of that subdivision that is not designated municipal property) is entitled to a rebate equal to the lesser of

(1) the basic tax content of the property at that time; and

(2) the amount that corresponds to the tax payable in respect of the taxable supply or that would so correspond but for sections 75.1 and 80.

**“380.3.** A person is entitled to the rebate provided for in section 380.2 only if the person files an application for a rebate within two years after the day on which consideration for the supply became due or was paid without having become due.

**“380.4.** Where, for the purpose of satisfying in whole or in part a debt or obligation owing by a person (in this section referred to as the “debtor”), a creditor exercises a right under an Act of the Legislature of Québec, another province, the Northwest Territories, the Yukon Territory or Nunavut, or of the Parliament of Canada or an agreement relating to a debt security to cause the supply of movable property and, under the Act or the agreement, the debtor has a right to redeem the property, the following rules apply:

(1) the debtor is not entitled to claim a rebate under section 380.2 in respect of the property unless the time limit for redeeming the property has expired and the debtor has not exercised the debtor’s right of redemption; and

(2) where the debtor is entitled to claim a rebate, the consideration for the supply is deemed, for the purposes of section 380.3, to have become due on the day on which the time limit for redeeming the property expires.”

(2) Subsection 1 applies in respect of a supply for which consideration becomes due after 31 December 2013 or is paid after that date without having

become due. However, it does not apply in respect of a supply made under an agreement in writing entered into before 3 December 2013.

**708.** (1) The Act is amended by inserting the following after section 382.7:

“§4.1.1. — *Motor vehicle — Modification service*

“**382.7.1.** A person is entitled to a rebate of that portion of the total tax payable under section 17 in respect of a motor vehicle that is equal to the tax calculated on the portion of the value of the vehicle, within the meaning of section 17, that is attributable to a service (in this section referred to as the “modification service”) and to any property (other than the vehicle) supplied in conjunction with, and because of, the supply of the service, if

(1) the person acquires the modification service, performed on a motor vehicle of the person outside Québec, of specially equipping or adapting the vehicle for its use by or in transporting a person using a wheelchair, or specially equipping the vehicle with an auxiliary driving control to facilitate the operation of the vehicle by a person with a disability;

(2) the person brings the motor vehicle into Québec after the modification service is performed;

(3) the person has paid all tax payable in respect of the bringing in; and

(4) the person files with the Minister an application for a rebate within four years after the day on which the person brings the motor vehicle into Québec.”

(2) Subsection 1 has effect from 4 April 1998. In addition, it applies to the bringing of a motor vehicle into Québec made after that date.

(3) Despite paragraph 4 of section 382.7.1 of the Act, enacted by subsection 1, a person has four years after 21 October 2015 to file an application, under that section, for a rebate of the tax that became payable before 21 October 2015 in respect of the bringing of a motor vehicle into Québec.

(4) The application referred to in subsection 3 may, despite the second paragraph of section 403 of the Act, be a person’s second application for a rebate if, before 21 October 2015, the person had made an application for the rebate in respect of which an assessment has been made.

**709.** (1) Section 383 of the Act is amended

(1) by replacing the portion before the definition of “ancillary supply” by the following:

“**383.** In this subdivision,”;

(2) by replacing “subparagraphs *a*, *b* and *c* of subparagraph 3 of the second paragraph” in the definition of “specified activities” by “subparagraphs ii to iv of subparagraph *b* of paragraph 2”;

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

““municipality” includes

(1) 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, of municipal services by the person; and

(2) a person that was designated, before 1 January 2014, by the Minister of National Revenue to be a municipality for the purposes of section 259 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) to the extent provided in that section, and whose designation has not been revoked;”;

(4) by adding the following paragraph after paragraph 6 of the definition of “selected public service body”:

“(7) a municipality;”;

(5) by replacing “in this section and in sections 384 to 397” in the portion of paragraph 1 of the definition of “non-refundable input tax charged” before subparagraph *a* by “in this subdivision”;

(6) by replacing subparagraph *d* of paragraph 1 of the definition of “non-refundable input tax charged” by the following subparagraph:

“(d) tax deemed under section 212 or 327.7 to have been paid during the period by the person in respect of the property or service, or”.

(2) Paragraphs 1 to 5 of subsection 1 have effect from 1 January 2014.

(3) Paragraph 6 of subsection 1 has effect from 1 July 1992.

**710.** (1) Section 385.1 of the Act is amended by replacing “sections 383 to 397.2” in the portion before paragraph 1 by “this subdivision”.

(2) Subsection 1 has effect from 1 January 2014.

**711.** (1) Section 386 of the Act is amended

(1) by adding the following subparagraph after subparagraph 4 of the first paragraph:

“(5) for a municipality,



(a) where the tax becomes payable after 31 December 2013 and before 1 January 2015, 62.8%; or

(b) where the tax becomes payable after 31 December 2014 or is paid before 1 January 2015 without having become payable, 50%.”;

(2) by inserting the following subparagraph after subparagraph 1.1 of the second paragraph:

“(1.2) to a person designated to be a municipality for the purposes of this subdivision;”;

(3) by striking out subparagraphs 2 and 3 of the second paragraph.

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**712.** (1) The Act is amended by inserting the following section before section 386.2:

**“386.1.1.** Subject to sections 386.2, 386.3 and 387, a person that, on the last day of the person’s claim period or of the person’s fiscal year that includes that period, is designated to be a municipality for the purposes of this subdivision in respect of activities specified in the designation (in this section referred to as “specified activities”) is entitled to a rebate in respect of property or a service, other than a prescribed property or service, equal to the total of all amounts each of which is an amount determined by the formula

$A \times B \times C.$

For the purposes of the formula in the first paragraph,

(1) A is the percentage specified in subparagraph 5 of the first paragraph of section 386;

(2) B is an amount that is included in the total tax charged in respect of the property or service for the claim period and that is

(a) an amount of tax in respect of a supply made to the person, or the bringing into Québec of the property by the person, at any time,

(b) an amount deemed to have been paid or collected, at any time, by the person,

(c) an amount that is required to be added under sections 341.2 and 341.3 in determining the net tax of the person because a division or branch of the person becomes a small supplier division at any time, or

(d) an amount that is required to be added under paragraph 2 of section 210 in determining the net tax of the person because the person ceases, at any time, to be a registrant; and

(3) C is the extent, expressed as a percentage, to which the person intended, at that time, to consume, use or supply the property or service in the course of specified activities.”

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**713.** (1) Section 386.2 of the Act is amended

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

“**386.2.** If a person is a charity, a public institution or a qualifying non-profit organization, and a selected public service body, the rebate, if any, payable to the person under section 386 or 386.1.1 in respect of property or a service for a claim period is equal to the total of”;

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

“(2) the total of all amounts each of which is an amount that would be determined by the formula in section 386.1.1 in respect of the property or service for the claim period if that section applied to the person and if

(a) the percentage used for A in the formula in the first paragraph of section 386.1.1 were replaced by the percentage prescribed in section 386 applicable to a selected public service body that applies to the person, minus 50%,

(b) in the case of a person that is not designated to be a municipality for the purposes of this subdivision, the reference to specified activities in subparagraph 3 of the second paragraph of section 386.1.1 were read as a reference

i. in the case of a person that has the status of municipality under paragraph 2 of the definition of “municipality” in section 1, to activities engaged in by the person in the course of fulfilling the person’s responsibilities as a local authority,

ii. in the case of a person acting as a hospital authority, to activities engaged in by the person in the course of operating a hospital centre or public hospital, in the course of operating a qualifying facility for the purpose of making facility supplies, or in the course of making facility supplies, ancillary supplies or home medical supplies,

iii. in the case of a person acting as a facility operator, to activities engaged in by the person in the course of operating a qualifying facility for the purpose of making facility supplies, or in the course of making facility supplies, ancillary supplies or home medical supplies,

iv. in the case of a person acting as an external supplier, to activities engaged in by the person in the course of making ancillary supplies, facility supplies or home medical supplies, or

v. in any other case, to activities engaged in by the person in the course of operating an elementary or secondary school, a post-secondary college or post-secondary technical institute, a recognized degree-granting institution or a college affiliated with, or research institute of, such an institution, as the case may be, and

(c) the formula were applied without reference to section 2.”;

(3) by striking out the second paragraph.

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**714.** (1) Section 386.3 of the Act is amended by replacing the portion before paragraph 1 by the following:

“**386.3.** An amount is not to be included in determining the amount referred to in the description of B in the formula in section 386.1.1 in respect of a claim period of a person to the extent that”.

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**715.** (1) Section 387 of the Act is amended by replacing the portion before paragraph 1 by the following:

“**387.** A person is entitled to a rebate under this subdivision in respect of a claim period in its fiscal year only if the person files an application for the rebate after the first day in the fiscal year that the person is a selected public service body, charity or qualifying non-profit organization and within four years after the day that is”.

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**716.** (1) Section 388.2 of the Act is amended

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

**“388.2.** Ville de Montréal and Ville de Québec, in respect of a year that begins after 1996, and Ville de Laval, in respect of a year that begins after 2000, are entitled, in addition to the rebate provided for in section 386, to compensation paid by the Minister before 30 June each year.”;

(2) by replacing “a year that begins after 2001” in subparagraph 3 of the second paragraph by “the years 2002 to 2014”;

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

“(4) in respect of a year that begins after 2014, the amount prescribed for the year 2015.”;

(4) by replacing “a year that begins after 2003” in subparagraph 2 of the third paragraph by “the years 2004 to 2014”;

(5) by adding the following subparagraph after subparagraph 2 of the third paragraph:

“(3) in respect of a year that begins after 2014, the amount prescribed for the year 2015.”

(2) Paragraph 1 of subsection 1 has effect from 1 January 2014.

(3) Paragraphs 2 to 5 of subsection 1 have effect from 1 January 2015.

**717.** (1) Section 394 of the Act is amended by replacing “section 386” by “this subdivision”.

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**718.** (1) Section 395 of the Act is amended by replacing “section 386” by “this subdivision”.

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**719.** (1) Section 396 of the Act is amended by replacing “section 386” in the portion before paragraph 1 by “this subdivision”.

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**720.** (1) Section 397 of the Act is amended by replacing “section 386” in the portion before paragraph 1 by “this subdivision”.

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**721.** (1) Section 397.1 of the Act is amended by replacing “sections 383 to 397.2” by “this subdivision”.

(2) Subsection 1 has effect from 1 January 2014.

**722.** (1) Section 397.2 of the Act is amended by replacing the portion of the first paragraph before the formula by the following:

“**397.2.** Despite sections 386, 386.1.1 and 386.2, where a person who is a hospital authority, a facility operator or an external supplier is required to determine, under paragraph 2 of section 386.2, for the person’s claim period, a particular amount that would be determined by the formula in section 386.1.1 if that section applied to the person, in respect of a specified supply of any property of the person made at any time for the claim period, and the value of C in subparagraph 3 of the second paragraph of that section was the extent to which the person intended, at that time, to consume, use or supply the property in the course of specified activities, the particular amount is to be determined by the formula”.

(2) Subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

**723.** (1) The Act is amended by inserting the following section after section 397.2:

“**397.2.1.** A municipality is not entitled to all or part of a rebate under this subdivision, or to an input tax refund, in respect of property, following a transaction, or a series of transactions pertaining to the property if

(1) the property is property in respect of which the municipality may claim a rebate under this subdivision after 31 December 2013;

(2) the property was held by the municipality before 1 January 2014; and

(3) it is reasonable to consider that one of the main reasons for the transaction or for the series of transactions was to allow the municipality to recover, directly or indirectly, all or part of the tax it paid before 1 January 2014.

For the purposes of this section, “transaction” includes an arrangement or event.”

(2) Subsection 1 applies in respect of a transaction carried out after 1 December 2013.

**724.** (1) Section 399.1 of the Act is amended by replacing the first paragraph by the following paragraph:

**“399.1.** The Gouvernement du Québec or any of its departments or prescribed mandataries is entitled, in the manner determined by the Minister, to a rebate of the tax it paid or is required to pay under this Title, if it applies to the Minister, in the manner determined by the Minister, on or before the day that is four years after the day on which the tax was paid.”

(2) Subsection 1 applies in respect of a tax that is paid or is required to be paid after 31 March 2013.

**725.** (1) Section 402.13 of the Act is amended by striking out the definitions of “participating employer”, “pension entity” and “pension plan” in the first paragraph.

(2) Subsection 1 has effect from 23 September 2009.

**726.** (1) Section 402.23 of the Act is amended

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

**“402.23.** Subject to section 402.24, if tax under any of sections 16, 17, 18 and 18.0.1 is payable by a listed financial institution described in paragraph 6 or 9 of the definition of “listed financial institution” in section 1, other than a selected listed financial institution, or by a selected listed financial institution that is a stratified investment plan with one or more provincial series, the financial institution is entitled to a rebate equal to the amount determined in the prescribed manner, provided the prescribed conditions are met.”;

(2) by striking out the second paragraph.

(2) Subsection 1 applies in respect of an amount of tax that became payable, or was paid without having become payable, after 31 December 2012.

**727.** (1) Section 402.25 of the Act is amended

(1) by striking out “of specified services” in the first paragraph;

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

“The amount of a rebate payable to the segregated fund of an insurer under section 402.23 may not be paid or credited by the insurer to or in favour of the fund in respect of a taxable supply made by the insurer to the fund unless”;

(3) by striking out subparagraph 1 of the third paragraph.

(2) Subsection 1 applies in respect of an amount of tax that became payable, or was paid without having become payable, after 31 December 2012.

**728.** (1) Section 404.3 of the Act is amended

(1) by replacing “357.5.2” in the first paragraph by “357.5.2.”;

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

“Despite the first paragraph, a selected listed financial institution that is a stratified investment plan with one or more provincial series is entitled to the rebate of an amount in accordance with section 402.23 to the extent that it is in relation to an amount of tax that became payable by the financial institution, or that was paid by the financial institution without having become payable, in respect of a supply that is acquired in whole or in part for consumption, use or supply in the course of activities relating to a provincial series of the financial institution.”

(2) Subsection 1 has effect from 1 January 2013.

**729.** Section 405 of the Act is repealed.

**730.** (1) The Act is amended by inserting the following before Chapter VIII of Title I:

### “DIVISION III

#### “MANAGER OF AN INVESTMENT PLAN

“**406.1.** For the purposes of this division, “investment plan” and “manager” have the meaning assigned by section 433.15.1.

“**406.2.** If an investment plan that is a selected listed financial institution and the manager of the investment plan have made a joint election referred to in the first or second paragraph of section 433.22 and that election is in effect in a particular reporting period of the manager for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the manager shall file a return with the Minister within the time the manager is required to file a return in accordance with section 238 of that Act for the particular reporting period, specifying the amount described in the second paragraph, if, throughout the particular reporting period, the manager

(1) is not registered under Division I of Chapter VIII and is not required to be; and

(2) is not a selected listed financial institution.

The amount referred to in the first paragraph is the negative amount that the investment plan could otherwise have deducted in determining its net tax under section 433.16 or 433.16.2 for a reporting period of the investment plan, if the manager has paid or credited the negative amount to the investment plan, or the positive amount that the investment plan would otherwise have been required

to include in determining its net tax under either of those sections for the investment plan's reporting period, if the negative or positive amount were determined on the basis of the following assumptions:

(1) the beginning of the investment plan's reporting period coincided with the later of the beginning of the manager's particular reporting period for the purposes of Part IX of the Excise Tax Act and the day in the manager's particular reporting period on which the election referred to in the first or second paragraph of section 433.22, as the case may be, between the investment plan and the manager becomes effective;

(2) the end of the investment plan's reporting period coincided with the earlier of the end of the manager's particular reporting period for the purposes of Part IX of the Excise Tax Act and the day in the manager's particular reporting period on which the election referred to in the first or second paragraph of section 433.22, as the case may be, between the investment plan and the manager ceases to have effect;

(3) subparagraphs 1 and 2 of the third paragraph of section 433.22 did not apply in respect of the investment plan's reporting period; and

(4) if, at any time in the investment plan's reporting period, no election referred to in the first or second paragraph of section 470.2, as the case may be, is in effect between the investment plan and the manager, an amount of tax that became payable by the investment plan at that time, or that was paid by the investment plan at that time without having become payable, is included in determining the negative or positive amount only if the amount of tax is attributable to a supply made by the manager to the investment plan.

**“406.3.** If the amount described in the second paragraph of section 406.2 in relation to a return provided for in that section is positive, the manager shall pay that amount to the Minister on or before the day on which the manager is required to file the return.

If the amount described in the second paragraph of section 406.2 in relation to a return provided for in that section is negative, the manager may apply to the Minister for a rebate of that amount on or before the day on which the manager is required to file the return.

The investment plan and the manager are solidarily liable for any amount owing under this section and for any interest or penalties in respect of such an amount.

**“406.4.** The return provided for in this division must be made in the prescribed form containing prescribed information and be filed with the Minister in the manner determined by the Minister.”

(2) Subsection 1 has effect from 1 January 2013. However, where section 406.2 of the Act applies in relation to a particular reporting period of



the manager for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) that includes 1 January 2013 but that began before that date, that section 406.2 is to be read as if subparagraph 1 of its second paragraph were replaced by the following subparagraph:

“(1) the beginning of the investment plan’s reporting period coincided with the latest of

(a) the beginning of the manager’s particular reporting period for the purposes of Part IX of the Excise Tax Act,

(b) the day in the manager’s particular reporting period for the purposes of Part IX of the Excise Tax Act on which the election referred to in the first or second paragraph of section 433.22, as the case may be, between the investment plan and the manager becomes effective, and

(c) 1 January 2013;”.

(3) However, where an investment plan’s manager has filed with the Minister a particular return before 21 October 2015, except where the particular return was filed in accordance with section 406.2 of the Act, enacted by subsection 1,

(1) section 406.2 of the Act is, in respect of that particular return relating to a particular reporting period of the investment plan and of any previous reporting period of the investment plan, to be read as follows:

**“406.2.** If an investment plan that is a selected listed financial institution and the manager of the investment plan have made a joint election referred to in the first or second paragraph of section 433.22, the manager shall file a return with the Minister in respect of a particular reporting period of the investment plan on the day on or before which the investment plan is required, or would be required in the absence of section 470.2, to file a return in accordance with section 470.1 for the particular reporting period, specifying the amount described in the second paragraph, if the manager

(1) is not registered under Division I of Chapter VIII and is not required to be; and

(2) is not a selected listed financial institution.

The amount referred to in the first paragraph is the negative amount that the investment plan could otherwise have deducted in determining its net tax under section 433.16 or 433.16.2 for the investment plan’s particular reporting period, if the manager has paid or credited the negative amount to the investment plan, or the positive amount that the investment plan would otherwise have been required to include in determining its net tax under either of those sections for the particular reporting period, if the negative or positive amount were determined on the basis of the following assumptions:

(1) the beginning of the investment plan's particular reporting period coincided with the day on which the election referred to in the first or second paragraph of section 433.22, as the case may be, between the investment plan and the manager becomes effective, if that day is later than the first day of the particular reporting period;

(2) the end of the investment plan's particular reporting period coincided with the day on which the election referred to in the first or second paragraph of section 433.22, as the case may be, between the investment plan and the manager ceases to have effect, if that day is earlier than the last day of the particular reporting period;

(3) subparagraphs 1 and 2 of the third paragraph of section 433.22 did not apply in respect of the particular reporting period; and

(4) if, at any time in the particular reporting period, no election referred to in the first or second paragraph of section 470.2, as the case may be, is in effect between the investment plan and the manager, an amount of tax that became payable by the investment plan at that time, or that was paid by the investment plan at that time without having become payable, is included in determining the negative or positive amount only if the amount of tax is attributable to a supply made by the manager to the investment plan.”;

(2) section 406.2 of the Act, enacted by subsection 1, applies only in respect of a return relating to a particular reporting period of the manager for the purposes of Part IX of the Excise Tax Act that begins after the end of the investment plan's last reporting period in respect of which a return is required to be filed in accordance with section 406.2 of the Act respecting the Québec sales tax, enacted by paragraph 1; and

(3) in respect of the first return required to be filed by the manager under paragraph 2, the amount determined under the second paragraph of section 406.2 of the Act, enacted by subsection 1, is deemed to be the positive or negative amount obtained by the formula

$A + B$ .

(4) For the purposes of the formula in paragraph 3 of subsection 3,

(1) A is the particular amount that is determined under the second paragraph of section 406.2 of the Act, enacted by subsection 1; and

(2) B is the portion of the particular amount that would be determined under the second paragraph of section 406.2 of the Act, enacted by subsection 1, in respect of the manager's particular reporting period for the purposes of Part IX of the Excise Tax Act that includes the last day of the investment plan's last reporting period in respect of which a return is required to be filed under section 406.2 of the Act respecting the Québec sales tax, enacted by paragraph 1 of subsection 3, if section 406.2 of the Act, enacted by subsection 1, applied in respect of the manager's particular reporting period, and that may reasonably

be considered not to have been taken into account in computing the amount determined under the second paragraph of section 406.2 of the Act, enacted by paragraph 1 of subsection 3, in respect of the investment plan's last reporting period.

(5) A return that would otherwise be required to be filed before 21 November 2015 under section 406.2 of the Act, enacted by subsection 1, is deemed to have been filed with the Minister within the time referred to in the first paragraph of that section 406.2 if it is filed with the Minister on or before 21 November 2015.

(6) A positive amount that would be payable to the Minister before 21 November 2015 under section 406.3 of the Act and the rebate of a negative amount that may be applied for to the Minister before that date under that section 406.3, where that amount is determined in accordance with section 406.2 of the Act, enacted by subsection 1, is deemed to have been paid or applied for, as the case may be, to the Minister within the time referred to in the first paragraph of that section 406.2 if it is paid or applied for, as the case may be, on or before 21 November 2015.

(7) A return filed before 21 October 2015 under section 406.2 of the Act, enacted by paragraph 1 of subsection 3, is deemed to have been filed with the Minister within the time referred to in the first paragraph of that section 406.2.

(8) A positive amount that would be payable to the Minister before 21 October 2015 under section 406.3 of the Act and the rebate of a negative amount that may be applied for to the Minister before that date under that section 406.3, where that amount is determined in accordance with section 406.2 of the Act, enacted by paragraph 1 of subsection 3, is deemed to have been paid or applied for, as the case may be, to the Minister within the time referred to in the first paragraph of that section 406.2 if it is paid or applied for, as the case may be, on or before 21 October 2015.

**731.** (1) Section 407.6 of the Act is replaced by the following section:

**“407.6.** Despite section 407, a selected listed financial institution is required to be registered if

(1) the financial institution is a registrant under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(2) the financial institution has made an election under the first paragraph of section 433.22 or 470.2 that comes into effect on a particular day and no election under the first paragraph of section 470.5 is in effect on the particular day; or

(3) the financial institution revokes an election made under the first paragraph of section 470.5, or withdraws from such an election, as of a particular day, in

accordance with section 470.6 or 470.7 and an election under the first paragraph of section 433.22 or 470.2 is in effect on the particular day.”

(2) Subsection 1 has effect from 1 January 2013.

**732.** (1) The Act is amended by inserting the following section after section 407.6:

“**407.6.1.** The following rules apply in respect of a group described in the second paragraph:

(1) the group is required to be registered;

(2) each member of the group is deemed to be a registrant; and

(3) despite sections 407 to 407.6, no member of the group is required to be separately registered.

For the purposes of the first paragraph, a group is made up of the selected listed financial institutions that have, jointly with their manager, made an election referred to in the first or third paragraph of section 470.5.

Where a selected listed financial institution becomes, on a particular day, a member of an existing group that is registered or required to be registered, the following rules apply:

(1) the financial institution is deemed to be a registrant as of the particular day; and

(2) despite sections 407 to 407.6, the financial institution is not required to be separately registered as of the particular day.

In this division, “manager” has the meaning assigned by section 433.15.1.”

(2) Subsection 1 has effect from 1 January 2013.

**733.** (1) Section 410.1 of the Act is amended

(1) by replacing “407.5” in the portion before paragraph 1 by “407.6”;

(2) by inserting the following paragraph after paragraph 1.4:

“(1.5) in the case of a selected listed financial institution required under paragraph 2 or 3 of section 407.6 to be registered, the thirtieth day following the particular day referred to in that paragraph; and”;

(3) by adding the following paragraphs:

“The manager of a group referred to in section 407.6.1 as a consequence of an election under the first paragraph of section 470.5 shall file an application with the Minister for registration of the group before the thirtieth day following the day on which that election becomes effective.

If a selected listed financial institution becomes, on a particular day, a member of a group referred to in section 407.6.1 as a consequence of an election under the first paragraph of section 470.5, the following rules apply:

(1) if the group is registered, the financial institution or the manager of the group shall file an application with the Minister to add the financial institution to the registration of the group before the thirtieth day following the particular day; and

(2) if the group is required to be registered, the application for registration filed under the second paragraph must list the financial institution as a member of the group.

The manager of a group referred to in section 407.6.1 as a consequence of an election referred to in the third paragraph of section 470.5 is deemed to have filed with the Minister an application for registration of the group on the later of the first day of a fiscal year in which the group becomes referred to in section 407.6.1 and the day on which the election becomes effective.

In the case of an existing group referred to in section 407.6.1 as a consequence of an election referred to in the third paragraph of section 470.5, the selected listed financial institution that becomes a member of the group is deemed to have filed with the Minister an application to be added to the registration of the group on the later of the first day of its fiscal year in which it became a selected listed financial institution and the day on which it became a member of an existing group for the purposes of subsection 1.4 of section 240 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).”

(2) Subsection 1 has effect from 1 January 2013.

**734.** (1) Section 411 of the Act is amended

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

“**411.** A person who is not required under sections 407 to 407.6 and 409 to 410 to be registered, and who is not required to be included in, or added to, the registration of a group under section 407.6.1, may file an application for registration with the Minister if the person”;

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

“Despite the first paragraph, no person who is a small supplier or a listed financial institution resident in Canada, other than the following persons, may file 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):”.

(2) Subsection 1 has effect from 1 January 2013.

**735.** (1) Section 412 of the Act is replaced by the following section:

“**412.** An application for registration, or an application to be added to the registration of a group, is to be made in the prescribed form containing prescribed information and is to be filed with and as prescribed by the Minister.”

(2) Subsection 1 has effect from 1 January 2013.

**736.** (1) The Act is amended by inserting the following sections after section 415.0.1:

“**415.0.2.** If a person applies to the Minister, the Minister may register a group of selected listed financial institutions referred to in section 407.6.1, in which case the following rules apply:

(1) the Minister shall assign a registration number to the group and notify in writing the manager of the group and each financial institution listed on the application of the registration number and the effective date of the registration of the group;

(2) the registration of any financial institution that is a member of the group and that is a registrant under this division on the day preceding the effective date of registration of the group is cancelled as of the effective date; and

(3) as of the effective date of registration of the group, each financial institution that is a member of the group is deemed, other than for the purposes of sections 416 to 418, to be a registrant under this division and to have a registration number that is the registration number of the group.

“**415.0.3.** If an application is filed with the Minister under subparagraph 1 of the third paragraph of section 410.1, the Minister may add a selected listed financial institution to the registration of a group, in which case the following rules apply:

(1) the Minister shall notify in writing the manager of the group and the financial institution of the effective date of the addition to the registration;

(2) where the financial institution is registered under this division on the day preceding the effective date of the addition to the registration of the group, the registration of the financial institution is cancelled as of the effective date; and

(3) as of the effective date of the addition to the registration of the group, the financial institution is deemed, other than for the purposes of sections 416 to 418, to be a registrant under this division and to have a registration number that is the registration number of the group.”

(2) Subsection 1 has effect from 1 January 2013.

**737.** (1) The Act is amended by inserting the following sections after section 416.1:

“**416.2.** The Minister may cancel the registration of a group registered under section 415.0.2, after giving reasonable written notice to each financial institution that is a member of the group and to the manager of the group, if the Minister is satisfied that the registration is not required for the purposes of this Title.

“**416.3.** The Minister shall cancel the registration of a group in respect of which an election referred to in the first or third paragraph of section 470.5 has been made, in the following circumstances:

(1) where the election is referred to in the first paragraph of section 470.5, the election ceases to have effect as of a particular day in accordance with subparagraph 1 of the fourth paragraph of section 470.6, if no election is deemed to be made and become effective on the particular day in accordance with subparagraph 2 of that fourth paragraph;

(2) where the election is referred to in the third paragraph of section 470.5, the election ceases to have effect as of a particular day in accordance with paragraph *a* of subsection 10 of section 54 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), if no election is deemed to be made and become effective on the particular day in accordance with paragraph *b* of subsection 10 of section 54 of those Regulations or if such an election is deemed to be made and become effective on the particular day and only one of the investment plans being deemed to have made the election is a selected listed financial institution;

(3) the election ceases to have effect as of a particular day in accordance with subparagraph 3 of the fifth paragraph of section 470.5 or with paragraph *a* of subsection 11 of section 54 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations; and

(4) the election ceases to have effect as of a particular day in accordance with the second paragraph of section 470.7 or with paragraph *b* of subsection 13 of section 54 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations.

“**416.4.** The Minister may remove a particular person that is a member of a group registered under section 407.6.1, after giving reasonable written

notice to the manager of the group and to the particular person, if the Minister is satisfied that the particular person is not required to be included in the registration of the group.

The Minister shall remove a person from the registration of a group where

(1) the person chooses to withdraw from the group, in accordance with the first paragraph of section 470.6;

(2) the person is deemed to withdraw from the group, in accordance with the second paragraph of section 470.6; or

(3) the Minister of National Revenue withdraws that person from the registration of a group in accordance with subsection 1.3 or 1.4 of section 242 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).”

(2) Subsection 1 has effect from 1 January 2013.

**738.** (1) Section 417.0.1 of the Act is amended by adding the following paragraph after the third paragraph:

“Despite sections 294 and 295, the person to whom the first paragraph applies who makes a taxable supply described in subparagraph *c* of paragraph 1 of section 294 or 295 is deemed to be a small supplier at either of the following times if, at that time, the person is not a registrant for the purposes of Part IX of the Excise Tax Act:

(1) the time the person makes the taxable supply; or

(2) the time all or part of the consideration for the taxable supply becomes due or is paid without having become due.”

(2) Subsection 1 has effect from 1 January 2013.

**739.** (1) Section 418 of the Act is amended

(1) by replacing “effective date thereof” by “its effective date”;

(2) by adding the following paragraphs:

“Where the Minister cancels the registration of a group in accordance with section 416.2 or 416.3, the following rules apply:

(1) the Minister shall notify in writing each member of the group and the manager of the group of the cancellation and specify the effective date of the cancellation; and

(2) as of the effective date of the cancellation, each member of the group is deemed not to be a registrant under this division.



Where the Minister removes a particular person from the registration of a group in accordance with section 416.4, the following rules apply:

(1) the Minister shall notify in writing the particular person and the manager of the group of the effective date of the removal; and

(2) as of the effective date of the removal, the particular person is deemed not to be a registrant under this division.”

(2) Subsection 1 has effect from 1 January 2013.

**740.** Section 422 of the Act is amended by replacing subparagraph 2 of the second paragraph by the following subparagraph:

“(2) the person is a small supplier who is not a registrant and who in the course of a commercial activity makes a supply of a road vehicle that must be registered under the Highway Safety Code (chapter C-24.2) following an application by the recipient of the supply; or”.

**741.** Section 427.2 of the Act is replaced by the following section:

“**427.2.** For the purposes of this division, “inventory” of a person means corporeal movable property of the person acquired in Québec or brought into Québec by the person for supply by way of sale in the ordinary course of a business carried on by the person in Québec.”

**742.** (1) The Act is amended by inserting the following heading before section 428:

“I. — General rules”.

(2) Subsection 1 has effect from 1 January 2013.

**743.** Section 431 of the Act is amended by striking out the second paragraph.

**744.** (1) The Act is amended by inserting the following heading before section 433.1:

“II. — Charities”.

(2) Subsection 1 has effect from 1 January 2013.

**745.** (1) Section 433.8 of the Act is amended by striking out “other than supplies of financial services,”.

(2) Subsection 1 applies in respect of a reporting period that begins after 31 December 2012.

**746.** Section 433.14 of the Act is repealed.

**747.** Section 433.15 of the Act is amended by replacing “433.14” by “433.13”.

**748.** (1) The Act is amended by inserting the following after section 433.15:

“III. — Selected listed financial institutions

“1. — *Definitions and general rules*

“**433.15.1.** For the purposes of this subdivision III and any regulations made under this subdivision III,

“exchange-traded fund” means a distributed investment plan, every unit of which is listed or traded on a stock exchange or other public market;

“individual” includes a succession;

“investment plan” means a person described in paragraph 6 or 9 of the definition of “listed financial institution” in section 1, other than a trust governed by a registered education savings plan, a registered retirement income fund or a registered retirement savings plan;

“investor percentage” applicable to a person as regards Québec on a particular day corresponds to the investor percentage applicable to the person that would be determined in accordance with section 28 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) as regards Québec on that day if Québec were a participating province within the meaning of subsection 1 of section 123 of the Excise Tax Act;

“manager” of an investment plan means, in the case of a pension entity of a pension plan, the administrator, within the meaning of subsection 1 of section 147.1 of the Income Tax Act (Revised Statutes of Canada, 1985, chapter 1, 5th Supplement), and, in any other case, the person that has ultimate responsibility for the management and administration of the assets and liabilities of the investment plan;

“permanent establishment” of a person means

(1) any permanent establishment that the person is deemed to have under section 433.15.3;

(2) in the case of an individual, trust or corporation, other than an investment plan, any establishment of the person within the meaning of any of sections 12 to 16.0.1 of the Taxation Act (chapter I-3);

(3) in the case of a partnership every member of which is either an individual or a trust, any establishment that would be an establishment of the partnership

under any of sections 12, 13 and 15 of the Taxation Act if the partnership were an individual; and

(4) in the case of a partnership to which paragraph 3 does not apply, any establishment that would be an establishment of the partnership under any of sections 12 to 16.0.1 of the Taxation Act if the partnership were a corporation;

“province” means, as the case may be, Québec, another province of Canada, the Northwest Territories, the Yukon Territory or Nunavut;

“provincial investment plan” as regards a particular province for a fiscal year that ends in a taxation year means a financial institution that is a non-stratified investment plan and in respect of which the following conditions are met throughout the fiscal year:

(1) under the laws of Canada or a province, units of the financial institution are permitted to be sold or distributed in the particular province but are not permitted to be sold or distributed in any other province;

(2) under the terms of the prospectus, registration statement or other similar document for the financial institution, or under the laws of Canada or a province, the conditions for a person owning or acquiring units of the financial institution include that the person be resident in the particular province when the units are acquired and that the units are required to be sold, transferred or redeemed within a reasonable time if the person ceases to be resident in the particular province; and

(3) the percentage referred to in paragraph *c* of section 11 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations, in respect of the financial institution as regards the particular province for the taxation year in which the preceding fiscal year ends, is 90% or more;

“provincial series” as regards a particular province for a fiscal year of a stratified investment plan means a series of the stratified investment plan in respect of which the following conditions are met throughout the fiscal year:

(1) under the laws of Canada or a province, units of the series are permitted to be sold or distributed in the particular province but are not permitted to be sold or distributed in any other province;

(2) under the terms of the prospectus, registration statement or other similar document for the series, or under the laws of Canada or a province, the conditions for a person owning or acquiring units of the series include that the person be resident in the particular province when the units are acquired and that the units are required to be sold, transferred or redeemed within a reasonable time if the person ceases to be resident in the particular province; and

(3) the percentage referred to in paragraph *c* of the definition of “provincial series” in subsection 1 of section 1 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations, in respect of the stratified

investment plan as regards the series and the particular province for the taxation year in which the preceding fiscal year ends, is 90% or more;

“qualifying small investment plan” for a particular fiscal year means an investment plan (other than a distributed investment plan) that meets either of the following conditions:

(1) if, in the absence of section 433.15.13, the particular fiscal year would be the first fiscal year of the investment plan, the amount determined by the following formula for each reporting period of the investment plan included in the particular fiscal year does not exceed \$10,000:

$A \times (365/B)$ ; and

(2) in any other case, the amount determined by the following formula does not exceed \$10,000:

$C \times (365/D)$ ;

“selected listed financial institution” throughout a reporting period in a fiscal year that ends in a taxation year means, subject to section 433.15.2, a financial institution that is described in any of paragraphs 1 to 10 of the definition of “listed financial institution” in section 1 in the taxation year and that

(1) has, in the taxation year, a permanent establishment in Québec and a permanent establishment in another province; or

(2) is a qualifying partnership, within the meaning of section 433.15.4, in the taxation year;

“specified investor” has the meaning assigned by section 433.25.

For the purposes of the first paragraph, “registered education savings plan”, “registered retirement income fund” and “registered retirement savings plan” have the meaning assigned by section 1 of the Taxation Act.

For the purposes of the formulas in paragraphs 1 and 2 of the definition of “qualifying small investment plan” in the first paragraph,

(1) A is the amount determined in accordance with subsection 1 of section 7 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations for the reporting period or the amount that would be so determined if Québec were a participating province within the meaning of subsection 1 of section 123 of the Excise Tax Act;

(2) B is the number of days in the reporting period;

(3) C is the aggregate of all amounts each of which is an amount determined in accordance with subsection 1 of section 7 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations for a reporting period

of the investment plan included in the fiscal year of the investment plan that precedes the particular fiscal year or an amount that would be so determined if Québec were a participating province within the meaning of subsection 1 of section 123 of the Excise Tax Act; and

(4) D is the number of days in the fiscal year that precedes the particular fiscal year.

**“433.15.2.** A financial institution is not a selected listed financial institution throughout a reporting period in a particular fiscal year that ends in a particular taxation year where

(1) the financial institution is a qualifying small investment plan for the particular fiscal year, no election under section 433.15.5 or under subsection 1 of section 14 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) is in effect throughout the reporting period and

(a) the financial institution was a qualifying small investment plan for the financial institution’s fiscal year that precedes the particular fiscal year without being a selected listed financial institution throughout that preceding fiscal year,

(b) the financial institution was a selected listed financial institution throughout the financial institution’s three fiscal years that precede the particular fiscal year, or

(c) the particular fiscal year is the financial institution’s first fiscal year;

(2) the financial institution is referred to in the third paragraph of section 433.15.7 or in subsection 6 of section 14 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations throughout the reporting period;

(3) the financial institution is a provincial investment plan for the particular fiscal year;

(4) the financial institution is a stratified investment plan each series of which is a provincial series for the particular fiscal year;

(5) the financial institution is a private investment plan or a pension entity of a pension plan, if

(a) throughout the taxation year that precedes the particular taxation year, less than 10% of the total number of plan members of the financial institution are resident in Québec, and

(b) throughout the fiscal year that precedes the particular fiscal year, any of the following amounts is less than \$100,000,000:

i. in the case of a pension entity of a pension plan, part of which is a defined contribution pension plan and the remaining part of which is a defined benefits pension plan, the aggregate of the total value of the assets of the defined contribution pension plan that are reasonably attributable to the plan members of the financial institution resident in Québec and the total value of the actuarial liabilities of the defined benefits pension plan that are reasonably attributable to the plan members of the financial institution resident in Québec,

ii. in the case of a pension entity of a defined benefits pension plan, other than a pension entity referred to in subparagraph i, the amount that is the total value of the actuarial liabilities that are reasonably attributable to the plan members of the financial institution resident in Québec, and

iii. in any other case, the amount that is the total value of the assets of the private investment plan or pension plan that are reasonably attributable to the plan members of the financial institution resident in Québec; or

(6) the financial institution is a qualifying small investment plan for the particular fiscal year in respect of which the Minister has approved an application for the particular fiscal year filed under section 433.15.8 or the Minister of National Revenue has approved an application for the particular fiscal year filed under section 15 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations.

For the purposes of this section,

“defined benefits pension plan” means the part of a pension plan that is in respect of benefits under the plan that are determined in accordance with a formula set forth in the plan and under which the employer contributions are not determined in accordance with a formula set forth in the plan;

“defined contribution pension plan” means the part of a pension plan that is not a defined benefits pension plan.

**“433.15.3.** For the purposes of paragraph 1 of the definition of “selected listed financial institution” in the first paragraph of section 433.15.1, the following rules apply:

(1) if a financial institution is a bank and if, at any time in a taxation year of the financial institution, the financial institution maintains a deposit or other similar account that is in the name of a person resident in a particular province or, at any time in that year, a loan that was made by the financial institution is outstanding and is secured by land situated in a particular province or, if not secured by land, is owing by a person resident in a particular province, the following rules apply:

(a) the financial institution is deemed to have a permanent establishment in the particular province throughout the taxation year, and

(b) an outstanding loan secured by land situated in the particular province and an outstanding loan, not secured by land, owing by a person resident in the particular province, where the loan is made by the financial institution, and a deposit or other similar account in the name of a person resident in the particular province that the financial institution maintains is deemed to be a loan or a deposit, as the case may be, of the permanent establishment referred to in subparagraph *a* and not of any other permanent establishment of the financial institution;

(2) if a financial institution is an insurer that, at any time in a taxation year of the financial institution, is insuring a risk in respect of property ordinarily situated in a particular province or in respect of a person resident in a particular province, the financial institution is deemed to have a permanent establishment in the particular province throughout the taxation year;

(3) if a financial institution is a trust and loan corporation, a trust corporation or a loan corporation and if, at any time in a taxation year of the financial institution, the financial institution conducts business (other than business in respect of loans) in a particular province or, at any time in that year, a loan that was made by the financial institution is outstanding and is secured by land situated in a particular province or, if not secured by land, is owing by a person resident in a particular province, the financial institution is deemed to have a permanent establishment in the particular province throughout the taxation year;

(4) if a financial institution is a segregated fund of an insurer, the financial institution is deemed to have a permanent establishment in a particular province throughout a taxation year of the financial institution if, at any time in the taxation year, the insurer is qualified, under the laws of Canada or a province, to sell units of the financial institution in the particular province, or a person resident in the particular province holds one or more units of the financial institution;

(5) if a financial institution is a distributed investment plan (other than a segregated fund of an insurer), the financial institution is deemed to have a permanent establishment in a particular province throughout a taxation year of the financial institution if, at any time in the taxation year, the financial institution is qualified, under the laws of Canada or a province, to sell or distribute units of the financial institution in the particular province, or a person resident in the particular province holds one or more units of the financial institution; and

(6) if a financial institution is a private investment plan or an investment plan that is a pension entity of a pension plan and, at any time in a taxation year of the financial institution, a plan member of the financial institution is resident in a particular province, the financial institution is deemed to have a permanent establishment in the particular province throughout the taxation year.

For the purposes of the first paragraph, and despite sections 11 to 11.1.1, a person resident in Canada is considered to be resident in the province

(1) if the person is an individual, where the person's principal mailing address in Canada is located;

(2) if the person is a corporation or a partnership, where the person's principal business in Canada is located;

(3) if the person is a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan or a tax-free savings account, within the meaning assigned to those expressions by section 1 of the Taxation Act (chapter I-3), where the principal mailing address in Canada of the annuitant of the registered retirement savings plan or registered retirement income fund, of the subscriber of the registered education savings plan or of the holder of the registered disability savings plan or tax-free savings account is located;

(4) if the person is a trust, other than a trust described in subparagraph 3, where the trustee's principal business in Canada is located or, if the trustee is not carrying on a business, where the trustee's principal mailing address in Canada is located; and

(5) in any other case, where the person's principal business in Canada is located or, if the person is not carrying on a business, where the person's principal mailing address in Canada is located.

A financial institution has a permanent establishment in a particular province throughout a taxation year of the financial institution if the financial institution has a permanent establishment in the particular province at any time in the taxation year.

**“433.15.4.** For the purposes of paragraph 2 of the definition of “selected listed financial institution” in the first paragraph of section 433.15.1, a qualifying partnership during a taxation year of the qualifying partnership means a partnership in respect of which the following conditions are met at any time in the taxation year:

(1) a member of the partnership has, at any time in the taxation year of the member in which the taxation year of the partnership ends, a permanent establishment in Québec through which a business of the partnership is carried on or a permanent establishment that is deemed under section 433.15.3 to be in Québec; and

(2) a member referred to in paragraph 1 or another member of the partnership has, at any time in the member's or the other member's taxation year in which the taxation year of the partnership ends, a permanent establishment in a province other than Québec through which a business of the partnership is carried on or a permanent establishment that is deemed under section 433.15.3 to be in such a province.



**“433.15.5.** If an investment plan is, or reasonably expects to be, a qualifying small investment plan for a fiscal year that ends in the taxation year of the investment plan, if the conditions of subparagraph 5 of the first paragraph of section 433.15.2 are not met in respect of a reporting period in the fiscal year, if no application filed by the investment plan under section 433.15.8 in respect of the fiscal year has been approved by the Minister and if the investment plan does not, in the taxation year, meet the condition of paragraph *a* of section 9 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the investment plan may make an election to be a selected listed financial institution.

An election under the first paragraph is to

- (1) be made in the prescribed form containing prescribed information;
- (2) set out the first fiscal year of the investment plan during which the election is to be in effect; and
- (3) be filed with the Minister, in the manner determined by the Minister, on or before the first day of the fiscal year referred to in subparagraph 2 or any later day determined by the Minister.

**“433.15.6.** An election made under section 433.15.5 by a person becomes effective on the first day of the fiscal year for which it is made and ceases to have effect on the earliest of

- (1) the first day of a fiscal year that ends in the first taxation year of the person for which the person does not meet the condition of paragraph 1 of the definition of “selected listed financial institution” in the first paragraph of section 433.15.1;
- (2) the first day of the fiscal year of the person in which the person ceases to be an investment plan;
- (3) the first day of a fiscal year that ends in the taxation year of the person for which the person meets the condition of paragraph *a* of section 9 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15); and
- (4) the day on which a revocation of the election, in accordance with section 433.15.7, becomes effective.

**“433.15.7.** An investment plan that has made an election under section 433.15.5 may revoke the election and the revocation becomes effective on the first day of a particular fiscal year of the investment plan that begins at least three years after the election became effective, or, if authorized by the Minister, on the first day of any preceding fiscal year of the investment plan.

An investment plan that intends to revoke an election under the first paragraph shall file with the Minister, in the manner determined by the Minister, a notice of revocation in the prescribed form containing prescribed information, on or before the first day of the particular fiscal year or of the preceding fiscal year, as the case may be, or any later day determined by the Minister.

If, under the first paragraph, the Minister allows an investment plan to revoke an election made under section 433.15.5 on the first day of a particular fiscal year that begins less than three years after the election became effective and the investment plan is a qualifying small investment plan for the particular fiscal year, the investment plan is not a selected listed financial institution throughout a reporting period in the particular fiscal year.

**“433.15.8.** An investment plan that does not meet the condition of paragraph *a* of section 9 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) during the taxation year of the investment plan in which a particular fiscal year ends may file an application with the Minister, in the manner determined by the Minister, in the prescribed form containing prescribed information, on or before the 90th day before the first day of the particular fiscal year, or any later day determined by the Minister, to have the investment plan not be a selected listed financial institution throughout a reporting period included in the particular fiscal year or the following fiscal year.

Within 90 days of receiving the application of an investment plan in respect of a particular fiscal year of the investment plan and the following fiscal year, the Minister shall consider the application, approve or refuse it, according to whether it is reasonable, based on the information in the possession of the Minister, to expect that the investment plan will be a qualifying small investment plan for those two fiscal years, and shall, within that time limit, notify the investment plan of the decision in writing.

An application filed under the first paragraph that is approved by the Minister for a particular fiscal year of an investment plan and for the following fiscal year of the investment plan is deemed not to have been approved for the following fiscal year if the investment plan meets, for the following fiscal year, the condition of paragraph *a* of section 9 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations.

*“2. — Special application rules*

**“433.15.9.** Where a particular provision of this subdivision III, or of the regulations made under it, refers, in respect of a financial institution that is a selected listed financial institution throughout a reporting period in a fiscal year and that is also a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) throughout the reporting period, to the value of an element in a formula in the Excise Tax Act or a regulation made under that Act, or to the value such an

element would have, in respect of the financial institution as regards Québec, if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act, that value is to be determined with reference to any election, authorization or agreement that is in effect for the reporting period for the purposes of the Excise Tax Act or a regulation made under that Act.

**“433.15.10.** Where a provision of this subdivision III, or of the regulations made under it, refers, in respect of an investment plan, to the percentage applicable to the investment plan that would be determined as regards Québec under subsection 2 of section 225.2 of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or Parts 2 and 5 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under that Act if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act, or to a value that requires that that percentage be determined, the following rules apply:

(1) where the investment plan is a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout a reporting period in a particular fiscal year, Québec is deemed not to be the participating province having the highest tax rate on the first day of the particular fiscal year; and

(2) where the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout a reporting period in a particular fiscal year, Québec is deemed to be the participating province having the highest tax rate on the first day of the particular fiscal year.

**“433.15.11.** For the purposes of this subdivision III and the regulations made under it, if a financial institution that is a selected listed financial institution throughout a particular reporting period in a fiscal year is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) throughout the particular period and one or more parts of the business of the financial institution for the particular period consist of operations normally conducted by any of the types of financial institutions described in any of sections 24 to 26 and 29 to 38 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under that Act, the financial institution and the Minister may agree that the percentage applicable to the financial institution as regards Québec for the particular period that would be determined under subsection 2 of section 225.2 of that Act, or Parts 2 and 5 of those Regulations, if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act, be determined as provided for in section 39 of those Regulations.

The first paragraph does not apply in respect of a financial institution described in any of sections 24 to 26 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations.

**“433.15.12.** For the purposes of this subdivision III and the regulations made under it, if a particular fiscal year would be, in the absence of this section, the first fiscal year of an investment plan, the following rules apply:

(1) the investment plan is deemed to have both another fiscal year that immediately precedes the particular fiscal year, and another taxation year that immediately precedes the taxation year in which the particular fiscal year ends; and

(2) the other fiscal year referred to in paragraph 1 is deemed to end in the other taxation year referred to in that paragraph.

**“433.15.13.** For the purposes of this subdivision III and the regulations made under it, if an investment plan results from a plan merger, within the meaning of subsection 1 of section 16 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), and it is a selected listed financial institution immediately after the merger, the fiscal year of the investment plan that precedes the fiscal year that includes the day on which the merger occurs and the fiscal year that includes that day are each deemed to end in a different taxation year of the investment plan and both of those taxation years are deemed to follow each other in the same order as the corresponding fiscal years.”

(2) Subsection 1 has effect from 1 January 2013. However,

(1) in determining if a financial institution is a selected listed financial institution throughout a reporting period in a fiscal year that ends in a taxation year of the financial institution that begins before 8 May 2013, the definition of “permanent establishment” in the first paragraph of section 433.15.1 of the Act is to be read

(a) as if “other than an investment plan,” in paragraph 2 were struck out; and

(b) without reference to paragraph 3;

(2) in determining if a financial institution is a qualifying small investment plan throughout a particular fiscal year that begins before 8 May 2013, subsection 1 of section 7 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), to which subparagraphs 1 and 3 of the third paragraph of section 433.15.1 of the Act respecting the Québec sales tax refer, is to be read without reference to paragraph *c* of the description of A in the formula and paragraphs *b* and *c* of the description of B in the formula, where the financial institution does not meet the condition of paragraph *a* of section 9 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations during its taxation year in which the particular fiscal year ends, and it elects to have section 7 of those Regulations read as if an election had been made under paragraph *c* of section 20 of the Regulations Amending Various GST/HST Regulations, No. 4 (SOR/2013-71);

(3) subparagraph *a* of subparagraph 5 of the first paragraph of section 433.15.2 of the Act is to be read, for a reporting period that begins before 8 May 2013 and is included in a particular fiscal year, as if “taxation year that precedes the particular taxation year” were replaced by “particular taxation year”, where

(a) the financial institution made an election under paragraph *d* of section 20 of the Regulations Amending Various GST/HST Regulations, No. 4; or

(b) if the financial institution does not meet the condition of paragraph *a* of section 9 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations during its taxation year in which the particular fiscal year ends, it elects to have this paragraph 3 apply; and

(4) when the first paragraph of section 433.15.5 of the Act applies before 8 May 2013, it is to be read as if “if the conditions of subparagraph 5 of the first paragraph of section 433.15.2 are not met in respect of a reporting period in the fiscal year,” were struck out.

**749.** (1) The Act is amended by inserting the following heading before section 433.16:

“3. — *Special attribution method*”.

(2) Subsection 1 has effect from 1 January 2013.

**750.** (1) Section 433.16 of the Act is amended

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

“**433.16.** In determining the net tax for a particular reporting period in a fiscal year that ends in a taxation year of a selected listed financial institution of a prescribed class that is neither a non-stratified investment plan referred to in the fifth paragraph of section 433.16.2 nor a stratified investment plan, the financial institution shall add the positive amount or deduct the negative amount determined by the formula”;

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

“(3) C is

(a) where the financial institution is an investment plan and no election under section 433.19.4 or under section 50 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act is in effect throughout the fiscal year, the percentage corresponding to the value C would have in the formula in subsection 2 of section 225.2 of the Excise Tax Act, determined for the preceding taxation year, for the financial

institution as regards Québec, if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act, and

(b) in any other case, the percentage corresponding to the value C would have in the formula in subsection 2 of section 225.2 of the Excise Tax Act, determined for the taxation year, for the financial institution as regards Québec, if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act;”;

(3) by replacing subparagraphs *a* and *b* of subparagraph 6 of the second paragraph by the following subparagraphs:

“(a) the aggregate of all amounts each of which is the tax (other than a prescribed amount of tax) under the first paragraph of section 16 in respect of supplies made to the financial institution, or under the first paragraph of section 17 in respect of corporeal property brought into Québec from outside Canada by the financial institution, that

i. became payable, or was paid without having become payable, by the financial institution during the particular reporting period or any of the reporting periods described in the fourth paragraph,

ii. was not included in determining the positive or negative amounts that the financial institution is required to add, or may deduct, under this section or section 433.16.2 in determining its net tax for any reporting period other than the particular reporting period, and

iii. is claimed by the financial institution in a return under Division IV filed by the financial institution for the particular reporting period, and”;

“(b) where the financial institution and another person have made an election under subsection 4 of section 225.2 of the Excise Tax Act, or under section 433.17, in respect of a supply made during the particular reporting period of property or a service, the aggregate of all amounts each of which is an amount equal to the tax payable by the other person under the first paragraph of section 16, the first paragraph of section 17, or section 18 or 18.0.1 that is included in the cost to the other person of supplying the property or service to the financial institution; and”;

(4) by adding the following paragraphs after the second paragraph:

“A selected listed financial institution that is a non-stratified investment plan throughout a particular reporting period in a particular fiscal year may elect in the prescribed form containing prescribed information that the value of A, described in subparagraph 1 of the second paragraph, be determined for the particular reporting period as if an election under section 60 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations were in effect, if

(1) the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout the particular reporting period;

(2) units of the investment plan are issued, distributed or offered for sale in the particular fiscal year and immediately before the issuance, distribution or offering for sale no units of the investment plan are issued and outstanding; and

(3) no election under section 433.19.1 or 433.19.10 is in effect in respect of the investment plan and the particular fiscal year.

A reporting period to which subparagraph *i* of subparagraph *a* of subparagraph 6 of the second paragraph applies, in relation to a particular reporting period, is any reporting period that precedes the particular reporting period, provided that the particular reporting period ends within two years after the end of the financial institution's fiscal year that includes the preceding reporting period and the financial institution was a selected listed financial institution throughout the preceding reporting period."

(2) Subsection 1 applies in respect of a reporting period that ends after 31 December 2012.

(3) However, for the purposes of subparagraph *b* of subparagraph 3 of the second paragraph of section 433.16 of the Act in relation to a reporting period that begins before 8 May 2013, a financial institution that is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) throughout the reporting period may elect that the value C would have in the formula in subsection 2 of section 225.2 of the Excise Tax Act be determined as if an election had been made under paragraph *g* of section 20 of the Regulations Amending Various GST/HST Regulations, No. 4 (SOR/2013-71).

**751.** (1) The Act is amended by inserting the following sections after section 433.16:

**“433.16.1.** A selected listed financial institution that is a non-stratified investment plan throughout a particular reporting period in a particular fiscal year may elect in the prescribed form containing prescribed information that the value of C in the formula in the first paragraph of section 433.16 be determined as if an election under subclause I of clause B of subparagraph *ii* of paragraph *d* of section 59 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) had been made, if

(1) the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout the particular reporting period;



(2) units of the investment plan are issued, distributed or offered for sale in the particular fiscal year and immediately before the issuance, distribution or offering for sale no units of the investment plan are issued and outstanding;

(3) no election under the third paragraph of section 433.16 or under section 433.19.1 or 433.19.10 is in effect in respect of the investment plan and the particular fiscal year;

(4) the reconciliation day, within the meaning of subparagraph ii of paragraph *a* of section 59 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations, is not included in the particular fiscal year; and

(5) no election under section 433.19.4 is in effect throughout the particular fiscal year.

A selected listed financial institution that is a non-stratified investment plan (other than an exchange-traded fund) throughout a particular reporting period in a particular fiscal year may elect in the prescribed form containing prescribed information that the value of C in the formula in the first paragraph of section 433.16 be determined as if an election under paragraph *b* of section 60.1 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations had been made, if

(1) the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout the particular reporting period;

(2) units of the investment plan are issued, distributed or offered for sale in the particular fiscal year and immediately before the issuance, distribution or offering for sale no units of the investment plan are issued and outstanding;

(3) the fifth paragraph of section 433.16.2 does not apply to the investment plan for the particular reporting period; and

(4) paragraph *d* of section 59 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations would not be applicable to the investment plan if Québec were a participating province within the meaning of subsection 1 of section 123 of the Excise Tax Act.

**“433.16.2.** A selected listed financial institution that is a stratified investment plan or a non-stratified investment plan referred to in the fifth paragraph shall, in determining its net tax for a particular reporting period in a fiscal year that ends in its taxation year, add the positive amount or deduct the negative amount, as the case may be, determined by the formula

$$[A \times (B/C)] - D + E.$$

For the purposes of the formula in the first paragraph,



(1) A is

(a) where the financial institution is a stratified investment plan, the value A would have in the formula in subsection 1 of section 48 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), determined for the particular reporting period, for the financial institution as regards Québec, if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act, and

(b) where the financial institution is a non-stratified investment plan, the value A would have in the formula in subsection 2 of section 48 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations, determined for the particular reporting period, for the financial institution as regards Québec, if Québec were a participating province within the meaning of subsection 1 of section 123 of the Excise Tax Act;

(2) B is the tax rate specified in the first paragraph of section 16;

(3) C is the tax rate specified in subsection 1 of section 165 of the Excise Tax Act;

(4) D is the total of

(a) the aggregate of all amounts each of which is the tax (other than a prescribed amount of tax) under the first paragraph of section 16 in respect of supplies made to the financial institution or under the first paragraph of section 17 in respect of corporeal property brought into Québec from outside Canada, that

i. became payable by the financial institution, or was paid by the financial institution without having become payable, during the particular reporting period or any of the reporting periods described in the fourth paragraph,

ii. was not included in determining the positive or negative amounts that the financial institution shall add, or may deduct, under this section or section 433.16 in determining its net tax for a reporting period other than the particular reporting period, and

iii. is specified by the financial institution in a statement it files under Division IV for the particular reporting period, and

(b) where the financial institution and another person made an election under subsection 4 of section 225.2 of the Excise Tax Act or under section 433.17, in respect of a supply of property or a service made in the particular reporting period, the aggregate of all amounts each of which is an amount equal to the tax payable by the other person under the first paragraph of section 16, the first paragraph of section 17, or section 18 or 18.0.1 that is included in the cost to the other person of supplying the property or service to the financial institution; and

(5) E is the total of all amounts each of which is a positive or negative prescribed amount.

A selected listed financial institution that is a stratified investment plan throughout a particular reporting period in a particular fiscal year may elect in the prescribed form containing prescribed information, in respect of a series of the stratified investment plan, that the value of A, described in subparagraph 1 of the second paragraph, be determined for the particular reporting period as if an election under section 63 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations, in respect of the series, were in effect, if

(1) the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout the particular reporting period;

(2) units of the series are issued, distributed or offered for sale in the particular fiscal year and immediately before the issuance, distribution or offering for sale no units of the series are issued and outstanding; and

(3) no election under section 433.19.1 or 433.19.11 is in effect in respect of the series and the particular fiscal year.

For the purposes of subparagraph *i* of subparagraph *a* of subparagraph 4 of the second paragraph, a reporting period to which this paragraph applies is, in respect of a particular reporting period, a reporting period preceding the particular reporting period provided that the particular reporting period ends no later than two years after the end of the fiscal year of the financial institution that includes the preceding reporting period and the financial institution has been a selected listed financial institution throughout the preceding reporting period.

If a selected listed financial institution is a non-stratified investment plan, this section applies, in respect of a particular reporting period, only if an election under section 49 or 61 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations or under section 433.19.1 or 433.19.10 is in effect throughout the particular reporting period.

**“433.16.3.** A selected listed financial institution that is a stratified investment plan throughout a particular reporting period in a particular fiscal year may elect, in respect of a series of the stratified investment plan (other than an exchange-traded series), in the prescribed form containing prescribed information that the value of A in the formula in the first paragraph of section 433.16.2 be determined as if an election under paragraph *b* of section 63.1 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) had been made, in respect of the series, if

(1) the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout the particular reporting period;

(2) units of the series are issued, distributed or offered for sale in the particular fiscal year and immediately before the issuance, distribution or offering for sale no units of the series are issued and outstanding;

(3) no election under section 433.19.1 or 433.19.11 is in effect in respect of the series and the particular fiscal year; and

(4) paragraph *d* of section 62 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations would not be applicable to the series if Québec were a participating province within the meaning of subsection 1 of section 123 of the Excise Tax Act.”

(2) Subsection 1 has effect from 1 January 2013. However, when section 433.16.2 of the Act applies in respect of a particular reporting period of a person that immediately follows the reporting period that is deemed to end on 31 December 2012 under the second paragraph of section 458.8 of the Act, subparagraphs *a* and *b* of subparagraph 1 of the second paragraph of section 433.16.2 of the Act are to be read as follows:

“(a) where the financial institution is a stratified investment plan, the product obtained by multiplying the value A would have in the formula in subsection 1 of section 48 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), determined as regards Québec for the reporting period of the financial institution for the purposes of Part IX of that Act that includes 1 January 2013, if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act, by the proportion that the number of days in the particular reporting period is of the number of days in the reporting period of the financial institution for the purposes of Part IX of that Act that includes 1 January 2013, and

“(b) where the financial institution is a non-stratified investment plan, the product obtained by multiplying the value A would have in the formula in subsection 2 of section 48 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations, determined as regards Québec for the reporting period of the financial institution for the purposes of Part IX of the Excise Tax Act that includes 1 January 2013, if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act, by the proportion that the number of days in the particular reporting period is of the number of days in the reporting period of the financial institution for the purposes of Part IX of that Act that includes 1 January 2013;”.

**752.** (1) Section 433.17 of the Act is replaced by the following section:

**“433.17.** Where a selected listed financial institution is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) and the financial institution and a person, other than a prescribed person or a person of a prescribed class, have made the joint election required under section 297.0.2.1, the financial institution and the person may make a joint election to have the value of A in the formula in the first paragraph of section 433.16 or 433.16.2 determined as if an election under subsection 4 of section 225.2 of the Excise Tax Act were in effect and applied to every supply referred to in section 297.0.2.1 that is made by the person to the financial institution at a time when the election made under this section is in effect.”

(2) Subsection 1 has effect from 1 January 2013.

**753.** (1) The Act is amended by inserting the following sections after section 433.19:

**“433.19.1.** If a selected listed financial institution is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) and it is an investment plan, it may,

(1) where the financial institution is a stratified investment plan (other than a mortgage investment corporation), elect, in respect of a series of the investment plan (other than an exchange-traded series), that the value of A in the formula in the first paragraph of section 433.16.2 for a reporting period in a fiscal year in which the election is in effect be determined as if an election under section 49 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act in respect of the series were in effect throughout the reporting period; or

(2) where the financial institution is a non-stratified investment plan (other than an exchange-traded fund or a mortgage investment corporation), elect that the value of A in the formula in the first paragraph of section 433.16.2 for a reporting period in a fiscal year in which the election is in effect be determined as if an election under section 49 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations were in effect throughout the reporting period.

An election under the first paragraph is not to become effective if

(1) on the day on which the election is otherwise to become effective, an election made by the financial institution under section 433.19.7 or 433.19.11 in respect of the series, in the case of a stratified investment plan, or under section 433.19.7 or 433.19.10 in respect of the investment plan, in the case of a non-stratified investment plan, is in effect;

(2) on the day on which the election is otherwise to become effective, an election made by the financial institution under section 433.19.4 is in effect; or

(3) on 30 September immediately preceding the day on which the election is otherwise to become effective, less than 90% of the total value of the units of the series or of the investment plan, as the case may be, is held by individuals or specified investors in the investment plan.

**“433.19.2.** An election under section 433.19.1 is to

(1) be made in the prescribed form containing prescribed information;

(2) set out the first fiscal year of the financial institution in which it is to be in effect; and

(3) specify whether the investment plan’s percentages, or the investment plan’s percentages for the series of the investment plan to which the election relates, which are used in determining the value of A in the formula in the first paragraph of section 433.16.2, are to be determined on a daily basis, a weekly basis, a monthly basis or a quarterly basis.

If an election under section 433.19.1 ceases to have effect on a particular day, any subsequent election under that section is not a valid election unless the first day of the fiscal year set out in the subsequent election is a day that is at least three years after the particular day.

**“433.19.3.** An election made under section 433.19.1 by a person becomes effective on the first day of the person’s fiscal year that is set out in the election and ceases to have effect on the earliest of

(1) where, in a particular fiscal year of the person, more than 10% of the total value either of the units of the series in respect of which the election is in effect, if the person is a stratified investment plan, or of the units of the investment plan, if the person is a non-stratified investment plan, is held by persons other than individuals or specified investors in the investment plan for the particular fiscal year, the first day immediately following the particular fiscal year;

(2) the first day of the person’s fiscal year in which the person either ceases to be an investment plan or a selected listed financial institution or becomes a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or a mortgage investment corporation;

(3) where the person is a stratified investment plan, the first day of the person’s fiscal year in which the series in respect of which the election is in effect becomes an exchange-traded series, or where the person is a non-stratified investment plan, the first day of the person’s fiscal year in which the person becomes an exchange-traded fund; and

(4) the day on which a revocation of the election becomes effective.

A person that has made an election under section 433.19.1 may revoke the election by filing a notice of revocation with the Minister in the prescribed form containing prescribed information, and the revocation becomes effective on the first day of a particular fiscal year of the person that begins at least three years after the election became effective.

**“433.19.4.** If a selected listed financial institution is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) and it is an investment plan, it may,

(1) where the financial institution is a stratified investment plan, elect that the value of A in the formula in the first paragraph of section 433.16.2 for a reporting period in a fiscal year in which the election is in effect be determined as if an election under section 50 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act were in effect throughout the reporting period; or

(2) where the financial institution is an investment plan that is neither a non-stratified investment plan referred to in the fifth paragraph of section 433.16.2 nor a stratified investment plan, elect that the value of C in the formula in the first paragraph of section 433.16 for a reporting period in the fiscal year in which the election is in effect be determined as if an election under section 50 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations were in effect throughout the reporting period.

An election made under the first paragraph is not to become effective if, on the day on which the election is otherwise to become effective, an election made by the financial institution under section 433.19.1 or 433.19.11 in respect of a series, in the case of a stratified investment plan, or under section 433.19.1 or 433.19.10 in respect of the investment plan, in the case of a non-stratified investment plan, is in effect.

**“433.19.5.** An election under section 433.19.4 is to

(1) be made in the prescribed form containing prescribed information; and

(2) set out the first fiscal year of the financial institution in which the election is to be in effect.

If an election under section 433.19.4 ceases to have effect on a particular day, any subsequent election under that section is not a valid election unless the first day of the fiscal year set out in the subsequent election is a day that is at least three years after the particular day.

**“433.19.6.** An election made under section 433.19.4 by a person becomes effective on the first day of the person’s fiscal year that is set out in the election and ceases to have effect on the earlier of

(1) the first day of the person's fiscal year in which the person either ceases to be an investment plan or a selected listed financial institution or becomes a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15); and

(2) the day on which a revocation of the election becomes effective.

A person that has made an election under section 433.19.4 may revoke the election by filing a notice of revocation with the Minister in the prescribed form containing prescribed information, and the revocation becomes effective on the first day of a particular fiscal year of the person that begins at least three years after the election became effective.

**“433.19.7.** If a selected listed financial institution is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) and it is an investment plan, it may,

(1) where the financial institution is a stratified investment plan, elect, in respect of a series of the investment plan, that the value of A in the formula in the first paragraph of section 433.16.2 for a reporting period in a fiscal year in which the election is in effect be determined as if an election under subsection 1 of section 18 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act in respect of the series were in effect throughout the reporting period; or

(2) where the financial institution is an investment plan (other than a stratified investment plan), elect, in respect of the investment plan, that the value of C in the formula in the first paragraph of section 433.16 for a reporting period in a fiscal year in which the election is in effect be determined as if an election under subsection 2 of section 18 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations in respect of the investment plan were in effect throughout the reporting period.

An election made under the first paragraph is not to become effective if, on the day on which the election is otherwise to become effective, an election made by the financial institution under section 433.19.1 or 433.19.11 in respect of the series, in the case of a stratified investment plan, or under section 433.19.1 or 433.19.10 in respect of the investment plan, in the case of a non-stratified investment plan, is in effect.

**“433.19.8.** An election under section 433.19.7 is to

(1) be made in the prescribed form containing prescribed information;

(2) set out the first fiscal year of the investment plan in which the election is to be in effect; and

(3) specify whether the attribution points in respect of the investment plan or a series of the investment plan, as the case may be, which are used in



determining the value of C in the formula in the first paragraph of section 433.16 or the value of A in the formula in the first paragraph of section 433.16.2, are to be quarterly, monthly, weekly or daily.

If an election under section 433.19.7 ceases to have effect on a particular day, any subsequent election under that section is not a valid election unless the first day of the fiscal year set out in the subsequent election is a day that is at least three years after the particular day.

**“433.19.9.** An election made under section 433.19.7 by a person becomes effective on the first day of the person’s fiscal year that is set out in the election and ceases to have effect on the earlier of

(1) the first day of the person’s fiscal year in which the person either ceases to be an investment plan or a selected listed financial institution or becomes a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15); and

(2) the day on which a revocation of the election becomes effective.

A person that has made an election under section 433.19.7 may revoke the election by filing a notice of revocation with the Minister in the prescribed form containing prescribed information, and the revocation becomes effective on the first day of a particular fiscal year of the person that begins at least three years after the election became effective.

**“433.19.10.** A selected listed financial institution that is a non-stratified investment plan throughout a particular reporting period in a particular fiscal year may elect in the prescribed form containing prescribed information that the value of A in the formula in the first paragraph of section 433.16.2 be determined as if an election under section 61 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) had been made in respect of the particular fiscal year if

(1) the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout the particular reporting period;

(2) units of the investment plan are issued, distributed or offered for sale in the particular fiscal year and immediately before the issuance, distribution or offering for sale no units of the investment plan are issued and outstanding; and

(3) no election under section 433.19.1 or the third paragraph of section 433.16 is in effect in respect of the investment plan and the particular fiscal year.

An election made under the first paragraph by a non-stratified investment plan is to specify whether the investment plan’s percentage as regards Québec,



which is used in determining the value of A in the formula in the first paragraph of section 433.16.2, is to be determined by using investor percentages and whether that percentage is to be determined on a daily basis, a weekly basis, a monthly basis or a quarterly basis.

**“433.19.11.** A selected listed financial institution that is a stratified investment plan throughout a particular reporting period in a particular fiscal year may elect in the prescribed form containing prescribed information that the value of A in the formula in the first paragraph of section 433.16.2 be determined in respect of a particular series of the investment plan as if an election under section 64 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) had been made in respect of the particular series and the particular fiscal year if

(1) the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout the particular reporting period;

(2) units of the series of the investment plan are issued, distributed or offered for sale in the particular fiscal year and immediately before the issuance, distribution or offering for sale no units of the series are issued and outstanding; and

(3) no election made under section 433.19.1 or the third paragraph of section 433.16.2 is in effect in respect of the particular series and the particular fiscal year.

An election made under the first paragraph by a stratified investment plan in respect of a series of the investment plan is to specify whether the investment plan's percentage for the series and as regards Québec, which is used in determining the value of A in the formula in the first paragraph of section 433.16.2, is to be determined by using investor percentages and whether that percentage is to be determined on a daily basis, a weekly basis, a monthly basis or a quarterly basis.

**“433.19.12.** A selected listed financial institution that is an exchange-traded fund, but is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) throughout a reporting period in a particular fiscal year, may apply to the Minister to use particular methods, for the particular fiscal year that ends in a particular taxation year, to determine

(1) where the financial institution is a stratified investment plan, the financial institution's percentage, for each exchange-traded series of the financial institution and as regards Québec for the particular taxation year, that is used in determining the value of A in the formula in the first paragraph of section 433.16.2; and

(2) where the financial institution is a non-stratified investment plan, the financial institution's percentage, as regards Québec for the particular taxation year, that is referred to in subparagraph 3 of the second paragraph of section 433.16.

**“433.19.13.** An application under section 433.19.12 is to

(1) be made in the prescribed form containing prescribed information;

(2) include, if the financial institution is a stratified investment plan, the particular methods to be used for each exchange-traded series of the financial institution or, if the financial institution is a non-stratified investment plan, the particular methods to be used by the financial institution; and

(3) be filed with the Minister, in the manner determined by the Minister, on or before the day that is 180 days before the first day of the fiscal year for which the application is made or any later day determined by the Minister.

The Minister shall consider an application made under the first paragraph and notify the financial institution in writing of the Minister's decision to authorize or deny the use of the particular methods described in the application, on or before the latest of

(1) the day that is 180 days after the receipt of the application;

(2) the day that is 180 days before the first day of the fiscal year for which the application is made; and

(3) the day that the Minister may specify, if the day is set out in a written application filed by the financial institution with the Minister.

An authorization granted under the second paragraph in respect of a fiscal year of a financial institution ceases to have effect on the first day of the fiscal year and, for the purposes of this Title, is deemed never to have been granted, if

(1) the Minister revokes the authorization and sends a notice of revocation to the financial institution at least 60 days before the first day of the fiscal year; or

(2) the financial institution files with the Minister, in the manner determined by the Minister, a notice of revocation in the prescribed form containing prescribed information on or before the first day of the fiscal year.

**“433.19.14.** Where, in accordance with the second paragraph of section 433.19.13, the Minister authorizes the use of particular methods for a fiscal year of a selected listed financial institution, the following rules apply:

(1) if the financial institution is a stratified investment plan, the percentage for the taxation year in which the fiscal year ends that is used in determining, for an exchange-traded series of the financial institution, the value of A in the formula in the first paragraph of section 433.16.2 is determined in accordance with those particular methods;

(2) if the financial institution is a non-stratified investment plan, the percentage for the taxation year in which the fiscal year ends that is referred to in subparagraph 3 of the second paragraph of section 433.16 is determined in accordance with those particular methods; and

(3) to determine the percentage referred to in paragraph 1 or 2, the particular methods must be used consistently by the financial institution throughout the fiscal year and as specified in the application it filed for that purpose.

**“433.19.15.** A selected listed financial institution that is a stratified investment plan, but is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), may elect, in respect of a series of the financial institution, that paragraph *a* of subsection 3 of section 225.4 of that Act not be taken into account for the purpose of determining the financial institution’s percentage, for the series and as regards Québec, that is used in determining the value of A in the formula in the first paragraph of section 433.16.2 for a reporting period in a fiscal year in which the election is in effect.

A selected listed financial institution that is a non-stratified investment plan, but is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act, may elect that paragraph *a* of subsection 4 of section 225.4 of that Act not be taken into account for the purpose of determining the financial institution’s percentage as regards Québec that is used in determining the value of C in the formula in the first paragraph of section 433.16 or the value of A in the formula in the first paragraph of section 433.16.2, as the case may be, for a reporting period in a fiscal year in which the election is in effect.

A selected listed financial institution that is a pension entity of a pension plan or a private investment plan, but is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act, may elect that paragraph *a* of subsection 5 of section 225.4 of that Act not be taken into account for the purpose of determining the financial institution’s percentage as regards Québec that is used in determining the value of C in the formula in the first paragraph of section 433.16 for a reporting period in a fiscal year in which the election is in effect.

**“433.19.16.** An election under section 433.19.15 is to

(1) be made in the prescribed form containing prescribed information;

(2) set out the first fiscal year of the person during which the election is to be in effect; and

(3) be filed with the Minister, in the manner determined by the Minister, on or before the first day of the fiscal year or any later day determined by the Minister.

If an election under section 433.19.15 is revoked and such revocation becomes effective on a particular day, in accordance with section 433.19.17, any subsequent election under section 433.19.15 is not a valid election unless the first day of the fiscal year set out in the subsequent election is a day that is at least five years after the particular day or any earlier day as the Minister may determine on application by the person.

**“433.19.17.** An election made under section 433.19.15 by a person becomes effective on the first day of the fiscal year of the person that is specified in the election and ceases to have effect on the earliest of

(1) the first day of the fiscal year of the person in which the person ceases to be a selected listed financial institution;

(2) the first day of the fiscal year of the person in which the person becomes a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15);

(3) in the case of an election made under the first paragraph of section 433.19.15, the first day of the fiscal year of the person in which the person ceases to be a stratified investment plan;

(4) in the case of an election made under the second paragraph of section 433.19.15, the first day of the fiscal year of the person in which the person ceases to be a non-stratified investment plan;

(5) in the case of an election made under the third paragraph of section 433.19.15, the first day of the fiscal year of the person in which the person ceases to be a pension entity or a private investment plan, as the case may be; and

(6) the day on which a revocation of the election becomes effective.

A person that has made an election under section 433.19.15 may revoke the election and the revocation becomes effective on the first day of a particular fiscal year of the person that is at least five years after the effective date of the election or, if the Minister authorizes it, on the first day of an earlier fiscal year of the person.

A person that intends to revoke an election under the second paragraph shall file with the Minister, in the manner determined by the Minister, a notice of revocation in the prescribed form containing prescribed information on or before the first day of the particular fiscal year or of the earlier fiscal year, as the case may be.

**“433.19.18.** For the purposes of section 433.16.2 and the first paragraph of section 433.19.19, the attribution point that is used in determining the value of A in the formula in the first paragraph of section 433.16.2 in respect of a series, where the financial institution is a stratified investment plan, means, for all taxation years of the investment plan in which a fiscal year that ends in the calendar year 2013 ends and for the taxation year that precedes the earliest of those taxation years, the day determined by the financial institution, which day must be in the calendar year 2012, if

(1) no election made by the financial institution under section 433.19.7 in respect of a series of the investment plan is in effect throughout a fiscal year of the investment plan that ends before 1 January 2014; and

(2) the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) throughout a reporting period in a fiscal year that ends in the calendar year 2013.

For the purposes of section 433.16 and the second paragraph of section 433.19.19, the attribution point that is used in determining the percentage referred to in subparagraph 3 of the second paragraph of section 433.16, where the financial institution is a non-stratified investment plan, means, for all taxation years of the investment plan in which a fiscal year that ends in the calendar year 2013 ends and for the taxation year that precedes the earliest of those taxation years, the day determined by the financial institution, which day must be in the calendar year 2012, if

(1) no election made by the financial institution under section 433.19.7 in respect of the investment plan is in effect throughout a fiscal year of the investment plan that ends before 1 January 2014; and

(2) the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act throughout a reporting period in a fiscal year that ends in the calendar year 2013.

**“433.19.19.** If a selected listed financial institution is a stratified investment plan throughout a reporting period in a particular fiscal year that ends in the calendar year 2013, no election under section 433.19.1 or 433.19.11 is in effect in respect of a series of the financial institution throughout a fiscal year that ends in the calendar year 2013, no election under section 433.19.4 is in effect throughout such a fiscal year and the investment plan is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the financial institution may elect in the prescribed form containing prescribed information that, in respect of each of its series (other than an exchange-traded series), the financial institution’s percentage for each of those series and as regards Québec, which is used in determining the value of A in the formula in the first paragraph of section 433.16.2, for a taxation year (in this section referred to as the “specified taxation year”) that is either the taxation year in which the particular fiscal year

ends or the taxation year preceding that taxation year, correspond to the percentage that would be the financial institution's percentage determined under section 30 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act for the specified taxation year if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act and the following assumptions were taken into account:

(1) where, on an attribution point in respect of the series for the specified taxation year that is used in determining the value of A in the formula in the first paragraph of section 433.16.2, less than 10% of the total value of the units of the series are held by investors (in this section referred to as "institutional investors") that are neither individuals nor specified investors in the financial institution for the particular fiscal year, all units of the series held, on the attribution point, by an institutional investor in respect of which the financial institution does not know, on 31 December 2013, the institutional investor's investor percentage as regards Québec as of the attribution point did not exist on the attribution point;

(2) where subparagraph 1 does not apply in respect of an attribution point in respect of the series for the specified taxation year that is used in determining the value of A in the formula in the first paragraph of section 433.16.2 and, on the attribution point, less than 10% of the total value of the units of the series held by institutional investors are held by particular institutional investors in respect of which the financial institution does not know, on 31 December 2013, the institutional investor's investor percentage as regards Québec as of the attribution point, all units of the series held, on the attribution point, by the particular institutional investors did not exist on the attribution point;

(3) where subparagraphs 1 and 2 do not apply in respect of an attribution point in respect of the series for the specified taxation year that is used in determining the value of A in the formula in the first paragraph of section 433.16.2, any institutional investor that holds, on the attribution point, units of the series was an individual; and

(4) section 30 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations was amended by replacing "October 15 of the calendar year" and "December 31 of the calendar year" wherever they appear by "December 31, 2013".

If a selected listed financial institution is a non-stratified investment plan (other than an exchange-traded fund) throughout a reporting period in a particular fiscal year that ends in the calendar year 2013, no election under any of sections 433.19.1, 433.19.4 and 433.19.10 is in effect in respect of the investment plan throughout a fiscal year that ends in the calendar year 2013 and the financial institution is not a selected listed financial institution for the purposes of Part IX of the Excise Tax Act, the financial institution may elect in the prescribed form containing prescribed information that, in respect of the investment plan, the financial institution's percentage as regards Québec that is referred to in subparagraph 3 of the second paragraph of section 433.16, for

a specified taxation year, correspond to the percentage that would be the financial institution's percentage determined under section 32 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations for the specified taxation year if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act and the following assumptions were taken into account:

(1) where, on an attribution point in respect of the financial institution for the specified taxation year that is used in determining the value of C in the formula in the first paragraph of section 433.16, less than 10% of the total value of the units of the financial institution are held by institutional investors, all units of the financial institution held, on the attribution point, by an institutional investor in respect of which the financial institution does not know, on 31 December 2013, the institutional investor's investor percentage as regards Québec as of the attribution point did not exist on the attribution point;

(2) where subparagraph 1 does not apply in respect of an attribution point in respect of the financial institution for the specified taxation year that is used in determining the value of C in the formula in the first paragraph of section 433.16 and, on the attribution point, less than 10% of the total value of the units of the financial institution held by institutional investors are held by particular institutional investors in respect of which the financial institution does not know, on 31 December 2013, the institutional investor's investor percentage as regards Québec as of the attribution point, all units of the financial institution held, on the attribution point, by the particular institutional investors did not exist on the attribution point;

(3) where subparagraphs 1 and 2 do not apply in respect of an attribution point in respect of the financial institution for the specified taxation year that is used in determining the value of C in the formula in the first paragraph of section 433.16, any institutional investor that holds, on the attribution point, units of the financial institution was an individual; and

(4) section 32 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations was amended by replacing "October 15 of the calendar year" and "December 31 of the calendar year" wherever they appear by "December 31, 2013".

(2) Subsection 1 has effect from 1 January 2013.

**754.** (1) Section 433.20 of the Act is amended by replacing the portion before paragraph 2 by the following:

**“433.20.** In determining an amount that a selected listed financial institution is required to add or may deduct under section 433.16 or 433.16.2 in determining its net tax, the following rules apply:

(1) tax that the financial institution is deemed to have paid under any of sections 207, 210.3, 256, 257, 264 and 265 must not be taken into account in



determining the total under subparagraph 6 of the second paragraph of section 433.16 or subparagraph 4 of the second paragraph of section 433.16.2; and”.

(2) Subsection 1 has effect from 1 January 2013.

**755.** (1) Section 433.21 of the Act is replaced by the following section:

**“433.21.** For the purposes of sections 433.16 and 433.16.2, sections 201, 202 and 426 apply with respect to any amount that is included in the total determined under subparagraph 6 of the second paragraph of section 433.16 or subparagraph 4 of the second paragraph of section 433.16.2 as if that amount were an input tax refund.”

(2) Subsection 1 has effect from 1 January 2013.

**756.** (1) The Act is amended by inserting the following after section 433.21:

“4. — *Tax adjustment transfers*

**“433.22.** A selected listed financial institution that is an investment plan and the manager of the investment plan may jointly elect to have the rules of the third paragraph apply in relation to a particular reporting period of the manager in which the election is in effect, if, for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the investment plan is a registrant and is not a selected listed financial institution.

The rules of the third paragraph apply if an investment plan that is a selected listed financial institution and the manager of the investment plan have made a joint election under subsection 1 of section 55 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act in relation to a particular reporting period of the manager in which the election is in effect.

The rules to which the first and second paragraphs refer are the following:

(1) for the investment plan, no amount of tax under subsection 1 of section 165 of the Excise Tax Act or under any of sections 212, 218 and 218.01 of that Act is to be taken into account in determining the value of A in the formula in the first paragraph of section 433.16 or 433.16.2, as the case may be, and no amount of tax under any of sections 16, 17, 18 and 18.0.1 is to be taken into account in determining the value of F in the formula in the first paragraph of section 433.16 or the value of D in the formula in the first paragraph of section 433.16.2, as the case may be, if

(a) the amount of tax is attributable to a supply made by the manager to the investment plan, and



(b) the amount of tax became payable by the investment plan or was paid by the investment plan without having become payable at a time that is

i. during the manager's particular reporting period,

ii. at a time when an election referred to in the first or second paragraph is in effect between the investment plan and the manager, and

iii. at a time when no election referred to in the first or second paragraph of section 470.2, as the case may be, is in effect between the investment plan and the manager;

(2) for the investment plan, sections 433.16 and 433.16.2 do not apply in determining its net tax for a reporting period of the investment plan throughout which an election referred to in the first or second paragraph, as the case may be, and an election referred to in the first or second paragraph of section 470.2, as the case may be, are both in effect between the investment plan and the manager, and in which the manager's particular reporting period ends; and

(3) if the manager is not a selected listed financial institution throughout its particular reporting period, the manager may deduct the negative amount that the investment plan could otherwise have deducted under section 433.16 or 433.16.2 for a particular reporting period of the investment plan, where the manager has paid or credited the negative amount to the investment plan, and the manager shall include the positive amount that the investment plan would otherwise have been required to include under either of those sections for the investment plan's particular reporting period, if the negative or positive amount were determined on the basis of the following assumptions:

(a) the beginning of the investment plan's particular reporting period coincided with the later of the beginning of the manager's particular reporting period and the day in the manager's particular reporting period on which an election referred to in the first or second paragraph, as the case may be, between the investment plan and the manager becomes effective,

(b) the end of the investment plan's particular reporting period coincided with the earlier of the end of the manager's particular reporting period and the day in the manager's particular reporting period on which an election referred to in the first or second paragraph, as the case may be, between the investment plan and the manager ceases to have effect,

(c) subparagraphs 1 and 2 did not apply in respect of the investment plan's particular reporting period, and

(d) if, at any time in the investment plan's particular reporting period, no election referred to in the first or second paragraph of section 470.2, as the case may be, is in effect between the investment plan and the manager, an amount of tax that became payable by the investment plan, or that was paid by the investment plan without having become payable, at that time is included in

determining the negative or positive amount only if the amount of tax is attributable to a supply made by the manager to the investment plan.

An election under the first paragraph is to

- (1) be made in the prescribed form containing prescribed information;
- (2) set out the day on which the election is to become effective; and

(3) be filed with the Minister, in the manner determined by the Minister, before the day on which the election is to become effective or any later day determined by the Minister.

**“433.23.** An election made under the first paragraph of section 433.22 by a particular person that is a manager and another person that is an investment plan ceases to have effect on the earliest of

(1) the day on which the particular person ceases to be the manager of the other person;

(2) the day on which the other person ceases to be an investment plan or a selected listed financial institution;

(3) the day on which the other person becomes a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15); and

(4) the day on which a revocation of the election becomes effective.

A manager or an investment plan that made an election under the first paragraph of section 433.22 may revoke the election and the revocation becomes effective on the day it specifies.

A person that intends to revoke an election under the second paragraph shall file with the Minister, in the manner determined by the Minister, a notice of revocation in the prescribed form containing prescribed information on or before the day specified under that paragraph or any later day determined by the Minister.

A revocation by a person of an election under the second paragraph becomes effective only if the person notifies, before the day specified under that paragraph, the other person with whom the person made the election.

**“433.24.** If a manager and an investment plan made an election referred to in the first or second paragraph of section 433.22, as the case may be, and that election is in effect during a reporting period of the manager, the manager and the investment plan are solidarily liable for any amount owing in respect of the net tax for that reporting period and for any interest or penalties in respect of such an amount.

“5.—*Information sharing*

“**433.25.** In this subdivision 5,

“affiliated group” means a group of investment plans, each member of which is affiliated with each other member of the group;

“qualifying investor”, in a particular investment plan for a particular calendar year, means a person that is an investment plan and a selected investor in the particular investment plan for the particular year and that

(1) is neither a qualifying small investment plan for the fiscal year of the person that includes 30 September of the particular year nor a private investment plan, or a pension entity of a pension plan, that meets the conditions of subparagraph 5 of the first paragraph of section 433.15.2 throughout that fiscal year;

(2) is a selected listed financial institution throughout the fiscal year of the person that includes 30 September of the particular year; or

(3) is a member of an affiliated group,

(a) the members of which together hold units of the particular investment plan with a total value of \$10,000,000 or more as of 30 September of the particular year, or

(b) any member of which is a selected listed financial institution throughout the fiscal year of the member that includes 30 September of the particular year;

“selected investor”, in a particular investment plan for a particular calendar year, means a person (other than an individual or a distributed investment plan) that is resident in Canada and that meets the following criteria:

(1) if the person is an investment plan, the person holds units of the particular investment plan with a total value of less than \$10,000,000 as of 30 September of the particular year; and

(2) in any other case,

(a) if the particular investment plan is a stratified investment plan, for each series of the particular investment plan in which the person holds units, the person holds units of the series with a total value of less than \$10,000,000, as of 30 September of the particular year, or

(b) if the particular investment plan is a non-stratified investment plan, the person holds units of the particular investment plan with a total value of less than \$10,000,000, as of 30 September of the particular year;

“selected non-stratified investment plan” means a non-stratified investment plan that is a selected listed financial institution and not an exchange-traded fund;

“selected stratified investment plan” means a stratified investment plan that is a selected listed financial institution;

“specified investor” in a particular distributed investment plan for a fiscal year of the particular investment plan that ends in a particular calendar year means a person (other than an individual or a distributed investment plan) that holds units of the particular investment plan as of 30 September of the particular year and that meets the following criteria:

(1) if the person is an investment plan,

(a) the person holds units of the particular investment plan with a total value of less than \$10,000,000 as of 30 September of the particular year,

(b) on or before 31 December of the particular year, the person has not notified the particular investment plan that the person is a qualifying investor in the particular investment plan for the particular year, and

(c) the particular investment plan neither knows nor ought to know that the person is a qualifying investor in the particular investment plan for the particular year; and

(2) in any other case,

(a) if the particular investment plan is a stratified investment plan, for each series of the particular investment plan in which the person holds units, the person holds units of the series with a total value of less than \$10,000,000, as of 30 September of the particular year, or

(b) if the particular investment plan is a non-stratified investment plan, the person holds units of the particular investment plan with a total value of less than \$10,000,000, as of 30 September of the particular year.

For the purposes of the definition of “affiliated group” in the first paragraph, members affiliated with each other are

(1) pension entities of the same pension plan;

(2) trusts governed by the same deferred profit sharing plan, employee benefit plan, profit sharing plan, registered supplementary unemployment benefit plan, retirement compensation arrangement or employee trust, within the meaning assigned to those expressions by section 1 of the Taxation Act (chapter I-3);

(3) employee life and health trusts, within the meaning of section 1 of the Taxation Act, established for the same employees; or

(4) related persons.

**“433.26.** Every person (other than an individual) that holds units of a selected non-stratified investment plan and that is not a specified investor in the investment plan shall, if the investment plan makes a written request during a calendar year, provide to the investment plan the person’s investor percentage as regards Québec as of 30 September of that calendar year and the number of units held on that day by the person in the investment plan on or before the later of

(1) 15 November of the calendar year; and

(2) the day that is 45 days after the day on which the person receives the request.

Every person (other than an individual) that holds units of a series (other than an exchange-traded series) of a selected stratified investment plan and that is not a specified investor in the investment plan shall, if the investment plan makes a written request during a calendar year, provide to the investment plan the person’s investor percentage as regards Québec as of 30 September of that calendar year and the number of units held on that day by the person in each series (other than an exchange-traded series) of the investment plan on or before the later of

(1) 15 November of the calendar year; and

(2) the day that is 45 days after the day on which the person receives the request.

**“433.27.** Every person that holds units of a selected non-stratified investment plan and that is a selected investor in the investment plan for a calendar year shall, if the investment plan makes a written request during the calendar year, provide to the investment plan the prescribed information on or before the later of

(1) 15 November of the calendar year; and

(2) the day that is 45 days after the day on which the person receives the request.

Every person that holds units of a series (other than an exchange-traded series) of a selected stratified investment plan and that is a selected investor in the investment plan for a calendar year shall, if the investment plan makes a written request during the calendar year, provide to the investment plan the prescribed information on or before the later of

(1) 15 November of the calendar year; and

(2) the day that is 45 days after the day on which the person receives the request.

The first and second paragraphs do not apply in respect of a person, for a calendar year, in respect of an investment plan, if the person

(1) is a qualifying investor in the investment plan for the calendar year; and

(2) provides the information required under section 433.29 to the investment plan on or before 15 November of the calendar year.

**“433.28.** Every person that sells or distributes units of a selected non-stratified investment plan or that sells or distributes units of a series (other than an exchange-traded series) of a selected stratified investment plan shall, if the investment plan makes a written request during a calendar year, provide to the investment plan the number of units of the investment plan, in the case of a non-stratified investment plan, or the number of units of each series (other than an exchange-traded series) of the investment plan, in the case of a stratified investment plan, held by clients of the person resident in Québec on 30 September of that calendar year and the number of units of the investment plan, in the case of a non-stratified investment plan, or the number of units of each series (other than an exchange-traded series) of the investment plan, in the case of a stratified investment plan, held by clients of the person resident in Canada on that day, on or before the later of

(1) 15 November of the calendar year; and

(2) the day that is 45 days after the day on which the person receives the request.

**“433.29.** Every person that holds units of a selected non-stratified investment plan and that is a qualifying investor in the investment plan for a calendar year shall provide to the investment plan, on or before 15 November of the calendar year,

(1) notice that the person is a qualifying investor in the investment plan for the calendar year;

(2) the number of units held on 30 September of the calendar year by the person in the investment plan; and

(3) the person’s investor percentage as regards Québec as of 30 September of the calendar year.

Every person that holds units of a series (other than an exchange-traded series) of a selected stratified investment plan and that is a qualifying investor in the investment plan for a calendar year shall provide to the investment plan, on or before 15 November of the calendar year,

(1) notice that the person is a qualifying investor in the investment plan for the calendar year;

(2) the number of units held on 30 September of the calendar year by the person in each series (other than an exchange-traded series) of the investment plan; and

(3) the person's investor percentage as regards Québec as of 30 September of the calendar year.

**“433.30.** Despite sections 433.26 to 433.29, every person that is resident in Canada during the calendar year 2012 and that is a prescribed person shall, if the investment plan described in the second paragraph makes a written request, provide to the investment plan the prescribed information on or before the day that is 45 days after the day on which the person receives the request.

The investment plan to which the first paragraph refers is a selected listed financial institution (other than an exchange-traded fund) that has determined a particular day, in accordance with section 433.19.18, as being the attribution point in respect of a reporting period in the fiscal year of the selected listed financial institution that ends in the calendar year 2013.

**“433.31.** Every person that fails to provide, on request made by a distributed investment plan in accordance with any of sections 433.26 to 433.28, the information described in that section to the investment plan within the time limit provided for in that section, or that misstates such information to the investment plan, shall incur a penalty, for each such failure, equal to the lesser of \$10,000 and 0.01% of the total value, on 30 September of the calendar year set out in the request, of the units of the investment plan in respect of which that person was required to provide information to the investment plan in accordance with that section.

Every person that is required by section 433.29 to provide the information described in that section to a distributed investment plan on or before 15 November of a calendar year and that fails to do so shall incur a penalty, for each such failure, equal to the lesser of \$10,000 and 0.01% of the total value, on 30 September of that calendar year, of the units of the investment plan held by the person on that day.

Every person that is required by section 433.30 to provide the information described in that section to a distributed investment plan on or before the day described in that section and that fails to do so, or that misstates such information to the investment plan, shall incur a penalty, for each such failure, equal to the lesser of \$10,000 and 0.01% of the total value, on the particular day referred to in the second paragraph of that section, of the units of the investment plan in respect of which that person was required to provide information to the investment plan in accordance with that section.

**“433.32.** A distributed investment plan that obtains any information in respect of a person under any of sections 433.26 to 433.30 shall not, without the written consent of that person, knowingly use the information, communicate it, or allow it to be used or communicated, otherwise than in accordance with this Act.”

(2) Subsection 1 has effect from 1 January 2013. However, section 433.31 of the Act does not apply in respect of information that is required to be provided to an investment plan on or before 21 October 2015.

**757.** (1) The Act is amended by inserting the following heading before section 434:

“IV.—Election of an accounting method”.

(2) Subsection 1 has effect from 1 January 2013.

**758.** Section 434 of the Act is amended by striking out the third paragraph.

**759.** (1) Section 437.1 of the Act is replaced by the following section:

**“437.1.** Every person (other than an investment plan) that is required to file an interim return under section 470.1 for a reporting period shall, subject to the fifth paragraph, calculate the amount (in the fifth paragraph and sections 437 and 437.2 to 437.4 referred to as the “interim net tax”) that would be the net tax of the person for the reporting period if subparagraph 3 of the second paragraph of section 433.16 were read as follows:

“(3) C is the lesser of the percentage corresponding to the value C would have in the formula in subsection 2 of section 225.2 of the Excise Tax Act, determined for the taxation year, for the financial institution as regards Québec, and the percentage corresponding to the value that same C would have, for the financial institution as regards Québec, determined for the preceding taxation year, if each of those values were determined in accordance with the regulations made under that Act for the purposes of subsection 2.1 of section 228 of that Act and if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act;”.

Every person that is an investment plan and that is required to file an interim return under section 470.1 for a reporting period in a particular fiscal year shall calculate the amount that is the net tax of the person for the reporting period, where

(1) no election under section 50 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or under section 433.19.4 is in effect throughout the particular fiscal year;



(2) in the case of a non-stratified investment plan, an election under section 49 or 61 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations or under section 433.19.1 or 433.19.10 is in effect throughout the particular fiscal year; and

(3) in the case of a stratified investment plan, an election under section 49 or 64 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations or under section 433.19.1 or 433.19.11, in respect of each series of the investment plan, is in effect throughout the particular fiscal year.

Every person that is a stratified investment plan in respect of which none of the conditions of the second paragraph are met and that is required to file an interim return under section 470.1 for a reporting period in a particular fiscal year shall, subject to the second paragraph of section 437.1.1, calculate the amount (in sections 437 and 437.2 to 437.4 referred to as the “interim net tax”) that would be the net tax of the person for the reporting period if the value of A in the formula in the first paragraph of section 433.16.2 were determined, for that reporting period, with reference to subsection 9 of section 48 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations.

Every person that is an investment plan (other than a stratified investment plan) in respect of which none of the conditions of the second paragraph are met and that is required to file an interim return under section 470.1 for a reporting period in a particular fiscal year shall, subject to the first paragraph of section 437.1.1, calculate the amount (in sections 437 and 437.2 to 437.4 referred to as the “interim net tax”) that would be the net tax of the person for the reporting period if subparagraph 3 of the second paragraph of section 433.16 were read as follows:

“(3) C is the percentage corresponding to the value C would have in the formula in subsection 2 of section 225.2 of the Excise Tax Act, determined for the preceding taxation year, for the financial institution as regards Québec, if that value were determined with reference to subsection 10 of section 48 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under that Act and if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act;”.

Where a person (other than an investment plan) becomes a selected listed financial institution in a reporting period that ends in a particular fiscal year, the interim net tax of the person for each reporting period included in the fiscal year is the amount that would be the person’s net tax for the reporting period if subparagraph 3 of the second paragraph of section 433.16 were read as follows:

“(3) C is the percentage that would be applicable to the financial institution as regards Québec for the preceding reporting period if it were determined in accordance with the regulations made under the Excise Tax Act for the purposes

of subsection 2.2 of section 228 of that Act and if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act;”.

In this section, “investment plan” has the meaning assigned by section 433.15.1.”

(2) Subsection 1 applies in respect of a reporting period that ends after 31 December 2012.

**760.** (1) The Act is amended by inserting the following section after section 437.1:

**“437.1.1.** If a person is a non-stratified investment plan and is required to file an interim return under section 470.1 for a reporting period in a particular fiscal year, if units of the investment plan are issued, distributed or offered for sale in the particular fiscal year that ends in a particular taxation year of the investment plan, if immediately before the issuance, distribution or offering for sale no units of the investment plan are issued and outstanding and if no election is in effect under any of sections 49, 60 and 61 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or under the third paragraph of section 433.16 or section 433.19.1 or 433.19.10, as the case may be, in respect of the investment plan and the particular fiscal year, the person shall calculate the amount (in sections 437 and 437.2 to 437.4 referred to as the “interim net tax”) that would be the net tax of the person for the reporting period if subparagraph 3 of the second paragraph of section 433.16 were read as follows, for each reporting period of the investment plan that precedes the reporting period that includes the reconciliation day, within the meaning of subparagraph ii of paragraph *a* of section 59 of those Regulations:

“(3) *C* is an estimate of the financial institution’s percentage as regards Québec for the preceding taxation year of the financial institution that would be determined by the financial institution in accordance with paragraph *b* of section 59 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act;”.

If a person is a stratified investment plan and is required to file an interim return under section 470.1 for a reporting period in a particular fiscal year, if units of a series of the investment plan are issued, distributed or offered for sale in a particular fiscal year that ends in a particular taxation year of the investment plan, if immediately before the issuance, distribution or offering for sale no units of the series are issued and outstanding and if no election is in effect under any of sections 49, 63 and 64 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations or under the third paragraph of section 433.16.2 or section 433.19.1 or 433.19.11, as the case may be, in respect of the series and the particular fiscal year, the person shall calculate the amount (in sections 437 and 437.2 to 437.4 referred to as the

“interim net tax”) that would be the net tax of the person for the reporting period if, for each reporting period of the investment plan that precedes the reporting period that includes the reconciliation day, within the meaning of subparagraph ii of paragraph *a* of section 62 of those Regulations, the value of *A* in the formula in the first paragraph of section 433.16.2 were determined for that reporting period with reference to paragraph *b* of section 62 of those Regulations.”

(2) Subsection 1 applies in respect of a reporting period that ends after 31 December 2012.

**761.** (1) Section 437.2 of the Act is replaced by the following section:

**“437.2.** Where the interim net tax for a reporting period of the selected listed financial institution referred to in section 437.1 or 437.1.1 is a positive amount, the financial institution shall pay that amount, on or before the day on which an interim return is required to be filed, in accordance with section 470.1, to the Minister as or on account of the financial institution’s net tax for the reporting period that the financial institution is required to remit under subparagraph *a* of paragraph 2 of section 437.3.”

(2) Subsection 1 applies in respect of a reporting period that ends after 31 December 2012.

**762.** (1) Section 437.4 of the Act is replaced by the following section:

**“437.4.** A person who is a selected listed financial institution may claim the negative amount of its interim net tax, determined in accordance with section 437.1 or 437.1.1 for the person’s reporting period, as an interim net tax refund for the period payable by the Minister, in the interim return for the period filed under section 470.1, provided it is filed before the last day on which the final return for the period is required to be filed under that section.”

(2) Subsection 1 applies in respect of a reporting period that ends after 31 December 2012.

**763.** Section 443 of the Act is amended by adding the following paragraph:

“However, the Minister is not required to pay the refund to a person who is a registrant unless the Minister considers that all information, that is contact information or that is information relating to the identification and business activities of the person, to be given by the person on the application for registration made by the person under sections 407 to 412 has been provided and is accurate.”

**764.** (1) Section 450.0.1 of the Act is amended

(1) by striking out the definitions of “participating employer”, “pension entity” and “pension plan”;

(2) by striking out the definition of “fiscal year”.

(2) Paragraph 1 of subsection 1 has effect from 23 September 2009.

**765.** Section 452 of the Act is repealed.

**766.** Section 457.1 of the Act is amended by striking out the fourth paragraph.

**767.** Section 457.1.3 of the Act is amended by striking out the definition of “fiscal year”.

**768.** Section 457.2 of the Act is amended by striking out the second paragraph.

**769.** (1) Section 458.0.1 of the Act is amended

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

“**458.0.1.** Subject to the second paragraph, where the reporting period of a registrant is a fiscal year or a period determined under section 461.1, the registrant shall, within one month after the end of each fiscal quarter of the registrant that ends in the reporting period, pay to the Minister an amount equal to”;

(2) by adding the following paragraph:

“A registrant that is both a selected listed financial institution and either a non-stratified investment plan having made an election under section 49 or 61 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or under section 433.19.1 or 433.19.10, as the case may be, or a stratified investment plan having made an election under section 49 or 64 of those Regulations or under section 433.19.1 or 433.19.11 in respect of each series of the plan, as the case may be, which election is in effect throughout a particular fiscal year, and whose reporting period is the particular fiscal year, shall, within one month after the end of each fiscal quarter of the registrant that ends in the reporting period, pay to the Minister an amount equal to the amount that would be the net tax of the registrant for the fiscal quarter if the fiscal quarter were a reporting period of the registrant.”

(2) Subsection 1 applies in respect of a reporting period that ends after 31 December 2012. However, where section 458.0.1 of the Act applies in respect of a reporting period that ends before 21 October 2015, it is to be read as if “within the meaning of section 458.1” were inserted after “a fiscal year” in the portion of the first paragraph before paragraph 1.

**770.** (1) The Act is amended by inserting the following section after section 458.0.1:

**“458.0.1.1.** If a selected listed financial institution is a non-stratified investment plan, if units of the investment plan are issued, distributed or offered for sale in a particular fiscal year of the investment plan that ends in a particular taxation year of the investment plan, if immediately before the issuance, distribution or offering for sale no units of the investment plan are issued and outstanding and if no election is in effect under any of sections 49, 60 and 61 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) or under section 433.19.1 or 433.19.10 or the third paragraph of section 433.16, as the case may be, in respect of the investment plan and the particular fiscal year, section 458.0.1 is to be read as follows for each fiscal quarter of the investment plan that precedes the fiscal quarter that includes the reconciliation day, within the meaning of subparagraph ii of paragraph *a* of section 59 of those Regulations:

**“458.0.1.** Where the reporting period of a registrant is a fiscal year or a period determined under section 461.1, the registrant shall, within one month after the end of each fiscal quarter of the registrant that ends in the reporting period, pay to the Minister an amount equal to 1/4 of the amount that would be the net tax of the registrant for the reporting period if subparagraph 3 of the second paragraph of section 433.16 were read as follows:

“(3) C is an estimate of the financial institution’s percentage as regards Québec for the preceding taxation year of the financial institution that would be determined by the financial institution in accordance with paragraph *c* of section 59 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act;”

If a selected listed financial institution is a stratified investment plan, if units of a series of the investment plan are issued, distributed or offered for sale in a particular fiscal year of the investment plan that ends in a particular taxation year of the investment plan, if immediately before the issuance, distribution or offering for sale no units of the series are issued and outstanding and if no election is in effect under any of sections 49, 63 and 64 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations or under section 433.19.1 or 433.19.11 or the third paragraph of section 433.16.2, as the case may be, in respect of the series and the particular fiscal year, section 458.0.1 is to be read as follows for each fiscal quarter of the investment plan that precedes the fiscal quarter that includes the reconciliation day, within the meaning of subparagraph ii of paragraph *a* of section 62 of those Regulations:

**“458.0.1.** Where the reporting period of a registrant is a fiscal year or a period determined under section 461.1, the registrant shall, within one month after the end of each fiscal quarter of the registrant that ends in the reporting period, pay to the Minister an amount equal to 1/4 of the amount that would

be the net tax of the registrant for the reporting period if subparagraph 1 of the second paragraph of section 433.16.2 were read as follows:

“(1) A is the value A would have in the formula in subsection 1 of section 48 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), determined for the particular period as regards Québec, if Québec were a participating province, within the meaning of subsection 1 of section 123 of that Act, and if paragraph *c* of section 62 of those Regulations were taken into account;.””

(2) Subsection 1 applies in respect of a reporting period that ends after 31 December 2012.

**771.** (1) Section 458.0.2 of the Act is amended by replacing the portion of the first paragraph before subparagraph 1 by the following:

“**458.0.2.** Subject to section 458.0.2.1, a registrant’s instalment base for a particular reporting period of the registrant is the lesser of”.

(2) Subsection 1 has effect from 1 January 2013.

**772.** (1) The Act is amended by inserting the following section after section 458.0.2:

“**458.0.2.1.** If a registrant is both a selected listed financial institution and a stratified investment plan that is not referred to in the second paragraph of section 458.0.1, in respect of a particular reporting period, and the registrant has made an election under section 433.19.4 or under section 50 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), which election is in effect throughout the particular reporting period, section 458.0.2 is to be read

(1) as if subparagraph *b* of subparagraph 1 of the first paragraph were replaced by the following subparagraph:

“(b) in any other case, the amount that would be the net tax for the particular reporting period if the value of A in the formula in the first paragraph of section 433.16.2 were determined, for that reporting period, with reference to paragraph *b* of subsection 6 of section 48 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15); and”;

(2) as if subparagraph 1 of the second paragraph were replaced by the following subparagraph:

“(1) A is the amount that would be the net tax for the particular reporting period if the value of A in the formula in the first paragraph of section 433.16.2

were determined, for that reporting period, with reference to paragraph *a* of subsection 6 of section 48 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations;”.

If a registrant is both a selected listed financial institution and an investment plan within the meaning of section 433.15.1 that is neither a stratified investment plan, nor an investment plan referred to in the fifth paragraph of section 433.16.2 in respect of a particular reporting period, and the registrant has made an election under section 433.19.4 or under section 50 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations, which election is in effect throughout the particular reporting period, section 458.0.2 is to be read

(1) as if subparagraph *b* of subparagraph 1 of the first paragraph were replaced by the following subparagraph:

“(b) in any other case, the amount that would be the net tax for the particular reporting period if subparagraph *b* of subparagraph 3 of the second paragraph of section 433.16 were read as if “determined for the taxation year” were replaced by “determined for the preceding taxation year”; and”;

(2) as if subparagraph 1 of the second paragraph were replaced by the following subparagraph:

“(1) A is the amount that would be the net tax for the particular reporting period if subparagraph *b* of subparagraph 3 of the second paragraph of section 433.16 were read as if “determined for the taxation year” were replaced by “determined for the preceding taxation year”;”.

(2) Subsection 1 has effect from 1 January 2013.

**773.** (1) Section 458.0.3.1 of the Act is amended by replacing the portion of the first paragraph before subparagraph 1 by the following:

“**458.0.3.1.** For the purposes of subparagraph 2 of the first paragraph of section 458.0.1, where a person (other than an investment plan within the meaning of section 433.15.1) becomes a selected listed financial institution during a reporting period, the instalment to be paid within one month after the end of each fiscal quarter of the person that ends in the reporting period is equal to”.

(2) Subsection 1 has effect from 1 January 2013.

**774.** (1) Section 458.1 of the Act is repealed.

(2) Subsection 1 has effect from 21 October 2015. In addition, where section 458.1 of the Act applies after 31 December 2012, it is to be read



(1) as if subparagraphs *a* and *b* of subparagraph 1 of the first paragraph were replaced by the following subparagraphs:

“(a) where subdivision IV of subdivision 0.1 of Division IV applies in respect of the person, the period determined under that subdivision IV, or

“(b) otherwise,

i. where the person is a registrant at a particular time under Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the fiscal year of the person for the purposes of Part IX of that Act at that time,

ii. where the person is not referred to in subparagraph i and has made an election under section 458.4, the period elected by the person to be the fiscal year of the person, if that election is in effect,

iii. where the person is not referred to in subparagraph i and the fiscal year of the person is determined in accordance with section 458.2, the fiscal year determined in accordance with that section, or

iv. in any other case, the taxation year of the person within the meaning of Part IX of the Excise Tax Act;”;

(2) as if subparagraph *c* of subparagraph 1 of the first paragraph were struck out; and

(3) as if “fiscal year,” were struck out wherever it appears in the second paragraph.

**775.** (1) The Act is amended by inserting the following after section 458.5:

“IV.— Selected listed financial institution

“**458.5.1.** If a person is both a financial institution described in paragraph 6 or 9 of the definition of “listed financial institution” in section 1 and a selected listed financial institution throughout a particular reporting period in a particular fiscal year that begins in a particular calendar year and the person was not a selected listed financial institution throughout the reporting period immediately before the particular reporting period, the following rules apply:

(1) the particular fiscal year ends on the last day of the particular calendar year; and

(2) as of the beginning of the first day of the calendar year that is immediately after the particular calendar year, any election made by the person under section 458.4 ceases to have effect and the fiscal years of the person are calendar years.



**“458.5.2.** Despite section 458.5.1, if a particular person is both a financial institution described in paragraph 6 or 9 of the definition of “listed financial institution” in section 1 and a selected listed financial institution throughout a particular reporting period in a particular fiscal year, the following rules apply if the particular person is party to a plan merger, within the meaning of subsection 1 of section 16 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15):

(1) the particular fiscal year of the particular person ends on the day immediately before the merger; and

(2) the fiscal year of the person resulting from the merger begins on the day of the merger.

**“458.5.3.** If a person is both a financial institution described in paragraph 6 or 9 of the definition of “listed financial institution” in section 1 and a selected listed financial institution throughout a particular reporting period in a particular fiscal year, and the person is not a selected listed financial institution throughout a reporting period in the subsequent fiscal year of the person, that subsequent fiscal year ends on the day on which it would end but for this subdivision IV.”

(2) Subsection 1 applies in respect of a fiscal year that ends after 31 December 2012. However, when section 458.5.1 of the Act applies in respect of a fiscal year that begins before 1 January 2013, it is to be read without reference to “and the person was not a selected listed financial institution throughout the reporting period immediately before the particular reporting period” in the portion before paragraph 1.

**776.** (1) Section 458.7 of the Act is amended by adding the following paragraph after paragraph 2:

“(3) a financial institution described in paragraph 6 or 9 of the definition of “listed financial institution” in section 1 that is a selected listed financial institution throughout a particular reporting period in a particular fiscal year without being a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15).”

(2) Subsection 1 has effect from 1 January 2013.

**777.** (1) Section 459.3 of the Act is replaced by the following section:

**“459.3.** Elections made under sections 459.2 and 459.2.1 by a person remain in effect until the beginning of the particular day on which an election by that person under section 459.4 or 460 becomes effective or, if applicable, until the day on which a revocation of the elections becomes effective, in accordance with the second paragraph, if that day is before the particular day.

A listed financial institution that has made an election under section 459.2 or 459.2.1 may revoke the election and the revocation becomes effective on the first day of a particular fiscal year of the financial institution.

A listed financial institution that intends to revoke an election under the second paragraph shall file with the Minister, in the manner determined by the Minister, a notice of revocation in the prescribed form containing prescribed information, on or before the first day of the particular fiscal year or any later day determined by the Minister.”

(2) Subsection 1 applies in respect of a fiscal year that ends after 31 December 2012.

**778.** (1) Section 459.5 of the Act is amended

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

“(4) the day on which a revocation of the election made in accordance with the second paragraph becomes effective.”;

(2) by adding the following paragraphs:

“A listed financial institution that has made an election referred to in the first paragraph may revoke the election and the revocation becomes effective on the first day of a particular fiscal year of the financial institution.

A listed financial institution that intends to revoke an election under the second paragraph shall file with the Minister, in the manner determined by the Minister, a notice of revocation in the prescribed form containing prescribed information, on or before the first day of the particular fiscal year or any later day determined by the Minister.”

(2) Subsection 1 applies in respect of a fiscal year that ends after 31 December 2012.

**779.** (1) The Act is amended by inserting the following section before section 468:

“**467.1.** For the purposes of this subdivision, “investment plan” and “manager” have the meaning assigned by section 433.15.1.”

(2) Subsection 1 has effect from 1 January 2013.

**780.** (1) The Act is amended by inserting the following sections after section 470.1:

“**470.2.** An investment plan that is a selected listed financial institution and the manager of the investment plan may jointly elect to have the third paragraph apply if, for the purposes of Part IX of the Excise Tax Act (Revised

Statutes of Canada, 1985, chapter E-15), the investment plan is a registrant and is not a selected listed financial institution.

The third paragraph applies when an investment plan that is a selected listed financial institution and the manager of the investment plan have made a joint election under subsection 1 of section 53 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act.

Despite paragraph 2 of section 468 and sections 470 and 470.1, any interim or final return that the investment plan would be required to file on or before a particular day under this subdivision, but for this section, must be filed by the manager of the investment plan if an election referred to in the first or second paragraph is in effect on the particular day.

If, immediately before the time at which an investment plan ceases to exist, an election referred to in the first or second paragraph is in effect, the return required to be filed under paragraph 1 of section 470.1 for the last reporting period of the investment plan and the returns required to be filed under paragraph 2 of that section for the reporting periods included in the last fiscal year of the investment plan must be filed by the manager of the investment plan.

An election under the first paragraph is to

- (1) be made in the prescribed form containing prescribed information;
- (2) set out the day on which the election is to become effective; and
- (3) be filed with the Minister, in the manner determined by the Minister, before the day on which the election is to become effective or any later day determined by the Minister.

**“470.3.** An election made under the first paragraph of section 470.2 by a particular person that is an investment plan and another person that is the manager of the investment plan ceases to have effect on the earliest of

- (1) the day on which the other person ceases to be the manager of the particular person;
- (2) the day that follows the day on or before which a return is required to be filed under this subdivision for the reporting period of the particular person in which the particular person ceases to be an investment plan;
- (3) the day that follows the day on or before which a return is required to be filed under this subdivision for the last reporting period throughout which the particular person is a selected listed financial institution;

(4) the day that follows the day on or before which a return is required to be filed under this subdivision for a particular reporting period if the particular person is a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) throughout the reporting period that follows the particular reporting period; and

(5) the day on which a revocation of the election becomes effective.

An investment plan that has made an election under the first paragraph of section 470.2 may revoke the election and the revocation becomes effective on the day specified by the investment plan.

An investment plan that intends to revoke an election under the second paragraph shall file with the Minister, in the manner determined by the Minister, a notice of revocation in the prescribed form containing prescribed information on or before the day specified under that paragraph or any later day determined by the Minister.

A revocation by an investment plan of an election under the second paragraph becomes effective only if the investment plan notifies, before the day specified under that paragraph, the manager of the investment plan.

**“470.4.** If a manager and an investment plan have made an election referred to in the first or second paragraph of section 470.2, as the case may be, and, on a day on which that election is effective, the manager is required to file a return for a reporting period in accordance with the third paragraph of that section or the manager files a return for a reporting period of the investment plan, the manager and the investment plan are solidarily liable for any amount owing for that reporting period on account of the net tax and for any interest or penalties in respect of such an amount or in respect of the filing of the return.

**“470.5.** A manager and any two or more investment plans may jointly elect to have the fourth paragraph apply, if

(1) each of the investment plans has made a joint election under the first paragraph of section 470.2 with the manager; and

(2) the end of the respective reporting periods of those investment plans in the fiscal year in which the election is to become effective are reasonably expected to coincide with each other.

Where an election under the first paragraph of section 470.2 was made by a particular investment plan and its manager and the manager has made a particular election under the first paragraph with other investment plans, the particular investment plan and the manager may jointly elect to have the particular investment plan be included in the particular election as of a particular day, if the end of the reporting period of the particular investment plan in the fiscal year in which the joint election is to become effective is reasonably expected to coincide with the end of the reporting periods of the other

investment plans in the fiscal year of each of those investment plans, in which case the following rules apply:

(1) the particular election ceases to have effect on the particular day; and

(2) an election is deemed to have been made under the first paragraph by the manager, the particular investment plan and the other investment plans and that election is deemed to become effective on the particular day.

Where a manager and two or more investment plans have made a joint election under subsection 1 of section 54 of the Selected Listed Financial Institutions Attribution Method (GST/HST) Regulations made under the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) and two or more of the investment plans are selected listed financial institutions, the fourth paragraph applies in respect of each of the selected listed financial institutions.

Despite paragraph 2 of section 468 and sections 470 and 470.1, a manager shall file a single joint interim or final return in the prescribed form containing prescribed information, on behalf of the investment plans on or before the particular day on which each of the investment plans would be required to file an interim or final return under this subdivision, but for this section, if the election referred to in the first or third paragraph is in effect on the particular day.

Where, immediately before the particular time at which a particular investment plan ceases to exist, a joint election referred to in the first or third paragraph is in effect, the following rules apply:

(1) subject to subparagraph 3, if a joint election made by the manager and two or more other investment plans is in effect on the day on or before which a single joint interim return is required to be filed because of the fourth paragraph and paragraph 1 of section 470.1 for the particular reporting period of those other investment plans that begins on the same day as the last reporting period of the particular investment plan, the joint interim return must include the information determined by the Minister concerning the last reporting period of the particular investment plan;

(2) subject to subparagraph 3, if a joint election made by the manager and two or more other investment plans is in effect on the day on or before which a single joint final return is required to be filed because of the fourth paragraph and paragraph 2 of section 470.1 for a particular reporting period of those other investment plans that is included in the fiscal year of those other investment plans that begins on the same day as the last fiscal year of the particular investment plan, the joint final return must include the information determined by the Minister concerning the reporting period of the particular investment plan that begins on the same day as the particular reporting period; and

(3) if the joint election was made by the manager and only one other investment plan that is a selected listed financial institution, the election ceases to have effect, if it is referred to in the first paragraph, or is considered to no

longer be in effect, if it is referred to in the third paragraph, as the case may be, on the day that includes the particular time.

An election under the first paragraph is to

(1) be made in the prescribed form containing prescribed information;

(2) set out the day on which the election is to become effective; and

(3) be filed with the Minister, in the manner determined by the Minister, before the day on which the election is to become effective or any later day determined by the Minister.

**“470.6.** An investment plan that has made a particular election under the first paragraph of section 470.5 may elect to withdraw from the particular election, in which case the election must meet the conditions set out in the sixth paragraph of section 470.5.

A particular investment plan is deemed to have withdrawn from a particular election under the first paragraph of section 470.5 on the earliest of

(1) the day following the day on or before which a return is required to be filed under this subdivision for the particular reporting period of the particular investment plan immediately before the first reporting period in a fiscal year of the particular investment plan that, otherwise than because of section 458.5.2, does not coincide with the reporting periods of the other investment plans that have made the particular election;

(2) the day on which the manager that made the particular election ceases to be the manager of the particular investment plan;

(3) the day following the day on or before which a return is required to be filed under this subdivision for the reporting period of the particular investment plan in which the particular investment plan ceases to be an investment plan;

(4) the day following the day on or before which a return is required to be filed under this subdivision for the last reporting period of the particular investment plan throughout which the particular investment plan is a selected listed financial institution; and

(5) the day following the day on or before which a return is required to be filed under this subdivision for a particular reporting period where the particular investment plan is a selected listed financial institution for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15) throughout the reporting period that follows the particular reporting period.

An election made by a particular investment plan to withdraw, in accordance with the first paragraph, from a particular election made by a manager and one

or more other investment plans may only become effective on or after the day on which the manager and the other investment plans are notified of the election.

If, on a particular day, a particular investment plan withdraws, in accordance with the first paragraph, from a particular election made by a manager and one or more other investment plans or is deemed to have withdrawn from that election in accordance with the second paragraph, the following rules apply:

(1) the particular election ceases to have effect on the particular day; and

(2) if the particular election was made by the particular investment plan, the manager and two or more other investment plans, an election is deemed to have been made under the first paragraph of section 470.5 by the manager and those other investment plans and that election is deemed to have become effective on the particular day.

**“470.7.** Investment plans that have made an election under the first paragraph of section 470.5 may jointly revoke the election and the revocation becomes effective on the day specified by them.

Investment plans that intend to revoke an election under the first paragraph shall file with the Minister, in the manner determined by the Minister, a notice of revocation in the prescribed form containing prescribed information on or before the day specified under that paragraph or any later day determined by the Minister.

A revocation by those investment plans of an election under the first paragraph becomes effective only if one of the investment plans notifies, before the day specified under that paragraph, the manager that made the election.

**“470.8.** If a manager and two or more investment plans have made an election under the first or third paragraph of section 470.5, as the case may be, and, on a day on which the election is effective, the manager is required to file a joint return for the reporting periods of those investment plans in accordance with the fourth paragraph of that section or the manager files a joint return for the reporting periods of the investment plans, the manager and the investment plans are solidarily liable for any amount owing for those reporting periods on account of the net tax and for any interest or penalties in respect of such an amount or in respect of the filing of the return.”

(2) Subsection 1 applies in respect of a reporting period that ends after 31 December 2012.

(3) However, when an election referred to in the first or second paragraph of section 470.2 of the Act is effective at a particular time that is not later than 8 May 2013 and that particular time is immediately before the time at which the investment plan having made the election ceases to exist, section 470.1 of the Act is to be read, in respect of any return required to be filed by the manager having made the election, in accordance with the fourth paragraph of

section 470.2 of the Act, unless the investment plan filed the return before 9 May 2013, as if paragraphs 1 and 2 were replaced by the following paragraphs:

“(1) an interim return for the reporting period on or before 8 November 2013; and

“(2) a final return for the reporting period on or before 8 November 2013.”

(4) However, when an election referred to in the first or third paragraph of section 470.5 of the Act is effective at a particular time that is not later than 8 May 2013 and that particular time is immediately before the time at which an investment plan having made the election ceases to exist, and subparagraph 3 of the fifth paragraph of section 470.5 of the Act does not apply, section 470.1 of the Act is to be read, in respect of any return that is referred to in the fifth paragraph of section 470.5 of the Act and that is required to be filed by the manager having made the election, as if paragraphs 1 and 2 were replaced by the following paragraphs:

“(1) an interim return for the reporting period on or before the later of the day that is one month after the end of the reporting period and 8 November 2013; and

“(2) a final return for the reporting period on or before the later of the day that is six months after the end of the fiscal year and 8 November 2013.”

**781.** Section 473.2 of the Act is amended by striking out the definition of “fiscal year”.

**782.** (1) Section 486 of the Act is amended by striking out the definition of “consumption on the premises”.

(2) Subsection 1 has effect from 6:00 a.m. on 1 August 2014.

**783.** (1) Sections 487 and 488 of the Act are replaced by the following sections:

“**487.** Every person shall, at the time of making a purchase at a retail sale in Québec of any alcoholic beverage, pay a specific tax equal to 0.063 of a cent per millilitre of beer or 0.140 of a cent per millilitre of any other alcoholic beverage the person purchases.

“**488.** Every person who carries on business or ordinarily resides in Québec and brings or causes to be brought into Québec any alcoholic beverage for use or consumption by the person or by another person at the person’s expense shall, immediately after the bringing of the alcoholic beverage into Québec, pay to the Minister a specific tax equal to 0.063 of a cent per millilitre of beer or 0.140 of a cent per millilitre of any other alcoholic beverage so brought into Québec.



However, the specific tax payable under the first paragraph does not apply to an alcoholic beverage so brought into Québec if the tax under section 17 is not payable in respect of the alcoholic beverage because of the application of paragraph 1 of section 81.”

(2) Subsection 1 has effect from 6:00 a.m. on 1 August 2014. However, where section 488 of the Act applies before 21 October 2015, it is to be read as follows:

“**488.** Every person who carries on business or ordinarily resides in Québec and brings or causes to be brought into Québec any alcoholic beverage for use or consumption by the person or by another person at the person’s expense or purchases, by way of a retail sale made outside Québec, an alcoholic beverage that is in Québec shall, on the date the use or consumption of the alcoholic beverage begins in Québec, pay to the Minister a specific tax equal to 0.063 of a cent per millilitre of beer or 0.140 of a cent per millilitre of any other alcoholic beverage so brought into Québec or purchased.”

(3) In addition, every person who sells an alcoholic beverage in Québec must,

(1) for an alcoholic beverage intended for consumption in an establishment, make a report to the Minister in prescribed form, not later than 31 October 2014,

(a) on the inventory of beer and any other alcoholic beverage the person has in stock at 6:00 a.m. on 1 August 2014 in respect of which an amount equal to the specific tax has been collected in advance or should have been collected, other than beer and any other alcoholic beverage in respect of which the specific tax is reduced under section 489.1 of the Act, so as to obtain the rebate of the amount corresponding to the amount by which the amount equal to the specific tax that the person has paid in respect of those alcoholic beverages exceeds the amount of the specific tax calculated on the inventory at the rate in effect in respect of the beer and any other alcoholic beverage, as the case may be, as of 6:00 a.m. on 1 August 2014, and

(b) on the inventory of beer the person has in stock at 6:00 a.m. on 1 August 2014 in respect of which an amount equal to the specific tax has been collected in advance or should have been collected and in respect of which the specific tax is reduced under the first paragraph of section 489.1 of the Act, so as to obtain the rebate, in relation to the inventory, of the amount corresponding to the amount by which the amount equal to the specific tax that the person has paid in respect of the inventory, having regard to a rate of reduction of 33%, exceeds the amount of the specific tax calculated on the inventory at the rate in effect as of 6:00 a.m. on 1 August 2014, having regard to a rate of reduction of 33%; and

(2) for any alcoholic beverage intended for consumption elsewhere than in an establishment, make a report to the Minister in prescribed form, not later than 29 August 2014,

(a) on the inventory of beer and any other alcoholic beverage the person has in stock at 6:00 a.m. on 1 August 2014 in respect of which an amount equal to the specific tax has been collected in advance or should have been collected, other than beer and any other alcoholic beverage in respect of which the specific tax is reduced under section 489.1 of the Act, and at the same time remit to the Minister an amount equal to the specific tax calculated on the inventory at the rate in effect in respect of the beer and any other alcoholic beverage, as the case may be, as of 6:00 a.m. on 1 August 2014, after deduction of the amount equal to the specific tax calculated on the inventory at the rate in effect in their respect before 6:00 a.m. on 1 August 2014, and

(b) on the inventory of beer the person has in stock at 6:00 a.m. on 1 August 2014 in respect of which an amount equal to the specific tax has been collected in advance or should have been collected and in respect of which the specific tax is reduced under the first paragraph of section 489.1 of the Act and, in relation to the inventory, remit to the Minister an amount equal to the specific tax calculated on the inventory at the rate in effect at 6:00 a.m. on 1 August 2014, having regard to a rate of reduction of 67%, after deduction of the amount equal to the specific tax calculated on the inventory at the rate in effect before 6:00 a.m. on 1 August 2014, having regard to a rate of reduction of 67%.

(4) For the purposes of subsection 3, the following rules apply:

(1) an alcoholic beverage acquired by a person before 6:00 a.m. on 1 August 2014 that has not yet been delivered to the person at that time is considered to form part of the person's alcoholic beverage inventory at that time; and

(2) an alcoholic beverage intended for consumption in an establishment that the person has in stock at 6:00 a.m. on 1 August 2014 and the container of which has been opened at that time is considered not to form part of the person's alcoholic beverage inventory at that time.

(5) In addition,

(1) where paragraphs 1 and 2 of section 487 of the Act apply from 3:00 a.m. on 21 November 2012, they are to be read as follows:

“(1) 0.082 of a cent per millilitre of beer or 0.247 of a cent per millilitre of any other alcoholic beverage the person purchases for consumption on the premises; and

“(2) 0.050 of a cent per millilitre of beer or 0.112 of a cent per millilitre of any other alcoholic beverage the person purchases otherwise than for consumption on the premises.”; and

(2) where paragraphs 1 and 2 of section 488 of the Act apply from 3:00 a.m. on 21 November 2012, they are to be read as follows:

“(1) 0.082 of a cent per millilitre of beer or 0.247 of a cent per millilitre of any other alcoholic beverage so brought into Québec or purchased for consumption on the premises; and

“(2) 0.050 of a cent per millilitre of beer or 0.112 of a cent per millilitre of any other alcoholic beverage so brought into Québec or purchased otherwise than for consumption on the premises.”

(6) Where subsection 5 applies, every person who sells an alcoholic beverage in Québec must, not later than 21 November 2013:

(1) make a report to the Minister, in prescribed form, on the inventory of beer and any other alcoholic beverage the person has in stock at 3:00 a.m. on 21 November 2012 in respect of which an amount equal to the specific tax has been collected in advance or should have been collected, other than beer and any other alcoholic beverage in respect of which the specific tax is reduced under section 489.1 of the Act, and at the same time remit to the Minister an amount equal to the specific tax calculated on the inventory at the rate in effect in respect of the beer and any other alcoholic beverage, as the case may be, as of 3:00 a.m. on 21 November 2012, after deduction of the amount equal to the specific tax calculated on the inventory at the rate in effect in their respect before 3:00 a.m. on 21 November 2012; and

(2) make a report to the Minister, in prescribed form, on the inventory of beer the person has in stock at 3:00 a.m. on 21 November 2012 in respect of which an amount equal to the specific tax has been collected in advance or should have been collected and in respect of which the specific tax is reduced under the first paragraph of section 489.1 of the Act and, in relation to the inventory, remit to the Minister the specific tax calculated on the inventory at the rate in effect as of 3:00 a.m. on 21 November 2012, having regard to a rate of reduction of 67%, after deduction of the amount equal to the specific tax calculated on the inventory at the rate in effect before 3:00 a.m. on 21 November 2012, having regard to a rate of reduction of 67%.

(7) For the purposes of subsection 6, the following rules apply:

(1) an alcoholic beverage acquired by a person before 3:00 a.m. on 21 November 2012 and that has not yet been delivered to the person at that time is considered to form part of the person’s alcoholic beverage inventory at that time; and

(2) an alcoholic beverage intended for consumption in an establishment that the person has in stock at 3:00 a.m. on 21 November 2012 and the container of which has been opened at that time is considered not to form part of the person’s alcoholic beverage inventory at that time.

**784.** The Act is amended by inserting the following section after section 488:

**“488.1.** Every person who uses or consumes an alcoholic beverage in Québec on which the specific tax under section 487 or 488 has not been paid, or arranges for such a beverage to be used or consumed at the person’s expense by another person shall, at the time the use or consumption of the alcoholic beverage in Québec begins, pay to the Minister a specific tax equal to 0.063 of a cent per millilitre of beer or 0.140 of a cent per millilitre of any other alcoholic beverage so used or consumed.

In addition, if the person has paid an amount equal to the specific tax pursuant to section 497 in respect of an alcoholic beverage referred to in the first paragraph, the person is deemed to have paid the tax under that paragraph in respect of the alcoholic beverage.”

**785.** (1) Section 489 of the Act is repealed.

(2) Subsection 1 applies from 21 October 2015.

(3) In addition, where section 489 of the Act applies

(1) as of 6:00 a.m. on 1 August 2014, it is to be read

(a) as if the first paragraph were replaced by the following paragraph:

**“489.** Every person who has purchased or produced an alcoholic beverage intended for sale or as a component of movable property intended for sale shall, on the date the person begins to use or consume the alcoholic beverage in Québec for another purpose or arranges for it to be used or consumed in Québec at the person’s expense by another person, pay to the Minister a specific tax equal to 0.063 of a cent per millilitre of beer or 0.140 of a cent per millilitre of any other alcoholic beverage so purchased or produced and so used or consumed by the person or by the other person.”; and

(b) as if the third paragraph were replaced by the following paragraph:

“In addition, if the person has paid an amount equal to the specific tax pursuant to section 497 in respect of an alcoholic beverage referred to in the first paragraph, the person is deemed to have paid the tax under that paragraph in respect of the alcoholic beverage.”; and

(2) as of 3:00 a.m. on 21 November 2012, it is to read as if subparagraphs 1 and 2 of the first paragraph were replaced by the following subparagraphs:

“(1) 0.082 of a cent per millilitre of beer or 0.247 of a cent per millilitre of any other alcoholic beverage so purchased or produced, where the use or consumption of it constitutes consumption on the premises; and

“(2) 0.050 of a cent per millilitre of beer or 0.112 of a cent per millilitre of any other alcoholic beverage so purchased or produced, where the use or consumption of it does not constitute consumption on the premises.”

**786.** (1) Section 489.1 of the Act is amended by replacing the second paragraph by the following paragraph:

“In the case of any other alcoholic beverage produced in Québec by a prescribed person, the specific tax that a person is required to pay under this Title in respect of such an alcoholic beverage is reduced by the prescribed percentage, on the prescribed terms and conditions.”

(2) Subsection 1 has effect from 3 a.m., 21 November 2012.

**787.** Section 491 of the Act is replaced by the following section:

“**491.** The tax which a person is required to pay under section 488 or 488.1 in respect of an alcoholic beverage does not apply to the extent of the exemption to which the person would be entitled under section 490 if at the time specified in section 488 or 488.1 the person purchased the alcoholic beverage in Québec and the alcoholic beverage meets the conditions for the exemption.”

**788.** (1) Section 494.1 of the Act is repealed.

(2) Subsection 1 has effect from 6:00 a.m. on 1 August 2014, except in respect of an alcoholic beverage purchased by the vendor before 6:00 a.m. on 1 August 2014.

**789.** Section 495 of the Act is amended by replacing the second paragraph by the following paragraph:

“Every person who is required to pay tax under section 488 or 488.1 is under the same obligation, at the time specified in those sections.”

**790.** (1) Section 497 of the Act is amended by replacing the first paragraph by the following paragraph:

“**497.** Every collection officer holding a registration certificate shall, as mandatary of the Minister, collect an amount equal to the specific tax under section 487 in respect of beer or any other alcoholic beverage, as the case may be, from every person to whom the collection officer sells an alcoholic beverage in Québec.”

(2) Subsection 1 has effect from 6:00 a.m. on 1 August 2014.

**791.** Section 499.1 of the Act is amended by replacing “section 458.1” wherever it appears in the first paragraph by “section 1”.

**792.** Section 499.4 of the Act is amended by replacing “section 458.1” in the portions of each of paragraphs 1 and 2 before their respective subparagraphs *a* by “section 1”.

**793.** Section 539 of the Act is replaced by the following section:

**“539.** Every person who, during a race card, receives amounts that are placed as bets under a pari-mutuel system shall, at that time and as a mandatary of the Minister, collect the tax provided for in section 538 in the manner specified by the Minister.

The person shall remit to the Minister the tax that the person collected, or should have collected, on or before the last day of the calendar month following that in which the person received the amounts placed as bets referred to in the first paragraph and, at the same time, submit a report to the Minister in the manner specified by the Minister.”

**794.** (1) Section 677 of the Act is amended, in the first paragraph,

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

“(2.1) determine, for the purposes of the definition of “pension entity” in section 1, which person is a prescribed person;

“(2.2) determine, for the purposes of the definition of “investment plan” in section 1, which person is a prescribed person;”;

(2) by striking out subparagraph 30.1;

(3) by inserting the following subparagraph after subparagraph 30.1:

“(30.2) determine, for the purposes of section 267.1, the mandataries of a government that are prescribed mandataries;”;

(4) by replacing subparagraph 31.0.2 by the following subparagraph:

“(31.0.2) determine, for the purposes of the definition of “excluded activity” in the first paragraph of section 289.2, which purposes are prescribed purposes;”;

(5) by inserting the following subparagraph after subparagraph 31.0.2:

“(31.0.3) determine, for the purposes of section 289.9, which circumstances are prescribed circumstances and which persons are prescribed persons;”;

(6) by inserting the following subparagraph after subparagraph 33.1:

“(33.1.1) determine, for the purposes of section 350.0.2, which person is a prescribed person;”;

(7) by replacing subparagraph 35 by the following subparagraph:

“(35) determine, for the purposes of section 352, the prescribed conditions and circumstances and which applications for a rebate are prescribed applications;”;

(8) by inserting the following subparagraph before subparagraph 40.1:

“(40.0.2) determine, for the purposes of section 386.1.1, which property or services are prescribed property or services;”;

(9) by inserting the following subparagraph after subparagraph 41.1:

“(41.2) determine, for the purposes of section 402.23, the prescribed manner and the prescribed conditions;”;

(10) by replacing subparagraphs 44.2 and 44.3 by the following subparagraphs:

“(44.2) determine, for the purposes of sections 433.16 and 433.16.2, which amounts are prescribed amounts of tax and which amounts are prescribed amounts;

“(44.3) determine, for the purposes of sections 433.16 and 433.17, which persons are prescribed persons and which classes are prescribed classes;”;

(11) by inserting the following subparagraphs after subparagraph 44.3:

“(44.4) determine, for the purposes of section 433.27, which information is prescribed information;

“(44.5) determine, for the purposes of section 433.30, which person is a prescribed person and which information is prescribed information;”.

(2) Paragraph 1 of subsection 1, where it enacts subparagraph 2.1 of the first paragraph of section 677 of the Act, has effect from 23 September 2009.

(3) Paragraph 1 of subsection 1, where it enacts subparagraph 2.2 of the first paragraph of section 677 of the Act, and paragraphs 6 and 9 to 11, have effect from 1 January 2013.

(4) Paragraphs 2 and 3 of subsection 1 have effect from 29 January 1999.

(5) Paragraph 4 of subsection 1 has effect from 9 December 2011.

(6) Paragraph 5 of subsection 1 has effect from 22 March 2013.

(7) Paragraph 7 of subsection 1 has effect from 1 July 2010.

(8) Paragraph 8 of subsection 1 applies in respect of tax that becomes payable after 31 December 2013 and is not paid before 1 January 2014.

## FUEL TAX ACT

**795.** (1) Section 10 of the Fuel Tax Act (chapter T-1) is amended by inserting the following subparagraph after subparagraph ix of paragraph *a*:

“x. was used to supply the engine of a commercial vessel described as a commercial vessel by regulation, but only if the gasoline was poured directly from the delivery nozzle of the retail dealer into the tank installed as standard equipment for supplying the engine of that vessel;”.

(2) Subsection 1 applies in respect of the gasoline acquired after 11 July 2013.

## 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

**796.** Section 117 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 striking out subsection 3.

**797.** Section 211 of the Act is amended by replacing subsection 2 by the following subsection:

“(2) Subsection 1 applies to a taxation year that ends after 20 December 2002. However, a transfer that is required, under subparagraph 2 of subparagraph iii of subparagraph *d* of the second paragraph of section 677 of the Act, to be made within 12 months after a payment was made is deemed to be made in a timely manner if it is made no later than 12 months after 15 May 2009.”

## TRANSITIONAL AND FINAL PROVISIONS

**798.** Where section 11.3 of the Act respecting the Ministère de la Santé et des Services sociaux (chapter M-19.2) applies to the fiscal year 2015–2016, it is to be read

(1) as if the following paragraph were inserted after paragraph 1:

“(1.1) the money transferred to it by the Minister of Finance, at the intervals that Minister determines, out of the money credited to the general fund and corresponding to the amount by which the money collected by the Minister of Revenue under the Taxation Act (chapter I-3) exceeds the money that would be so collected if section 750 of that Act were read without reference to its paragraph *d* and if paragraph *c* of that section were read without reference to “the lesser of \$100,000 and”;; and

(2) as if “, 1.1” were inserted after “paragraphs 1” in paragraph 5.



**799.** Despite section 458.0.1 of the Act respecting the Québec sales tax (chapter T-0.1), if a particular reporting period of a registrant that is a selected listed financial institution, within the meaning of section 1 of that Act, amended by section 615 of this Act, and that is not an investment plan, within the meaning of section 433.15.1 of the Act respecting the Québec sales tax, enacted by section 748 of this Act, ends on a particular day of a particular fiscal year that ends in a taxation year, if the particular fiscal year began before 1 January 2013 and includes that date, if the particular day is after 31 December 2012, and if, for the purposes of Part IX of the Excise Tax Act (Revised Statutes of Canada, 1985, chapter E-15), the registrant's reporting period that ends on the particular day is the registrant's fiscal year, the registrant shall, within one month after each fiscal quarter of the registrant that ends after 31 December 2012 and that is included in that fiscal year, pay to the Minister a particular amount equal to any of the following amounts, in accordance with the election made for that purpose by the registrant:

(1) the lesser of

(a) the quotient obtained by dividing the net tax for the particular reporting period by the number of fiscal quarters in the particular fiscal year that end after 31 December 2012, and

(b) the amount determined by the formula

$$[A \times B \times (C/D) \times (E/365)]/F;$$

(2) the amount determined by the formula

$$[A \times G \times (C/D) \times (E/365)]/F;$$

(3) the lesser of

(a) the quotient obtained by dividing the net tax for the particular reporting period by the number of fiscal quarters in the particular fiscal year that end after 31 December 2012, and

(b) the amount determined by the formula

$$[[ (H - I) \times B \times (C/D) \times (E/365) ] - J]/F + K; \text{ and}$$

(4) the amount determined by the formula

$$[[ (L - M) \times G \times (C/D) \times (E/365) ] - J]/F + K.$$

In the formulas in the first paragraph,

(1) A is the value of C in the formula in subparagraph ii of paragraph a of subsection 3 of section 58.1 of the New Harmonized Value-added Tax System Regulations made under the Excise Tax Act, determined for the reporting period

under Part IX of that Act that ends on the day the particular reporting period ends;

(2) B is the lesser of the value C would have in the formula in subsection 2 of section 225.2 of the Excise Tax Act, determined for the taxation year and the value C would have, determined for the preceding taxation year, if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act;

(3) C is 9.975%;

(4) D is 5%;

(5) E is the number of days in the particular reporting period;

(6) F is the number of fiscal quarters that end in the particular reporting period;

(7) G is the value C would have in the formula in subsection 2 of section 225.2 of the Excise Tax Act, determined for the preceding taxation year, if Québec were a participating province within the meaning of subsection 1 of section 123 of that Act;

(8) H is the value of D in the formula in subparagraph ii of paragraph c of subsection 3 of section 58.1 of the New Harmonized Value-added Tax System Regulations, or the value that same D would have if, where the financial institution has made an election under section 433.17 of the Act respecting the Québec sales tax, that D were determined as if an election under subsection 4 of section 225.2 of the Excise Tax Act had been made, determined for the reporting period under Part IX of the Excise Tax Act that ends on the day the particular reporting period ends;

(9) I is the value of E in the formula in subparagraph ii of paragraph c of subsection 3 of section 58.1 of the New Harmonized Value-added Tax System Regulations, determined for the reporting period under Part IX of the Excise Tax Act that ends on the day the particular reporting period ends;

(10) J is the aggregate of

(a) the aggregate of all amounts each of which is the tax (other than a prescribed amount of tax for the purposes of subparagraph 6 of the second paragraph of section 433.16 of the Act respecting the Québec sales tax) provided for in section 16 of that Act in respect of a supply made to the financial institution or provided for in the first paragraph of section 17 of that Act in respect of corporeal property brought into Québec from outside Canada by the financial institution that became payable by the financial institution during the fiscal quarter or that was paid by the financial institution during the fiscal quarter without having become payable, and

(b) where the financial institution and another person have made an election under subsection 4 of section 225.2 of the Excise Tax Act, or under section 433.17 of the Act respecting the Québec sales tax, in respect of a supply made during the fiscal quarter of property or a service, the aggregate of all amounts each of which is an amount equal to the tax payable by the other person under section 16 of the Act respecting the Québec sales tax, the first paragraph of section 17 of that Act, or section 18 or 18.0.1 of that Act, that is included in the cost to the other person of supplying the property or service to the financial institution;

(11) K is the aggregate of all amounts each of which is an amount of tax provided for in section 16 of the Act respecting the Québec sales tax that became collectible or that is collected by the financial institution during the fiscal quarter;

(12) L is the value of D in the formula in paragraph *d* of subsection 3 of section 58.1 of the New Harmonized Value-added Tax System Regulations, or the value that same D would have if, where the financial institution has made an election under section 433.17 of the Act respecting the Québec sales tax, that D were determined as if an election under subsection 4 of section 225.2 of the Excise Tax Act had been made, determined for the reporting period under Part IX of the Excise Tax Act that ends on the day the particular reporting period ends; and

(13) M is the value of E in the formula in paragraph *d* of subsection 3 of section 58.1 of the New Harmonized Value-added Tax System Regulations, or the value that same E would have if, where the financial institution has made an election under section 433.17 of the Act respecting the Québec sales tax, that E were determined as if an election under subsection 4 of section 225.2 of the Excise Tax Act had been made, determined for the reporting period under Part IX of the Excise Tax Act that ends on the day the particular reporting period ends.

For the purposes of subparagraph 10 of the second paragraph, sections 201, 202 and 426 of the Act respecting the Québec sales tax apply with respect to any amount that is included in the aggregate determined under that subparagraph as if that amount were an input tax refund.

No amount of tax paid or payable by a financial institution in respect of property or a service acquired or brought into Québec otherwise than for consumption, use or supply in the course of an endeavour, within the meaning of section 42.0.1 of the Act respecting the Québec sales tax, is to be taken into account in determining the amounts described in the first paragraph.

**800.** This Act comes into force on 21 October 2015.



## Regulations and other Acts

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**M.O., 2016**

**Order number AM 2016-001 of the Minister of Forests, Wildlife and Parks dated 13 January 2016**

An Act respecting the conservation and development of wildlife (chapter C-61.1)

Regulation to amend the Regulation respecting trapping and the fur trade

THE MINISTER OF FORESTS, WILDLIFE AND PARKS,

CONSIDERING subparagraph 4 of the third paragraph of section 56 of the Act respecting the conservation and development of wildlife (chapter C-61.1), which provides, in particular, that the Minister may make regulations to determine the types of traps which may be used for trapping;

CONSIDERING the first paragraph of section 164 of the Act, which provides, in particular, that a regulation made under section 56 of the Act is not subject to the publication requirements set out in section 8 of the Regulations Act (chapter R-18.1);

CONSIDERING the making of the Regulation respecting trapping and the fur trade (chapter C-61.1, r. 21);

CONSIDERING that it is expedient to amend certain provisions of the Regulation;

ORDERS AS FOLLOWS:

The Regulation to amend the Regulation respecting trapping and the fur trade, attached hereto, is hereby made;

The Regulation to amend the Regulation respecting trapping and the fur trade comes into force on the fifteenth day following the date of publication of this Order in the *Gazette officielle du Québec*.

Québec, 13 January 2016

LAURENT LESSARD,  
*Minister of Forests, Wildlife and Parks*

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### **Regulation to amend the Regulation respecting trapping and the fur trade**

An Act respecting the conservation and development of wildlife (chapter C-61.1, s. 56)

**1.** Schedule II to the Regulation respecting trapping and the fur trade (chapter C-61.1, r. 21) is amended:

(1) by inserting “(Note 2)” in Column I “Species” after “Ermine” and “River otter”;

(2) by striking out “, 8” in Column II “Implement type” for the Canadian lynx;

(3) by inserting “ermine, river otter, Canadian lynx, ” in Note 2 after “beaver”.

**2.** This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

102470



## Draft Regulations

### Draft Regulation

An Act respecting financial assistance  
for education expenses  
(chapter A-13.3)

#### Financial assistance for education expenses — Amendment

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), that the draft Regulation to amend the Regulation respecting financial assistance for education expenses, appearing below, may be made by the Government on the expiry of 45 days following this publication.

The draft Regulation indexes certain parameters for computing the financial assistance for education expenses granted, on the one hand, under the loans and bursaries program for full-time studies in vocational training at the secondary level and for full-time studies at the post-secondary level and, on the other hand, under the loans program for part-time studies in vocational training at the secondary level and for part-time studies at the post-secondary level.

The amendments sought would be applicable as of the 2016-2017 year of allocation.

Further information on the draft Regulation may be obtained by contacting Simon Boucher-Doddridge, acting director, Direction de la planification et des programmes, secteur de l'aide financière aux études et des relations extérieures, Ministère de l'Enseignement supérieur, de la Recherche et de la Science, 1035, rue De La Chevrotière, 20<sup>e</sup> étage, Québec (Québec) G1R 5A5; telephone: 418 643-6276, extension 6085; email: simon.boucher-doddridge@education.gouv.qc.ca

Any person wishing to comment on the matter is requested to submit written comments within the 45-day period to François Blais, Minister of Education, Higher Education and Research, 1035, rue De La Chevrotière, 16<sup>e</sup> étage, Québec (Québec) G1R 5A5.

FRANÇOIS BLAIS,  
*Minister of Education, Higher  
Education and Research*

### Regulation to amend the Regulation respecting financial assistance for education expenses

An Act respecting financial assistance  
for education expenses  
(chapter A-13.3, s. 57)

**1.** The Regulation respecting financial assistance for education expenses (chapter A-13.3, r. 1) is amended in section 2 by replacing “\$1,122” in the second paragraph by “\$1,134”.

**2.** Section 9 is amended by replacing “\$1,110” in subparagraph 2 of the second paragraph by “\$1,134”.

**3.** Section 17 is amended

(1) by replacing “\$2,987” in paragraph 1 by “\$3,020”;

(2) by replacing “\$2,535” in paragraph 2 by “\$2,563”.

**4.** Section 18 is amended by replacing “\$2,535” by “\$2,563”.

**5.** Section 26 is amended by replacing “\$186” in the second paragraph by “\$188”.

**6.** Section 29 is amended by replacing the amounts in subparagraphs 1 to 6 of the fourth paragraph by the following amounts:

(1) “\$188”;

(2) “\$188”;

(3) “\$212”;

(4) “\$406”;

(5) “\$464”;

(6) “\$212”.

**7.** Section 32 is amended

(1) by replacing “\$388” and “\$828” in the first paragraph by “\$392” and “\$837”, respectively;

(2) by replacing “\$173”, “\$215”, “\$613” and “\$215” in the second paragraph by “\$175”, “\$217”, “\$620” and “\$217”, respectively.

**8.** Section 33 is amended

(1) by replacing “\$67” in the first paragraph by “\$68”;

(2) by replacing “\$187” in the second paragraph by “\$189”.

**9.** Section 34 is amended by replacing “\$274” and “\$1,273” in the first paragraph by “\$277” and “\$1,287”, respectively.

**10.** Section 35 is amended by replacing “\$94” in the second paragraph by “\$95”.

**11.** Section 37 is amended by replacing “\$249” in the fifth paragraph by “\$252”.

**12.** Section 40 is amended by replacing “\$72” and “\$572” in the first paragraph by “\$73” and “\$578”, respectively.

**13.** Section 41 is amended by replacing “\$185” by “\$187”.

**14.** Section 50 is amended

(1) by replacing the amounts in subparagraphs 1 to 3 of the first paragraph by the following amounts:

- (1) “\$14,611”;
- (2) “\$14,611”;
- (3) “\$17,598”;

(2) by replacing the amounts in subparagraphs 1 to 3 of the third paragraph by the following amounts:

- (1) “\$3,937”;
- (2) “\$4,983”;
- (3) “\$6,034”.

**15.** Section 51 is amended

(1) by replacing the amounts in subparagraphs 1 to 5 of the first paragraph by the following amounts:

- (1) “\$204”;
- (2) “\$224”;

(3) “\$311”;

(4) “\$413”;

(5) “\$413”;

(2) by replacing “\$318” in the third paragraph by “\$321”.

**16.** Section 52 is amended by replacing “\$960” by “\$970”.

**17.** Section 74 is amended by replacing “\$249” and “\$124” in the second paragraph by “\$252” and “\$125”, respectively.

**18.** Section 82 is amended by replacing “\$2,987” and “\$2,237” in the third paragraph by “\$3,020” and “\$2,261”, respectively.

**19.** Section 86 is amended

(1) by replacing the amounts in subparagraphs 1 to 3 of the first paragraph by the following amounts:

- (1) “\$2.23”;
- (2) “\$3.34”;
- (3) “\$116.66”;

(2) by replacing “\$11.06” in the second paragraph by “\$11.18”.

**20.** Section 87 is amended

(1) by replacing “An amount of \$490 per child” in the part preceding paragraph 1 by “An amount for each child”;

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

“Child-care expense correspond to the amount obtained by multiplying the contribution set in a regulation made pursuant to section 82 of the Educational Childcare Act (chapter S-4.1.1) by 70.”.

**21.** Section 87.1 is amended by replacing “\$378” by “\$382”.

**22.** This Regulation applies as of the 2016-2017 year of allocation.

**23.** This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.



## Draft Regulation

An Act respecting labour standards  
(chapter N-1.1)

### Labour standards — Amendment

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), that the Regulation to amend the Regulation respecting labour standards, appearing below, may be made by the Government on the expiry of 45 days following this publication.

The draft Regulation increases, as of 1 May 2016, the general rate of the minimum wage to \$10.75 per hour and the rate of the minimum wage payable to an employee who receives gratuities or tips to \$9.20 per hour. It also increases, as of the same date, the minimum wage payable to raspberry and strawberry pickers.

The proposed increases in the minimum wage will help maintain the purchasing power of low-wage employees while enabling them to participate in the collective wealth. They constitute a work incentive and form part of the government measures to favour solidarity and social inclusion. They will also maintain the competitiveness of enterprises in the sectors of activity concerned by taking into account their capacity to pay.

Further information on the draft Regulation may be obtained by contacting Louis-Philippe Roussel, Direction des politiques du travail, Ministère du Travail, de l'Emploi et de la Solidarité sociale; telephone: 418 644-2206; fax: 418 643-9454; email: Louis-Philippe.Roussel@travail.gouv.qc.ca; mail: 200, chemin Sainte-Foy, 5<sup>e</sup> étage, Québec (Québec) G1R 5S1.

Any person wishing to comment on the draft Regulation is requested to submit written comments within the 45-day period to the Minister of Labour, Employment and Social Solidarity, 425, rue Saint-Amable, 4<sup>e</sup> étage, Québec (Québec) G1R 4Z1.

SAM HAMAD,  
*Minister of Labour, Employment  
and Social Solidarity*

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## Regulation to amend the Regulation respecting labour standards

An Act respecting labour standards  
(chapter N-1.1, s. 40, 1st par., s. 89, par. 1, and s. 91, 1st par.)

**1.** The Regulation respecting labour standards (chapter N-1.1, r. 3) is amended in section 3 by replacing “\$10.55” by “\$10.75”.

**2.** Section 4 is amended by replacing “\$9.05” by “\$9.20”.

**3.** Section 4.1 is amended

(1) by replacing “\$3.12” in subparagraph 1 of the first paragraph by “\$3.18”;

(2) by replacing “\$0.83” in subparagraph 2 of the first paragraph by “\$0.85”.

**4.** This Regulation comes into force on 1 May 2016.

102471

## Draft Regulation

An Act respecting labour standards  
(chapter N-1.1)

### Clothing industry — Labour standards specific to certain sectors — Amendment

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), that the Regulation to amend the Regulation respecting labour standards specific to certain sectors of the clothing industry, appearing below, may be made by the Government on the expiry of 45 days following this publication.

The draft Regulation increases, as of 1 May 2016, the rate of minimum wage that applies to certain sectors of the clothing industry to \$10.75 per hour.

The increase will help maintain the purchasing power of low-wage employees while enabling them to participate in the collective wealth. It constitutes a work incentive and forms part of the government measures to favour solidarity and social inclusion. It will also maintain the competitiveness of enterprises in the sectors of activity concerned by taking into account their capacity to pay.

Further information on the draft Regulation may be obtained by contacting Louis-Philippe Roussel, Direction des politiques du travail, Ministère du Travail, de l'Emploi et de la Solidarité sociale; telephone: 418 644-2206; fax: 418 643-9454; email: Louis-Philippe.Roussel@travail.gouv.qc.ca; mail: 200, chemin Sainte-Foy, 5<sup>e</sup> étage, Québec (Québec) G1R 5S1.

Any person wishing to comment on the draft Regulation is requested to submit written comments within the 45-day period to the Minister of Labour, Employment and Social Solidarity, 425, rue Saint-Amable, 4<sup>e</sup> étage, Québec (Québec) G1R 4Z1.

SAM HAMAD,  
*Minister of Labour, Employment  
and Social Solidarity*

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### **Regulation to amend the Regulation respecting labour standards specific to certain sectors of the clothing industry**

An Act respecting labour standards  
(chapter N-1.1, s. 92.1, 1st par., subpar. 1)

**1.** The Regulation respecting labour standards specific to certain sectors of the clothing industry (chapter N-1.1, r. 4) is amended in section 3 by replacing “\$10.55” by “\$10.75”.

**2.** This Regulation comes into force on 1 May 2016.

102472

## Index

Abbreviations: **A**: Abrogated, **N**: New, **M**: Modified

	Page	Comments
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, An Act giving effect to the..., amended . . . . . (2015, Bill 13)	123	
Budget Speech delivered on 4 June 2014 and to various other fiscal measures, An Act to give effect to the... . . . . . (2015, Bill 13)	123	
Capital régional et coopératif Desjardins, An Act constituting..., amended . . . . . (2015, Bill 13)	123	
Clothing industry — Labour standards specific to certain sectors. . . . . (An Act respecting labour standards, chapter N-1.1)	749	Draft
Conservation and development of wildlife, An Act respecting the... — Trapping and fur trade. . . . . (chapter C-61.1)	745	M
Financial assistance for education expenses . . . . . (An Act respecting financial assistance for education expenses, chapter A-13.3)	747	Draft
Financial assistance for education expenses, An Act respecting... — Financial assistance for education expenses. . . . . (chapter A-13.3)	747	Draft
Fondation, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi, An Act to establish..., amended . . . . . (2015, Bill 13)	123	
Fonds de solidarité des travailleurs du Québec (FT.Q.), An Act to establish the..., amended . . . . . (2015, Bill 13)	123	
Fuel Tax Act, amended. . . . . (2015, Bill 13)	123	
International financial centres, An Act respecting..., amended . . . . . (2015, Bill 13)	123	
Labour standards . . . . . (An Act respecting labour standards, chapter N-1.1)	749	Draft
Labour standards, An Act respecting... — Clothing industry — Labour standards specific to certain sectors. . . . . (chapter N-1.1)	749	Draft
Labour standards, An Act respecting... — Labour standards . . . . . (chapter N-1.1)	749	Draft
List of Bills sanctioned (21 October 2015). . . . .	121	
Mining Tax Act, amended . . . . . (2015, Bill 13)	123	
Ministère des Finances, An Act respecting the..., amended. . . . . (2015, Bill 13)	123	

Parental insurance, An Act respecting..., amended . . . . . (2015, Bill 13)	123	
Payment of support, An Act to facilitate the..., amended . . . . . (2015, Bill 13)	123	
Prearranged funeral services and sepultures, An Act respecting..., amended . . . . . (2015, Bill 13)	123	
Québec Pension Plan, An Act respecting the..., amended . . . . . (2015, Bill 13)	123	
Québec sales tax, An Act respecting the..., amended . . . . . (2015, Bill 13)	123	
Régie de l'assurance maladie du Québec, An Act respecting the..., amended . . . . . (2015, Bill 13)	123	
Sectoral parameters of certain fiscal measures, An Act respecting the..., amended . . . . . (2015, Bill 13)	123	
Tax Administration Act, amended . . . . . (2015, Bill 13)	123	
Taxation Act, amended . . . . . (2015, Bill 13)	123	
Tobacco Tax Act, amended . . . . . (2015, Bill 13)	123	
Trapping and fur trade . . . . . (An Act respecting the conservation and development of wildlife, chapter C-61.1)	745	M
Unclaimed Property Act, amended . . . . . (2015, Bill 13)	123	